

# Challenging PTAB Determinations that Proposed Grounds are “Redundant”

BY DAVID L. CAVANAUGH, JAMES M. DOWD, AND  
MICHAEL H. SMITH

**David L. Cavanaugh** is a partner in the Washington, D.C. office of WilmerHale and is the Chair of the firm’s Post-Grant Patent Proceedings Group. He has broad legal experience in industry and private practice and provides clients with strategic, business-focused counseling in the procurement, management and exploitation of their intellectual property.

**James M. Dowd** is a partner in the Los Angeles office of WilmerHale. Mr. Dowd’s practice focuses on patent litigation and strategy. He has represented a broad range of clients, including in jury trials, bench trials, and appeals, in cases involving diverse technologies.

**Michael H. Smith** is a senior associate in the Washington, D.C. office of WilmerHale. Mr. Smith focuses his practice on intellectual property litigation and post-grant proceedings, patent procurement, licensing, and advising clients on intellectual property and policy matters.

The Patent Trial and Appeal Board (“PTAB” or “Board”) often denies some proposed grounds of invalidity as redundant to others when deciding whether to institute inter partes review (IPR) and covered business method patent review (CBM) proceedings.<sup>1</sup> If this occurs, what options are available to petitioners? This article explores potential avenues to challenge such a determination through requests for rehearing, appeals and petitions to the Federal Circuit, and suits in district court.

## REQUESTS FOR REHEARING

When the Board denies grounds as redundant, one avenue to challenge the determination is through a request for rehearing. The request for rehearing “must specifically identify all matters the party believes the Board misapprehended or

overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.”<sup>2</sup> To prevail, petitioners must demonstrate that the Board’s decision was an “abuse of discretion.”<sup>3</sup> An abuse of discretion occurs when a “decision was based on an erroneous conclusion of law or clearly erroneous factual findings, or . . . a clear error of judgment.”<sup>4</sup>

The Board has cautioned that a “rehearing request is not proper for advancing arguments not made previously.”<sup>5</sup> For example, in *Raymarine, Inc. v. Navico Holdings AS*, the Board denied a request for rehearing where the petitioner argued for the first time in its request that a denied ground was stronger in some respects than other instituted grounds.<sup>6</sup>

Accordingly, it will likely be difficult to prevail on a request for rehearing unless the petitioner can demonstrate how the Board misapprehended or overlooked meaningful distinctions articulated in the petition between instituted grounds and grounds denied as redundant that resulted in a clear error of judgment.

## APPEALS TO THE FEDERAL CIRCUIT FROM DECISIONS ON INSTITUTION

The statutory provisions governing IPRs and CBMs state under the subheading “No Appeal” that the “determination by the Director whether to institute . . . shall be final and nonappealable.”<sup>7</sup> In *St. Jude Medical v. Volcano Corp*, the Federal Circuit affirmed the statutory provisions for IPRs bar appeals of decisions not to institute.<sup>8</sup> Similarly, the Federal Circuit has found that these provisions bar immediate appeals of decisions to institute an IPR.<sup>9</sup> Therefore, if the Board denies certain grounds as redundant in a decision on institution, a petitioner will not be able to challenge the Board’s determination through an immediate appeal of the decision under current Federal Circuit law.

## APPEALS TO THE FEDERAL CIRCUIT FROM FINAL WRITTEN DECISIONS

The Federal Circuit has left undecided whether an institution decision could be appealed as part of an appeal from a final written decision.<sup>10</sup> At least one pending notice of appeal from a final written decision raises this issue for a redundant grounds determination. In *SCHOTT Gemtron Corporation v. SSW Holding Company Inc.*, the notice of appeal from the final written decision asks, “Whether the Board deprived Gemtron of its right to a hearing on certain grounds of unpatentability asserted in the Petition by denying a trial on certain grounds, such as, anticipation of claims 1 and 25 by Angros, on the basis that such grounds of unpatentability were redundant to the grounds upon which the Board instituted trial.”<sup>11</sup> As such, if grounds are denied as redundant, petitioners should consider raising this issue in appeals from final written decisions in order to potentially take advantage of a favorable decision in *SCHOTT*.

## PETITIONS FOR A WRIT OF MANDAMUS FROM THE FEDERAL CIRCUIT

Petitioners have also attempted to challenge decisions on institution by seeking a writ of mandamus from the Federal Circuit. For example, in *In re Dominion Dealer Solutions, LLC*, Dominion filed for a writ of mandamus challenging a decision not to institute an IPR.<sup>12</sup> The Federal Circuit explained that mandamus relief is “drastic” and “to be invoked only in extraordinary situations.”<sup>13</sup> The court further explained that three conditions must be present: 1) clear and indisputable right to relief, 2) lack of alternative means to obtain relief and 3) it must be appropriate under the circumstances.<sup>14</sup> Based on its decision in *St. Jude* that the statutory scheme bars immediate appeals of decisions on institution, the Federal Circuit denied the petition for mandamus relief for failure to satisfy the first condition, a clear and indisputable right to relief.<sup>15</sup> In *In re The Procter & Gamble Company*, the Federal Circuit concluded its reasoning in *St. Jude* and *Dominion* applied equally to challenges to decisions to institute review.<sup>16</sup>

## DISTRICT COURT CHALLENGES

Petitioners have also attempted to challenge institution decisions by bringing challenges in district court. For example, in *Dominion Dealer Solutions, LLC v. Lee*,

Dominion sued the USPTO in District Court in the Eastern District of Virginia.<sup>17</sup> Dominion sought review of the Board's decision not to institute an IPR by invoking the Administrative Procedures Act (APA).<sup>18</sup> As discussed above, 35 U.S.C. 314(d) provides institution decisions "shall be final and nonappealable." Dominion offered three arguments as to why the plain language of the statute should not control. First, Dominion argued that section 314(d) only precludes direct appeals to the Federal Circuit, not an APA review in a District Court.<sup>19</sup> Rejecting this ground, the District Court found that the plaintiff was, in fact, appealing from the PTO decision.<sup>20</sup> Second, Dominion argued that section 314(d) does not preclude an appeal of the Board's construction of relevant legal standards.<sup>21</sup> The court determined, however, that the statute applies to the entirety of the Board's decision and not merely a portion of it.<sup>22</sup> Third, Dominion argued that section 314(d) only applies to decisions to grant IPRs and is inapplicable to decision denying IPRs.<sup>23</sup> The court dispatched this final argument as untenable because it is inconsistent with the plan language of the statute.<sup>24</sup>

Patent Owners have similarly, and unsuccessfully, sought to bring district court challenges to decisions to institute. In *Versata Development Corp. v. Rea*, for example, the United States District Court for the Eastern District of Virginia ruled that it lacked subject matter jurisdiction over Patent Owner Versata's APA claims challenging the Board's decision to institute a CBM proceeding.<sup>25</sup> The Court reasoned that the AIA precludes judicial review of the Board's decision to institute for three reasons. First, the statutory provisions provide "[t]he determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable."<sup>26</sup> Second, the AIA provides a "detailed scheme for administrative and judicial review."<sup>27</sup> Third, the "AIA dictates the court in which a disappointed party may appeal the PTAB decision . . . [which] precludes federal district court jurisdiction under the APA."<sup>28</sup> Additionally, as an alternate ground for rejection, the court ruled that Versata failed to state a claim for interlocutory judgment because the Board's determination to institute was not a final agency action for which there was no adequate remedy in a court.<sup>29</sup> Rather, it was "merely an initial step in the PTAB's process to resolve the ultimate question of

patent validity, not a final agency action as contemplated by 5 U.S.C. § 704."<sup>30</sup>

The appeals from the decisions in both *Dominion* and *Versata* are currently pending before the Federal Circuit.<sup>31</sup>

## CONCLUSION

Petitioners should carefully think through which grounds to include in a petition because it may be difficult to overturn the denial of a ground as redundant. If a petitioner takes a "throw in the kitchen sink" approach, the Board will likely select some of grounds and deny the rest as redundant. This may result in the Board instituting on weaker grounds, and denying institution on stronger grounds.

If grounds are denied as redundant, a request for rehearing will likely be difficult unless the Board misapprehended or overlooked something in the petition. Additionally, because the Federal Circuit has found that immediate appeals and mandamus relief are barred, and district courts have denied relief under the APA, a petitioner is unlikely to obtain immediate relief in court. Even after the issuance of a final written decision, it remains an open question whether an appeal is available for decisions not to institute certain grounds as redundant. Therefore, Petitioners should focus on choosing their strongest grounds with care, and, articulating meaningful distinctions among them when presenting multiple grounds. **IPR**

## ENDNOTES

1. See, e.g., *Liberty Mutual Ins. Co. v. Progressive Casualty Ins. Co.*, CBM2012-00003, Order (Redundant Grounds), Paper 7, 2 (Oct. 25, 2012) ("[M]ultiple grounds, which are presented in a redundant manner by a petitioner who makes no meaningful distinction between them, are contrary to the regulatory and statutory mandates, and therefore are not all entitled to consideration."); *Berk-Tek LLC v. Belden Technologies Inc.*, IPR2013-00057, Decision, Request for Rehearing, Paper 21, 4-5 (May 14, 2013) ("If the petitioner makes no meaningful distinction between certain grounds, the Board may exercise discretion by acting on one or more grounds and regard the others as redundant.");
2. 37 C.F.R. § 42.71(d).
3. 37 C.F.R. § 42.71(c) ("Petition decisions. A decision by the Board on whether to institute a trial is final and nonappealable. A party may request rehearing on a decision by the Board on whether to institute a trial pursuant to paragraph (d) of this section. When rehearing a decision on petition, a panel will review the decision for an abuse of discretion.");
4. *Illumina, Inc. v. Trustees of Columbia Univ.*, IPR2012-00007, Decision, Request for Rehearing, Paper 54, 2 (May 10, 2013) (quoting *PPG Indus. Inc. v. Celanese Polymer Specialties Co. Inc.*, 840 F.2d 1565, 1567 (Fed. Cir. 1988)).

5. See, e.g., *Raymarine, Inc. v. Navico Holdings AS*, IPR2013-00355, Decision, Request for Rehearing, Paper 21, 3 (January 22, 2014).
6. *Id.*
7. 35 U.S.C. § 314(d) ("NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable."); see also § 324(e) ("NO APPEAL.—The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.")
8. *St. Jude Medical v. Volcano Corp.*, No. 2014-1183, 5 (Fed. Cir. April 24, 2014) (internal citations omitted); see also *ZOLL Lifecor Corp. v. Philips Electronics North America Corp.*, 577 Fed. Appx. 991 (Fed. Cir. August 25, 2014) (citing *St. Jude Medical* in declining to review the Board determination not to institute an *inter partes* review).
9. See *In re The Procter & Gamble Company*, 749 F.3d 1376, 2014 WL 1664223, No. 2014-121, Slip. Op. at 4-5 (Fed. Cir. Apr. 24, 2014).
10. *Id.* at 5 (Fed. Cir. Apr. 24, 2014) ("It is a separate question whether section 314(d) means that the decision to institute the review is unchallengeable later—if the Board reaches a decision under section 318(a) and an appeal is taken under section 319. Perhaps section 314(d)'s broad language precludes all judicial review of the institution decision, even in an eventual section 319 appeal. We need not decide that question, which can be addressed in a section 319 appeal. Nor need we address whether an immediate challenge could be brought in District Court.")
11. *SCHOTT Gemtron Corporation v. SSW Holding Company Inc.*, IPR2013-00358, Petitioner's Notice of Appeal, Paper 107, 2 (September 17, 2014); see also *SCHOTT Gemtron Corporation v. SSW Holding Company Inc.*, No. 15-1073 (Fed. Cir.).
12. *In re Dominion Dealer Solutions*, Misc. Docket No. 109, 3 (Fed. Cir. April 24, 2014).
13. *Id.*
14. *Id.* at 3-4.
15. *Id.* at 4.
16. *In re The Procter & Gamble Company*, 749 F.3d 1376, 2014 WL 1664223, No. 2014-121, Slip. Op. at 4-5 (Fed. Cir. Apr. 24, 2014); see also *In re Versata Development Group, Inc.*, 564 Fed. Appx. 1025 (Fed. Cir. May 05, 2014) (citing *In re The Procter & Gamble Company* in denying a petition for a writ of mandamus to challenge an initial decision); *In re Board of Trustees of University of Illinois*, 564 Fed. Appx. 1021 (Fed. Cir. May 05, 2014) (same).
17. *Dominion Dealer Solutions, LLC v. Lee*, No. 3:13CV699 (E.D. Va. Apr. 18, 2014).
18. *Id.* at 1.
19. *Id.* at 3.
20. *Id.* at 3-4.
21. *Id.* at 4.
22. *Id.* at 7.
23. *Id.*
24. *Id.*
25. *Versata Development Corp. v. Rea*, 959 F. Supp. 2d 912, 914-915 (E.D. Va 2013).
26. *Id.* at 919.
27. *Id.* at 919-20.
28. *Id.* at 920.
29. *Id.* at 915.
30. *Id.*
31. See *Versata Development Group v. Lee*, No. 2014-1145 (Fed. Cir.); *Dominion Dealer Solutions, LLC v. Lee*, No. 2014-1557 (Fed. Cir.).