

## Patent and Trademark Law

## Expert Analysis

# Patent Trial and Appeal Board Makes Its Mark

**T**ransformational. Game-changer. Sea-change. Seismic-shift. Whatever word or phrase patent practitioners are using to describe the impact that the America Invents Act (and its creation of the Patent Trial and Appeal Board (PTAB)) has had on patent enforcement and litigation, this much is absolutely true: The PTAB has everyone's attention—patent practitioners, patent owners, inventors, non-practicing entities and, yes, federal district court judges. Everyone has taken notice.

The PTAB, sanctioned under 35 U.S.C. §6, effective Sept. 16, 2013, was created to “establish another means to administratively challenge the validity of a patent at the U.S. Patent and Trademark Office, USPTO—creating a cost-effective alternative to formal litigation, which will further enhance our patent system.”<sup>1</sup> Instead of defending itself in court, for instance, a party accused of patent infringement may petition the USPTO for an inter partes review (IPR) or covered business method review (CBM), which would seek to invalidate the asserted patents based on specific grounds, before the PTAB—and the accused party would concurrently move to stay the district court litigation pending the PTAB proceeding.

Now, reluctance to file “formal litigation” (lawsuits in U.S. district court) has indeed set in (for fear of a quickly filed PTAB petition), and once filed, cases are commonly being stayed pending PTAB resolution. The PTAB has garnered respect, and has already achieved many of its meaningful objectives.

One of the attributes of a well-respected tribunal is the establishment of helpful precedent, helpful in the sense of reducing uncertainty and fostering consistency and predictability by establishing clear guidelines

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for practitioners to follow. Another is to have the confidence and ability to recognize error and grant requests for rehearing, even over objection or dissent. This column now reports and addresses recent decisions illustrating such attributes.

### Procedural Guidance

On Jan. 12, 2016, the PTAB designated two of its decisions as precedential, *LG Electronics v. Mondis Technology*,<sup>2</sup> and *Westlake Services v. Credit Acceptance Corp.*<sup>3</sup> In *LG Electronics*, the PTAB denied LG's petition as barred under 35 U.S.C. §315(b), and in *Westlake* the PTAB denied the patent owner's motion to terminate under 35 U.S.C. §325(e)(1). Each of these decisions is described below.

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In *LG Electronics*, at issue was section 315(b), which reads:

An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.

Because LG's petition was filed more than one year after the service of Mondis Technology Ltd.'s (the patent owner's) first complaint

against LG (on Jan. 11, 2008), the petition fell outside the one-year time bar for pursuing an inter partes review set forth in §315(b).

LG, however, was served with a second complaint alleging infringement of the same patent (U.S. Patent No. 6,513,088) on Oct. 16, 2014. Because the petition was filed on March 27, 2015 (within one year of the filing of the second complaint) LG argued that its petition should not be barred under §315(b). Indeed, §315(b) says, as LG pointed out, that an inter partes review may not be instituted if the petition is filed more than one year after the date a petition is served with “a complaint.”

But the PTAB did not see it this way, stating:

We decline LG's invitation to amend §315(b) by inserting either “latest” or “second” into the statute. Rather, we interpret “a complaint,” in accordance with the plain language of §315(b), to include “a complaint” as explicitly stated. This statute prohibits institution of an inter partes review if the petition is filed more than one year after the date a petitioner is served with “a” complaint. The current record shows that, in this case, LG was served with “a” complaint alleging infringement of the '088 patent on Jan. 11, 2008 (the 2008 Complaint), and LG filed this Petition requesting an inter partes review of the '088 patent on March 27, 2015....Put simply, the date a complaint was served (Jan. 11, 2008) predates the date LG filed this Petition (March 27, 2015) by more than one year. Consequently, the express language of §315(b) bars us from instituting an inter partes review of the '088 patent. [Citations omitted].

Nonetheless, LG further argued that because the first complaint was dismissed (in part with prejudice and in part without prejudice) it was still vulnerable to suit and, as such, it should be able to attack the patent at the PTAB. Because, however, the parties were not left (after the dismissal of the

first suit) as if the first suit “had never been brought,” the PTAB remained unpersuaded.

Conversely, in *Westlake*, the PTAB ruled against the patent owner. There, at issue was whether the petitioner was estopped in making certain arguments before the PTAB, and specifically whether a petitioner should be estopped from petitioning the invalidity of certain claims of a patent when the PTAB previously rendered a final decision of unpatentability of certain other claims of the same patent.

Under Section 325(e)(1),

The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

Section 328(a) further provides:

[i]f a post-grant review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.

Thus, specifically at issue was whether estoppel applies to all claims challenged by a petitioner in a petition—even claims for which the PTAB did not institute trial. According to the patent owner, the answer was yes and, according to the petitioner, the answer was no (that estoppel should not apply to claims not instituted on nor addressed in the Final Written Decision).

The PTAB ruled in favor of the petitioner, stating:

We agree with Petitioner that estoppel is applied on a claim-by-claim basis. By its terms, estoppel is invoked under Section 325(e)(1) as to “a claim in a patent” that “results in a final written decision under” 35 U.S.C. §328(a)....Patent Owner offers no persuasive support for its position that the Final Written Decision in CBM-008 (Paper 66) incorporated portions of the underlying Decision on Institution (Paper 30) as to non-instituted claims 10-12 and 14-33....On the record before us, claims 10-12 and 14-33 are not claims in a patent that have resulted in a final written decision under Section 328(a), and thus, under Section 325(e)(1), estoppel does not apply to those claims.

#### Rare Rehearing Grant

On Jan. 13, 2016, in *AVX Corporation v. Greatbatch Ltd.*,<sup>4</sup> the PTAB granted a petitioner’s

request for rehearing and instituted an inter partes review (IPR) over dissent. Initially, on Aug. 12, 2015, a unanimous panel of the PTAB did not institute an inter partes review of any challenged claim. What changed? Why was the rehearing granted and trial eventually instituted?

The basic facts are these: AVX filed a petition to institute an IPR of claims 1-20 of U.S. Patent no. 7,327,553, owned by Greatbatch. The patent is directed to “feedthrough filter assemblies for use in implantable medical devices, such as cardiac pacemakers, to decouple and shield the device from electromagnetic signals that would interfere with the proper functioning of the device.”

A principal issue was whether a “laminar delamination gap” (preliminarily construed by the PTAB as “a very thin space between layers of material allowing passage of helium gas to the outer edges of the capacitor”) was disclosed by the “Fraley” prior art reference. But, prior to reaching this issue on rehearing, the petitioner needed to show that the board “misapprehended or overlooked” evidence presented in the petition.

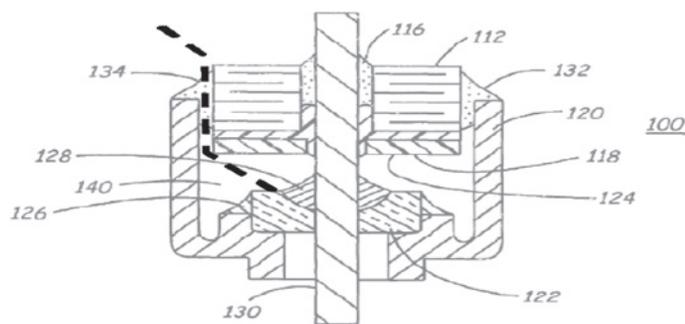
In its request, petitioner specifically identified that the board missed “Fraley’s disclosure of ‘minute’ gaps [that] includes the spaces ‘located between the insulator 122/222 and the washer 124/224.’” Petitioner contended that its petition showed that “gaps 142...148 of Fraley define ‘a gas flow passage’ that ‘extends from the upper, inner surface of insulator 122’ and passes through an encompassed space 140 and ‘the gap between insulator 122 and a pacer (i.e., washer) 124.’” With its rehearing request, petitioner submitted an annotated Figure 2 whereas its original petition just included Figure 2 unannotated. Annotated Figure 2 is shown on this page:

The dotted line, according to petitioner, showed a “very thin space,” as required according to the board’s construction of a “laminar delamination gap.”

As a result, although criticizing petitioner for not presenting its arguments initially “with great clarity or precision,” and relying on petitioner’s new “annotated” Figure, the board granted the motion, agreeing that it overlooked petitioner’s argument:

When the Petition and Dr. Irazoqui’s testimony are considered in view of the request for Rehearing, we agree

Figure 2



that we overlooked Petitioner’s argument that the “gas flow passage” of Figure 2 extends from the upper surface of insulator 122 to the upper exterior of feedthrough 100, i.e., traverses the space between insulator 122 and washer 124. Pet. 35 (citing Ex. 1003, 7:18-21, 7:27-29). Given this evidence associating the “minute” gaps with the space between insulator 122 and washer 124, and in light of our current construction of “laminar delamination gap” requiring no specific dimensions for a “very thin gap,” we are persuaded that the evidence of record sufficiently supports Dr. Irazoqui’s testimony that one of ordinary skill in the art would understand that Fraley discloses a “laminar delamination gap,” under a construction requiring a “very thin space.” (Footnote omitted).

Accordingly, over a dissent written by the Administrative Patent Judge who authored the board’s initial denial of the petition, the board instituted trial. It remains to be seen how the board will finally rule, after limited discovery and a hearing, but the board has matured to the point of admitting error.

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1. Congressional Record—Senate, Feb. 28, 2011, at S951, Sen. Orrin Hatch.
2. *LG Electronics v. Mondis Technology*, No. IPR2015-00937 (P.T.A.B. Sept. 17, 2015).
3. *Westlake Services v. Credit Acceptance Corp.*, No. CBM2014-00176 (P.T.A.B. May 14, 2015).
4. *AVX Corporation v. Greatbatch, Ltd.*, No. IPR2015-00710 (P.T.A.B. Jan. 13, 2016).