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PATENTS

Will the PTAB Institute a Trial Based on Prior Art or Arguments Considered During Examination?



BY DONALD HECKENBERG

When considering the prospects of a post-grant trial before the Patent Trial and Appeal Board at the Patent and Trademark Office, one often realizes that some of the strongest prior art that could form a basis for the patent challenge has already been considered by the PTO.

For example, the strongest prior art may have been applied by an examiner in a rejection (which the patent owner overcame) during the *ex parte* prosecution of the application that led to the patent or during an *ex parte* reexamination.

If the PTAB is willing to institute a post-grant trial notwithstanding the PTO's previous consideration of the prior art, the petitioner stands a good chance of ultimately prevailing, as studies have shown that patent challengers have high success rates once the PTAB

Donald Heckenberg, a partner with Fitzpatrick, Cella, Harper & Scinto, conducts preparation and prosecution of patent applications in chemical, mechanical and electrical arts. He also handles post-grant proceedings before the PTAB. Prior to joining the firm, he was a primary examiner at the Patent and Trademark Office.

grants a petition to institute a post-grant trial.¹ Thus, often the biggest question for a would-be petitioner is whether the PTAB will institute a post-grant trial based on the previously considered prior art.

The PTAB's Discretion Regarding Previously Considered Prior Art and Arguments

Under 35 U.S.C. § 325(d), it is at the discretion of the PTAB whether to institute a post-grant trial based on previously considered prior art or arguments. In particular, § 325(d) states that in determining whether to institute a proceeding, the PTAB "may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office." The PTAB has indicated that this discretion under § 325(d) "is guided by a balancing of interests of the parties, the public, and the Board."²

A review of PTAB decisions reveals that the PTAB will most often go ahead and institute a post-grant trial even if the prior art cited in the petition has been previously considered during an examination proceeding. In some cases, the PTAB has found that although the prior art was cited to the PTO, the prior art was not substantively considered. For example, the prior art may have been cited in an information disclosure statement considered by the examiner, but not applied by the examiner or otherwise discussed during prosecution.³ In other cases, the PTAB has found that despite the prior art having been substantively considered by the exam-

¹ See, e.g., <http://www.postgranthq.com/statistics/our-tech-breakdown-of-final-decisions-using-fchs-data/>

² *10X Genomics, Inc. v. Univ. of Chicago*, IPR2015-01157, Paper No. 14 (Decision on Institution) at 13 (P.T.A.B. Nov. 16, 2015).

³ See, e.g., *Bungie, Inc. v. Worlds Inc.*, IPR2015-01319, Paper No. 14 (Decision on Institution) at 30-31 (P.T.A.B. Dec. 7, 2015).

iner during prosecution, the petition was supported by additional evidence, such as an expert declaration, so as to merit institution of a post-grant trial.⁴ And in some cases, the PTAB has simply indicated that it was exercising its discretion under § 325(d) to institute a post-grant trial regardless of the previous consideration of the prior art in an examination proceeding.⁵

On the other hand, recent decisions also show that there are instances when the PTAB will not institute a post-grant trial based prior art that has already been considered in an examination proceeding. And yet other recent decisions show that there are instances when the PTAB will not institute a post-grant trial after finding that, even though the petition presents new art, similar arguments were considered during the underlying examination. These cases are indicative of scenarios in which would-be petitioners should exercise caution when contemplating previously considered art or arguments as a basis for a petition for a post-grant trial.⁶

No Post-Grant Trial Based on Previously Considered Art

In *Funai Electric Co., Ltd. v. Gold Charm Ltd.*, the PTAB declined to institute an inter partes review of patent claims based on a prior art reference that had been considered by an examiner.⁷ During the prosecution that led to the patent, the examiner rejected the claims as being anticipated by the prior art reference, and the applicant had amended the claims to overcome the rejection.⁸ The petitioner for inter partes review nevertheless contended that the same prior art reference anticipated the challenged claims, with the petitioner citing to the same passages and figure elements of the prior art reference that had been considered by the examiner.⁹ Notably, the petitioner also supported its arguments with an expert declaration.¹⁰

The PTAB exercised its discretion under § 325(d) and declined to a post-grant trial for the challenged claims based on the same prior art reference.¹¹ In so doing, the PTAB found that the petition did not shed any new light on the reference:

Petitioner disagrees with the Examiner's conclusion, but relies on the identical portions of the reference

considered by the Examiner and does not present any persuasive evidence to supplement the record that was in front of the Office during the original prosecution. Neither Petitioner's arguments nor the [expert declaration] relied upon by Petitioner sheds a substantially different light on [the prior art reference] than what was contemplated by the Examiner during the original prosecution.¹²

While *Funai Electric* indicates that the PTAB may refuse to institute a post-grant trial on the basis of a single prior art reference previously considered by an examiner, other cases indicate that the PTAB may also refuse to institute a post-grant trial based on a previously considered combination of references.

For example, in *Volkswagen Group of America, Inc. v. Joao Control & Monitoring, LLC*, the PTAB declined to institute an inter partes review on the basis of prior art references that had been considered by the examiner during an ex parte reexamination of the patent.¹³ The petitioner argued that its patent challenge was different than what had been at issue during the reexamination because while the examiner had considered whether the claims were obvious in view of the first reference as modified by the second reference, the petition showed that the claims were obvious in view of the second reference as modified by the first reference.¹⁴ The PTAB was not persuaded by the petitioner's argument, noting that, generally, there is no significance that an unpatentability assertion is stated as reference A in view of reference B as opposed to reference B in view of reference A.¹⁵ Further, the PTAB found that the petition did not present any persuasive evidence to supplement the record that was before the Office during the reexamination.¹⁶ Thus, the PTAB did not institute an inter partes review.

The decision denying institution of inter partes review in *Alarm.com Inc. v. Vivint, Inc.* indicates that prior art need not have been expressly considered in an examination proceeding for the PTAB to decline institution under the same art provision of § 325(d).¹⁷ In this case two of the prior art references relied upon in the petition had been cited by the examiner during prosecution of the application that led to the patent, but neither of the references was discussed by the examiner or applicant in detail.¹⁸ The PTAB nevertheless noted that there had only been a small number of references cited by the examiner during the prosecution.¹⁹ And the PTAB found that the petitioner produced no evidence to show that the examiner had misapprehended the prior art.²⁰ The PTAB concluded by stating it was "unwilling to assume that, after having uncovered a very limited amount of relevant art, the Examiner failed to consider at least that art, either alone or in combination."²¹

⁴ See, e.g., *10X Genomics, Inc. v. Univ. of Chicago*, IPR2015-01157, Paper No. 14 (Decision on Institution) at 12-14 (P.T.A.B. Nov. 16, 2015).

⁵ See, e.g., *Ethicon Endo-Surgery, Inc. v. Covidien AG*, IPR2015-01274, Paper No. 10 (Decision on Institution) at 6-7 (P.T.A.B. Dec. 17, 2015).

⁶ The PTAB decisions reviewed herein are designated as "routine opinions" by the PTAB, which means that the decisions are not binding authority. See Patent Trial and Appeal Board Standard Operation Procedure 2 (Revision 9), available at <http://www.uspto.gov/sites/default/files/documents/sop2-revision-9-dated-9-22-2014.pdf>. In practice, the PTAB designates few of its decisions as binding authority. Nevertheless, routine decisions provide insight into the PTAB's decision making, and PTAB decisions often cite to other routine, non-binding decisions of the PTAB.

⁷ IPR2015-01491, Paper No. 15 (Decision on Institution) (P.T.A.B. Dec. 28, 2015).

⁸ *Id.* at 18.

⁹ *Id.* at 19.

¹⁰ *Id.* at 20.

¹¹ *Id.*

¹² *Id.*

¹³ IPR2015-01612, Paper No. 7 (Decision on Institution) (P.T.A.B. Jan. 26, 2016).

¹⁴ *Id.* at 10 & n. 4.

¹⁵ *Id.* (citing *In re Bush*, 296 F.2d 491, 496, 131 U.S.P.Q. 263 (C.C.P.A. 1961)).

¹⁶ *Id.* at 10.

¹⁷ IPR2015-01967, Paper No. 12 (Decision on Institution) (P.T.A.B. March 30, 2016).

¹⁸ *Id.* at 21.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

No Post-Grant Trial Based on Previously Considered Arguments

While the foregoing cases deal with prior art that had been previously considered by an examiner, the PTAB's discretion under § 325(d) is not so limited. The case *Nora Lighting, Inc. v. Juno Manufacturing, LLC* shows that even if new prior art is cited in a petition the PTAB may still exercise its discretion under the "same arguments" provision of § 325(d) to not institute a post-grant trial.²²

In this case the patent had been subject to an *ex parte* reexamination proceeding in which the patentability of the claims had been confirmed over a reference "Gabrius."²³ The petitioner based its challenge on a different primary reference, "Budnick," and the petitioner submitted an expert declaration in support of its petition.²⁴ The PTAB noted, however, that Gabrius and Budnick both taught the same type of apparatus and that the apparatuses described in both references both lacked the same particular feature of the challenged claims.²⁵ The PTAB also noted that the reexamination proceeding had determined that it would not be obvious to modify the apparatus of Gabrius to include the particularly claimed feature in view of secondary references that were directed to a different type of apparatus.²⁶ The PTAB then found that the petition set forth the same type of obviousness analysis as was considered during the reexamination, i.e., that it would have been obvious to modify the apparatus of Budnick to include the particularly claimed feature in view of secondary references that taught a different type of apparatus.²⁷

The PTAB concluded that "although the references are not the same as those submitted for *ex parte* reexamination, the nature of the evidence as to the prior art at the time of the invention and the arguments presented are substantially the same as that which already has been presented to the Office."²⁸ Also of note, the PTAB found that the material presented in an expert declaration submitted by the petitioner was substantially similar to that which was previously presented to the office.²⁹

Neil Ziegman, N.P.Z., Inc. v. Carlis G. Stephens is another case where the PTAB declined to institute a post-grant trial on the basis of § 325(d) even though the petition cited prior art that had not been previously considered by the office.³⁰ While the primary reference

cited in the petition had not been applied in a rejection against some of the challenged claims, the PTAB considered the prosecution history and found that the substance of the primary reference had in fact been considered by the examiner.³¹ Further, the PTAB was not persuaded that the petitioner's citation of different secondary references amounted to a different obviousness analysis than had been conducted during the examination: "While the Office cited [a different reference] and Petitioner cites other references to account for the aforementioned difference with the primary reference, we are persuaded that prior art and arguments substantially similar to those set forth by Petitioner were previously presented to and considered by the Office."³²

Another interesting aspect of the *Neil Ziegman* case is the PTAB's citation to secondary considerations of non-obviousness presented during the original examination as supporting its decision not to institute a post-grant trial under § 325(d). The petitioner had asserted that the secondary consideration evidence (which was directed to the commercial success of the claimed invention) could not overcome the *prima facie* case of obviousness set forth in the petition.³³ But the PTAB characterized the petitioner's argument as directed to the relative strength of the secondary considerations evidence, and found that the petition did not address whether the same or substantially the same prior art or arguments were previously presented to the Office.³⁴ The PTAB therefore concluded that it "need not resort to undue speculation to conclude that the proceeding will devolve into a resource-consuming dispute concerning evidence with regards to secondary considerations, again, on an issue already and unambiguously presented to and considered by the Office."³⁵

Conclusion

Recent PTAB decisions illustrate scenarios that would-be petitioners should be mindful of when considering whether to attempt a patent challenge at the PTAB based on prior art or arguments that have already been analyzed in an examination proceeding.

Under § 325(d), there is certainly a possibility that the PTAB will invoke its discretion and not institute a trial with respect to previously considered art and arguments. This is particularly true where the prior art was considered in depth, or where the arguments in relation to the prior art closely mirror a previous analysis by an examiner.

In such cases, a potential petitioner would be wise to explore alternative prior art or arguments for its petition, if possible, as a hedge against the PTAB denying the petition in its entirety on the basis of § 325(d).

²² IPR2015-00601, Paper 13 (Decision on Institution) (P.T.A.B. Aug. 12, 2015).

²³ *Id.* at 5-6.

²⁴ *Id.* at 7.

²⁵ *Id.* at 11.

²⁶ *Id.*

²⁷ *Id.* at 11-12.

²⁸ *Id.*

²⁹ *Id.* at 12.

³⁰ IPR2015-01860, Paper 11 (Decision on Institution) (P.T.A.B. Feb. 24, 2016).

³¹ *Id.* at 7-10.

³² *Id.* at 10.

³³ *Id.* at 11.

³⁴ *Id.*

³⁵ *Id.* at 13-14.