

3 Emerging Trends At The PTAB

By **Matthew Bultman**

Law360, New York (May 4, 2017, 9:33 PM EDT) -- Decisions from the Federal Circuit and a booming docket mean the Patent Trial and Appeal Board is constantly adjusting its approach, whether that's by taking a harder look at obviousness arguments or by coming down on challengers who cite references previously considered by patent examiners. Here are a few recent trends emerging from the board.

More Emphasis on Explanations

The Federal Circuit has issued a string of decisions in the past year that fault the PTAB for not better explaining its reasoning when deciding that a patent is invalid as obvious. It appears the board has taken those lessons to heart, and the effects are starting to trickle down to petitioners.

"What we saw in the first quarter [of 2017] from the board is that the board is getting more critical of petitioners' obviousness case," said Lori Gordon, a director at Sterne Kessler Goldstein & Fox PLLC.

Gordon said the Federal Circuit's message to the PTAB has been twofold: Not only does it need to articulate its reasoning so that the circuit court has a basis for deciding an appeal, but the board also has to hold petitioners more accountable for making the case for obviousness.

"I think now the board is taking that and more strictly applying that to the petitioner," Gordon said.

In one recent example, the board denied a request from D-Link Systems Inc. to review a Chrimar Systems Inc. patent covering a system for tracking electronic equipment. D-Link had argued a collection of previous inventions would have made several claims in the patent obvious.

"To show that a claim would have been obvious over a combination of prior art references, petitioner 'must articulate a reason why a [person having ordinary skill in the art] would combine the prior art references,'" the PTAB wrote, quoting from a 2016 Federal Circuit ruling, *In re: NuVasive Inc.*

"Here," the January decision continued, "petitioner does not articulate sufficiently why a person of ordinary skill in the art would have combined the cited teachings."

From a practical standpoint, Gordon said, an obviousness challenge needs to include additional evidence and analysis not just to support that the references teach or suggest every element, but to show that there's real substance behind the argument for a motivation to combine.

"A lot of times this is where petitioners drop the ball, thinking you just have to say a few magic words, like 'it would have been obvious to combine,'" Gordon said. "Those kinds of conclusions aren't going to win the day at the patent office."

Ensuring Due Process

When a challenger files a petition against a patent, the patent owner is given a chance to respond before the board makes a decision about whether to institute review. Thanks to a rule change last spring, petitioners can ask for permission to file a reply to the patent owner's preliminary response.

W. Karl Renner, a principal at Fish & Richardson PC, said that in the past, when a petitioner asked to file that additional brief, the answer was almost always no. But it seems that might be changing.

"I see far more often the board is really considering that and more often giving the party an opportunity to brief," Renner said.

And it's not just at the institution stage. Renner said the same thing also appears to be happening later in proceedings, when either the patent owner or the petitioner reaches out to the board and asks for a chance for more briefing.

This shift can be traced to a series of Federal Circuit decisions in recent months that have come down on the PTAB for violating the Administrative Procedure Act by relying on evidence or arguments that one party raised in a case without letting the other side respond.

In one example last November, the appeals court vacated the PTAB's finding that two claims in a NuVasive Inc. spinal surgery patent were invalid because NuVasive had not been given a chance to respond to arguments made by Medtronic Inc.

"The PTAB has got more tolerance for [sur-replies] now because of these cases," Renner said.

Daniel Zeilberger of Paul Hastings LLP said he viewed it as part of a broader effort from the board to ensure that fundamental due process issues are satisfied.

"Whether that's by way of sur-reply or some other mechanism, I think it's the board granting relief where appropriate and deviating from the papers that are required by the rules," he said.

At the same time, the Federal Circuit has criticized parties for not requesting a chance to file a reply, then later complaining to the appeals court. Naveen Modi, also from Paul Hastings, said asking for a sur-reply isn't appropriate in every case. But under the right circumstances, it is worth considering.

"The way we think of these proceedings is, our audience obviously is the PTAB, but then it also might be the Federal Circuit as well," he said. "We want to make sure we keep both of those in mind as we are working on a proceeding and developing the record."

Coming Down on Repetitive Arguments

The PTAB is allowed to use its discretion to deny review to a petition when the "the same or substantially the same prior art or arguments previously were presented" to the U.S. Patent and

Trademark Office, which includes during the original prosecution of the patent. And it appears the board is using that power.

"I think you're seeing the board come down harder on petitions that raise references that were considered during the original prosecution," Fish & Richardson principal Dorothy Whelan said.

In December, for example, Nu Mark LLC lost a bid to invalidate claims in a rival's e-cigarette patent. Nu Mark argued the claims were obvious, but the board said one of the references it relied on was substantially the same as some considered by a patent office examiner during prosecution.

"Petitioner is thus asking the board, essentially, to second-guess the office's previous decision on substantially the same issues," the PTAB wrote.

While some of the other recent trends appear to stem, at least in part, from Federal Circuit guidance, this one could be more of a product of circumstances at the board, which is on pace to handle a record number of petitions this fiscal year.

"I think the PTAB has been very busy and they've been trying to find ways to efficiently, but fairly, adjudicate cases," Modi said.

Still, just because a prior art reference was already considered by an examiner doesn't necessarily mean it's off-limits. But attorneys said the petitioner needs to be able to differentiate its challenge from the earlier proceedings.

"If it's the same arguments that were presented before and there's no new evidence, the PTAB is likely to deny," Modi said. But "if you have shown that there is something new here and here's why it's new ... then they will look at it."

--Editing by Mark Lebetkin and Pamela Wilkinson.