

4 Recent PTAB Decisions Attys Need To Know

By **Matthew Bultman**

Law360, New York (April 28, 2017, 8:10 PM EDT) -- The Patent Trial and Appeal Board has in recent months given state universities a powerful tool to avoid inter partes review and has split with district courts about the scope of the IPR estoppel provision. Here's a roundup of the board's top rulings in the first few months of 2017.

Covidien LP v. University of Florida Research Foundation Inc.

The 11th Amendment largely shields states from lawsuits in federal courts. In January, the PTAB **found** those protections extend to inter partes review and said the University of Florida Research Foundation, as an arm of the state of Florida, was immune to Covidien's challenges to a patent it owns related to health care computer information systems.

The decision, the first time the PTAB has addressed whether sovereign immunity can be used as a defense in an IPR or other America Invents Act proceedings, was a big win for state universities with patent portfolios, potentially insulating them from these types of challenges.

"It's one of those really interesting cases from a law professor standpoint," said Baker Botts LLP partner Wayne Stacy, calling it a rare intersection of constitutional and patent law. "It is a tremendous weapon for universities," he added.

The decision came with the caveat that there was not an underlying patent infringement suit in the case. The board gave no indication on whether the filing of such a suit would have affected a waiver of sovereign immunity.

But that question might soon be answered.

Last month, Ericsson Inc. filed petitions challenging several University of Minnesota patents related to wireless communication technology. The telecom equipment maker argues UM waived sovereign immunity when it sued various Ericsson customers, including AT&T Mobility LLC and T-Mobile USA Inc., for infringement of these patents in 2014.

The university has yet to file a preliminary response in those cases.

Great West Casualty Co. et al. v. Intellectual Ventures II LLC

In one of its biggest decisions of 2016, the Federal Circuit held that the IPR estoppel provision — which limits the arguments those seeking to invalidate patent claims can raise following PTAB review — did not apply to arguments denied by the PTAB as redundant.

The court in *Shaw Industries Group v. Automated Creel Systems Inc.* reasoned that since the argument was raised in the petition but no review was instituted, it never came up “during” the review.

Since then, district courts have taken a narrow view of the estoppel provision, with several holding it only applies to grounds on which the PTAB instituted review. A federal judge in Delaware has gone a step further and allowed an accused infringer to use arguments in litigation that it could have raised at the PTAB but did not include in its petition.

The board, however, has taken a broader view of estoppel.

In what was believed to be the first time it expressly considered *Shaw*, the PTAB in February **held** that estoppel can apply to grounds that a petitioner elected not to raise in an earlier petition. In doing so, the board said it was “unpersuaded that the [Delaware] district court’s reasoning should be adopted here.”

“It’s a clear break with the district courts,” Dorothy Whelan, a principal at Fish & Richardson PC, said. “I think it adds some confusion into the scope of the estoppel, which ultimately will have to be resolved by the Federal Circuit.”

W. Karl Renner, also a principal at Fish, said it also calls into question what is and is not appealable.

Generally speaking, PTAB decisions about whether to institute review of a patent cannot be reviewed by the Federal Circuit. But there are limited exceptions, including certain issues that implicate the jurisdictional reach of the board. It’s possible this might be one of those issues.

“It’s not clear yet exactly what the boundaries of that are,” Renner said. “It’s an area that’s developing and one that people really have their eyes on.”

World Bottling Cap LLP v. Crown Packaging Technology Inc.

In another January decision, the PTAB upheld a Crown Packaging patent for a bottle cap, and in the process gave hope to patent owners hoping to use secondary considerations to defeat an obviousness challenge to their patent.

Secondary considerations, which include things like the commercial success of an invention, are part of the analysis used by the PTAB to determine whether a patent would have been obvious. But it’s been almost impossible for patent owners to win a case on these arguments.

Crown bucked that trend in a challenge brought by World Bottling Cap, as the PTAB **ruled** that things such as the cap’s commercial success in Peru and accolades that Crown received for its invention outweighed evidence that the patent was obvious.

“In summary, although we find that petitioner has offered evidence in support of obviousness, we find that patent owner has offered compelling evidence of secondary considerations of nonobviousness,” the board wrote.

Lori Gordon, a director at Sterne Kessler Goldstein & Fox PLLC, said the decision could signal ways that a patent owner might find success with similar arguments.

“This is an example of what a patent owner needs to do to establish secondary conditions of commercial success and industry praise,” she said. “It gives at least one positive guidepost on how a patent owner can present these to the board and be successful.”

Robert Bosch Tool Corp. v. SD3

Under the AIA, a petitioner must file a request for inter partes review within one year of being sued for infringement in district court. But what happens when the patent owner files a complaint with the U.S. International Trade Commission? Does that also trigger the time-bar?

The answer is no, according to this March decision, in which the PTAB drew a distinction between a “proceeding” at the ITC and “civil actions” in district court.

This wasn’t uncharted territory for the board, which has considered the issue in the past. But in this case, it reaffirmed its position and rejected what was described as a new argument from Robert Bosch Tool Corp. related to the wording of the statute.

“[It’s] something that petitioners might not be aware of and the board made clear,” Gordon said. “It’s interesting,” she added, “when you think that estoppels attach for both ITC and district court but the one-year bar only applies to district court cases.”

--Editing by Philip Shea and Kelly Duncan.