

# Federal Circuit Review of Post-Grant Review-Related Proceedings

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# Agenda

1. Overview of Appellate Activity
2. Jurisdiction
  - a. Review of PTO determinations
  - b. Interlocutory review of district court stay
3. Review of district court's stay decisions
4. Claim construction standard in post-grant proceedings
5. Review of PTAB's final decision on patentability (merits)



# Overview: Appeals Arising from AIA Post-Grant Review Proceedings

- IPR Proceedings
  - 299 Appeals filed
    - 289 direct appeals
    - 10 mandamus petitions
  - 55 Appeals in which PTO has intervened
  - 87 Appeals completed (dismissed/terminated/decided and mandate has issued)
  - 212 Active appeals
  - 40 Affirmances
  - 2 Reversing/Vacating (1 consolidated case)



# Overview: Appeals Arising from AIA Post-Grant Review Proceedings

- CBM Proceedings
  - 48 Appeals filed
    - 47 direct appeals
    - 1 mandamus petition
  - 29 Appeals in which PTO has intervened
  - 12 Appeals completed (dismissed/terminated/decided and mandate has issued)
  - 35 Active appeals
  - 14 Affirmances
  - 0 Reversing/Vacating



## Jurisdiction: Statutory Background

- 35 U.S.C. § 314(d): “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”
  - See also 35 U.S.C. § 325(e) (same for PGR and CBM proceedings)
  
- 35 U.S.C. § 319: “A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318 (a) may appeal the decision. . . Any party to the inter partes review shall have the right to be a party to the appeal.”
  - See also 35 U.S.C. § 329 (same for PGR and CBM proceedings)



## Jurisdiction: Decision on institution

- The Federal Circuit has found that it lacks jurisdiction to directly review a decision denying institution
  - St. Jude Medical, Cardiology Division, Inc., 749 F.3d 1373, 1375 (Fed. Cir. April 24, 2014)



## Jurisdiction: Decision on Institution

- Decisions finding mandamus unavailable to review decision declining to institute
  - In re Dominion Dealer Solutions, LLC, 749 F.3d 1379,1381 (Fed. Cir. April 24, 2014)
    - Concluded that Dominion had “no clear and indisputable” right to challenge a non-institution decision directly in this court, including by way of mandamus.”



## Jurisdiction: Decision on Institution

- In re Cuozzo Speed Techs., LLC, 793 F.3d 1268, 1274-1275 (Fed. Cir. July 8, 2015)
  - “[M]andamus may be available to challenge the PTO’s decision to grant a petition to institute IPR after the Board’s final decision in situations where PTO has clearly and indisputably exceeded its authority”; “it is at least beyond dispute there is no clear and indisputable right that precludes institution of the IPR proceeding.”



## Jurisdiction: Decision on Institution

- Pre-Cuozzo decisions finding mandamus review unavailable to review decision instituting a post-grant proceeding
  - In re P&G, 749 F.3d 1376, 1377 (Fed. Cir. April 24, 2014)
    - Court declined to exercise mandamus authority to review decision to institute
    - “[A] mandamus petition is not a proper vehicle for challenging the institution of IPR.”
  - In re Versata Dev. Group, Inc., 564 Fed. Appx. 1025 (Fed. Cir. May 5, 2014) (unpublished) (CBM)
  - In re MCM Portfolio, LLC, 554 Fed. Appx. 944, 945 (Fed. Cir. Feb. 18, 2014)
    - Patent holder raised estoppel challenge based on 35 U.S.C. § 315(b)



# Jurisdiction: Post-Institution Decision to Terminate

- Decisions finding no jurisdiction to review a post-institution decision terminating proceedings
  - GTNX, Inc. v. INTTRA, Inc., 789 F.3d 1309, 1313 (Fed. Cir. June 16, 2015)
    - No direct appeal or mandamus review available
    - Parties did not dispute that petitioner was subject to one-year bar under 35 U.S.C. § 325 at time CBM petition was filed
    - Court treats post-institution decision terminating institution as governed by 35 U.S.C. § 324(e).
  - GEA Process Engineering, Inc. v. Steuben Foods, Inc., 2015 WL 4076487, at \*2 (Fed. Cir. June 23, 2015) (non precedential)



## Jurisdiction: Final Written Decision

- Court has jurisdiction to review a final written decision with respect to the patentability of any claim. 35 U.S.C. §§ 318(a), 319, 328(a), 329.



## Jurisdiction: Final Written Decision

- Federal Circuit decisions regarding whether the Court can review whether the Director correctly instituted the trial
  - *Cuozzo Speed Techs.*, 793 F.3d at 1273
    - No jurisdiction to review whether Board improperly instituted IPR trial based on prior art not relied upon in petition
  - *Versata Dev. Grp., Inc. v. Lee*, 793 F.3d 1352, 1353 (Fed. Cir. July 13, 2015)
    - Court has jurisdiction to review whether challenged patent was correctly found to meet the requirements for CBM institution
  - *Achates Reference Publishing, Inc. v. Apple Inc.*, \_\_\_ F.3d \_\_\_, No. 2014-1767 (Fed. Cir. Sept. 30, 2015)
    - No jurisdiction to review whether petitions were time-barred when filed



# Jurisdiction: Board Evidentiary and Discovery Rulings

- No published decisions
- Unpublished decisions declining to issue writ of mandamus
  - In re Redline Detection, LLC, 2013 WL 6489969 (Fed. Cir. Dec. 11, 2013)
    - Court asked to compel Board to allow evidence into the record
    - “[M]andamus is rarely a proper means by which an appellate court should take up evidentiary matters”
    - But, “[a]n evidentiary ruling by the Board can be reviewed after the Board’s final decision.”
  - In re Telefonaktiebolaget LM Ericsson, 2014 WL 1760009 (Fed. Cir. May 5, 2014)
    - No mandamus to compel additional discovery concerning whether petitions were barred under 35 U.S.C. § 315(b)
    - But stated that patent holder may raise on appeal after final decision by Board



# Review of District Court Stay Decisions

- Virtualagility Inc. v. Salesforce.com, Inc. et al., 759 F.3d 1307 (Fed. Cir. July 10, 2014)
- District court abused discretion in denying stay pending instituted CBM review
- Factors to evaluate stay under AIA § 18(b)(1):
  - Simplification of issues
  - Whether discovery is complete and trial date has been set
  - Undue prejudice or tactical advantage
  - Reduced burden of litigation



# Review of District Court Stay Decisions

- *Virtualagility Inc. v. Salesforce.com, Inc. et al.*, 759 F.3d 1307 (Fed. Cir. July 10, 2014)
- Factors (a) and (d) weighed heavily in favor of stay:
  - PTAB instituted CBM review, finding all asserted claims more likely than not unpatentable on two separate grounds
- Factor (b) weighed heavily in favor of stay
  - When the motion was filed, discovery had not begun and no trial date was set
- Factor (c) at best weighed slightly against a stay
  - Weak evidence of competition
  - Patentee delayed filing suit and seeking preliminary injunctive relief
  - No clear tactical advantage



# Review of District Court Stay Decisions

- Smartflash LLC v. Apple Inc.; Smartflash LLC v. Samsung Electronics Co., Ltd. et al., 2015 U.S. App. LEXIS 13627 (Fed. Cir. July 30, 2015) (unpublished)
- District court properly denied Apple’s motion to stay
  - Motion filed post-trial: jury had addressed infringement and invalidity, and primary litigation cost had been incurred
  - Timing of petitions on eve of trial and after filing summary judgment on § 101 grounds created tactical advantage of multiple opportunities to pursue single defense
- District court erred in denying Samsung’s motion to stay
  - “Critical distinction” from Apple was that case had yet to go to trial, which would involve fact witnesses from overseas and interpreters
  - Three co-defendants, different claims and technology than Apple
  - Resolution of Apple appeal could impact/streamline issues



# Review of District Court Stay Decisions

- *Benefit Funding Systems LLC et al. v. Advance America Cash Advance Centers Inc. et al.*, 767 F.3d 1383 (Fed. Cir. Sept. 25, 2014)
  - District court properly granted stay pending CBM review
  - Rejected patent owner’s argument to deny stay because PTAB is not authorized to conduct CBM review on § 101 grounds, finding this an impermissible collateral attack on PTAB institution decision
  - “In the context of this case, where the only real argument against a stay concerns the authority of the PTAB to conduct the CBM review, those circumstances are sufficient for the district court to conclude that the first and fourth factors favor staying the case. Further, Appellants present no other basis for challenging the conclusion that the second and third factors also favor a stay.” *Id.* at 1387.



# Review of District Court Stay Decisions

- Intellectual Ventures II LLC v. JPMorgan Chase & Co. et al., 781 F.3d 1372 (Fed. Cir. April 1, 2015)
  - AIA § 18(b)(2) provides for immediate interlocutory appeal from a district court decision on a stay “relating to a transitional [CBM review] proceeding”
  - Court lacks jurisdiction to consider interlocutory appeal from decision on motion to stay before PTAB institutes CBM review
    - AIA distinguishes between “petition” and “proceeding,” the latter beginning when PTAB institutes review
    - Whether PTAB later instituted review was irrelevant to jurisdiction over appeal from pre-institution motion to stay
  - District court still may choose to decide motion for stay before PTAB acts on CBM petition



# Review of District Court Stay Decisions

- Ultratec, Inc. v. CaptionCall, LLC, et al., 611 Fed. Appx. 720 (Fed. Cir. June 30, 2015) (unpublished)
  - No clear abuse of discretion in ordering stay pending IPR decisions
    - During post-trial briefing in litigation, PTAB issued IPR decisions finding all but one of the asserted claims unpatentable
    - District court ordered stay pending final IPR decision on all asserted claims, including exhaustion of appeals
  - Jurisdiction to review stay was based on request for mandamus relief, not appeal
    - Mandamus relief is extraordinary and stay decisions highly discretionary
  - District court reasonably could conclude stay would simplify litigation, conserve resources, and prevent inconsistent results



## Claim Construction Standard

- Broadest Reasonable Interpretation (BRI) standard governs in proceedings reviewing claims of a patent that will not expire prior to issuance of the final written decision
  - In re Cuozzo Speed Techs., LLC, 793 F.3d 1268, 1278-1279 (Fed. Cir. July 8, 2015)
    - Finding that Congress implicitly approved BRI standard for IPR proceedings when enacting AIA
    - “Even if approval of [BRI] standard were not incorporated into the IPR provisions of the statute, the standard was properly adopted by PTO regulation.”
  - Versata Development Group, Inc. v. SAP America, Inc. et al., 793 F.3d 1306, 1328 (Fed. Cir. July 9, 2015)
    - BRI applies in CBM proceedings
  - See also Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 FR 50719 (Aug. 20, 2015)



## Review of PTAB Final Decisions (Merits)

- *Versata Development Group, Inc. v. SAP America, Inc. et al.*, 793 F.3d 1306 (Fed. Cir. July 9, 2015)
  - “[A]s a general principle we may review issues decided during the PTAB review process, regardless of when they first arose in the process, if they are part of or a predicate to the ultimate merits.” *Id.* at 1336.
  - Court has authority to review whether patent was within PTAB’s authority for CBM review under AIA § 18
  - Court has jurisdiction to review after final written decision whether PTAB can review § 101 eligibility in CBM proceedings



## Review of PTAB Final Decisions (Merits)

- *Versata Development Group, Inc. v. SAP America, Inc. et al.*, 793 F.3d 1306 (Fed. Cir. July 9, 2015)
  - Agree with USPTO that “definition of ‘covered business method patent’ is not limited to products and services of only the financial industry, or to patents owned by or directly affecting the activities of financial institutions such as banks and brokerage houses ... the statutory definition ... on its face covers a wide range of finance-related activities.” *Id.* at 1325.
  - Patent relating to a method of determining a price was a “covered business method patent” and did not fall within the exception for technological inventions
  - Affirmed broadest reasonable claim constructions



## Review of PTAB Final Decisions (Merits)

- *Versata Development Group, Inc. v. SAP America, Inc. et al.*, 793 F.3d 1306 (Fed. Cir. July 9, 2015)
  - PTAB acted within its authority in permitting a § 101 challenge under AIA § 18
    - “It would require a hyper-technical adherence to form rather than an understanding of substance to arrive at a conclusion that § 101 is not a ground available to test patents under either the PGR or § 18 processes. Section 101 validity challenges today are a major industry, and they appear in case after case in our court and in Supreme Court cases, not to mention now in final written decisions in reviews under the AIA.” *Id.* at 1330.
  - Affirmed claims were unpatentable as abstract ideas under § 101



## Review of PTAB Final Decisions (Merits)

- Microsoft Corp. v. Proxyconn, Inc., 789 F.3d 1292 (Fed. Cir. June 16, 2015)
- Patent related to a system for increasing speed of data access in a packet-switched network
- Reversed “unreasonably broad” construction of “gateway ... between at least two other computers,” “sender/computer” and “receiver/computer,” and vacated determination that certain claims were unpatentable
  - Even under broadest reasonable interpretation, the claims must be read in view of the specification, and “[t]he PTO should also consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review”
- Affirmed construction of “searching” and ruling that certain claim was patentable



## Review of PTAB Final Decisions (Merits)

- Microsoft Corp. v. Proxyconn, Inc., 789 F.3d 1292 (Fed. Cir. June 16, 2015)
- Affirmed anticipation finding for certain claims
- Affirmed denial of motion to amend based on patentee's failure to establish patentability of substitute claims
  - PTAB may develop via adjudication requirements for motions to amend beyond 37 C.F.R. § 42.121
  - Requiring patent owner to establish patentability of amended claim over prior art of record but not included in grounds instituted against original claim was not plainly erroneous or inconsistent with legal framework



## Review of PTAB Final Decisions (Merits)

- *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 2015 U.S. App. LEXIS 15764 (Fed. Cir. Sept. 4, 2015)
- Affirmed IPR holding that Dynamic failed to demonstrate by preponderance of the evidence that claims were anticipated under § 102(e)
  - Board did not err in placing burden of persuasion on petitioner to prove prior art patent was entitled to filing date of its provisional application
  - After patent owner produced evidence of reduction to practice prior to filing date of prior art patent, petitioner had burden to prove prior art patent was entitled to claim priority to its provisional application
  - Petitioner failed to prove prior art patent was entitled to provisional filing date because it did not compare claims of prior art patent to provisional application to establish § 112 support



## Review of PTAB Final Decisions (Merits)

- In re Cuozzo Speed Techs., LLC, 793 F.3d 1268 (Fed. Cir. July 8, 2015)
  - Patent related to speed limit indicator and method for displaying speed and relevant speed limit
  - Affirmed broadest reasonable construction of “integrally attached”
  - Affirmed obviousness decision based on combining prior art to arrive at analog embodiment
    - PTAB was not precluded from finding claim unpatentable based on ground other than alleged in petition
  - Affirmed denial of motion to amend as improperly broadening because proposed amended claim would encompass single LCD embodiment not covered by original claims



## Review of PTAB Final Decisions (Merits)

- Belden Inc. v. Berk-Tek LLC, 610 Fed. Appx. 997 (Fed. Cir. April 17, 2015) (unpublished)
- Affirmed IPR decisions cancelling claims of two patents
  - Patents related to high performance data cables utilizing twisted pairs of conductors
  - Affirmed constructions of “channels” and “twisted together”
    - “Channels” was defined using dictionary definitions and related patent incorporated by reference
    - “Twisted together” was not a product-by-process limitation requiring any particular method that resulted in a different structure
  - Accordingly, affirmed findings of anticipation and obviousness based on Canadian patent application and other references



## Review of PTAB Final Decisions (Merits)

- Trustees of Columbia Univ. v. Illumina, Inc., 2015 U.S. App. LEXIS 12343 (Fed. Cir. July 17, 2015) (unpublished)
- Affirmed PTAB holding that challenged claims of three patents were anticipated or obvious over the prior art
  - Patents related to DNA sequencing methods
  - Failure to resolve dispute over level of ordinary skill in the art was not error
  - Substantial evidence supported findings of motivation to combine and reasonable expectation of success
  - Agreed with PTAB that asserted objective indicia including copying, licensing, commercial success, and unexpected results did not establish non-obviousness
  - Denial of motion to amend based on failure to distinguish prior art was not abuse of discretion



## Review of PTAB Final Decisions (Merits)

- Progressive Casualty Ins. Co. v. Liberty Mutual Ins. Co., 2015 U.S. App. LEXIS 14826 (Fed. Cir. Aug. 25, 2015) (unpublished)
- Affirmed CBM final decisions of unpatentability
  - Five patents related to pricing automobile insurance based on vehicle use and adjusting insurance policies online
  - Affirmed obviousness determination referring to prior art passage not identified in petition or institution decision
    - Any notice error was harmless based on other independent support for holding
  - Affirmed finding that certain claims were not entitled to priority date of parent application
  - Substantial evidence supported motivation to combine prior art
    - Although “[t]he Board did not clearly state this rationale in any single portion of its decisions ... the rationale is apparent when the decisions are read as a whole.”



# Questions?

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