

Vidal director review ruling clarifies evaluation process of 325(d) discretionary denials

Arvind Jairam
22 September 2023



In a recent director review ruling, US Patent and Trademark Office Director Kathi Vidal vacated and remanded a Patent Trial and Appeal Board panel decision involving an evolving area of discretionary denial case law. Her [ruling in *Keysight Technologies Inc v Centripetal Inc*](#) touches on Section 325(d) discretionary denials and the applicable *Advanced Bionics* test.

Chief IP officers at patent-owning companies must familiarise themselves with Vidal's ruling in *Keysight Technologies* because it shows how to evaluate *inter partes* review prior art or arguments that were previously presented to the USPTO. This is especially true of prior art or prior IPR decisions listed in an information disclosure statement during prosecution.

Vidal's ruling in late August vacated a Patent Trial and Appeal Board decision in which the panel had exercised its discretion to deny institution of an IPR of a Centripetal Networks patent. It ordered the PTAB to analyse the merits of Keysight's unpatentability arguments regarding US Patent 10,681,009.

Procedural background

Keysight filed an IPR petition challenging the '009 patent. By statute, the PTAB can decline to institute an IPR for various reasons, including if "the same or substantially the same prior art or arguments previously were presented to the [USPTO]" under 35 U.S.C. § 325(d).

The '009 patent is related to and shares a specification with US Patent 9,674,148. In a prior IPR, the PTAB issued a final written decision holding various claims of the '148 patent unpatentable.

During prosecution of the '009 patent, the applicant filed an information disclosure statement identifying the final written decision of the '148 patent IPR.

Keysight's petition relied on several of the same prior art references from the '148 patent IPR.

The PTAB panel's decision

The PTAB panel applied the two-step test specified in the precedential 2019 case ***Advanced Bionics v MED-EL Elektromedizinische Geräte*** to decide to exercise its discretion to deny institution of Keysight's IPR under § 325(d).

Under the first step, the panel found that the same or substantially the same prior art references or arguments were previously presented to the USPTO, due to the information disclosure statement identifying the '148 final written decision.

The panel disagreed with Keysight, which had argued that the first step is not met because the applicant listed the '148 final written decision among hundreds of other references in the information disclosure statement and the examiner never discussed the final written decision.

Therefore, the PTAB panel moved on to the second step, analysing whether Keysight demonstrated that the USPTO erred in a manner material to patentability. Keysight's petition did not address the second step, instead asserting the PTAB need not proceed to it because the first step was not met.

Because the panel disagreed with Keysight regarding the first step, the panel exercised its discretion to deny institution.

USPTO director's review

After Keysight requested a precedential opinion panel (POP) to review the denial decision, Vidal stepped in to review the decision under a PTAB process that replaces the POP process. She agreed with the panel regarding the first step of the *Advanced Bionics* test, noting the *Advanced Bionics* decision states that previously presented prior art includes that provided in an information disclosure statement.

She stated that the first step of the test does not require that the examiner provide discussion, analysis, or findings regarding the material cited in an information disclosure statement.

Regarding the second step of the test, Vidal found that Keysight's arguments and evidence establish that the examiner erred in a manner material to patentability under the particular circumstances of Keysight's IPR.

She noted that Keysight's petition mentioned that the '009 and '148 patents are directed to the same subject matter and several prior art references relied upon in Keysight's IPR were previously asserted in the '148 IPR. Therefore, she found that Keysight's arguments and evidence establish substantial overlap in the subject matter described and claimed in the '009 and '148 patents.

Vidal stated that her review indicated that the examiner misapprehended or overlooked the PTAB's determinations in the '148 final written decision and thus committed material error regarding patentability—particularly because the examiner did not provide any clear explanation of why the '148 final written decision did not impact patentability.

Because Vidal found that both parts of the *Advanced Bionics* test are satisfied, she vacated the PTAB's denial decision and remanded to the panel to evaluate the merits of the petition.

Takeaways

Director Vidal's decision is worth noting for several reasons.

The decision shows how to evaluate IPR prior art or arguments previously considered by the USPTO, particularly prior art listed in an information disclosure statement during prosecution.

Vidal stepped in to provide guidance regarding the *Advanced Bionics* test and § 325(d), which has been an evolving area of case law.

She found that the listing of a prior IPR final written decision in an information disclosure statement suffices for the first part of the test, and she looked to the petitioner's arguments and evidence to find material error by the examiner for the second part.

Vidal noted that the material error arose under the particular factual circumstances of the case.

Notably, she stepped in to save Keysight's petition, despite disagreeing with Keysight regarding the first step of the test and Keysight not having made any argument regarding the second part.

Arvind Jairam

Author | Senior counsel

ajairam@mckoolsmith.com

McKool Smith

Copyright © Law Business Research Company Number: 03281866 VAT: GB 160 7529 10