

Nineteen Hundred and Twenty-two

NYIPLA

The New York Intellectual Property Law Association®

**Adjusting Your Strategies in Preparing and
Responding to Petitions Before the PTAB after
*SAS Inst. Inc. v. Iancu***

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Agenda

Background

- **Background of *SAS Institute Inc. v. Iancu***

Petitioner's Perspective

- **Petitioner's Perspective After SAS**

Patent Owner's Perspective

- **Patent Owner's Perspective After SAS**

Former PTAB Judge's Perspective

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PTAB's Perspective

- **PTAB's Perspective After SAS**

SAS – Background

On April 24, 2018, the U.S. Supreme Court issued *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

- Prior to SAS, in an institution decision, the PTAB would often limit the trial (and the resulting final written decision) in an IPR proceeding, to specific claims and grounds in which the Petitioner was found likely to succeed. In other words, the PTAB would grant “partial institution.”
- Not only would the trial be limited, but the scope of any appeal would likewise be limited.

SAS – Background

In reaching the decision, the SAS majority (per J. Gorsuch) **rejected** the notion that **the Director** of the Patent Office **retains a discretionary** “partial institution” power since such power does not appear anywhere in the statute:

“Much as in the civil litigation system it mimics, in an *inter partes* review the petitioner is master of its complaint and normally entitled to judgment on all of the claims it raises, not just those the decisionmaker might wish to address.”

“From the outset, we see that Congress chose to structure a process in which it’s the petitioner, not the Director, who gets to define the contours of the proceeding.”

SAS, 138 S. Ct. at 1355.

SAS – PTAB Guidance

On April 26, 2018, only two days after the SAS decision, the PTAB responded by issuing Guidance of new post-SAS procedures:

- “As required by the decision, the PTAB will ***institute as to all claims or none.***” (emphasis added). In other words, no partial institution based on claims.
- “***At this time,*** if the PTAB institutes a trial, the PTAB will ***institute on all challenges raised in the petition.***” (emphasis added). In other words, no partial institution of grounds.

These are significant changes to PTAB practice and the topic of today’s panel discussion.

INSTITUTION DECISION IN SAS INSTITUTE

Paper 9

Entered: August 12, 2013

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Instituted

v.

Claims 1, 3-10

COMPLEMENTSOF1, LLC
Patent Owner

Case IPR2013-00226

Patent 7,110,936 B2

Before KEVIN F. TURNER, JUSTIN T. ARBES, and JENNIFER S. BISK,
Administrative Patent Judges.

Denied

BISK, *Administrative Patent Judge.*

Claims 2, 11-16

DECISION

Institution of *Inter Partes* Review

37 C.F.R. § 42.108

POST-SAS INSTITUTE

Trials@uspto.gov
Tel: 571-272-7822

Paper 9
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SAS – Petitioner's Perspective

Preparing the Petition

- After SAS, Petitioners should carefully consider the following while preparing the petition:
 - The number of grounds/claims to raise;
 - Any alternative grounds/claims to raise;
 - Whether to split claims between petitions, and if so, how many claims to raise in each petition;
 - Whether to split grounds between petitions, and if so, how many grounds to raise in each petition;
 - Anticipate what Patent Owners may do in response to moot stronger grounds.

SAS – Petitioner’s Perspective

Response to Institution Decision

- Petitioners should consider the following procedural issues for grounds that previously would have been “partially instituted,” but are fully instituted after SAS:
 - How to address claims/grounds that the Institution Decision expressed doubt over the merits;
 - How to address claims/grounds not addressed in the Institution Decision;
 - What to do if Patent Owner elects not to respond;
 - Whether to appeal final written judgement.

SAS – Petitioner’s Perspective

Final Written Judgement

- After SAS, Petitioners should consider the following procedural issues after a PTAB “partial institution”:
 - Whether or not to appeal final written judgement.

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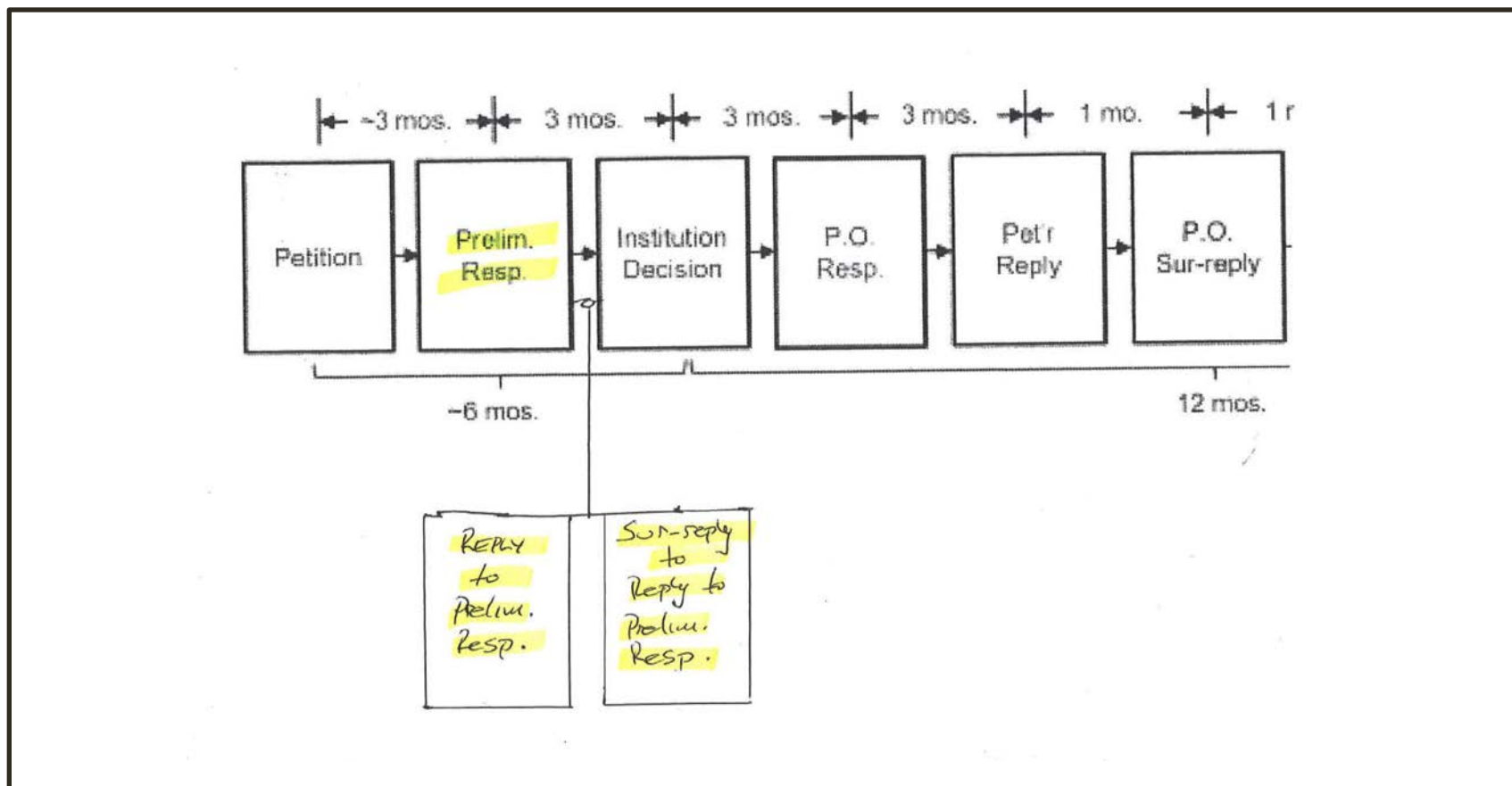
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PTAB's Perspective

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SAS – Patent Owner's Perspective

Patent Owner (Possible) Timeline



SAS – Patent Owner's Perspective

Patent Owner's Preliminary Response

- Big Picture: Present arguments that are dispositive
- Procedural Arguments
 - One year to file IPR bar, Section 315(b)
 - Real parties-in-interest
 - Section 314(a) discretion; Section 325(d) discretion; 316(b) considerations informing discretion
 - Consider request for additional discovery before POPR; insist on timely full production under routine discovery, especially inconsistent information
- Claim Construction
 - Consider construction-based arguments that render prior art inapplicable (possibly based on judicial estoppel);
 - Insist on Petitioner setting out a real claim construction
- Prior Art Arguments
 - Consider swear-behind arguments
 - Consider arguments that go to limitation recited in all/some independent claims
 - Consider motivation to combine arguments
- Unpatentability Arguments
 - Section 101

SAS – Patent Owner’s Perspective

Patent Owner’s Expert Declaration

- Big Picture: Present evidence to support POPR dispositive arguments
 - Fact and / or expert testimony
- Benefits
 - Arguments made in preliminary response are now supported by expert evidence
 - May provide PTAB evidentiary “ammunition” for supporting a decision not to institute
- Potential Limitations
 - May reduce number of viable arguments if PTAB rejects arguments in preliminary response
 - May expose preliminary expert to deposition
 - Genuine issue of material fact disputes between Petitioner’s and Patent Owner’s experts will be resolved in favor of Petitioner for purposes of institution decision

SAS – Patent Owner's Perspective

Be Prepared for Reply to Preliminary Response

- Big Picture: Petitioner faced with well-supported arguments that are potentially dispositive will likely seek authorization to file a reply (37 CFR § 42.108(c), good cause required)
 - May submit directly responsive rebuttal evidence in support of reply (Trial Guide at 14, citing *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1077-73 (Fed. Cir. 2018))
 - If new expert declaration submitted with reply, Patent Owner may cross-examine, move to exclude / strike, and comment on declaration / cross in any surreply (*Id.* at 1081-82).
- Benefits
 - May help narrow issues for PTAB to decide for purposes of institution
 - May help narrow issues for any instituted trial
 - May help convince the PTAB that Petitioner's arguments are wrong
- Potential Limitations
 - May convince the PTAB that Patent Owner preliminary arguments are wrong
 - May convince the PTAB that Patent Owner's preliminary expert is not credible

SAS – Patent Owner’s Perspective

If Reply Authorized, Sur-reply in Support of Preliminary Response Likely

- Big Picture: Patent Owner may get the last word, especially if the issue in dispute is dispositive.
 - “Sur-replies to principal briefs (i.e., to a reply to a patent owner response . . .) normally will be authorized by the scheduling order entered at institution. The sur-reply may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness. Sur-replies should only respond to arguments made in reply briefs, comment on reply declaration testimony, or point to cross-examination testimony.” (Trial Guide, p. 14)
- Benefits
 - May help Patent Owner convince PTAB that institution is not appropriate
- Potential Limitations
 - May further limit viable arguments if trial is instituted
 - All statements become a part of the file history and may be used in claim construction briefing in any co-pending related U.S. district court cases

SAS – Patent Owner's Perspective

Institution Decision Considerations

- Big Picture: Make sure to understand the scope of an instituted trial, including claim construction(s), or lack thereof.
- The PTAB may signal that it was not convinced about Petitioner's challenge as to all challenged claims / asserted grounds, or that it was trying to keep powder dry re claim construction. (Is that allowed?)
- The PTAB may make preliminary credibility determinations; what about preliminary claim construction(s)?
- Must consider what arguments to make, avoid, and block during trial
 - Consider whether to address claims the PTAB signaled were not shown unpatentable
 - Consider whether and how to block any Petitioner attempts to reopen the record to add new evidence and/or arguments. (see Trial Guide, pp. 14-15, 17-18, 23)
- Consider motion for rehearing

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SAS – PTAB Bench Perspective

Shockwaves & Implications

- PTAB Final Decisions ***“must address every claim”*** challenged by petitioner
- ***“[P]etitioner’s contentions***, not the Director’s discretion, ***define the scope of the litigation*** all the way from institution through to conclusion.”
- Impact on:
 - Institution Decision Content (37 CFR § 42.108(a))
 - Petitioner estoppel
 - District Court stays
 - Motions to amend claims

SAS – PTAB Bench Perspective

Institution Decision Content

“Section 314(a) . . . simply requires [the Director] to decide whether the petitioner is likely to succeed on **‘at least 1’ claim**. Once that **single claim threshold** is satisfied, it doesn’t matter whether the petitioner is likely to prevail on any additional claims; the **Director need not even consider any other claim** before instituting review. ... [T]he language anticipates a regime where a reasonable prospect of success on **a single claim justifies review of all.**” SAS, 138 S. Ct. at 1356.

- **Will PTAB scale back institution decisions to 1 claim/1 ground?**

Alcatel-Lucent v. Oyster Optics, IPR2018-00070, Paper 14 (PTAB May 10, 2018), *reh’g denied*, Paper 27 (PTAB Aug. 31, 2018) (38-page decision instituting on one claim, one ground).

SAS – PTAB Bench Perspective

Institution Decision Content

- **Will institution decisions identify non-meritorious grounds?**
 - *Western Digital Corp. v. Spex Techs., Inc.*, IPR2018-00082, Paper 11 (Apr. 25, 2018) (Petitioner demonstrated reasonable likelihood of success that **at least two of eleven** challenged claims unpatentable)
 - *Nanya Tech. v. Lone Star Silicon*, IPR2018-00062, Paper 7 (PTAB Apr. 25, 2018) (“**[W]e are not persuaded** that Petitioner has demonstrated a reasonable likelihood of prevailing on its contention that claims 2 and 7 are unpatentable as obvious.”).
 - *KVK-Tech v. Shire PLC*, IPR2018-00290, Paper 15 (PTAB July 6, 2018) (“On this record, we determine that **Petitioner has not established** a reasonable likelihood that it would prevail in showing that claims 1–21 and 31 are anticipated by Burnside”)

SAS – PTAB Bench Perspective

Institution Decision Content

- **Will PTAB expand use of discretionary denial?**
 - *ESET v. Finjan*, IPR2017-01738, Paper 28 (PTAB Aug. 10, 2018) (**Office policy** “preclud[es] termination of a partially instituted proceeding in response to *SAS Institute*.”)
 - Board will not deny some grounds even if all claims instituted (*Nike v. Adidas*, 894 F.3d 1256 (Fed. Cir. 2018))
 - Board will not incorporate partial denial into final decision
 - *Shenzen Silver Star v. iRobot*, IPR2018-00761, Paper 15 (PTAB Sept. 5, 2018) (discretionary denial where preliminary response filed in earlier IPR by **“similarly situated” co-defendant**)
 - Concurrence: unfair tactical advantage to file “test case” IPR

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ARE Resources

- **ARE Patent Law Alert:**
IN SAS INSTITUTE INC. V. IANCU, U.S. SUPREME COURT
DETERMINES THAT PTAB MUST ISSUE A FINAL WRITTEN DECISION
ADDRESSING ALL CHALLENGED CLAIMS IN IPR PROCEEDINGS

April 25, 2018

Author(s): Charles R. Macedo, Christopher Lisiewski*

<https://www.arelaw.com/publications/view/alert042518/>

- **US Supreme Court determines that PTAB must issue a final written**
decision addressing all challenged claims in *inter partes* reviews

July 10, 2018

Author(s): Charles R. Macedo, Christopher Lisiewski*