

How Many Bites At The Apple After A PTAB Challenge?

By **Steven Pollinger and Craig Tolliver**

Law360, New York (July 25, 2017, 12:00 PM EDT) -- A petitioner who mounts an inter partes review challenge at the Patent Trial and Appeal Board always must be cognizant of whether its petition will preclude additional validity challenges against the patent in question. The petitioner may be foreclosed by estoppel from additional prior art attacks — in federal court, the U.S. International Trade Commission or the PTAB — or, regardless of estoppel, the petitioner may be precluded from instituting a further PTAB challenge based on the PTAB’s discretionary authority to decline multiple challenges to the same patent.



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Unfortunately for petitioners, they currently must chart out their high-stakes PTAB strategy in what is still an unsettled and developing legal landscape. Plus, the U.S. Supreme Court (in its grant of certiorari in *SAS Institute*), the PTAB (through public comments of its chief patent judge), and Congress (through a recently introduced bill) have given reason to anticipate that further changes to the landscape may be forthcoming. Here are some takeaway points that practitioners should keep in mind as they consider PTAB challenges going forward.



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Differing Applications of Estoppel

One question is the scope of estoppel, which determines whether a PTAB petitioner is foreclosed by 35 U.S.C. § 315(e) from mounting later validity challenges against patent claims for which the PTAB issues a final written decision. The Federal Circuit held in *Shaw* that estoppel does not apply to grounds included in a petition for which the PTAB declines to institute trial due to a determination of redundancy, because the grounds could not have been raised “during” the inter partes review as § 315(e) requires.[1]

But the unanswered question from *Shaw* is how to treat arguments — such as assertions of prior art references — that a petitioner did not include in its PTAB petition or that the PTAB rejected for substantive reasons other than redundancy. Are those grounds that the petitioner “reasonably could have raised during” the IPR within the meaning of § 315(e)? Courts have struggled to provide clarity in this area.

In *Intellectual Ventures*, Judge Sue Robinson of the District of Delaware pointed out unsatisfying positions on both sides of the question of applying estoppel to arguments or prior art references not included in a PTAB petition. On the one hand, the PTAB's page limit and related limitations seem inconsistent with an understanding that a petitioner should bring all prior art arguments to the PTAB. On the other hand, it seems inconsistent with the PTAB's purpose if "a company can play games between the PTAB (IPR) and the courts (litigation), asserting some references in connection with the IPR but reserving some for litigation." However, Judge Robinson declined "to make policy decisions," and, in view of *Shaw*, determined that a prior art reference omitted from a PTAB petition is not subject to estoppel because it could not have been raised "during" the IPR. But the court expressed a hope "that an appeal may clarify the issue for future judges." [2]

Similarly, in *Verinata*, the Northern District of California broadly read *Shaw* as prohibiting application of estoppel not only to grounds rejected on redundancy grounds, but also to any grounds that could not be raised during the IPR. *Verinata* therefore declined to apply estoppel to grounds rejected by the PTAB due to the petitioner's failure to support the grounds. [3]

However, other courts have reached contrary decisions based on a narrower reading of *Shaw* and, consequently, a broader application of estoppel. In *Cobalt Boats*, the Eastern District of Virginia "adopt[ed] the narrow reading of *Shaw*" and held that "estoppel applies to grounds that the petitioner raised at the IPR itself and could have raised in the IPR petition or at the IPR itself." [4]

Judges in the Northern District of Texas, [5] the Eastern District of Texas, [6] the Western District of Wisconsin [7] and the Northern District of Illinois [8] similarly have applied estoppel to prior art that could have been — but was not — earlier raised in a PTAB petition based on a narrow reading of *Shaw*. PTAB panels appear to have reached the same conclusion as to the application of estoppel in subsequent PTAB proceedings. [9]

Absent further clarification by the Federal Circuit or the Supreme Court, practitioners will need to tread carefully because estoppel may continue to be applied differently by different courts.

Potential Impact of SAS Institute on Estoppel Question

The differing approaches noted above appear to stem from conflicting understandings of the purpose and scope of contested proceedings before the PTAB. In other words, do PTAB proceedings effectively serve as substitutes to litigation regarding patent validity (at least as to printed publication art) or are they narrower in scope? It appears that *SAS Institute v. Lee* — in which certiorari was granted by the Supreme Court on May 22 — has the potential to provide further answers to these questions.

SAS Institute in theory concerns an issue of PTAB procedure: whether the PTAB may issue final written decisions as to only some of the claims challenged in an IPR or whether it should issue a decision as to all challenged claims. However, the petitioners in *SAS Institute* argue that PTAB proceedings are intended to broadly serve as a substitute for validity litigation. The petitioners point to a broad understanding of the

estoppel provisions of the America Invents Act, arguing that the act precludes “improperly mounting multiple challenges to a patent” and quoting then-U.S. Patent and Trademark Office Director Kappos as stating, “Those estoppel provisions mean that your patent is largely unchallengeable again by the same party.”[10]

Further, the Federal Circuit’s underlying opinion in SAS Institute includes a forceful dissent by Judge Pauline Newman, who opines that the PTAB proceeding is “structured as a complete alternative to litigation” as to the validity issues subject to PTAB proceedings.[11] Judge Newman also interprets the estoppel provisions to be strong and broad, noting that the finality of PTAB proceedings “is achieved by the estoppel provisions as applied to the decision on every claim challenged by the petitioner as to every issue raised or that could have been raised.”[12]

The end result is that the Supreme Court — like Judge Newman — may consider the scope of estoppel attaching to PTAB proceedings when deciding the case. For example, if the Supreme Court were to recognize a broad scope of PTAB estoppel, that could weigh in favor of requiring the PTAB to resolve all challenged claims so as to fully resolve the pertinent validity challenges to the patent. A contrary understanding of estoppel could support a different decision. Of course, a third option is that the Supreme Court could refrain from commenting at all on the scope of estoppel.

Practitioners therefore should keep a close watch on SAS Institute. Given the lack of uniformity to date in interpreting the estoppel provisions, a Supreme Court pronouncement on the issue — even if dicta in SAS Institute — would be important.

Multiple PTAB Petitions: Useful or Just “Second Bite at the Apple”?

A petitioner also must decide how many petitions to file at the PTAB. Should the petitioner challenge the patent with multiple petitions, or just one petition? For example, a petitioner may file a second petition asserting different prior art references or challenging different claims. But there is no guarantee that a PTAB panel will allow a second petition. The PTAB’s decision often appears to turn on whether the panel views the second petition as just a “second bite at the apple.”

The PTAB has listed a number of factors[13] to consider when determining whether to exercise the PTAB’s discretion to deny institution of a subsequent proceeding, including:

- (1) the resources of the Board;
- (2) the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review;
- (3) whether the same petitioner already previously filed a petition directed to the same claims of the same patent;
- (4) whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known about it;
- (5) whether at the time of filing of the second petition the petitioner already received patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review

in the first petition;

(6) the length of time that elapsed between the time petitioner learned of the prior art asserted in the second petition and filing of the second petition; and

(7) whether petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent.[14]

The PTAB's application of these factors appears to be panel dependent, and the PTAB often emphasizes that the analysis of multiple petitions depends on the unique facts and arguments presented in each case. The PTAB has explained that "each case depends on its own facts," and that it "look[s] to and consider[s], in each case, ... what rationale a petitioner offers for filing multiple petitions and for the time elapsed between those filings." [15]

A review of the PTAB's pertinent decisions reveals that the PTAB wants to see a well-reasoned (nonboilerplate) explanation of the reasons why a petitioner is filing a second petition, instead of just one petition. Is there a particular prior art combination argument that makes sense to separately address, or are there a set of claims that should be separately addressed? If there appears to be a good argument as to why a separate petition addresses distinct arguments or otherwise would be helpful, the PTAB may allow it.

For example, in *Atlas v. Kaeser*, the PTAB explained that although the prior art was cited in an earlier petition, "it was relied upon only for the limitations of dependent claims presented in two of the six grounds asserted" and was relied upon "in a different manner for each ground asserted." [16] The PTAB accordingly found that "the grounds and arguments presented in the Petition in this proceeding differ sufficiently from those presented in the earlier petition," and it did not reject the petition. [17]

The PTAB has also allowed a subsequent petition by the same party (even where the prior two petitions had been denied) where the new petition argued obviousness over a particular reference whereas the prior petition argued anticipation by the same reference. [18] Petition arguments also may be found sufficiently different where different claims of the same patent are challenged in the separate petitions. [19]

However, if the PTAB interprets the new petition as an attempted "second bite at the apple," the petition is likely doomed. In *Atlas*, the PTAB noted upon allowing the second petition that it was "distinguishable from those in which a petitioner seeks a 'second bite at the apple.'" [20]

What constitutes a second bite at the apple? In one instance, the PTAB described it as "slightly tweaking previously asserted grounds, using [the PTAB's] prior institution decision as a 'roadmap.'" [21] Indeed, a petitioner who waits to file a second petition until after reviewing the PTAB's decision on its first petition runs a severe risk of having its new petition rejected. In *General Plastic v. Canon*, the PTAB stated as follows:

The facts here suggest this is a case of undesirable incremental petitioning, where a petitioner relies on a Board decision in a prior proceeding involving the same parties, the same patent, and the same claims,

to mount a serial attack [] after an unsuccessful first attack, by addressing deficiencies argued by the Patent Owner and determined by the Board.[22]

A second (or later) petition has the best chance of success if it is filed close in time to the earlier petition(s) without the benefit of PTAB rulings on the prior petition and if the petitioner offers a persuasive reason as to why it is proper to file a separate petition. The petitioner's explanation should describe how its new arguments differ from the prior petitions and why the new arguments are appropriate for a separate petition. If the new petition differs from the old petition primarily because a new prior art reference has been added, the petitioner, if possible, should explain why the "[p]etitioner was not, or reasonably could not have been, aware" of the newly asserted reference when it filed the earlier petition.[23]

Legislative or Administrative Changes to the Landscape?

It is no secret that patent law in recent years has received an atypical amount of attention from Congress and the Supreme Court. And it appears that the subject of this article is experiencing continuing legislative debate today, in view of recent criticism that the system has become overly hostile to patentees and innovation.

Sen. Chris Coons, D-Del., and three other senators recently introduced the STRONGER Patents Act of 2017 bill, which among other things would (1) prohibit subsequent IPRs "on any ground that the petitioner raised or reasonably could have raised in the initial petition" unless charged with infringement on additional claims and (2) prohibit an IPR petitioner (after an institution decision) from making subsequent attacks against the same patent claims in district court or the ITC based on printed publication arguments under sections 102 or 103.[24]

There is no guarantee that the new bill will progress through Congress, but it is significant that the estoppel issue is on the table, as is the issue of subsequent PTAB petitions. The currently proposed bill would enact strict interpretations of both issues in a manner designed to protect patent rights. This bill, and any related bills or congressional debate, should be closely monitored.

Further, the PTAB itself is also interested in the policy question of whether petitioners are currently allowed too many challenges against the same patent. PTAB Chief Judge David Ruschke stated during the May 2017 Patent Public Advisory Committee that serial patent attacks are a top concern of the PTAB and would be examined as part of a forthcoming reform initiative.[25] This ongoing review by the PTAB suggests that internal PTAB reforms could change the way multiple petitions are addressed.

In sum, there are no definitive answers to the question of how many times a party can challenge the same patent after an initial PTAB challenge. Practitioners should be prepared to navigate this challenging landscape with an understanding that the rules could change at any time, whether through decision of the Supreme Court, Federal Circuit clarification, or legislative or administrative change.

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[1] *Shaw Indus. Grp. v. Automated Creel Sys.*, 817 F.3d 1293, 1299-1300 (Fed. Cir. 2016).

[2] *Intellectual Ventures I LLC v. Toshiba Corp.*, 2017 U.S. Dist. LEXIS 3800, *4 (D. Del. Jan. 11, 2017).

[3] *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, 2017 U.S. Dist. LEXIS 7728, *9-11 (N.D. Cal. Jan. 19, 2017).

[4] *Cobalt Boats, LLC v. Sea Ray Boats, Inc.*, 2017 U.S. Dist. LEXIS 96909, *8-9 (E.D. Va. June 5, 2017).

[5] *Ilife Techs., Inc. v. Nintendo of Am., Inc.*, 2017 U.S. Dist. LEXIS 87769, *19 (N.D. Tex. May 30, 2017) (“[T]he Court concludes that in § 315(e), the statutory language ‘any ground that the petitioner . . . reasonably could have raised during that inter partes review’ includes grounds that the defendant reasonably could have raised in its petition to PTAB.”).

[6] *Biscotti v. Microsoft*, Case No. 13-CV-01015-JRG-RSP (E.D. Tex. May 11, 2017), Dkt. 191 at 13 (Magistrate’s Report and Recommendation adopting “the narrow view of Shaw” and applying estoppel to “grounds not included in a petition that a ‘skilled searcher conducting a diligent search reasonably could have been expected to discover’”).

[7] *Douglas Dynamics, LLC v. Meyer Prods. LLC*, 2017 U.S. Dist. LEXIS 58773, *13 (W.D. Wis. Apr. 18, 2017) (“[T]he court will construe the statutory language ‘any ground that the petitioner . . . reasonably could have raised during that inter partes review’ to include non-petitioned grounds that the defendant chose not to present in its petition to PTAB.”).

[8] *Clearlamp. LLC v. LKQ Corp.*, 2016 U.S. Dist. LEXIS 186028, *20 (N.D. Ill. Mar. 18, 2016).

[9] *Praxair v. INO Therapeutics*, IPR 2016-00781, Paper 10 at page 10; *Great West Cas. Co. v. Intellectual Ventures II LLC*, IPR 2016-01534, Paper 13 at page 16.

[10] *SAS Institute v. Lee*, Petitioners Brief at 16-17.

[11] *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1354 (Fed. Cir. 2016).

[12] *Id.* at 1358.

[13] To be clear, these factors concern only the PTAB’s discretionary authority to deny subsequent petitions,

setting aside issues of estoppel. A petitioner's subsequent petitions could be subject to § 315(e) estoppel at the PTAB if an initial petition concerning the same patent claims reaches a final written decision. See, e.g., *Praxair v. INO Therapeutics*, IPR 2016-00781, Paper 10 at page 10 (finding estoppel under § 315(e)(1) where petitioner previously challenged same claims in an IPR which reached a final decision, and petitioner "reasonably could have raised" the prior art asserted in second petition because "a skilled searcher conducting a diligent search" would have been expected to discover the newly asserted prior art at the time of original petition).

[14] See, e.g., *Duncan v. IPS Group*, IPR 2016-01144, Paper No. 9 at pages 8-9.

[15] *Id.* at page 10.

[16] IPR 2015-01421, Paper No. 8 at page 7.

[17] *Id.* at 7-8. See also *Silicon Laboratories v. Cresta Technology*, IPR 2015-00615, Paper No. 9 ("despite certain commonality with the earlier challenges, they do not rely on the reasoning we rejected in the related proceeding").

[18] *Arista v. Cisco*, IPR 2016-00309, Paper No. 8 at page 7.

[19] *Cepheid v. Roche Molecular*, IPR 2015-00881, Paper No. 9 at 5.

[20] *Atlas v. Kaeser*, IPR 2015-01421, Paper No. 8 at page 8.

[21] *Id.*

[22] IPR 2016-01359, Paper No. 12 at page 8.

[23] *Duncan v. IPS Group*, IPR 2016-01144, Paper No. 9 at pages 10-11.

[24] <https://www.congress.gov/bill/115th-congress/senate-bill/1390/text#toc-id645863c82106422dbabf0358ad52716d>

[25] <https://www.law360.com/articles/919456/ptab-keeping-close-eye-on-serial-patent-attacks-chief-says>