

24th Annual Berkeley-Stanford Advanced Patent Law Institute

# PTAB Procedures Update

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A guide to the key changes

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# Director Review

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# FOCUS ON IMPROVING PATENT QUALITY

- *Code 200*, IPR2022-00861, -00862, Paper 18
  - Director Vidal reversed Board decision discretionarily denying institution of a serial petition, where the earlier-filed petition was discretionarily denied under *Fintiv*
  - Director focused on the Board's mission to improve patent quality and concluded that the mission outweighed concerns about agency resources and fairness to patent owners
- *Keysight Techs*, IPR2022-01421, Paper 14
  - Challenged patent was great-grandchild of a patent in a prior IPR in which the Board found all claims unpatentable. PO included that prior FWD in an IDS submitted during the prosecution of the later-challenged patent.
  - Board in the later IPR found that *Advanced Bionics* step 2 was not met (the examiner had not materially erred)
  - Director Vidal noted that the overlap between the claim limitations in the patents meant the examiner erred by overlooking/misapprehending the significance of the prior FWD

# MAKING PANEL DECISIONS PRECEDENTIAL

- *NXP USA*, IPR2021-01566, Paper 13
  - Director Vidal made precedential that a *Sotera* stipulation filed after the PTAB's denial of institution is not a proper basis for granting rehearing of the decision denying institution
- *Xerox*, IPR2022-00624, Paper 12
  - The Board denied institution, noting that the Petitioner's expert declaration testimony "merely repeats, verbatim, the conclusory assertion for which it is offered to support."
  - Director Vidal made the decision precedential and observed that the "declaration does not provide any technical detail, explanation, or statements supporting why the expert determines that the feature in question was required or would have been obvious based on the prior art disclosure. ... Instead, the declaration copies, word-for-word, Petitioner's conclusory assertions."

# ISSUES OF FIRST IMPRESSION

- *Nested Bean*, IPR2020-01234, Paper 42
  - The Board concluded that multiple dependent claims were unpatentable because they depended from an unpatentable independent claim, even though they also depended from a patentable independent claim
  - Patent Owner requested Director Review and argued that the versions of the multiple dependent claims relying on the patentable independent claim should not have been found unpatentable
  - Director Vidal noted this was an issue of first impression and agreed with Patent Owner

# PANEL ERROR CORRECTION

- *Boehringer Ingelheim*, PGR2022-00021, Paper 11
  - The Board determined that an enablement ground was “largely redundant to” a written description rejection overcome during prosecution, and thus discretionarily denied institution under § 325(d)
  - Director Vidal reversed, holding that the finding of adequate written description by an examiner is not ‘the same or substantially the same arguments’ under *Advanced Bionics* as a challenge for lack of enablement.”
- *CommScope*, IPR2022-01242, Paper 23
  - Director Vidal remanded the proceeding for the Board to consider the “compelling merits” question under *Fintiv* only after evaluation of the first five *Fintiv* factors, and also required the Board to provide sufficient reasoning and explanation regarding “compelling merits” to permit review

# PERMITTING PARTIES MORE BRIEFING

- *Vector Flow*, IPR2023-00353, Paper 11
  - Reversing Board and granting Petitioner a Reply to POPR on *Fintiv* issues
  - Found Petitioner had good cause for the additional briefing because new information had come to light after the Petition was filed
- *ResMed*, IPR2023-00565, Paper 15
  - Reversing Board and granting Petitioner a sur-sur-reply to PO's sur-reply on *Fintiv* issues
- *Google*, IPR2022-01197, Paper 12
  - Reversing Board and granting Petitioner a Preliminary Reply on a § 325(d) argument in the POPR
  - Director determined that the particular § 325(d) argument was not reasonably foreseeable

# **Real Party in Interest**

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# REAL PARTY IN INTEREST

- *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128 (October 2, 2020) (precedential) (institution denied)
  - § 315(b) time-barred entity (Salesforce) as an unnamed RPI; petition was time-barred
  - On remand following *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336 (Fed. Cir. 2018) (“[A] nonparty to an IPR can be a real party in interest even without entering into an express or implied agreement with the petitioner to file an IPR petition.”)
- *SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 (October 6, 2020) (precedential) (institution granted)
  - § 312(a)(2) requires that petition identify all real parties in interest.
  - Unnamed RPI was “ultimate corporate parent for all three Petitioners,” but no allegation that the failure to name parent as RPI resulted in time bar or estoppel.

# RECENT RPI DECISIONS

- *Samsung Electronics Co., Ltd. v. Netlist, Inc.*, IPR2022-00615, Paper 40 (Feb. 3, 2023) (Director decision)
  - After institution, Patent Owner moved for additional discovery under 37 C.F.R. § 42.51(b)(2) as to whether the third party was an RPI.
  - *Sua sponte* Director review; granted-in-part Patent Owner’s motion for additional discovery.
- *Unified Patents, LLC v. MemoryWeb, LLC*, IPR2021-01413, Paper 76 (May 22, 2023) (Director decision)
  - In institution decision, Board did not decide whether 3<sup>rd</sup> parties should have been named as RPIs, although both sides had briefed the issue.
  - After institution, and subsequent IPR challenges filed by 3<sup>rd</sup> parties, Board made RPI determination, stating “the issue of Section 315(e) estoppel has been put before us.”
  - Unified sought Director review of Board’s RPI decision as an advisory opinion; and Director vacated RPI decision as “not necessary to resolve the [current] proceeding.”

# ANPRM “SUBSTANTIAL RELATIONSHIP” PROPOSAL

- Proposed “***substantial relationship***” test to evaluate whether certain entities are sufficiently related to a party ***such that discretionary denial is warranted***.
- The substantial relationship test would be broadly construed and encompass real parties in interest or privies of the party to the AIA proceeding.
  - Also includes entities as in *Valve I* (co-defendant) and *Valve II* (later petitioner that previously joined instituted IPR on same patent / claims)
- Currently, common law formulations of “real party in interest” and “privy” apply when evaluating conflicts and the effect of estoppel provisions.

# **ANPRM Highlights**

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# KEY ANPRM PROPOSALS

- Proposed Process Changes
  - Require petitioners to file a separate paper justifying multiple parallel petitions
  - Allow payment of a fee to enhance the word-count limits for a petition
  - Provide separate briefing on discretionary denial issues
- *Fintiv* Proposals
  - Codifying Director Vidal's June 2022 *Fintiv* memo (*Sotera* stipulations; no consideration of parallel ITC action; compelling merits)
    - First two non-controversial, but compelling merits is controversial for both sides (as either requiring a higher standard than statute, or as allowing petitions that should otherwise be denied under *Fintiv*)
  - Streamlining *Fintiv* test to omit Factors 1 and 5 (likelihood of stay and same party)
  - 6-month filing window as a safe harbor
  - Excluding PGRs from *Fintiv*-based discretionary denial

# KEY ANPRM PROPOSALS

- Serial Petitions – codify *General Plastics* (not controversial)
- Section 325(d) – codify *Advanced Bionics* and *Becton Dickinson* (not controversial)
- “Substantial Relationship” Test
  - Expands the current real party in interest and privity relationships relevant to estoppel, the filing of follow-on petitions, etc.
- Discretionary Denials for Small Patent Owners
  - Absent “compelling merits,” discretionarily denying petitions against small/micro entities that are commercializing the challenged patent

# ***Fintiv* Update**

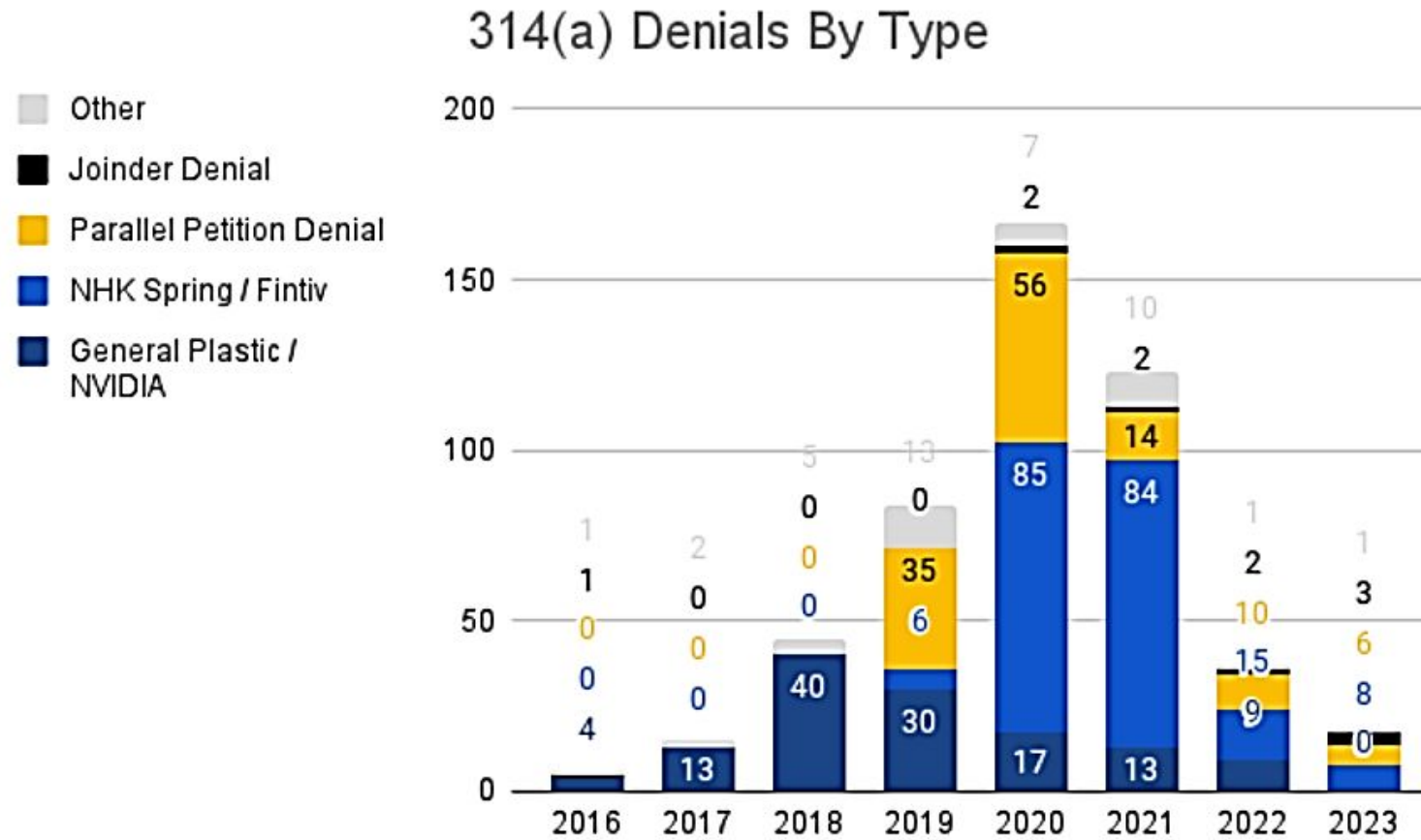
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# FINTIV STIPULATIONS

- *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (Dec. 1, 2020) (precedential as to § II.A)
  - Broad stipulation to exclude from district court litigation “any other ground . . . that was raised or **could have been reasonably raised** in an IPR.”
- *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 (June 16, 2020) (informative)
  - *Fintiv* factors weighed against exercising discretion to deny institution, in part, because petitioner filed a stipulation to not assert the “**same grounds**” in district court.
  - Institution on rehearing of a denial



# Fintiv Denials Peaked In 2020 and Dropped Significantly Since



# DIRECTOR VIDAL'S JUNE 2022 *FINTIV* MEMO

- **Sotera** stipulations still apply to avoid *Fintiv* denial
- **Compelling Merits** analysis
  - *Fintiv* factor 6 reflects that PTAB considers the merits of a petitioner's challenge.
  - “[C]ompelling, meritorious challenges will be allowed to proceed at the PTAB even where district court litigation is proceeding in parallel.”
    - “[T]hat determination alone demonstrates that the PTAB should not discretionarily deny institution under *Fintiv*.”
  - “Compelling, meritorious challenges are those in which the evidence, . . . , would **plainly lead** to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.”

# ANPRM “COMPELLING MERITS” PROPOSAL

- “Highly likely” standard
  - “A challenge presents ‘compelling merits’ when the evidence of record before the Board at the institution stage is **highly likely** to lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.”
  - This is a higher standard than the reasonable likelihood required for the institution of an IPR under 35 U.S.C. 314(a).
- ANPRM cites *OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021–01064, Paper 102 at 49 (Oct. 4, 2022) (Director decision, precedential)
  - Describing compelling merits determination as follows:
    - “A challenge can only ‘plainly lead to a conclusion that one or more claims are unpatentable’ if it is **highly likely** that the petitioner would prevail with respect to at least one challenged claim.”

# “COMPELLING MERITS” ANALYSIS

- *Commscope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 (Feb. 27, 2023) (Director decision, precedential)
  - *Sua sponte* Director review
  - Compelling merits determination is **not** a substitute for a *Fintiv* analysis.
  - Outlines 3-step process
    - (1) Determine whether *Fintiv* factors 1-5 favor a discretionary denial;
    - (2) If *Fintiv* factors 1-5 favor a discretionary denial, then Board **shall** assess compelling merits;
    - (3) For compelling merits determination, “the Board must provide reasoning sufficient to allow the parties to challenge that finding and sufficient to allow for review of the Board’s decision.”

# RECENT *FINTIV* DENIALS

- *Samsung Electronics Co. Ltd. v. California Institute of Tech.*, IPR2023-00130, Paper 10 (May 4, 2023)
  - Lacked *Sotera* stipulation; stipulated to not “pursue invalidity challenges ... in the parallel district court lawsuit that rely on any reference used in the grounds of the Petition.”
- *Roku, Inc. v. IOENGINE, LLC*, IPR2022-01554, Paper 11 (May 5, 2023)
  - Lacked *Sotera* stipulation; stipulated to “not pursue an invalidity defense in the [parallel district court case] that the patent claims subject to the instituted IPR are invalid based on the same grounds as in the Petition or that the patent claims subject to the instituted IPR are invalid in view of the references that form the stated bases for those grounds.”
- *AviaGames v. Skillz Platform, Inc.*, IPR2022-00530, Paper 14 (March 2, 2023) (Director decision)
  - Director vacated *Fintiv* denial where district court had invalidated claims under § 101; remanded for compelling merits determination.

# TAKEAWAYS

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