

**UNITED STATES
PATENT AND TRADEMARK OFFICE**



Patent Trial and Appeal Board Boardside Chat: recent developments for AIA trials

Jacqueline Bonilla, Deputy Chief Administrative Patent Judge

Michael Tierney, Vice Chief Administrative Patent Judge

Kalyan Deshpande, Lead Administrative Patent Judge

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Agenda

- Final rules related to institution of trials
- Final rules concerning the burdens of persuasion in motions to amend
- Recently designated decisions
- Indefiniteness approach to be applied by the Board in AIA trials

Question/comment submission

- To send in questions or comments during the webinar, please email:
 - PTABBoardsideChat@uspto.gov

Final rules related to institution of trials

Final rule on AIA trial institution and responsive briefing

- On December 9, 2020, the USPTO published a final rule revising rules on institution and sur-replies.
- The new rule is effective on January 8, 2021, and applies to all IPR and PGR petitions filed on or after January 8, 2021.
- The following slides highlight the three primary changes to AIA trial practice.

Final rule on AIA trial institution and responsive briefing

- First, the final rule implements the U.S. Supreme Court's decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018) that a decision to institute an IPR under 35 U.S.C. § 314 may not institute on fewer than all claims challenged in a petition.
- In all pending IPR, PGR, and CBM proceedings before the Office, the Board will either institute review on all of the challenged claims and grounds of unpatentability presented in the petition or deny the petition.

Final rule on AIA trial institution and responsive briefing

- Second, the final rule revises the rules to conform to the current standard practice of providing for automatic sur-replies.
 - Amends the rules to set forth the briefing requirements of sur-replies to principal briefs and to provide that a reply and a patent owner response may respond to a decision on institution.

Final rule on AIA trial institution and responsive briefing

- Third, the final rule eliminates the presumption that a genuine issue of material fact is viewed in the light most favorable to the petitioner for purposes of deciding whether to institute a review.
- As with all other evidentiary questions at the institution phase, the Board will consider all evidence to determine whether the petitioner has met the applicable standard for institution of the proceeding.

**Final rules concerning the burdens
of persuasion in motions to amend**

Background

- On October 4, 2017, *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017), concluded that, in the absence of rulemaking, the burden of proving the unpatentability of substitute claims proposed in a motion to amend could not be placed on patent owner.
- On June 1, 2018, *Western Digital Corp. v. SPEX Techs., Inc.*, IPR2018-00082, -00084 (PTAB Apr. 25, 2018) (Paper 13) was designated as informative.
 - Provided information and guidance about motions to amend, including on burdens of persuasion
- On October 29, 2018, the Office published a “Request for Comments” on motion to amend practice and procedures in AIA trials (83 FR 54319), seeking public comment on various aspects of Board’s amendment practice, including the allocation of burdens of persuasion.

Background

- 25 commenters to Request for Comments provided specific responses to questions 15 and 16 relating to allocation of burdens:
 - Majority was in favor of the Office engaging in rulemaking to allocate the burdens of persuasion as set forth in *Western Digital*.
 - On March 7, 2019, *Western Digital* (informative) was replaced by *Lectrosonics Inc. v. Zaxcom Inc.*, IPR2018-01129, -1130, (PTAB Feb. 25, 2019) (Paper 15) (precedential) (presenting same allocation of burdens)
 - Majority stated that the Board should be able to justify findings of unpatentability, even when the petitioner remains in the proceeding.

Background

- On March 15, 2019, the Office published a Notice regarding a new pilot program concerning motions to amend.
- On October 22, 2019, the Office published a Notice of Proposed Rulemaking (NPRM) regarding the burdens of persuasion in relation to motions to amend.
 - Received 18 comments from intellectual property organizations, trade organizations, companies, and individuals.
- On July 6, 2020, the Precedential Opinion Panel (POP) issued *Hunting Titan, Inc. v. DynaEnergetics Europe GmbH*, IPR2018-00600 (Paper 67).



Final rule

- On December 21, 2020, the Office issued a final rule amending 37 C.F.R. § 42.121 and § 42.221 to add new subsection (d), allocating burdens of persuasion in relation to a motion to amend (MTA).
 - Assigns to patent owner the burden of showing that a MTA complies with certain statutory and regulatory requirements for such a motion.
 - Assigns to petitioner the burden of showing the unpatentability of substitute claims.
 - Irrespective of burdens, provides that the Board itself may, in the interests of justice, exercise its discretion to grant or deny a MTA only for reasons supported by readily identifiable and persuasive evidence of record in the proceeding.

Final rule – allocation of burden

- A patent owner bears the burden to show, by a preponderance of the evidence, that a MTA complies with statutory (35 U.S.C. 316(d), 326(d)) and regulatory (37 CFR 42.121, 42.221) requirements:
 - proposes reasonable number of substitute claims,
 - responds to a ground of unpatentability involved in the trial,
 - does not enlarge the scope of the claims,
 - does not introduce new matter, and
 - sets forth written description support in the originally filed disclosure (or earlier-filed disclosure) for each claim added or amended.

Final rule – allocation of burden

- When opposing a motion to amend, a petitioner bears the burden to show, by a preponderance of the evidence, that proposed substitute claims are unpatentable.

Final rule – Board discretion

- Irrespective of the burdens and the adversarial nature of the proceeding, the Board may, in the interests of justice, exercise its discretion to grant or deny a MTA, but only for reasons supported by readily identifiable and persuasive evidence of record in the proceeding.
- In doing so, the Board may make of record only readily identifiable and persuasive evidence in a related proceeding before the Office or evidence that a district court can judicially notice.
- Where the Board exercises its discretion, the parties will have an opportunity to respond.

Final rule – Board discretion

- The Office anticipates that the Board will exercise its discretion in the context of MTAs only in rare circumstances.
- Specifically, the “interests of justice”
 - means that the Board will apply the same standards articulated in *Hunting Titan*, and
 - refers to situations in which the adversarial process fails to provide the Board with potential arguments relevant to granting or denying a MTA.

Final rule – Board discretion

- The Board may determine that a MTA complies with statutory and regulatory requirements, even if a patent owner does not expressly address or establish every requirement in its motion.
- The Office expects that the Board will do so only in circumstances where:
 - evidence of compliance with those requirements is so readily identifiable and persuasive that the Board should take it up in the interest of supporting the integrity of the patent system, notwithstanding the adversarial nature of the proceedings, and
 - only where the petitioner has been afforded the opportunity to respond to that evidence.

Final rule – Board discretion

- Similarly, when in the interests of justice, the Board may deny a MTA, even in instances where the petitioner does not oppose the motion or does not meet its burden of showing unpatentability.
- Such instances include, for example:
 - petitioner has ceased to participate in the proceeding altogether (for example, as a result of settlement),
 - petitioner remains in the proceeding but chooses not to oppose the MTA, and
 - certain evidence regarding unpatentability has not been raised by either party but is so readily identifiable and persuasive that the Board should take it up in the interest of supporting the integrity of the patent system, notwithstanding the adversarial nature of the proceedings.



Final rule – Board discretion

- Ordinarily, in cases where the petitioner has participated fully and opposed the motion to amend, the Office expects that:
 - petitioner will bear the burden of persuasion and there will be no need for the Board to independently justify a determination of unpatentability, and
 - the Board will do so only in the interests of justice and in rare circumstances, and only where the patent owner has been afforded the opportunity to respond to the evidence and related grounds of unpatentability.

Recently designated decisions

Recently designated decisions

Real Party-in-Interest (designated Dec. 4, 2020)

- *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128 (Oct. 2, 2020) (precedential)
- *SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11 (Oct. 6, 2020) (precedential)

Joinder (designated Dec. 4, 2020)

- *Apple Inc. v. Uniloc 2017 LLC*, IPR2020-00854, Paper 9 (Oct. 28, 2020) (precedential)

Exercising Discretion under 314 (*Fintiv*) (designated Dec. 17, 2020)

- *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (Dec. 1, 2020) (precedential as to § II.A)
- *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15 (Oct. 21, 2020) (precedential as to § II.A)



RPX Corp. v. Applications in Internet Time, LLC **IPR2015-01750**

- Determined petitioner bears the burden to establish no RPI or privy was served with a complaint alleging infringement more than one year prior to the filing of the petition.
- Whether a non-party is a RPI or privy is a fact-dependent question demanding a flexible approach to determine who, from a practical and equitable standpoint, will benefit from the redress that the *inter partes* review might provide.

SharkNinja Operating LLC v. iRobot Corp.

IPR2020-00734

- Determined to not address whether a party is an unnamed RPI when it would not create a time bar or estoppel under 35 U.S.C. § 315.
- Such a lengthy exercise is unnecessary for the purposes of rendering a decision on institution of trial when there is no time bar implication.
- Identification of all “correct” RPIs under 35 U.S.C. 312(a)(2) is not jurisdictional.

See *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, PR2015-00739, Paper 38 at 6 (PTAB Mar. 4, 2016) (precedential).



Apple Inc. v. Uniloc 2017 LLC

IPR2020-00854

- The Petition in IPR2020-00854 is undeniably the second petition Apple has filed challenging the '088 patent.
- Applied the *General Plastic* factors to a follow-on petition that is accompanied with a motion for joinder.
- Determined, after a holistic review of the *General Plastic* factors that the facts weigh in favor of exercising discretion to deny institution.

See *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016- 01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to § II.B.4.i)).



Sotera Wireless, Inc. v. Masimo Corp.

IPR2020-01019

- Petitioner broadly stipulates to not pursue “any ground raised or that could have been reasonably raised.”
- Petitioner’s broad stipulation addresses concerns of duplicative efforts and potentially conflicting decisions, ensuring that an inter partes review is a “true alternative” to the district court proceeding.
- Determined that Petitioner’s broad stipulation weighed strongly against the exercise of discretion to deny institution of inter partes review.

Snap, Inc. v. SRK Tech. LLC

IPR2020-00820

- The district court's stay of the litigation pending denial of institution or a final written decision allays concerns about inefficiency and duplication of efforts.
- Determined that the granting of a stay pending *inter partes* review weighs strongly against exercising discretion to deny *inter partes* review.

Indefiniteness approach to be applied by the Board in AIA trials

Approach to indefiniteness in AIA trial proceedings

- On January 6, 2021, the USPTO issued a memorandum clarifying the approach to indefiniteness in AIA trial proceedings.
- In AIA trial proceedings, the Board will now adhere to the approach used by the district courts, as set forth in *Nautilus*.
 - The memorandum applies only to AIA trial proceedings. The USPTO will continue to follow *Packard* in the examination context, which includes appeals from original examination, reexamination, and reissue applications.
- Eliminating the differences between indefiniteness approaches used in the district courts and before the Board in AIA trial proceedings will lead to greater uniformity and predictability, improve the integrity of the patent system, and help increase judicial efficiency.

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