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Haley Guiliano Recognized for #1 PTAB Practice Development of 2018

Haley Guiliano LLP acted for patentee in *NHK Spring Co., Ltd. v Intri-Plex Technologies, Inc.* (IPR2018-00752). The PTAB's Non-Institution decision in that IPR, based, *inter alia*, on equitable considerations given the relative timing of the soon-to-be had District Court trial on Petitioner's same prior art arguments and the likely resolution of the potential IPR, was ranked #1 in the top five PTAB Practice Developments of 2018, by Scott McKeown. Read article below.

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Top 5 PTAB Practice Developments of 2018

PTAB 2018: A YEAR OF AGENCY RECALIBRATION

The Patent Trial & Appeal Board (PTAB) stole much of the 2018 patent law spotlight. From landmark Supreme Court decisions such as *Oil States* and *SAS Institute*, to significant *en banc* Federal Circuit decisions in *WiFi-One*, PTAB practice evolved more in 2018 than in any prior year. That said, the most impactful 2018 changes for practitioners were driven by the agency.

Under the pro-patent leadership of Director Iancu, the agency is expected to drive still further change in 2019.

With *SAS Institute* being the lone exception (and long since beaten to death), new agency rules/guidelines and noteworthy panel decisions drove much of the PTAB practice changes in 2018.

Looking at my top 5 practice changes for 2018, while most were driven by the agency, developments 4 and 5 resulted from the increased scrutiny of the Federal Circuit to issues that were previously barred from appeal prior to the *WiFi One* decision:

5. CLICK-TO-CALL

One of the more noteworthy post-*WiFi One* decisions for practitioners was the *en banc* ruling in *Click-to-Call v. Ingenio* ([here](#)).

In *Click-to-Call*, the Federal Circuit reversed the long-standing practice of the Patent Trial & Appeal Board (PTAB) to accept certain IPR petitions outside of the 1-year window of 35 U.S.C. § 315(b) based upon the reasoning that a voluntary dismissal of a complaint renders an earlier filed proceeding a nullity (leaving the parties in the position as if the action had never been brought).

This change resulted in the dismissal of then pending proceedings relying on this exception, and prevented some petitioners caught flat-footed from filing at the PTAB.

4. RPI/PRIVITY

Another flavor of dispute heard for the first time post-WiFi One related to RPI/privy determinations.

In *Applications in Internet Time, LLC v. RPX Corporation*, the Federal Circuit held that “determining whether a non-party is a “real party in interest” demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” That is, the inquiry is fact-dependent, and not limited to one party controlling the other as some PTAB decisions seemed to suggest.

On the heels of *Applications* came *Worlds Inc. v. Bungie, Inc.*, finding that the PTAB may be improperly shifting the burden to Patent Owners in RPI/Privy discovery disputes. The Court explained that while the initial representation in the petition as to RPI/Privy relationships of the petitioner should be accepted absent challenge by the Patent Owner, this representation should not be accorded a “rebuttable presumption” that formally shifts the burden of production. Rather, the Patent Owner need only come forward with some evidence that an unnamed party exists. When doing so, it then falls to the petitioner based upon its burden of persuasion to prove the petition designations are accurate.

These changes have re-invigorated RPI/privy challenges at the PTAB by making discovery on such issues more likely.

3. CHANGE TO PHILLIPS CLAIM CONSTRUCTION

In November of 2018, the PTAB enacted final rules to switch to the Phillips claim construction standard. This change is notable not because it is expected to change ultimate outcomes, but because of its impact on petition strategy.

Even though the PTAB rarely discerns a difference between a BRI and Phillips constructions, the courts think very differently than the expert agency. For this reason, Petitioners often cited to the different claim construction standards to explain away the application of a broader read at the PTAB as compared to that urged in the court. This enabled petitioners to take positions on claim breadth in PTAB petitions that would otherwise undermine a non-infringement position if advanced under Phillips.

Going forward at the PTAB under Phillips, petitioners will be forced to commit to a one-size-fits-all claim construction.

Committing to a district court claim construction within one year of a complaint for infringement (to meet the IPR time bar) might be a concern for some litigants — especially in slower district where detailed infringement contentions remain unavailable at the time of IPR filing.

On balance, however, I believe this change to be a negative for patent owners.

2. TRIAL PRACTICE GUIDE CHANGES

In August of 2019, the PTAB effectively gave patent owners the last word in briefing and oral argument by publishing these changes in the Trial Practice Guide. Specifically, the guidance provided for a patent owner sur-reply to the petitioner reply brief (replacing observation practice) The sur-reply may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness.

The Guide also provided that, absent special circumstances, a petitioner will not be permitted to reserve for rebuttal more than half the total time allotted for argument. And, patent owners may request the opportunity to present a brief sur-rebuttal.

These changes were/are significant and have impacted PTAB trial strategies.

1. EXPANSION OF EQUITABLE CONSIDERATIONS AT INSTITUTION

The most significant 2018 practice changes came in the second half of the year, including my top change of 2018. The Rule and Trial Guide changes were driven by the pro-patent agenda of the new Director, and in my view, the two decisions discussed below evidence a similar evolution among PTAB judges. The two recent panel decisions

discussed below signal a significant departure from past institution practices.

First, in *Shenzhen Silver Star Intelligent Technology Co. Ltd., v iRobot Corp.* ([here](#)) the Board denied an IPR petition under 314(a) at least in part, **on the basis that it followed on the heels of a failed petition of an unrelated defendant.** This was a significant departure from previous decisions on identical fact patterns.

In *Shenzen*, the concurrence suggested that an additional factor be added to the *General Plastic considerations*, namely, the extent to which the petitioner and any prior petitioner(s) were similarly situated defendants or otherwise realized a similar-in-time hazard regarding the challenged patent.

On the heels of this case came *NHK Spring Co. Ltd. v. Intri-Plex Technologies Inc.* ([here](#)) where the Board considered the advanced stage of a parallel litigation under the *General Plastic* factors. Here, the Board explained that patent owner argued persuasively that instituting a trial where the district court proceeding, in which petitioner asserts the same prior art and arguments, is nearing its final stages, and where the IPR would conclude months thereafter, would not be consistent with “an objective of the AIA . . . to provide an effective and efficient alternative to district court litigation.”

These cases have significant impact in multi-defendant litigations, and in courts with accelerated dockets. While these decisions are not precedential today, my expectation is that they will be designated such in 2019 **as the agency leverages the new SOP to drive further PTAB recalibration.**