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Preparing for and Navigating PTAB Appeals Before the Federal Circuit

Conducting PTAB Trials With Eye to Appeal, Determining Errors for Appeal, Understanding PTO Practice and Federal Circuit Law

THURSDAY, JANUARY 22, 2015

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

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Preparing for and Navigating PTAB Appeals Before the Federal Circuit

January 22, 2015

Presented by
Erika Harmon Arner and Michael J. Flibbert

Sources of PTAB Appeals

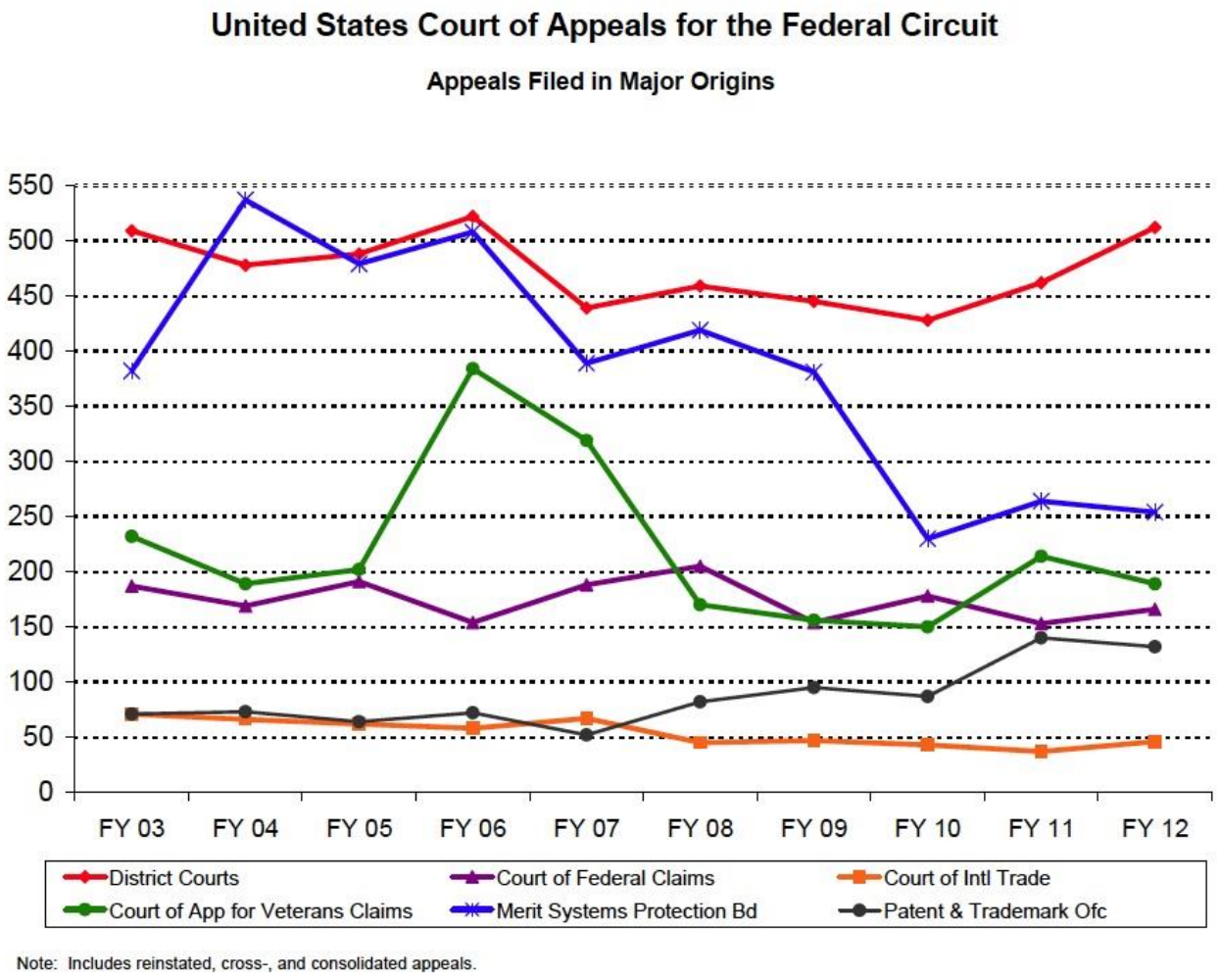
- IPR, CBM and PGR appeals under 35 U.S.C. §141:
  - "A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318 (a) or 328 (a) (as the case may be) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit."
- Interlocutory appeals of CBM stay denials under AIA § 18
- Mandamus?

Tsunami of PTAB Appeals?

- As of January 8, 2015:
  - 2,323 *inter partes* review (IPR) petitions
  - 279 covered business method review (CBM) petitions
  - 3 post-grant review (PGR) petitions
  - PTAB instituting at high rate and holding claims unpatentable at high rate
  - Very few motions to amend granted
  - Related district court litigation is common

- Compared to . . .

Tsunami of PTAB Appeals?



Commencing a PTAB Appeal

- Must file a timely Notice of Appeal:
  - "[n]o later than sixty-three (63) days after the date of the final Board decision." 37 CFR § 90.3(a).
  - "[m]ust be filed with the Director," 37 CFR § 90.2(a), with copy of notice to PTAB, 37 CFR § 90.2(a), and three copies to Federal Circuit clerk, Fed. Cir. R. 15(a)(1)
  - Must provide sufficient information to allow the Director to determine whether to intervene. 37 CFR 90.2(a)(3)(ii).
- Cross-appeals:
  - Within 14 days of the Notice of Appeal. FRAP 4(a)(3).

First Rulings: Appeal of Institution Denials

- Appeal of institution denials:
  - After PTAB refused institution and party appealed directly to CAFC, Federal Circuit held that institution decision could not be appealed because of Section 314(d)'s "broadly worded bar on appeal." *St. Jude v. Volcano*, 749 F.3d 1373, 1376 (Fed. Cir. 2014).
  - Court noted that Section 314(d) "may well preclude all review [of a noninstitution decision] by any route," but it "need not decide" that issue here. *Id*.
  - *See also Zoll v. Phillips*, 2014 WL 4179887 (Fed. Cir. Aug 25, 2014).

First Rulings: Mandamus

- Mandamus petitions relating to institution:
  - PTAB refused to institute IPR proceedings on five patents, and Federal Circuit found that Petitioner had no "'clear and indisputable right' to challenge a non-institution decision directly in this court, including by way of mandamus." *In re Dominion Dealer Solutions*, 749 F.3d 1379, 1381 (Fed. Cir. 2014).
  - *See also In re Procter & Gamble*, 749 F.3d 1376 (Fed. Cir. 2014).

First Rulings: Mandamus

- Mandamus petitions relating to institution (continued):
  - Party argued that IPR should have been barred under Section 315(b)'s one-year deadline because IPR petitioner was in privity with a third party from a previous lawsuit. *In re MCM Portfolio, LLC*, 2014 WL 595366 (Fed. Cir. Feb. 18, 2014).
  - Federal Circuit denied mandamus "without prejudice to MCM attempting to raise its section 315(b) arguments on appeal after final decision by the Board." *Id*.

First Rulings: Interlocutory Appeal of Stay Denials

- CBM-related stay requests (AIA § 18(b))
  - Four factors district courts "shall" consider when a stay related to a CBM is requested
  - Immediate interlocutory appeal
  - *De novo* standard of review
- Federal Circuit has reversed district court denials of stays
  - *VirtualAgility, Inc. v. Salesforce.com, Inc*.
  - *Versata Software, Inc. v. Callidus Software, Inc.*

Standing

- The PTO is an administrative agency
  - Party need only meet the requirements laid out by the agency and congress to commence PTO proceeding
- Article III courts require standing
  - Article III of the U.S. Constitution limits the jurisdiction of federal courts to actual “Cases” and “Controversies.” Art. III, § 2.
  - Standing is immutable and non-waivable
  - No requirement to show Article III standing before an agency, but standing ***must*** be demonstrated on direct appeal from agency action to a federal court of appeals

Standing

- Standing – *Consumer Watchdog v. Wisconsin Alumni Research Foundation*:
  - Petitioner-Appellant, Consumer Watchdog, was a nonprofit taxpayer and consumer-rights organization
  - Filed inter partes reexamination, was unsuccessful, and appealed
  - CAFC asked for supplemental briefing on Appellant's standing

Standing

- Standing – *Consumer Watchdog v. Wisconsin Alumni Research Foundation* (continued):
  - To establish standing must show injury that is:
    - Concrete and particularized
    - Imminent or actual
    - Caused by the defendant and
    - Is likely redressable by a favorable decision

Standing

- Standing – *Consumer Watchdog v. Wisconsin Alumni Research Foundation* (continued):
  - For standing, Consumer Watchdog relied on the Board's denial of its requested administrative action—namely, the Board's refusal to cancel claims in the patent
  - Consumer Watchdog did not claim to make, use, or sell the patented invention; was not threatened with suit; and did not name another real party in interest

Standing

- Standing – *Consumer Watchdog v. Wisconsin Alumni Research Foundation* (continued):
  - Court held that the Board's denial of Consumer Watchdog's requested action did not confer standing
  - Not enough that 35 U.S.C. § 315(b) allows a third-party requester to appeal decisions favorable to patentability. A statutory grant of a right to appeal does not eliminate requirements of Article III.
  - Consumer Watchdog had not "identified a particularized, concrete interest in the patentability of the '913 patent, or any injury in fact flowing from the Board's decision." Slip Op. at 8.

Strategic Tips: Make a Record

- Make a record
- Introduce facts into the record to support theme:
  - Expert declarations
  - Factual declarations and
  - Discussion of prior art references
- Balance theme development with discovery repercussions
  - Witnesses submitting affidavits or declarations can be deposed; other discovery allowed based on the interest of justice

Strategic Tips: Preserve Issues for Appeal

- Preserve Arguments:
  - When seeking to challenge a specific rule, cite the rule to the PTAB. *Lingamfelter v. Kappos*, No. 2011-1449, 2012 WL 3218529, at *2 (Fed. Cir. Aug. 9, 2012).
  - Specifically articulate arguments at every step – *before* rehearing. *In re Avid Identification Sys., Inc*., No. 2012-1092, 2013 WL 69102, at *6 (Fed. Cir. Jan. 23, 2013).
  - Requests for Rehearing: opportunity to bolster your record, but also gives PTAB a chance to bolster its reasoning

Strategic Tips: Third-Party Involvement

- Government participation in appeals from PTAB is discretionary
  - The USPTO and the United States may only participate in significant cases
  - The Federal Circuit may request government briefing
- May third parties intervene in the appeal?
  - What about estoppel?
  - Will Court permit third parties to file an amicus brief?

Strategic Tips: Positioning the Appeal

- Narrow the issues – only present strongest grounds for reversal
  - One issue is better than two, etc.
- Consider the applicable standard(s) of review
  - Issues of law reviewed *de novo* – greatest chance
    - E.g., obviousness, enablement, statutory interpretation
  - Issues of fact reviewed for substantial evidence – difficult to reverse
    - E.g., written description, anticipation, facts underlying obviousness
- Procedural issues (e.g., denial of discovery) are unlikely to be reversible even if appealable

Strategic Tips: Appeal Brief

- Most appeals turn on briefs, not oral argument
- Clarity is key
  - Preliminary statement is helpful
  - Explain technology but avoid unnecessary detail
  - Headings provide a useful roadmap
- Statement of facts
  - Must tell a compelling story
  - Avoid arguments or case citations
  - Include accurate record cites; don't overstate
  - Court should want to rule for you after reading facts

Strategic Tips: Appeal Brief

- Argument section
  - Prioritize – strongest argument usually goes first
  - Don’t leave the Court guessing at your best precedent – identify key cases and fully develop them
  - Address any adverse precedent
  - Avoid string cites or block quotes
  - Avoid making substantive arguments in footnotes

Strategic Tips: Oral Argument

- Start by concisely identifying the reversible error (or the key reasons for affirmance)
- Purpose is to allow Court to ask questions
- Listen carefully, be flexible, answer questions directly
- Thorough familiarity with record and relevant case law is essential
- Advance preparation should include brainstorming to identify possible questions
- Don’t interrupt judges; adhere to time limits

A Look Ahead: Review of FWDs

- *In re Cuozzo Speed Technologies LLC,* No. 2014-1301 (Fed. Cir.)
  - First appeal of a final written decision
  - 35 U.S.C. § 314(d) states: "The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable."
  - Judge Dyk: "No matter how far the PTO departs from the statute initiating the proceeding, there is no way that can ever be reviewed?"
  - PTO: Decision whether to institute is unreviewable even after FWD, unless there is a constitutional question

A Look Ahead: Claim Construction

- *In re Cuozzo Speed Technologies LLC,* No. 2014-1301 (Fed. Cir.)
  - Cuozzo: PTAB proceedings should use *Phillips* claim construction standard
  - PTO: PTAB correctly used the broadest reasonable interpretation standard (BRI)
  - Impact of motions to amend:
    - BRI justified on basis of ability to amend claims
    - No contested motions to amend have been granted to date

A Look Ahead: Claim Construction

- *Flo Healthcare Solutions, LLC v. Kappos*, 697 F.3d 1367 (Fed. Cir. 2012)
  - Deference to PTO claim construction?
  - Judge Plager concurrence: Even in cases where BRI applies, the court has reviewed the BRI claim construction inconsistently, employing both a "deferential 'reasonable' (arbitrary/capricious-type) review," and a "no-deference 'pure' law type review."

Questions?

Thank You

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Speaker Information

Erika Arner chairs Finnegan's patent office practice. She focuses on patent office trials, patent prosecution management, client counseling, and litigation, with an emphasis on electronic technology, computer software, and the Internet. She has also served as lead counsel before the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office (PTAB) in more than 20 post-grant review and inter partes review proceedings.

Mike Flibbert leads the firm's chemical and metallurgical practice group. Mr. Flibbert has successfully represented clients in patent disputes involving a range of technologies before federal district courts, the PTAB, and the Federal Circuit. He also serves as lead counsel in inter partes review (IPR) and other contested proceedings before the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office.

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