

# THE PTAB REVIEW

This issue of *The PTAB Review* begins with a brief update about the U.S. Patent & Trademark Office (USPTO) Guidelines for when institution of an America Invents Act (AIA) trial (e.g., *inter partes* review or post-grant review) should be denied based on the status of a parallel litigation. Next, we examine USPTO Director Kathi Vidal’s exercise of her supervisory authority over Patent Trial & Appeal Board (PTAB) trial decisions. From there, we provide a summary of several recent Federal Circuit cases addressing AIA trials. Finally, we summarize the USPTO’s recent requests for comments and proposed rulemaking relevant to AIA trials.

## USPTO *Fintiv* Guidelines

The PTAB’s practice over the last several years of denying institution of trials based on the status of co-pending litigation was very impactful and accordingly received substantial scrutiny. Under the PTAB’s precedential *Fintiv*<sup>1</sup> decision, the PTAB applied a six-factor test for denying institution based on co-pending litigation. As discussed in the 2021 PTAB Year-in-Review [Issue](#) of the PTAB Review, the subsequent precedential *Sotera*<sup>2</sup> decision dramatically reduced the number of

*Fintiv* institution denials by empowering petitioners to stipulate away redundancy with the co-pending cases in a manner that strongly favored institution. Just this summer, the USPTO issued additional *Fintiv* guidance further clarifying the potency of such stipulations as well as other safe harbors for petitioners facing a potential *Fintiv* denial of institution.

In a [memorandum](#), Director Vidal identifies at least three scenarios where the PTAB should not apply the *Fintiv* factors to deny institution:

- “[T]he PTAB will not rely on the *Fintiv* factors to discretionarily deny institution in view of parallel district court litigation where a petition presents compelling evidence of unpatentability,”
- “The plain language of the *Fintiv* factors is directed to district court litigation and does not apply to parallel [ITC] proceedings,” and
- “[T]he PTAB will not discretionarily deny institution in view of parallel district court litigation where a petitioner presents a stipulation not to pursue in a parallel proceeding the same grounds or any ground that could have reasonably been raised before the PTAB.”



In addition to ruling out *Fintiv* institution denial in these three scenarios, obviating any need to make a full analysis of the *Fintiv* factors, Director Vidal also clarified how the PTAB should analyze a trial date in a co-pending district court case. Specifically, Director Vidal directed that “the PTAB will consider the median time from filing to disposition of the civil trial for the district in which the parallel litigation resides” rather than simply accepting a docketed trial date at face value. Director Vidal also clarified that “the proximity to trial should not alone outweigh all of those other factors” if the other factors weigh against denying institution or are neutral.

As expected, Director Vidal’s *Fintiv* guidance has been robustly applied by the PTAB, resulting in many PTAB decisions to institute review despite a co-pending district case with a docketed trial date scheduled to begin before the PTAB’s projected final written decision.

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<sup>1</sup> *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020).

<sup>2</sup> *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (Dec. 1, 2020).

## Director Vidal Exercises Supervisory Review Authority Over the PTAB

As discussed in the [June 2022 issue](#) of the PTAB Review, the Supreme Court granted the USPTO Director supervisory authority over final written decisions issued by the PTAB, adding to the Director's statutory authority to decide whether to institute trial in an AIA proceeding.<sup>3</sup> The Director had previously exercised supervisory authority over PTAB final written decisions by designating PTAB decisions precedential and by participating in a precedential opinion panel (POP).<sup>4</sup> In our June issue, we explained that Director Vidal had already signaled she would take an active role in reviewing PTAB decisions. PTAB procedures allow parties to formally request Director review of final written decisions and to formally request POP review of both institution and final written decisions. There is no formal mechanism to request Director review of institution decisions, as such review is only granted *sua sponte* by the Director.

Director Vidal has recently granted Director review in several cases. Below, we will explore in depth one such case addressing the PTAB's exercise of discretion to deny institution without reaching the merits. Following that, we provide a summary of several other cases where Director Vidal has or will issue a Director review decision.

### **Director Vidal Weighs In on Discretionary Denial**

Director Vidal recently issued a Director review decision in *Code200, UAB v.*



*Bright Data, Ltd.*<sup>5</sup> and designated the decision precedential. This decision provides new guidance for discretionary denial of institution, particularly when the same party has previously filed a petition against the same patent. The PTAB's decision whether to permit or deny so-called "follow-on petitions" generally is guided by the seven factors set forth in the PTAB's precedential *General Plastic* decision.<sup>6</sup>

The *Bright Data* decision involved a complicated thicket of IPR proceedings involving two *Bright Data* patents. Code200 and other petitioners had previously filed IPR petitions against the same patents.<sup>7</sup> The PTAB had denied institution of the prior petitions, but those decisions were "not evaluated on the merits, and instead the denial[s] were] based on discretionary grounds."<sup>8</sup>

In particular, the earlier petitions had been denied under *Fintiv*<sup>9</sup> based on co-pending litigation in the Eastern District of Texas.<sup>10</sup> That litigation subsequently led to a jury verdict upholding the claims.<sup>11</sup> In the meantime, another party (NetNut) filed IPR petitions against the same patents advancing substantially the same grounds of challenge as Code200's earlier petitions.<sup>12</sup> The PTAB instituted NetNut's petitions. Code200 requested joinder to the instituted cases, but NetNut and *Bright Data* settled.<sup>13</sup>

The PTAB panel in *Code200* evaluated the seven *General Plastic* factors when determining whether to grant institution of Code200's petitions.<sup>14</sup> These factors are:

1. Whether the same petitioner previously filed a petition directed

<sup>3</sup> 35 U.S.C. §§314, 324; 35 U.S.C. §§318(a), 328(a); 37 CFR §§42.108, 42.208; *United States v. Arthrex, Inc.*, 594 U.S. ---, 141 S.Ct 1970 (2021).

<sup>4</sup> PTAB, Std. Op. Proc. 2, rev. 10 (20 Sept. 2018).

<sup>5</sup> IPR2022-00861 & IPR2022-00862, Paper 18 (Aug. 23, 2022) (precedential) ("*Bright Data*").

<sup>6</sup> *General Plastic Industries Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (Sep. 6, 2017) (precedential, §II.B.4.i).

<sup>7</sup> *Bright Data*, Paper 18 at 2 & n.3.

<sup>8</sup> *Id.* at 2-3 (alteration in original).

<sup>9</sup> *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential).

<sup>10</sup> See *Code200, UAB v. Bright Data, Ltd.*, IPR2020-01266, Paper 18 at 6-7, 11-12.

<sup>11</sup> *Bright Data*, Paper 17 at 3.

<sup>12</sup> *Id.* at 4-5. *Compare NetNut, Ltd. v. Bright Data Ltd.*, IPR2021-01492, Paper 12 at 8 (listing instituted grounds), with *Code200, UAB v. Bright Data, Ltd.*, IPR2020-01266, Paper 18 at 5 (listing denied grounds of challenge).

<sup>13</sup> *Bright Data*, Paper 17 at 5.

<sup>14</sup> *Id.* at 9-16.

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to the same claims of the same patent;

2. Whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. Whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the PTAB's decision on whether to institute review in the first petition;
4. The length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. Whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. The finite resources of the PTAB; and
7. The statutory requirement to issue a final determination not later than 1 year after the date on which the Director notices institution of review.<sup>15</sup>

The panel found that factors 2-5 did not favor denial of institution because the follow-on petition applied the same art as the original petition.<sup>16</sup> There was thus no evidence of "road mapping" (i.e., using the patent owner's or the PTAB's discussion of the merits of the case to adjust the petition and

obtain a second bite at the apple) with which the *General Plastic* decision was particularly concerned. Nevertheless, the panel found that factors 1, 6, and 7 favored denial because (1) the petitioners had not filed a stipulation to obviate *Fintiv* concerns in their original IPR petition; (2) instituting trial would be an inefficient use of PTAB resources; and (3) institution would make it difficult to complete trial within the one year statutory time period.<sup>17</sup> Consequently, the panel denied institution.

The Director *sua sponte* vacated the panel's decision. Addressing *General Plastic* factors 1, 6, and 7 in turn, the Director disagreed with the panel's analysis for each factor. The Director found that factor 7 had "limited relevance" because the statute expressly permits adjusting the one-year statutory deadline for joinder IPRs.<sup>18</sup> For factors 1 and 6, the Director emphasized the importance of providing petitioners with a decision on the merits. For factor 1, the Director found that allowing a petitioner to pursue a decision on the merits when an earlier petition was denied for discretionary reasons best balances the desires to improve patent quality and patent-system efficiency against the potential for abuse from repeated petitions, and noted that holding otherwise would undercut the aim Congress provided to the Office "to improve patent quality and restore confidence in the presumption of validity that comes with issued patents."<sup>19</sup> The Director also noted that this factor "must be read in conjunction with factors 2 and 3," and that when a first petition was denied on discretionary

grounds, these factors can only weigh against institution when road-mapping or similar concerns are present.<sup>20</sup> Finally, for factor 6, the Director did not agree that instituting trial would be an inefficient expenditure of PTAB resources. Instead, the Director emphasized that "the Board's mission 'to improve patent quality and restore confidence in the presumption of validity that comes with issued patents outweighs the impact on Board resources needed to evaluate the merits of a petition.'"<sup>21</sup> Accordingly, the Director vacated the panel decision and remanded for the panel to decide whether to institute the case based on the merits or on other applicable discretionary grounds.<sup>22</sup>

The *Bright Data* decision's focus on reaching the merits rather than exercising discretionary denial to avoid a merits determination is consistent with other actions Director Vidal has taken. For example, the decision parallels the Director's recent *Fintiv* guidance (discussed above), which similarly encouraged bringing meritorious challenges to trial to further Congress's goal in enacting the AIA of improving and ensuring patent quality.<sup>23</sup> Together, the *Bright Data* decision and the Director's *Fintiv* guidance suggest a trend at the USPTO favoring adjudication of the merits of the challenge.

### Summary of Additional Director Review Cases

Since being sworn in as the new Director of the USPTO in April 2022, Kathi Vidal has ordered Director review of PTAB panel decisions in a number of additional

<sup>15</sup> *General Plastic*, Paper 19 at 9-10.

<sup>16</sup> *Bright Data*, Paper 17 at 12-14.

<sup>17</sup> *Id.* at 11-12, 14-16.

<sup>18</sup> *Bright Data*, Paper 18 at 15; 35 U.S.C. §316(a)(11).

<sup>19</sup> *Id.* at 4-5 (quoting *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 272 (2016)).

<sup>20</sup> *Id.* at 5.

<sup>21</sup> *Id.* (quoting *Cuozzo*, 579 U.S. at 272).

<sup>22</sup> *Id.* at 6-7.

<sup>23</sup> Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation 3 (Jun. 21, 2022).

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cases. Below are brief summaries of those cases.

### ***Issued Decisions***

#### ***Zynga Inc. v. IGT, IPR2022-00199, Paper 17 (Aug. 22, 2022)***

The Director granted *sua sponte* review of a decision to grant institution. Before the PTAB, the patent owner had argued that interference estoppel under 37 C.F.R. §41.127 precluded the petitioner from raising its unpatentability arguments in an IPR. In granting institution, the PTAB panel waived the application of the interference estoppel provision. The patent owner argued this was improper in its requests for panel rehearing and POP review.

The Director affirmed the panel's decision to grant institution, holding that the estoppel provision for interferences does not apply to AIA review proceedings. The Director noted that part 42 of the Code of Federal Regulations, which governs AIA trials, does not incorporate Part 41, which governs interference, thus making Part 41 inapplicable to AIA proceedings.

In the alternative, the Director held that, because the PTAB had terminated the previous interference on a threshold issue of written description, the judgment did not, as provided in §41.127, "dispos[e] of all issues that were, or by motion could have properly been, raised and decided," including issues concerning the unpatentability of the claims over the prior art. Thus, even if interference estoppel applied to AIA proceedings, the petitioner was not estopped from raising its challenges in this case.

#### ***Med-El Elektromedizinische Geräte GES.M.B.H. v. Advanced Bionics AG, IPR2020-01016, Paper 44 (Aug. 22, 2022)***

The Director granted *sua sponte* review of a final written decision where the PTAB

panel concluded that the petitioner had improperly relied on Applicant Admitted Prior Art (AAPA) as a basis for a ground. The panel had applied the Office's 2020 guidance on the use of AAPA in AIA proceedings.

The Director noted the guidance had been updated in June 2022 in view of the Federal Circuit's decision in *Qualcomm Inc. v. Apple Inc.*, Dkt. 20-1558 (Feb. 1, 2022), which held that AAPA is not "prior art consisting of patents or printed publications" and thus cannot form "the basis" of any ground raised in an IPR under 35 U.S.C. §311(b). The updated guidance further clarified that if a ground asserted in an IPR petition relies on AAPA in combination with one or more prior art patents or printed publications, the AAPA does not form "the basis" of the ground and can properly be considered by the PTAB in its patentability analysis. The Director held that, because the petitioner had relied on AAPA in combination with prior art patents or printed publications, its grounds of challenge were not improper.

#### ***NXP USA, Inc. v. Impinj, Inc., IPR2021-01556, Paper 13 (Sept. 7, 2022)***

The Director granted *sua sponte* review of a decision to deny a petitioner's request for rehearing of a decision denying institution. In the underlying institution decision, the PTAB panel denied institution under *Fintiv* due to the proximity of the district court trial date for the same patent. Subsequently, the petitioner submitted a *Sotera* stipulation agreeing not to raise any of its petition grounds in the related litigation. In its request for rehearing, the petitioner pointed to the stipulation as a reason to grant its request, which the panel rejected.

The Director affirmed the panel's denial, holding that "a stipulation, offered by a petitioner for the first time after a decision denying institution, is not a proper basis for granting rehearing

of the decision on institution." If a petitioner seeks to mitigate the risk of a discretionary denial under *Fintiv* with a *Sotera* stipulation, the petitioner must offer the stipulation before the PTAB has reached a decision on institution.

#### ***OpenSky Indus., LLC v. VLSI Tech. LLC, IPR2021-01064, Paper 41 (June 7, 2022), Paper 47 (Jul. 7, 2022), Paper 102 (Oct. 4, 2022)***

#### ***Patent Quality Assurance, LLC v. VLSI Tech. LLC, IPR2021-01229, Paper 31 (June 7, 2022), Paper 35 (Jul. 7, 2022)***

The Director granted *sua sponte* review of two decisions to grant institution. In both cases, patent owner VLSI had filed a request for review of the PTAB panel's institution decisions by the Precedential Opinion Panel (POP). In its requests, VLSI argued that the panel should have denied the petitions in view of the circumstances surrounding their filing.

The patents challenged had previously been asserted in litigation against Intel Corporation. At the time, Intel had filed its own petitions challenging the patents, but those petitions were ultimately denied under *Fintiv* due to the proximity of the district court litigation's trial date. The litigation ultimately resulted in a \$2.1 billion jury verdict against Intel.

Shortly after the verdict, petitioners OpenSky and PQA formed and filed petitions challenging the same patents using the same grounds as asserted in Intel's previous petitions. VLSI accused OpenSky and PQA, as newly formed companies under no threat of litigation, of improperly abusing the IPR process by filing the petitions for harassment and extortive purposes.

In granting review, the Director "discern[ed] no error in the Board's decision to institute review of a meritorious Petition where the challenged patent was previously litigated in district court and was the

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subject of previous *inter partes* review proceedings, which were not instituted based on *Fintiv*.” Nevertheless, the Director outlined two issues of first impression, which the Director requested the parties to brief:

1. What actions the Director, and by delegation the PTAB, should take when faced with evidence of an abuse of process or conduct that otherwise thwarts, as opposed to advances, the goals of the Office and/or the AIA; and
2. How the Director, and by delegation the PTAB, should assess conduct to determine if it constitutes an abuse of process or if it thwarts, as opposed to advances, the goals of the Office and/or the AIA, and what conduct should be considered as such.

The Director also encouraged *amici curiae* to submit briefing on the issue, requested the parties to address a set of interrogatories concerning the business purposes of the OpenSky and PQA and their relationships with other parties, and mandated discovery to allow the parties to answer the interrogatories. Fourteen *amici curiae* weighed in on the issues presented by the proceedings.

On October 4, 2022, the Director issued her first decision. The Director found that OpenSky engaged in discovery misconduct by failing to comply with her order for interrogatories and mandated discovery. The Director applied a negative inference as a sanction against OpenSky and held that the facts had been established adverse to OpenSky. The Director then concluded that OpenSky abused the IPR process by filing the IPR in an attempt to extract

payment from the patent owner and the joinder petitioner and by offering to undermine and/or not vigorously pursue the IPR in exchange for a monetary payment in a manner entirely distinguishable from conventional settlement negotiations that take place in an adversarial proceeding. As a sanction, the Director precluded OpenSky and their counsel from actively participating in the IPR proceeding. The Director also suggested that the OpenSky's attorneys may be subject to discipline for ethical violations and ordered OpenSky to show cause why it should not be ordered to pay compensatory damages to the patent owner, including attorney fees. The Director returned the case to the panel for it to determine whether a trial is warranted on the original record.

### Decisions Pending

#### ***Nested Bean, Inc. v. Big Beings USA Pty. Ltd.*, IPR2020-01234, Paper 36 (June 17, 2022)**

The Director granted a patent owner's request for Director review of a final written decision finding claims unpatentable over the prior art. Certain claims challenged by the petitioner were multiple-dependent claims. The panel held that the claims could be found unpatentable if “either” version of the claims was shown to be invalid over the prior art.

In its request for review, patent owner Big Beings argued that the PTAB committed legal error in finding the claims unpatentable, specifically relying on an interpretation of 35 U.S.C. §112, fifth paragraph, which governs multiple-dependent claiming, to support its argument. The Director noted that the issue was one of first impression and

requested the parties to brief the issue of the proper interpretation of 35 U.S.C. §112, fifth paragraph, in view of the panel's findings.

Briefing has concluded, and a decision is expected to issue shortly.

#### ***Boehringer Ingelheim Animal Health USA Inc. v. Kansas State University Research Foundation*, PGR2022-00021, Paper 10 (Aug. 12, 2022)**

The Director granted *sua sponte* review of a decision denying institution. The panel used its discretion to deny five of the six grounds presented in the petition under 35 U.S.C. §325(d) because the same or substantially the same prior art or arguments previously were presented to the Office. The remaining ground was denied as failing to meet the statutory standard for instituting a PGR. A schedule is expected to issue shortly.

#### ***AviaGames, Inc. v. Skillz Platform, Inc.*, Paper 13 (Aug. 26, 2022)**

The Directed granted *sua sponte* review of a decision denying institution. One month after the petition had been filed, the challenged claims were invalidated under 35 U.S.C. §101 by a district court in a parallel proceeding. Although noting a split among panels on the issue as to whether a parallel finding of invalidity based on a ground that cannot be raised in an IPR is sufficient to deny a petition under *Fintiv*, the panel nevertheless exercised its discretion to deny the petition based on the district court's finding that the challenged claims were directed to unpatentable subject matter. A decision likely addressing this panel split is expected to issue shortly.

## Federal Circuit Update



The Federal Circuit issued several decisions this year addressing cases before the PTAB. Below is a brief description of some of these cases.

### ***LG Electronics, Inc. v. Immervision Inc.*, 39 F.4th 1364 (Fed. Cir. 2022)**

*LG Electronics* addresses technical errors in a prior art disclosure cited in an obviousness ground. The patent at issue was directed to “capturing and displaying digital panoramic images.”<sup>24</sup> The cited prior art was Tada, a U.S. patent claiming priority to a Japanese patent application. The petitioner contended that a specific embodiment of Tada had lens parameters that would meet specific limitations. To verify the petitioner’s contentions, the patent owner’s expert created a lens model based on the parameters listed in the U.S. patent. However, the resulting lens model had different physical surface characteristics than described, and also resulted in a distorted image. As patent owner’s expert explained “at this point, [a person of ordinary skill in the art] would be convinced that there was an error in [the] model and that the error

was significant.”<sup>25</sup> Further investigation revealed that the Japanese priority document had different lens parameters and that “there was a transcription, or copy-and-paste error” in the U.S. patent.<sup>26</sup> The PTAB reasoned that the error would have been obvious to one of ordinary skill in the art, and that the Japanese disclosure did not meet the recited limitation. Thus, the petitioner did not meet its burden of demonstrating obviousness.

In reviewing the PTAB’s decisions, the Federal Circuit cited *In re Yale*, 434 F.2d 666, 58 C.C.P.A. 764 (C.C.P.A. 1970) for the proposition that, where “a prior art reference includes an obvious error of a typographical or similar nature that would be apparent to one of ordinary skill in the art who would mentally disregard the errant information as a misprint or mentally substitute it for the correct information, the errant information cannot be said to disclose subject matter.”<sup>27</sup> Accordingly, the PTAB’s decision was affirmed.

### ***Click-To-Call Techs. LP v. Ingenio, Inc.*, 2022 U.S. App. LEXIS 22812 (Fed. Cir. Aug. 17, 2022)**

*Click-To-Call* deals with the scope of IPR estoppels arising out of an unusual procedural scenario. The underlying IPR petition was filed prior to the Supreme Court’s ruling in *SAS*, which ended the PTAB’s practice of partially instituting certain IPR petitions.<sup>28</sup> After resolution of the IPR, the petitioner moved for summary judgment in district court, “arguing that the only asserted claim not finally held unpatentable in the IPR,

claim 27, was invalid based on the same reference that [the petitioner] had used against the other asserted claims in its IPR petition.”<sup>29</sup> Patent owner argued that the petitioner was “estopped from pressing this invalidity ground against claim 27 due to IPR estoppel under 35 U.S.C. §315(e)(2).”<sup>30</sup>

The district court ruled that IPR estoppel did not apply, reasoning that the validity of claim 27 had not been “actually litigated” in the IPR because the PTAB had not granted institution on that claim.<sup>31</sup> On appeal, the Federal Circuit disagreed. The Federal Circuit explained that statutory IPR estoppel has no “actually litigated” requirement and expressly extends to grounds that “reasonably could have [been] raised.”<sup>32</sup> The Federal Circuit also explained that the intervening *SAS* decision did not warrant a different outcome. The petitioner did not seek *SAS* remand, and the petition did not assert the ultimately victorious invalidity ground against claim 27. Citing *Caltech*, the Federal Circuit noted that “it is the petition, not the institution decision, that defines the scope of the IPR.”<sup>33</sup> Thus, the Federal Circuit reversed the district court’s determination that the petitioner was not estopped under 35 U.S.C. §315(e)(2).

### ***Best Medical Int’l, Inc. v. Elektra Inc.*, 2022 U.S. App. LEXIS 24033 (Fed. Cir. Aug. 26, 2022)**

While the underlying IPRs in *Best Medical* were underway, a parallel *ex parte* reexamination was initiated. “Rather than arguing the merits of the” rejections raised in the reexamination,

<sup>24</sup> 39 F.4th at 1365.

<sup>25</sup> *Id.*, at 1368.

<sup>26</sup> *Id.*, at 1372.

<sup>27</sup> *Id.*, at 1372 (citing *Yale*, 434 F.2d 669).

<sup>28</sup> *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1354 (2018) (overruling the practice of partial institutions).

<sup>29</sup> *Click-To-Call Techs. LP v. Ingenio, Inc.*, 2022 U.S. App. LEXIS 22812 at \*2 (Fed. Cir. Aug. 17, 2022).

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*, at \*8 (quoting *United States v. Shanbaum*, 10 F.3d 305, 311 (5th Cir. 1994))

<sup>32</sup> *Click-To-Call*, 2022 U.S. App. LEXIS 22812 at \*8.

<sup>33</sup> *Id.*, at \*11 (quoting *Cal. Inst. of Tech. v. Broadcom Ltd.*, 25 F.4th 976, 990 (Fed. Cir. 2022)).

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the patent owner “canceled claim 1 ‘without prejudice or disclaimer.’”<sup>34</sup> In issuing its final decisions in the IPRs, “the Board noted that [patent owner] canceled claim 1 during reexamination but concluded that claim 1 had ‘not yet been canceled by any final action’ because [patent owner] had ‘not filed a statutory disclaimer of claim 1.’”<sup>35</sup> Claim 1 was not finally canceled until after the PTAB issued its final decision and prior to the Notice of Appeal being filed.

On appeal, the Federal Circuit considered (1) whether the PTAB was correct in issuing a final decision regarding claim 1, and (2) whether

the Federal Circuit had jurisdiction to consider the PTAB’s unpatentability determination for claim 1. With respect to the first question, the Federal Circuit agreed that “[a]t the time the Board issued its final written decision, [patent owner] had canceled claim 1 during reexamination but did so ‘without prejudice or disclaimer.’”<sup>36</sup> Citing the Supreme Court’s decision in *SAS*, the Federal Circuit explained that the PTAB was obligated to “address every claim the petitioner has challenged.”<sup>37</sup> Thus, the PTAB was correct in concluding that “it was required to address patentability of claim 1 absent any final cancellation.”<sup>38</sup>

With respect to the second question, the Federal Circuit noted that it is “limited to deciding ‘Cases’ and ‘Controversies.’”<sup>39</sup> Here, [patent owner] did not dispute that “it finally canceled claim 1 prior to filing its notice of appeal in this case.”<sup>40</sup> Thus, “there was no case or controversy regarding claim 1’s patentability at [the time of appeal].”<sup>41</sup> As a result, the Federal Circuit held that the patent owner lacked standing to appeal the PTAB’s patentability determination regarding claim 1 and that the court thus lacked jurisdiction over that part of the patent owner’s appeal.

<sup>34</sup> *Best Med. Int’l, Inc. v. Elektra Inc.*, 2022 U.S. App. LEXIS 24033 \*4-6 (Fed. Cir. Aug. 26, 2022).

<sup>35</sup> *Id.*, at \*5-6.

<sup>36</sup> *Id.*, at \*8.

<sup>37</sup> *Id.*, at \*8 (quoting *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1354 (2018))

<sup>38</sup> *Id.*, at \*8.

<sup>39</sup> U.S. Const. art. III, §2.

<sup>40</sup> *Id.*, at \*9.

<sup>41</sup> *Id.*

## USPTO Rulemaking and Notice Relevant to PTAB Trials

The current USPTO leadership has signaled an interest in engaging the public in shaping policy affecting PTAB trials. This summer, Director Vidal published notices on duty of candor in USPTO proceedings, including PTAB proceedings, and on Director review of PTAB decisions.<sup>42</sup>

In a notice published on July 29, 2022, the Director explained that the duty of candor toward the USPTO applies in PTAB trials, particularly when amending claims. The notice particularly highlighted the possibility of inconsistent representations to USPTO and other agencies, such as the Food and Drug Administration.

On July 20, 2022, the Director requested comments on how and when to review

PTAB panel decisions. By the time the original comment period closed, the Director had received 2368 comments. While many of the comments were standardized statements for or against PTAB practices generally, many suggested specific modifications to PTAB and Director procedures for reviewing panel decisions. The notice states that USPTO ultimately plans to conduct rulemaking based on the comments. On September 12, 2022, the USPTO extended public comment period to October 19, 2022, for Director review, POP review, and internal circulation and review of PTAB decisions.<sup>43</sup>

On August 31, 2022, the USPTO requested public input on patentable subject matter eligibility guidance.<sup>44</sup> Patentable subject matter has been a

highly-litigated area of patent law both in district courts and at the PTAB. The USPTO guidance on the subject not only impacts how USPTO examiners consider claims during patent prosecution but also how the PTAB considers claims during AIA trial.

Additional requests for public comment are expected from the USPTO in the near future. It can be important for stakeholders to provide feedback to the USPTO regarding proposed guidelines and rulemaking, both of which aim to providing consistency and predictability for PTAB proceedings. Formal rules are harder to make and unmake than precedential opinions or Director guidance, making public input into the process particularly important.

<sup>42</sup> 87 Fed. Reg. 43249 and 45764.

<sup>43</sup> 87 Fed. Reg. 58330 (2022).

<sup>44</sup> 87 Fed. Reg. 53736 (2022); 87 Fed. Reg. 58330 (2022).

## About Our Post-Grant Practice

The professionals in Wilson Sonsini Goodrich & Rosati's post-grant practice are uniquely suited to navigate the complex trial proceedings at the United States Patent and Trademark Office (USPTO). We have extensive experience before the PTAB, representing clients in numerous new trial proceedings and in countless reexaminations and patent interference trials. Our practice includes professionals with decades of experience at the PTAB, including former PTAB personnel. Our core team leverages firmwide intellectual property expertise to provide comprehensive IP solutions for clients that cover strategy, prosecution, licensing, enforcement, and defense.

### For more information, please contact:

**Michael Rosato**

206.883.2529

mrosato@wsgr.com

**Matt Argenti**

650.354.4154

margenti@wsgr.com

**Richard Torczon**

202.973.8811

rtorczon@wsgr.com

**Lora Green**

202.791.8012

lgreen@wsgr.com

**Jad Mills**

206.883.2554

jmills@wsgr.com

# WILSON SONSINI

650 Page Mill Road, Palo Alto, California 94304-1050 | Phone 650-493-9300 | Fax 650-493-6811 | [www.wsgr.com](http://www.wsgr.com)

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