Day 2, Panel 2 Litigation: Trends in Prior Art Usage and Validity Considerations

[HOST]
All right, onto second round. Happy to introduce our esteemed panel this morning on prior art and validity issues. today's moderator is the man, the myth, the legend, the newly-minted Lawyer of the Year by AMBA, Neel Chatterjee. Oh, yeah.

(applause and cheering)

And he needs no introduction. But he is at King & Spalding for, for those who haven't seen that update. And lots of experience to share and lead for the panel. Thanks, Neel.

[NEEL CHATTERJEE]
Great. Thanks everyone for being here. Sorry I haven't had a chance to spend much time with folks here.

I learned that I'm going to trial on Monday. So I haven't been able to spend much time with folks here today. But I'm really glad that we get to have uh, this panel here today. I'm just gonna ask, starting with Chris, then Bethany, then Jonathan just have them introduce themselves on kind of what they do for a living.

Although, given the conference, it's probably kind of obvious. But Chris, why don't we start with you?

[CHRIS KAO]
Sure. So I'm Chris Kao for those of you who don't know me. I think I know a lot of people in this room.

I'm the the head of the IP litigation group at Pillsbury, and like most people here, I, I do all forms of IP litigation. Patent litigation, et cetera, in district courts, ITC and before the PTAB. And yeah, that's my background.

Are we doing a--

[NEEL CHATTERJEE]
A little-known fact about you.

[CHRIS KAO]
Facts. So little-known fact, although I think, you know, it's probably more widely known now, at least amongst the legal community and attorneys I know, I'm probably the biggest Pearl Jam fan here. I have been to 25-plus concerts.

[NEEL CHATTERJEE]
Wow.

[CHRIS KAO]
And I try to go to concerts on every tour, wherever they are. I've been, you know, all around the country and the world, even. So, little-known fact.

[NEEL CHATTERJEE]
That's cool. Bethany?

[BETHANY BENGFORT]
Hi, I'm Bethany Bangford. I'm an attorney at Turner Boyd Serafin.

Also in patent litigation, broader IP. My practice is taking a hard pivot towards AI a lot in these past couple years.

I know Neel through a panel we did together on Star Trek and the law, and in fact, I have encountered him more in costume than I have out of costume. 'cause he was in a Star Trek uniform the first couple of times we met, and then when we did the meeting for the panel, for this panel, it was Halloween. And so Neel was dressed up in costume that day, and I'm like, "You know?

I'm just beginning to think that you're always in costume."

[NEEL CHATTERJEE]
It's true. Today, I'm playing lawyer.

[BETHANY BENGFORT]
Yes.

(laughs)

So little-known fact about me, it's about a decade ago? Maybe over a decade now, I was the East Coast Settlers of Catan champion. I got defeated by the Midwest, but after playing about 300 games in a row, I have never played it since.

[NEEL CHATTERJEE]
Jonathan.

[JONATHAN SANDERS]
My name's Jonathan Sanders. I work at Simpson Thacher. Like everybody else, I do a lot of patent cases as well as honestly many other areas.

Securities, general commercial. Other IP as well. Little-known fact, I was gonna do a different one, but because there was a reference to Pearl Jam, I'll say I'm a Lakers fan, not, not Warriors. So I can make enemies of everyone here immediately.

(laughter and booing)

[NEEL CHATTERJEE]
I wanna share a little-known fact about me, but if you're friends with me on Facebook, I really don't have secrets. So nothing's very little known. Today's topic is trends in prior art usage and validity considerations from admitted prior art to secondary considerations.

We struggled a little bit with what that means. So we decided to make it up as we go along, but I guess the starting point is that we understand that yesterday, I wasn't able to be here, that we talked a lot about IPRs. So we're gonna dedicate all of our time today to talking further about-- No, I'm just kidding. We're gonna talk about a number of issues, but this topic may feel at times a little bit on the fringes where we're talking about very nuanced issues, but this is the Advanced Patent Law Institute, so we figure you all are smart enough to know these fringe issues and the importance that they can play in significant litigation.

I'm gonna generally be asking one of the panelists questions, but I want to invite everyone else to chime in as well. I'm gonna start with Bethany and we're gonna talk about the exciting world of 102.

Under pre AIA102, patent is anticipated if the invention was described in a patent granted on an application for patents by another filed in the United States before invention by the application for patent. And I didn't know in law school that people would fight about what the phrase "by another" means, but it turns out we have, and there's a recent case, Merck-Sarano versus Hopewell PharmaVentures, and it actually analyzed what "by another" means.

So Bethany, can you tell us a little bit about the case, and then how it impacts things?

[BETHANY BENGFORT]
Absolutely. So I'll just say first that my interpretation of this panel was all of the burning prior art questions I've dealt with for the past year, and rather than seeing a doctor about it, I'm talking to all of you. But some of them have actually been answered this year. Some, just gonna complain about later, in this case, versus Hopewell the issue was that Merck had filed an international patent application that named two inventors, joint inventors.

Within a year, they filed another patent application that added a third inventor. Same invention everybody agreed on that. So the question was whether the international patent application would qualify as prior art under 102because it did not have an identity of inventorship.

There were only two inventors on that one, and whereas, the patent application filed with the patent office had a third inventor that was not on the first one. So, Merck argued, no, as long as

there's at least one joint inventor, it does not qualify as an invention or an application by another. And Merck pointed to, not as as part of their argument for why they should be given another opportunity to argue to the Board that the MPEP at the time explicitly stated that, that it not prior art if there was the application had at least one joint inventor on it.

And so, the Federal Circuit says, "No, we actually have a case that addresses a very, pretty much the exact issue, but slightly different, it was the opposite problem, that the prior reference had three inventors, and then, the later filed application dropped an inventor," right? And they're saying, "No, it has to be an exact identity of inventors for it to not qualify as prior art." Now, you could argue that because it's pre-AIA, what matters is the date of the invention and not the date of the filing, right? You can argue that the invention that was disclosed in the prior application was the joint invention by all three inventors, right?

You can say, "Hey, no, either as of the date of this filing, or if you want to swear behind even before it, these three inventors had invented this thing, and therefore it cannot be used as prior art for those reasons." And that is something that Merck argued, that it should have the opportunity to argue more fully to the Board that this international patent application actually disclosed the invention that was the invention of all three inventors and therefore cannot qualify as prior art. The Federal Circuit took kind of an hard line on this and said, "Not withstanding what they said in the MPEP, this is the law, this has been our law for a long time, and therefore, you can't really say you weren't on notice of this." And you know, I can-- I can see the frustration of when you are following guidelines and then you're like, "Hey, you know, we didn't really have an opportunity to fully flesh this evidence out," and the Federal Circuit's like, "No," like, "The law is the law."

So that's kind of what happens there. Long-winded explanation. But it's that by another means, there has to be a complete identity of inventorship on the both applications for it to not qualify as prior art.

[NEEL CHATTERJEE]
So, we're in the litigation room right now, and the room over there is the prosecution room. So, if they were eavesdropping and had cups on the walls, what would you tell them to do to avoid this problem?

[BETHANY BENGFORT]
Well, to change the MPEP? They probably have already though.

[NEEL CHATTERJEE]
Change it I think it would be to err on the side of caution and be overly generous with who you're listing as your inventors.

[BETHANY BENGFORT]
Yep.

[NEEL CHATTERJEE]
Because this, I mean, this was an avoidable problem in some ways and really it sounds at least, you know. On the fly on the wall, it's easy to be, you know, armchair quarterback, but to say it sure sounds like they were maybe not as diligent.

When they filed the initial application and knowing who are all the people that could lay title to it.

[BETHANY BENGFORT]
Yes, that's true. And especially when you are requesting briefing on an issue.

You certainly should be as fulsome as you can, making the alternative arguments, "We think the law is this, but even if it's not, I'm gonna set forth all of the evidence that I need to show that this joint invention existed prior to that application anyway." And so, it's to not rely, even if you think the law is extremely clear on something, if there is an argument to the contrary, I mean, you got to do both.

[NEEL CHATTERJEE]
That's another example of the the Federal Circuit not really giving the deference to whatever the USPTO is doing. I want to take this example of 102E and a patent granted on application for a patent by another, and because no panel is complete without talking about AI.

Jonathan let's say that under the Hopewell case, the invention was actually done by AI and and, and somehow someone filed a, a, a patent application even though it was done by AI, or maybe not. Could it be invalidating because it was not developed by another?

[JONATHAN SANDERS]
So, I think in this particular situation, the answer is no. And one of the panels I think briefly touched on this yesterday, but it's a really interesting issue, so I'll talk about it in a little bit more detail. So, because pre-AIA102e actually requires a patent to have been issued on an application filed by another, and the Federal Circuit has said AI cannot be an inventor. So, I think in this particular case, there can't be a patent issued to AI even as a co-inventor, so you'd still have to find another human being that was an inventor on the other patent that wasn't on the current patent. So, just to talk about that in a little bit more detail, so this was the Thaler versus Vidal case in 2022.

The Fed Circuit looked at whether AI can be listed as the inventor. For some reason, the applicant in that case didn't list himself, he just said, "This invention was generated by AI," and he did the same thing in a copyright case and he lost both. And so, he did not have success on that. I guess it was a test case.

So the court said, "You can't do that." And they mainly looked at the plain language of the Patent Act, which uses the phrase individual, and they said an individual has to be a human being, they looked at, like, dictionary definitions and cases, but basically they just applied plain meaning and said AI is not an individual.

[JONATHAN GANDRA]
And they didn't really look at, like, policy arguments about shouldn't we be expanding this to try to foster innovation by AI, they just said, "We're bound by the plaintext of the statute." I one thing that's interesting about this though is since the, since Thaler, there have actually been two sets of guidance issued by the Patent Office on this. There was one in February 2024, and then they basically superseded and overruled that just a few weeks ago.

So the first one said, "When you're looking at a patent that involves a human--" So the, the patent office said under Thaler, AI can't be the inventor, but if you're looking at a patent that was invented by a human and AI was involved, you sort of look at it through like the joint inventorship test under Panu, and it's the three-factor test of did the human make a significant contribution? Was the contribution significant in quality compared to the overall invention?

And was it something more than just sort of ordinary know-how? And the Patent Office said, "Even if AI also made a significant contribution, you could still have the patent issued to the human being."

A few weeks ago, they basically threw that out and said, "If it's one inventor, you just apply traditional inventorship principles to it, and you just look at did that person conceive of the invention?" They can use AI just like they can use any other tool, but you're not sort of factitiously treating AI as the co-inventor. If there's multiple human inventors, you just go ahead and apply the three-factor Panu test traditionally. So that's some interesting guidance, and there hasn't been a lot of additional case law on this, but where they draw the line between like AI having a significant role, not a significant role, the human having a significant or not significant role, I think that's gonna be really interesting.

And just quickly, this is a little bit outside the scope of the question, but, you know, one other thing I think courts are gonna have to grapple with is just whether AI-generated publications can be prior art, so they can't be the inventor on a patent, but can it just be a printed publication? And if it meets all the other requirements of prior art, presumably it can be. But the problem is, you know, there's such a proliferation of AI-generated materials.

There could be millions or even billions in a certain area. Could that overwhelm prior art searches?

It could be AI hallucinations, lots of interesting issues, you know, for the person of ordinary skill in the art inquiry. Like, does that person have to be presumed to know about billions literally in some cases of AI-generated publications in a certain field? So, there's lots of interesting stuff on that.

[JONATHAN SANDERS]
So I think there's gonna be a lot more case law on that, probably in the coming years.

[NEEL CHATTERJEE]
Chris, I'm gonna turn it over to you, and I wanna ask you about some IPR questions. The Federal Circuit issued two decisions this year dealing with the use of applicant-admitted prior art in IPRs, the Qualcomm versus Apple and the Shockwave Medical versus Cardiovascular Systems. And the Acting Director, Stewart, drafted a memo on the subject.

How does that change how you go about filing IPRs, other than saying that it's gonna be summarily denied anyway?

[CHRIS KAO]
Exactly. Yeah, this topic is pretty esoteric and may not be all that relevant now given what's going on with IPRs and whether anyone will file any anyways. But--

[NEEL CHATTERJEE]
I object to everything you're gonna say on mootness doctrine.

(Chris laughing)

Go ahead.

[CHRIS KAO]
Yes. So if you wanna take a nap, now is a good time. Shut your eyes for ten minutes, and you can ignore what I'm about to say.

But the state of the law is, and I'll go back and maybe start in 2022 with the first Qualcomm/Apple decision, and then the second one came out this year in 2025, but all related to the same case, the same IPR relating to applicant-admitted prior art, which is essentially, you know, statements in the specification, typically in the background section of the specification, where the applicant says, "It is well known that dot, dot, dot. It is understood to those of, you know, people of ordinary skill in the art." Any of those kinds of admissions or disclaimers about what is already in the prior art, what is known, we generally call applicant-admitted prior art. And in the IPR that gave rise to the first Qualcomm case in 2022, one of the grounds in the IPR petition combined a patent, well, let's just say patent X and applicant-admitted prior art.

That was explicitly listed in the ground, and that was common. I mean, this wasn't unusual at the time to do that kind of thing.

In 2022, the Federal Circuit looked at this and said, "Well, under the AIA IPRs, the review should be based on or limited to patents and printed publications." Um, and in this case, the, the Federal Circuit said, "We don't find applicant-admitted prior art to be either a patent or a printed application, and therefore it's not, it cannot serve as the proper basis for a ground in an IPR."

However, it remanded the case back to the PTAB to determine in that specific case was the basis of the challenge just Patent X or patent X and the applicant-admitted prior art, in which

case it should not have been used as a basis to invalidate the claims. Um, just one aside, I certainly understand the Federal Circuit's ruling.

You could, I could definitely see how AAPA is not a patent or a printed publication but there could be another argument to that, right? I mean, the admissions were made in a patent. So the combination that it would be a little odd could potentially be patent X plus the challenged patent, right?

That is a patent and it might fall within the AIA. That issue wasn't addressed, so. Um, but moving on, the case was remanded to the PTAB.Uh, the PTAB again invalidated the patent claims and said that the well there was an interim step, so this is sort of a microcosm of what's been going on at the PTO over the last couple of ad-- administrations. In

the wake of the Qualcomm decision then Director Vidal issued a memo to the PTAB saying, "Here's this Qualcomm case. This is how we understand the Qualcomm case and how we're going to apply it." Which

is to say that APAA cannot serve as a basis or a ground to challenge a patent in an IPR. But APAA is still relevant and can be considered by the PTAB for three purposes, one of which is to supply missing limitations. So although it might not be considered the quote-unquote basis, it could still be relied on by petitioners to fill in missing elements that maybe patent X, right, didn't have. So

as a combination, as a piece of combination art, it would still be allowed in this PTO memo. The other two reasons to be able to use APAA were for the general knowledge of a person of ordinary skill in the art and then for motivations to combine. So

based on the first Qualcomm decision and the Kathy Vidal's memo, the PTAB again invalidated the claims on remand and this was appealed back to the Federal Circuit which led to the decision earlier this year, the Qualcomm Two decision and in that decision, the Federal Circuit said uh, "Actually although the PTAB says that the AP-- APAA was not the basis for the challenge, it was really patent X plus sort of the general knowledge of uh, of the of a person of ordinary skill in the art, we find that the basis of the IPR was in fact patent X plus the APAA, and that violates the AIA and therefore the, the, the patent claim should not have been canceled on, on these grounds because it improperly relied on APAA, which is not a patent or a printed publication." Uh, so that effectively eliminated in terms of IPRs using APAA as a, as a combination, which is what the Vidal memo said was still permissible. Um,

effectively, I think Qualcomm Two says, "No, you can't do that. At least you can't explicitly." And this was part of the problem, the petition you know, as we talked about before, explicitly listed APAA as the combination reference along with the main reference. So

a few months later--So that, you know, it, it effectively could have in theory eliminated the use of APAA, which means you'd always want to look for some other pro--you know, patent or

publication to combine with your primary reference rather than just relying on, you know, APAA. Um, but a few months later the Federal Circuit issued the next case, which was the, um--

[NEEL CHATTERJEE]
The Shockwave?

[CHRIS KAO]
The Shockwave case which actually it walked that back a little bit. The Shockwave case, the Federal Circuit, it was one where the petitioner didn't explicitly list in its combinations APAA, just argued it in the petition that the APAA could fill in some of the missing limitations, but without explicitly, you know, labeling that as a combination in the petition, in the grounds. Interestingly, in the PTAB's final written decision invalidating the claims, they typically have a chart, right? And they list out the claim that's being invalidated and the art that's being relied on.

And in the PTAB's charts, they listed APAA, they explicitly wrote out APAA as one of the bases for invalidating the claims.

[NEEL CHATTERJEE]
Even though that wasn't a basis for institution.

[CHRIS KAO]
Correct. So it wasn't explicitly the petitioner's ground, right?

On this set of facts, the Federal Circuit said, "Well, the petitioner didn't say that the APAA was explicitly part of the grounds." The PTAB did, but that's not controlling. That's the petition, the petitioner didn't say that. And so it allowed it, and the Federal Circuit effectively said "You can still use APAA to fill in missing claim limitations if you don't, if you're not, it's not the true basis of your claim."

So that seemed to open the door back to at least what I would, you know, what we call single reference obviousness, right? Where you make the argument that really the prior art that you're relying on is patent X, but you're filling in holes with just the knowledge of a person of ordinary skill in the art, and one way to do that is to rely on the APAA that's discussed in the specification. So, a few weeks after that Federal Circuit decision, Acting Director Steward, issued a memo that basically undoes all of this.

[NEEL CHATTERJEE]
Nice.

[CHRIS KAO]
And it's in fact, it's even worse for petitioners. So in this memo, which was issued on July 31st, 2025 and again, this is sort of a microcosm of what's been going on at the PTAB. Acting Director Steward, issued a memo saying, "Actually, we're gonna strictly enforce this requirement that IPRs be based only on patents and printed publications."

And APAA is not that. Expert testimony is not that.

Expert testimony as to what a person of ordinary skill in the art would know at the time is not that. And therefore, we are not going to allow, as proper grounds in an IPR, any reliance on AAPA or even expert testimony to supply a missing claim limitation.

[JONATHAN SANDERS]
We have a question. Clem?

[CLEM]
Chris, do you read that as ruling out inherency arguments as well? So, because you can certainly make it an inherency argument but you have to say, and actually put in an expert declaration and say, "A person of ordinary skill in the art would know that if you have a computer, you have a power cord," right? So the power cord is not actually missing. It's inherent.

Yes. Right? But, like, you need an expert declaration to have a factual basis to say that. What's your read of, of how Director Stewart is,

[CHRIS KAO]
Is So my read on that is it does not rule that out at least not explicitly. But I wouldn't be surprised if, you know, people were to make this argument and relying on this memo, you know, PTAB judges start saying, "Well, this is not, you know, a proper use of expert testimony or AAPA to the extent, you know, folks are relying on that for inherency."

[JONATHAN SANDERS]
Assuming there's an institution at all.

[CHRIS KAO]
Yes, of course. Assuming there's an institution at all. But I don't think the memo expressly directed to that, Clem.

I think you could still make the inherency arguments, and I would still try to make them with expert testimony. But the you know, so the memorandum explicitly does say, though, you cannot use APAA to fill in any missing limitations. The only proper use that the PTAB is gonna consider going forward I think they said for any petitions filed after September 1st, so now are the use of APAA for motivations to support, motivations to combine in obviousness arguments.

And it does leave open, you know, to support the basic knowledge of a person of ordinary skill in the art, but if you can't use it to fill in missing claim limitations, or, you know, for this inherency issue, then what really is the good of, what are you relying on it for then?

[JONATHAN SANDERS]
Yeah.

[CHRIS KAO]
So all of this means, you know, if you're gonna file IPRs at all now I think you have to find combinations of actual patents, right, or printed publications. You can't even rely on, which seems crazy, you can't rely on the admissions of the inventor, saying, "You know, this is known in the prior art already." Yeah.

[NEEL CHATTERJEE]
It's nuts. So we're gonna get to the audience participation part of the program. Part of our topic is secondary considerations. So for the people in the audience, by a showing of hands, could you please raise your hand if secondary considerations have played a material part of an obviousness trial for you?

One, two, three, four, five, out of maybe a room of a hundred people. Interesting. And what about in an IPR proceeding, has secondary considerations played a material role? We have a few more hands here on that.

Um, turning to the panel, I'm just gonna ask this in an open-ended way. With the at least temporary demise of IPR practice, how is that affecting the way that you are pursuing development of prior art and presentation of prior art? Chris, we'll start with you 'cause you look the most confused by my question.

(laughter)

[CHRIS KAO]
You're trying to think through what exactly

[BETHANY BARRESE]
You're Just trying to figure out if we were pivoting from secondary considerations or not.

[NEEL CHATTERJEE]
We Are Pivoting.

[BETHANY BARRESE]
'cause I was ready to talk about that.

[NEEL CHATTERJEE]
Sorry, I shouldn't

[BETHANY BARRESE]
Have--i

[NEEL CHATTERJEE]
Did a hard pivot on that.

[CHRIS KAO]
So we're not talking about secondary considerations

[NEEL CHATTERJEE]
Right

[CHRIS KAO]
Now?

[NEEL CHATTERJEE]
We're

[CHRIS KAO]
Not

[NEEL CHATTERJEE]
Talking about secondary considerations. Now, we're talking about-- Okay. --with The demise of IPRs--

[CHRIS KAO]
Yes, yes.

[NEEL CHATTERJEE]
How is it affecting the way that you are developing or presenting your prior art cases?

[CHRIS KAO]
Yeah, I--

[NEEL CHATTERJEE]
If at all.

[CHRIS KAO]
Yeah, I mean, I don't know that it really affects how you would present your prior art case, right, at trial or to the jury based on the fact that you haven't had this you don't have this challenge at the PTAB anymore. I think because I guess the only difference would be, but this was always the case, in choosing the prior art that you're gonna take to trial, there are different considerations of the prior art that you would use at the PTAB, right?

There's some prior art that I would only use at the PTAB because I think, you know the ALJs who do this all the time would get it and would be more likely to find invalidity than a lay jury. So I do always look for it at the district court level prior art that has more, that's easier for the jury to understand, right, and track, rather than ones that, although are still in invalidating, are a little more complicated and harder. And that, of course, we always have looked for the district court

cases, and we continue to do that you know, system art that we could never have used at the IPR anyways. And that's often more compelling to jurors anyways because you can often, with the system art, tell a real adventureship story for that prior art, have witnesses even come in being able to see a tangible thing or software demonstrated.

I think that's also more compelling at trial, too.

[DAVID CHADOLA]
What about the selection of experts? Are you looking, and maybe if Bethany, if you've dealt with this with, when you're looking at experts early on in a case, and you're gonna be seeking to invalidate a patent, because it's more likely to go to trial, would, would, would that influence kind of the selection of experts that you're picking? Oh, sorry.

[BETHANY BENGFORT]
So, typically, unless we are already involved in the IPR process, when we are selecting experts, we are typically looking for someone we can use at trial. And so, you know, the presence, the demeanor before a jury, the expertise, like all of that goes into the selection.

I will say that the, the place I didn't raise my hand 'cause you specifically said the audience, and I'm great at following instructions, but secondary considerations have actually played a big role in my practice for two reasons. One is that in a lot of particular kinds of biotech, like enantiomers and secondary considerations is pretty much the entire question when it comes to obviousness. The second is that secondary considerations play a huge story role at trial. And so, you know, things like copying or commercial success or those types of things, like the idea is they really factor into the story you're telling about the invention, right?

And so, like using story is a huge part of a trial, and really, you can use secondary considerations to get a lot of that in and to argue that, "Oh, no. This is relevant because it goes to secondary considerations and all of that." In terms of how I think about prior art, I mean, it was always the case that when considering whether to bring an IPR, you had to have killer prior art that you could use in an IPR, right?

Because the danger of estoppel has always been pretty big if you lose in the IPR. I generally needed to have comfort that I had backup art, like good system art or things like that, that if all else failed, we could use in a trial. And I really think the only thing that has changed so far is that we are considering more other types of proceedings like ex parte re-exams and you know, PGRs or other things that are not IPRs that maybe we wouldn't have used for various reasons before.

[JONATHAN GANDRA]
So you're using different validity challenge tools than an IPR itself.

[BETHANY BENGFORT]
That's right.

(indistinct conversation)

[JONATHAN GANDRA]
So I'll just say I have a, you know, I'm a moderator, I'll give a view on this. I have a different perspective on the use of experts because I have found that in IPRs, the ALJs tend to be much, much more credential-driven and not accessible to laypeople-driven. In jury trials, once you get over a certain threshold of expertise, I'm not sure the delta on, you know, how many papers you've published or, you know, what group you're the, the president of or whatever makes a hugely material difference. It's more, how do they feel from a credibility point of view and how accessible are they?

I've certainly seen cases, not online, where, you know, very, very impressive award-winning experts have totally tuned because they just came off as arrogant jerks and held ground in places where they, they shouldn't or maybe deferred to their teams on things that in places that they couldn't. I just think the role of cross-examination is so different between the two.

[BETHANY BENGFORT]
Yeah, I agree with that. I think in an ideal world, you could have different experts for both.

[JONATHAN GANDRA]
Yeah.

[BETHANY BENGFORT]
But it really depends on, like, can you stay the case during the IPR? Can you delay the process of finding an expert for the litigation and doing the IPR first? Can your client afford to have two experts in both proceedings, right?

[JONATHAN GANDRA]
Yeah, those are all legitimate considerations.

[JONATHAN SANDERS]
I think the possible effects on motions to stay could be one of the biggest consequences Of this because I think the motion to stay pending IPR, in my personal experience, was like the most effective tool that a defendant had and most back. And he used to be able to argue, "IPRs are instituted the vast majority of the time. And almost all claims are canceled or abandoned. I don't know if that's true anymore.

It's certainly not true right now. So if you lose that tool, you know, you just lose a lot of efficiency and cost savings, I think legitimately. I can't imagine why, as a policy matter, the Patent Office would be doing this, so.

[NEEL CHATTERJEE]

Yeah, one of my former partners commented to me I was at the Eastern District Bench and Bar Conference, that back in, you know, let's say, nine, 10 years ago, someone said that uh, IPRs took a $5 million dispute and reduced it to a $250,000 dispute. And then he said, "Well, in today's world, now it's a $500,000 dispute getting turned into a $12 million dispute." Just because of the death of the or at least the reduction on IPRs. I wanna turn to off of the issue.

I'm gonna now do another hard pivot.

[CHRIS KAO]
All right. I'm paying attention.

[NEEL CHATTERJEE]
Another hard pivot off of kind of, how it's affected IPR practice. Bethany there have been some developments this year on when a patent uses prior art, can claim priority to an earlier application. And I know you feel passionately about this issue.

[BETHANY BENGFORT]
I do, because it's been plaguing me for years. So, this is the issue. So in 2015, the Federal Circuit came out with a case called Dynamic Drinkware which caused a lot of confusion about when you can have a prior art patent claim priority to an earlier application, like a provisional application, right?

And so, what the PTO had done in that case was they said, "If the provisional application discloses the subject matter that, you know, of the patent, right, that you are trying to say is prior art, then the patent can claim priority to that provisional application." And the Federal Circuit said, "No, that's the wrong analysis. What you need to do is show that the provisional application discloses or describes and enables the claims of the patent that you're using as prior art."

Now, this caused a ton of confusion for a number of reasons. One, they're like, "What claims?

One claim? All of the claims? How many claims does it have to describe and enable?" And it's especially weird, because when you are using something as prior art, you are typically not using the claims as saying the claims disclose the thing in this other patent, right?

And so, you're like, you're typically using the specification. And if that provisional application describes and enables one claim in the patent, but not the stuff you're using in the specification as prior art, do you still get that earlier priority date, right? And it just causes so much weirdness in cases where you had a patent, the specification disclosed a ton of great stuff But you need an earlier application or the provisional application to get behind the date of the patent that you're trying to use as prior art. And people would argue, "Hey, the provisional application or the earlier application disclosed, or describes and enables one claim in this later patent, and therefore we get to use the entire thing as prior art."

And based on the decision in Dynamic Drinkware, that was a plausible interpretation of what they were saying, but didn't make any logical sense whatsoever. And the Federal Circuit finally answered that question this year in Riggs, and they said, "No, you can only use as prior art the things that were in the earlier application."

So if you're using a portion of the specification that was not in the earlier application, or described and enabled by the earlier application, you cannot use that portion as prior art as of the earlier date. Which again, makes logical sense, but had been a question that had confused people since 2015 and you know, obviously I'm very happy that it has an answer now.

[NEEL CHATTERJEE]
I'm gonna turn it over to Jonathan now. Jonathan, in May 2024, the Federal Circuit made a ruling in LKQ versus GM Global Technology Corporations, and it overruled the longstanding Rose Bengal Test, eliminating the requirements that the primary reference must be basically the same as the challenged design claim, and that the secondary references must be so related to the primary reference. The features in one would suggest application of those features to the other.

Can you tell us a little bit more about the case and how it impacts things?

[JONATHAN SANDERS]
I think I saw Professor Lemley's eyes, may have perked up. He was a counsel, I believe, for the appellants in this case, and then they did prevail. So it was excellent advocacy in this one. So, this was a case, it was brought by LKQ.

It was an IPR petition challenging the validity of a design patent, and they moved on anticipation and obviousness grounds, but this particular issue relates to obviousness. And the Board denied the challenge applying this very strict, traditional Rosen-Durling test, which was sort of peculiar.

It had these two requirements that are so different from the general, KSR and Graham standard, under KSR and Graham, it's sort of an open-ended, flexible inquiry. You look at the scope and extent of the prior art, and motivation to combine by a person of ordinary skill in the art. Here, you have two steps, and if you fail either of them, you lose on obviousness. So the first one, as Neel said is the primary reference basically the same as the challenge design patent, which is really hard to show.

And then the second step is the secondary reference so related, in the sense that there's something ornamental in the secondary reference itself that shows a motivation to combine, and the Fed Circuit threw all of that out. It said, "That's not consistent with the sort of flexible test under KSR." "It said, "That distinction is not drawn in the Patent Act.

It doesn't distinguish between utility and design patents with respect to obviousness in this regard." And so the Court basically said, "We're just gonna apply Graham, essentially, so we're

gonna throw out basically the same, we're gonna throw out the so closely related requirements, and we're also gonna apply the traditional Analogous Art Rule as well, where if the secondary reference is in the same field, that's enough to be analogous art.

Even if it's not, that could be analogous art as well." That's sort of a fact question. Obviously the question based on this is similar to KSR, was this gonna be some kinda C change in how design patents might get thrown out.

Design patents tend to be a little bit squishier than utility patents. They're sort of like, it's based on the overall visual appearance, it's a little bit more subjective.

Very little time has gone by. This was May of last year, but so far no humongous changes that we've seen. I looked at a little bit of the literature.

[BETHANY BARRESE]
There hasn't been like a huge change in the grant rate for design patents. There haven't really been any district court cases that sort of squarely applied the new test in an interesting way, and strangely there were three post-grant decisions by the Board since LKQ and it actually denied all of them, even though you would think the test should be easier now to throw out the patent. It actually denied them all because there was a lack of motivation to combine under KSR.

So again a year and a half is a minuscule amount of time in the arc of patent law, but this is gonna be another really interesting area to see if a lot more of these design patents start getting thrown out in the coming years. Okay.

[CHRIS KAO]
We have just a few minutes left. I'm happy to open up questions if people want to about prior art, secondary considerations and the like. Otherwise, I'll keep firing away. Anybody have anything on their mind? Clem?

[CLEM]
Yeah, Bethany, I have a question for you. In your practice on the biotech side, have you seen secondary consideration views with formulation patents arguing that because the defendant took so long to perfect his formulation, then that's,

(indistinct conversation)

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[BETHANY BARRESE]
Yes. It's styled a little differently, right? It is usually more about how much effort and creativity it took to come up with the idea, right? And it is, I would say it goes more to the motivation to combine and reasonable expectation of success than what you would consider a classic

secondary consideration, and that's where I see a lot of those arguments, but it definitely comes up a lot.

[CHRIS KAO]
Any other questions we have here? All right, I'll keep all, maybe I'll kind of end with this and just ask the panel. We've had a lot going on, as I said, procedurally, it's another hard pivot on not only on IPRs but in kind of the way evidence is considered when you're, particularly when you're talking about obviousness cases, but at times it can even be anticipation cases. Over the last two or three years, has your approach changed at all about how you might develop that evidentiary record and what counsel you're giving to clients about how to use it most cost-effectively?

[NEEL CHATTERJEE]
Effectively. And we'll start with Chris, then just go down the line.

[CHRIS KAO]
Yeah, I don't know that there's been any change in sort of developing the evidentiary record with respect to prior art. I haven't really changed my practice in that regard or seen any changes based on any of, you know, the changes in the law or the procedures we've seen.

[NEEL CHATTERJEE]
Bethany?

[BETHANY BENGFORT]
Not so much in practice, 'cause it's always better to be more prepared, but I will say that a big part of strategy and analysis for trial is always, do we have the authentication evidence, or that we need particularly for system art? Like, it's a big deal.

And there have been a lot of times that we end up not choosing to focus on a particular piece of system art just 'cause we don't think we have or were able to get into the record enough on authentication, and I think you know, the recent case that really relaxes the standard, I think--

[NEEL CHATTERJEE]
Really relaxes.

[BETHANY BENGFORT]
might change how I think about the strength of our ability to authenticate system art, particularly for a very good system reference. That being said, it is always better to get that, as much authentication evidence as you can early in the case, and so that should always be the focus rather than, 'Oh, well, we don't have enough, but maybe we can get enough based on--'

[CHRIS KAO]
Follow up with some, yeah.

[BETHANY BENGFORT]
Exactly, so--

[NEEL CHATTERJEE]
And the case Bethany--

[BETHANY BENGFORT]
Yeah.

[NEEL CHATTERJEE]
was referring to is the Jiaxing Super Lighting case that came out of the Federal Circuit, where I would say the Federal Circuit basically adopted what I call an 'oh please' standard, like, when someone's screwing around about an authentication issue, and it's really more of a procedural mechanism than anything else, if someone's trying to keep it out the Federal Circuit said, 'Come on.' You know, like, this is a pretty, you know, routine thing. It's not like a hearsay issue or something that's more fundamental. It's just like a, yeah. It says what it's supposed to say, or I recognize it.

[BETHANY BENGFORT]
Well, I thought one of the interesting parts of that case is they explicitly said that you don't need to disclose witnesses being only used for authentication.

[NEEL CHATTERJEE]
Yeah.

[BETHANY BENGFORT]
They're like, "There's no rule that says that. If they're only being used for authentication, you don't have to disclose them to the other side."

[NEEL CHATTERJEE]
The interesting thing with that case, and then I'm gonna finish with Jonathan, is that they were citing the Fifth Circuit law in the case, and I wonder, if they were to apply other states' evidentiary rules, if they might come to a different conclusion based upon the venue that you're in. I'm just not sure. Jonathan, any parting words, thoughts?

[JONATHAN SANDERS]
Extremely briefly, 'cause I know we're over time, I was gonna say stipulations as to authenticity can be incredibly important. I had a case like 15 years ago. We had tons of, not just system art but documents. There was literally no one in the world that could have authenticated them.

The plaintiffs just stipulated because they didn't wanna look bad in front of the judge, and it was critical to winning the case, so that's always important too.

[NEEL CHATTERJEE]

Great. Well, I wanna thank the panelists for joining us today to talk about the exciting world of prior art and secondary considerations, and thank all of you for coming.

(audience applause)