

Recent PTAB Decisions Attorneys Should Know

By **Matthew Bultman**

Law360, New York (January 25, 2018, 8:19 PM EST) -- The Patent Trial and Appeal Board in the past few months has severely limited the value of sovereign immunity in reviews at the board and laid out specific parameters for how multiple challenges to the same patent will be evaluated. Here's a look at these and other recent decisions attorneys need to know.

General Plastic Industrial Co. Ltd. v. Canon Kabushiki Kaisha

The PTAB with this September decision used a dispute between General Plastic and Canon over patents for toner supply cartridges to address what has been a sore spot for patent owners: the use of multiple petitions to challenge the same patent.

The decision, which has since been marked precedential and is binding on all future cases, outlines seven factors that will be used as a baseline for the board when determining whether to reject petitions that follow a decision in an earlier case.

This includes looking at whether the same petitioner previously challenged the same claims, and whether they should have known earlier about the evidence used. The PTAB will also look at whether the petitioner had access to the board's earlier decision when it filed the petition.

This decision set a high hurdle for challengers to justify follow-on petitions, attorneys said. In the months since the General Plastics ruling, there have been few instances where the PTAB has allowed a challenge to go forward after analyzing it based upon the factors.

"This precedential opinion is another indication of possible significant changes in PTAB practice that might eventually make things fairer for patent owners," David Thibodeau of VLP Law Group LLP said.

The cases are General Plastic Industrial Co. Ltd. v. Canon Kabushiki Kaisha, case numbers IPR2016-01357, IPR2016-01358, IPR2016-01359, IPR2016-01360 and IPR2016-01361, before the PTAB.

Cultec Inc. v. Stormtech LLC and Hospira Inc. v. Genentech Inc.

These two decisions are in the same vein as General Plastics, addressing the PTAB's discretion to deny review. In both, the PTAB refused to institute review of a patent because the same or similar invalidity arguments were considered by an examiner during prosecution of the patent.

"[Patent owners'] frustrations are having to defend the same grounds and the same arguments that they've already gotten over in examination or in other petitions," Lori Gordon of Sterne Kessler Goldstein & Fox PLLC said. "From the patent owners' side, this is a very positive development."

One decision came in August after Cultech challenged a rival's plastic stormwater chamber patent. The other was handed down a month earlier in a challenge Hospira brought targeting a patent for megablockbuster breast cancer drug Herceptin.

Both were designated informative, which is one step below precedential, in October.

Gordon said there were in the past questions about whether challengers could dust off grounds considered by an examiner and present them to the PTAB. These decisions make clear petitioners need to know patents' histories and differentiate their challenges if revisiting old arguments.

"These decisions put more strategic burden on the petitioner, when putting the petition together, to know the record, know the field and what's been applied, and put together the strongest and best case at the beginning," Gordon said. "And if you're going to reuse a reference, you have to justify it."

The cases are Cultec Inc. v. StormTech LLC, case number IPR2017-00777, and Hospira Inc. v. Genentech Inc., case numbers IPR2017-00804, IPR2017-00805, IPR2017-00731, IPR2017-00737 and IPR2017-00739, all before the PTAB.

Ericsson Inc. et al. v. Regents of the University of Minnesota

An expanded panel of PTAB judges in December confirmed that state sovereign immunity applies in inter partes reviews, but the panel answered an open question when it decided those protections are waived when the patent owner files an infringement lawsuit in district court.

The decision came in the context of challenges that Ericsson Inc. brought against several wireless communications patents owned by the University of Minnesota. The university previously sued Ericsson customers, including AT&T Inc., for infringement and Ericsson intervened in the litigation.

The decision is an obvious setback to universities and other state-run entities, opening the door for their patents to be challenged in IPR once the patents have been asserted in infringement litigation in district court.

But many believe the board's analysis could also extend to cases involving tribal sovereign immunity, threatening to undercut deals like the controversial licensing arrangement Allergan Inc. reached with a Native American tribe in an effort to protect patents for the dry-eye drug Restasis.

The Federal Circuit is widely expected to be asked to weigh in on the issue of sovereign immunity at the PTAB at some point, whether it be through an appeal from the University of Minnesota or in another case.

But for now, the decision "certainly cuts back significantly on the possible uses of sovereign immunity," Michael Weiner of Marshall Gerstein & Borun LLP said.

The cases are Ericsson Inc. et al. v. Regents of the University of Minnesota, case numbers IPR2017-

01186, IPR2017-01197, IPR2017-01200, IPR2017-01213, IPR2017-01214 and IPR2017-01219, before the PTAB.

Facebook Inc. et al. v. Skky LLC

This September decision rejecting a so-called time-of-filing rule that had been proposed by Facebook continued a trend toward making challenges in the covered business method review program difficult for petitioners.

The CBM program allows for challenges to patents that are related to financial products or services. In an effort to avoid review, some patent owners have given up rights to parts of the patent that are financially related after a petition has been filed, effectively leaving behind only more generic claims.

Facebook argued the PTAB should close this "powerful loophole" and base its eligibility decisions on patent claims as they existed at the time the petition was filed. But the board refused, saying this would be inconsistent with the principles of the America Invents Act and require it to ignore Federal Circuit precedent.

"CBM patent review eligibility is determined based on the claims of the challenged patent as they exist at the time of the decision whether to institute and statutorily disclaimed claims must be treated as if they never existed," the expanded panel of PTAB judges wrote.

While the decision came in the context of CBM review, it could also have implications for the popular IPR proceedings, attorneys said. Because disclaimed claims must be treated as if they never existed, it would seem the claims cannot be used for any purpose, including to argue claim construction.

"The message it's sending about statutory disclaimers you could potentially use in IPR proceedings, if you want to get rid of a claim that might cause you claim construction issues as a patent owner," Gordon said.

The case is Facebook Inc. et al. v. Skky LLC, case number CBM2016-00091, before the PTAB.

Other Notable Decisions

Ex Parte McAward: Affirming an examiner's decision to reject claims in a Honeywell International Inc. application for a patent on a water leakage detector, the PTAB made clear it will use a different standard for indefiniteness than the one used in district court litigation. The case is James G. McAward et al., case number 2015-006416, before the PTAB.

Taiwan Semiconductor Manufacturing Co. Ltd. v. Godo Kaisha IP Bridge 1: In **this case**, the PTAB took the unusual step of suggesting how Godo Kaisha rewrite a proposed substitute claim. Although Godo Kaisha chose not to follow the board's advice, attorneys said it will be interesting to see whether the board offers proposed claim amendments in the future. The case is Taiwan Semiconductor Manufacturing Co. Ltd. et al. v. Godo Kaisha IP Bridge 1, case number IPR2016-01249, before the PTAB.

Coalition for Affordable Drugs VI LLC v. Celgene Corp.: The PTAB, after finding a patent related to Celgene Corp. cancer drugs was invalid as obvious, granted a rare rehearing and upheld one of the patent's claims. Thibodeau said the case demonstrates the value of obtaining a variety of claims and defending them on an individual basis. The cases are Coalition for Affordable Drugs VI LLC v. Celgene

Corp., case numbers IPR2015-01092, IPR2015-01096, IPR2015-01102 and IPR2015-01103, before the PTAB.

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