

Meeting of the Minds

Precedent, Persuasion, and the PTAB

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In the first three years since the Leahy-Smith America Invents Act (AIA) established post-grant proceedings, parties have filed thousands of covered business method reviews (CBMs) and inter partes reviews (IPRs), resulting in more than 700 final written decisions, thousands of orders, and tens of thousands of pages of written opinion from the Patent Trial and Appeal Board (PTAB).¹ This deluge of decisions and information leads logically to questions about the relative weight of opinions and orders, their precedential value, and whether and how parties should cite to—or rely on—them. The purpose of this article is to explore the precedential value of PTAB decisions and how they might bind the PTAB and others in subsequent matters.

The first part of this article identifies the different categories of decisions and offers observations about each. The second part explains how the PTAB identifies and uses its decisions. The authors then offer guidance on addressing other PTAB decisions in PTAB filings. For instance, the PTAB may provide better guidance to practitioners by designating more decisions as informative, representative, or precedential, as appropriate. This may also save individual PTAB judges time by avoiding unnecessary conference calls and relieving them from having to provide detailed guidance in individual cases.

PTAB Authority

Like many administrative agencies in the United States government, the U.S. Patent and Trademark Office (USPTO) has authority to establish a decision-making body to hear appeals of certain agency decisions where a party is dissatisfied, as governed by statutes. Under 35 U.S.C. § 6(a), "There shall be in the Office a Patent Trial and Appeal Board." The PTAB is made up of administrative patent judges, plus a chief patent judge and four ex officio members: the director, the deputy director, the commissioner for patents, and the commissioner for trademarks.²

The Patent Act authorizes the PTAB to resolve disputes in areas within its competence. In addition to reviewing adverse decisions of examiners denying patent applications and reviewing appeals from reexaminations pursuant to § 134(a) and (b), respectively, the AIA authorizes the PTAB to hold derivation proceedings pursuant to § 135 and IPRs and post-grant reviews (PGRs) pursuant to chapters 31 and 32

of the Patent Act.³ To be sure, the AIA and the name change did not fundamentally alter the types of proceedings that the PTAB hears. Prior to the AIA, the PTAB presided over appeals from both ex parte and contentious proceedings (e.g., inter partes reexamination). What changed dramatically is the visibility and speed of contested PTAB proceedings.⁴

PTAB Standard Operating Procedure 2

The Standard Operating Procedure (SOP), an administrative guidance document, has long governed the precedential value of PTAB decisions. The most recent, SOP 2, was published in September 2014 and defines four categories of decisions: routine, informative, representative, and precedential.

Routine Decisions

Nearly every PTAB decision and order have the default designation of routine.⁵ Under SOP 2, these become binding in that particular case until a subsequent decision by the PTAB, or an expanded panel or a reviewing court overturns it. Routine decisions are best thought of as the PTAB doing the statutorily prescribed daily work of deciding individual cases and issues. Orders can be procedural or substantive, interlocutory or final, and can affect the disposition of the whole case, such as a denial of institution or a motion for joinder. Decisions are final written decisions, such as a ruling on a request for adverse judgment or an ultimate ruling on the merits. Because a decision is the law of that case, both parties and the PTAB must then operate consistently with the prescribed issues in the decision or order, unless adjusted by a later decision by the same PTAB panel.

Yet even routine decisions can and often do affect other proceedings at the USPTO. For example, a routine decision canceling challenged claims is binding on examiners for cases in the same family, and the examiner typically evaluates the pending claims in view of the PTAB decision. As a result, patent owners will typically be required to distinguish pending claims from similar claims already cancelled by a routine decision of the PTAB.

Early in the life of the PTAB, even routine decisions were (and still are) often cited or relied upon as road maps for particular decisions. Many attorneys cite routine PTAB orders, and it has not been uncommon in early practice to hear opposing counsel reference anecdotal decisions seeming to support their arguments. With so many written decisions, routine opinions can sometimes take on added persuasive force by being unique, having particular parties, or representing a first for a particular issue or procedure.

For instance, parties familiar with the process may recognize the joinder decisions in *Dell Inc. v. Network-1 Security Solutions, Inc.*⁶ and *Sony Corp. of America v. Network-1 Security Solutions, Inc.*⁷ as some of the first and most influential decisions on joinder practice. There, the PTAB granted joinder as to all requesting parties, but allowed the first-joined party, Dell, only limited briefing and participation, and the third and fourth joining parties, Sony and Hewlett-Packard, no additional briefing. The determination sent a signal as to how involved certain joined parties might be, and arguably discouraged multiple parties from joining.

Note that even if more than three administrative patent judges (APJs) sign on to an opinion, it remains routine unless designated otherwise. This is true regardless of whether there is a dissent, an expanded panel, or an expanded-panel rehearing.

Representative Decisions

The category of representative decisions was added in the most recent SOP 2. Representative opinions typically provide a representative sample of outcomes on a specific issue.⁸ This designation is used to bring such opinions to the attention of the public from among the numerous routine decisions issued by the PTAB as being exemplary and bearing a seal of approval from a broader range of judges. The only opinions designated as representative are post-AIA decisions and cover new IPR and CBM issues, offering guidance to the uninitiated.

Representative trial hearing orders—address time typically allotted and contain instructions for parties requesting an oral hearing.

Representative decisions on institution—address the institution decisions and provide some representative denials of institution, for instance, those applying § 325(d).

Representative scheduling orders—provide scheduling for a few early IPRs and CBMs for the trial proceeding.

Representative decisions on motions to amend—provide guidance regarding issues that should be included in a motion to amend. The decisions also include at least one instance where a motion to amend has been granted.

Other representative orders—a large category of orders and decisions that address a full range of issues encountered by patent owners and petitioners, including redundant grounds, pro hac vice admission, real party-in-interest issues, activity that constitutes service under 35 U.S.C. § 315(b), and joinder motions.

Representative notices—address issues related to sufficiency of a petition and defective petitions.

Representative settlement-related orders—address issues typically arising when parties settle and attempt to terminate an IPR or CBM proceeding.

Representative evidentiary decisions and orders including discovery—include issues related to the scope of routine discovery, particular orders for additional discovery, and motions to seal.

The wide range of representative decisions and orders likely highlights practices that the PTAB would prefer, or provides guidance on PTAB-preferred practices. To be clear, a representative opinion is not binding authority. Representative opinions typically provide a representative sample of PTAB outcomes

on particular issues. The PTAB practice guide also provides case support for many of the areas that are addressed. For practitioners unfamiliar with certain practices, these are excellent resources, offering clarity and guidance. There are currently 46 decisions and orders that are designated as representative.⁹

Informative Decisions

Under SOP 2, the PTAB designates certain decisions as informative and highlights them on its website.¹⁰ The PTAB does not need to justify why it designates a decision as informative, and can do so for any reason. Most likely, the PTAB designates cases as informative to establish a suggested practice to follow when parties are confronted with frequently recurring issues. Also, the PTAB may designate a decision as informative because it presents guidance to the patent community on an issue of first impression. Finally, there is a general objective to provide guidance on PTAB rules and practices.

Informative and representative decisions are not binding on the PTAB. The overlap in purpose between informative and representative decisions is not clear and is not described in SOP 2. While the PTAB has not provided any explicit guidance, the informative opinions appear to have more substantive legal issues being addressed that are encountered less frequently than many of the decisions found in the representative category. There are 21 decisions and orders that are designated as informative AIA decisions. Clearly the PTAB is trying to provide guidance to patent practitioners, and each category should be consulted and considered when determining the PTAB's practice on a particular issue.

Precedential Decisions

The chief judge may designate a decision precedential after a nomination and internal review process has occurred. Any opinion may be considered for a precedential category for any reason, but particular emphasis "will be placed on opinions resolving conflicts or addressing novel questions."¹¹ To date, only three AIA trial opinions of the PTAB have been designated as precedential.¹² One reason for the dearth of precedential decisions is, perhaps, the long process required to designate a decision as precedential, and the need for internal consensus on its merit. As national politics frequently demonstrates, consensus (or even a bare majority) can be a struggle to achieve.

The process for designating a decision as precedential begins with the recommendation of a member of the PTAB. Additionally, any member of the public may, within 60 days of the issuance of an opinion, request in writing that an opinion be designated precedential by forwarding a request with accompanying reasons to the chief judge. For those opinions the chief judge considers particularly valuable as potentially precedential, the chief judge circulates the opinion to all members of the PTAB. Each member then has a limited period to vote and comment on whether the opinion should be so designated. After the voting period has expired, if a majority of the PTAB's voting members agree that an opinion should be made precedential, after considering all the comments, the chief judge notifies the director of the results of the voting. If the director concurs, the director notifies the chief judge. No opinion can be designated precedential without the approval of the director.

Implications for the Developing Body of Law

Opinions designated as precedential are rare. As noted, there currently are only three precedential AIA trial decisions. The opinion in *SecureBuy, LLC v. CardinalCommerce Corp.*, which addresses the statutory requirement for instituting a CBM, directly addresses the considerations the PTAB should use to determine whether a particular claim is appropriate for CBM review.¹³ The opinion in *Westlake Services, LLC v. Credit Acceptance Corp.*, another CBM review, clarifies that § 325(e)(1) estoppel applies on a claim-by-claim basis.¹⁴ The opinion in *LG Electronics, Inc. v. Mondis Technology Ltd.* interprets the phrase “served with a complaint” for purposes of triggering the § 315(b) one-year bar to filing an IPR.¹⁵

The PTAB doesn’t appear to cite many informative or representative decisions in its routine decisions.¹⁶ Informative and representative decisions do, however, influence practice and public opinion. In a series of cases on § 325(d), for instance, the PTAB has sent a message of when and how panels may exercise their broad discretion when denying institution where the same or substantially similar prior art or arguments have been considered, either in prosecution or in previously filed IPRs by the same or different parties. Notably, there are numerous routine decisions that are often cited by the PTAB, so often that they may be considered to be more persuasive than other routine decisions. These opinions should, insofar as possible, have some special designation so that practitioners know that the routine decision is regularly applied in other decisions of the PTAB.

There are at least a handful of routine decisions that have been frequently cited by other PTAB panels. For example, PTAB panels often discuss the *Idle Free Systems, Inc. v. Bergstrom, Inc.*,¹⁷ *Nichia Corp. v. Emcore Corp.*,¹⁸ and *ZTE Corp. v. ContentGuard Holdings, Inc.*¹⁹ decisions. Both *Idle Free* and *Nichia* were cited in three different IPR decisions on March 31, 2015.²⁰ *ZTE* was cited in a CBM decision on July 10, 2015.²¹ Due to the limited citations of these cases, the persuasive weight of oft-cited routine cases is not clear, other than to note that certain cases relied on by multiple PTAB panels may carry weight with those same panels and others as examples of particularly persuasive reasoning.

Practitioners and companies benefit from predictable, standardized procedures that are easy to follow and clearly articulated. Currently, the number of routine decisions makes it nearly impossible for any one person to synthesize the myriad orders, institution decisions, and final written decisions. Even the number of appellate decisions will soon grow to be unwieldy. In view of this, if the PTAB were to designate more cases as informative it would likely improve practitioners’ understanding of how the PTAB would consider particular facts. Perhaps the PTAB could offer written guidance on examples of successful procedures for particular actions before it.

For practitioners, it would be prudent to become familiar with the PTAB’s informative and precedential opinions and check in regularly to see if any have been added or updated. Knowing examples that the PTAB considers particularly persuasive or informative and using them as a road map is good practice, and can lead to more predictable outcomes. Parties should follow the great weight of routine decisions for all minor procedural matters, as well as larger ones currently unaddressed by the PTAB or the Federal Circuit.

Conclusion

Both petitioners and patent owners before the PTAB seek additional guidance on how to navigate particular procedures and situations that may, without guidance, result in uncertainty and financial waste. When practice is unnecessarily complicated and uncertain, the result is increased cost to both parties and reduced likelihood of settlement or agreement, because uncertainty breeds waste and unnecessary attorneys' fees. By designating more decisions as informative, representative, or precedential, as appropriate, the PTAB could increase user buy-in with the additional guidance to parties faced with particular procedural questions. This also may save individual PTAB judges time by avoiding unnecessary conference calls and relieve them from having to provide detailed guidance in numerous individual cases.

Endnotes

1. See U.S. PATENT & TRADEMARK OFFICE, PATENT TRIAL AND APPEAL BOARD STATISTICS (Oct. 31, 2015), <http://www.uspto.gov/sites/default/files/documents/2015-10-31%20PTAB.pdf>. As of October 31, 2015, the PTAB has rendered written decisions for 630 IPR trials and 79 CBM trials.

2. 35 U.S.C. § 6(a) ("The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director.")

3. *Id.* § 6(b).

4. There are numerous reporting services that focus on PTAB decisions, such as Docket Navigator, Lex Machina, and Docket Alarm, and countless blogs and other sources of information and perspectives regarding decisions.

5. PATENT TRIAL & APPEAL BD., STANDARD OPERATING PROCEDURE 2 (REVISION 9), at 4 (2014) [hereinafter SOP 2], available at <http://www.uspto.gov/sites/default/files/documents/sop2-revision-9-dated-9-22-2014.pdf>.

6. No. IPR2013-00385, Paper No. 17 (P.T.A.B. July 29, 2013).

7. No. IPR2013-00495, Paper No. 13 (P.T.A.B. Sept. 16, 2013).

8. SOP 2, *supra* note 5, at 4.

9. See *Representative Orders, Decisions, and Notices*, U.S. PAT. & TRADEMARK OFF., <http://www.uspto.gov/patents-application-process/appealing-patent-decisions/decisions-and-opinions/representative-orders> (last visited Jan. 17, 2016).

10. See *Informative Opinions*, U.S. PAT. & TRADEMARK OFF., <http://www.uspto.gov/patents-application-process/appealing-patent-decisions/decisions-and-opinions/informative-opinions-0> (last visited Jan. 17, 2016).

11. SOP 2, *supra* note 5, at 2.

12. See *Decisions*, U.S. PAT. & TRADEMARK OFF., <http://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/decisions> (follow "Precedential Opinions (2016JAN11)" hyperlink) (last visited Jan. 17, 2016) (designating as precedential AIA opinions *LG Elecs., Inc. v. Mondis Tech. Ltd.*, No. IPR2015-00937, Paper No. 8 (P.T.A.B. Sept. 17, 2015); *Westlake Servs., LLC v. Credit Acceptance Corp.*, No. CBM2014-00176, Paper No. 28 (P.T.A.B. May 14, 2015); and *SecureBuy, LLC v. Cardinal-Commerce Corp.*, No. CBM2014-00035, Paper No. 12 (P.T.A.B. Apr. 25, 2014)).

13. No. CBM2014-00035, Paper No. 12.

14. No. CBM2014-00176, Paper No. 28.

15. No. IPR2015-00937, Paper No. 8.

16. A search was conducted on PTAB cases as of October 31, 2015, where the term “informative” or “representative” was found as the case designation and the PTAB cites the cases designated as such.
17. No. IPR2012-00027, Paper No. 26 (P.T.A.B. June 11, 2013).
18. No. IPR2012-00005, Paper No. 27 (P.T.A.B. June 3, 2013).
19. No. IPR2013-00454, Paper No. 12 (P.T.A.B. Sept. 25, 2013).
20. Facebook, Inc. v. B.E. Tech., LLC, Nos. IPR2014-00052, – 00053, – 00698, – 00743, – 00744, Paper No. 45, at 26–27 (P.T.A.B. Mar. 31, 2015) (“A motion to amend claims must identify how the proposed substitute claims are to be construed, especially when the proposed substitute claims introduce new claim terms. . . . Thus, the motion should account for the claimed subject matter as a whole, i.e., the *entire* proposed substitute claim, when showing where there is sufficient written description support for each claim feature.” (citing, respectively, *Idle Free*, No. IPR2012-00027, Paper No. 26, at 7 (“informative”), and *Nichia*, No. IPR2012-00005, Paper No. 27, at 4 (“representative”))); Microsoft Corp. v. B.E. Tech., LLC, Nos. IPR2014-00039, – 00738, Paper No. 43, at 25, 27 (P.T.A.B. Mar. 31, 2015) (same); Google, Inc. v. B.E. Tech., LLC, Nos. IPR2014-00038, – 00699, Paper No. 13, at 25–27 (P.T.A.B. Mar. 31, 2015) (same).
21. PNC Bank, N.A. v. Secure Axxess, LLC, No. CBM2015-00039, Paper No. 9, at 17 (P.T.A.B. July 10, 2015) (“Petitioner’s attempt at a second bite of the apple weighs against institution.” (citing *ZTE*, No. IPR2013-00454, Paper No. 12 (“informative”))).