

# Post-SAS: What's Actually Happening

**Webinar Presented by:**

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# Presenters



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# Covered Topics

- Post-SAS Federal Circuit Decisions
- Post-SAS District Court Decisions On Motions To Stay
- PTAB Guidance Post-SAS
- Estoppel Issues
- SAS Effect on Institution Decisions
- Effect of § 325(d) Post-SAS

# Supreme Court Holding in *SAS*

- **Question Presented:** Under 35 U.S.C. § 318(a), when the Board institutes IPR is it required to issue a final written decision addressing all of the challenged claims or may it limit the final written decision to only some of the claims?
- **Holding:** “When the Patent Office institutes an inter partes review, it must decide the patentability of all of the claims the petitioner has challenged.”
- Subsequent PTAB practice and guidance has been to institute on all presented ***grounds*** on all challenged ***claims*** when instituting an AIA-trial (IPR, PGR, or CBM). The PTAB has also issued orders modifying the scope of pending trials to include non-instituted grounds and challenged claims.



# Post-SAS Federal Circuit Decisions



# Post-SAS Federal Circuit Decisions

- **Patent Owners may request remand:**

- “Polaris may request a remand to allow the Board to consider noninstituted claims and grounds.” *Polaris Indus. Inc. v. Arctic Cat, Inc.*, No. 2017-1870, 2018 WL 2435544, at \*1 (Fed. Cir. May 30, 2018) (the petitioner had argued that the patent owner lacked the right to request a remand).

- **No waiver of right to remand, as SAS was a significant change in the law:**

- The court “further conclude[d] that Polaris did not waive its right to seek remand by not arguing against partial institution before the Board.” (*Id.*)

# Post-SAS Federal Circuit Decisions

- **Petitioners may request remand:**

- Before merits briefing. *Ulthera, Inc. v. Dermafocus LLC*, No. 2018-1542, Order (Fed. Cir. May 25, 2018).
- After the court has entered judgment on the FWD. *Broad Ocean Tech., LLC, v. Nidec Motor Corp.*, No. 2017-1933, Order (June 14, 2018).

# Post-SAS Federal Circuit Decisions

- **The parties may jointly request remand:**

- Granting a joint request for remand to the Board to address noninstituted grounds. *Nestle Purina Petcare Co. v. Oil-Dri Corp. of Am.*, No. 2017-1744, Order (Fed. Cir. June 11, 2018).

- **Remand for other reasons:**

- An understanding of the Board's official Guidance. *Medtronic, Inc. v. Barry*, No. 2017-1169, 2018 WL 2769092, at \*1 (Fed. Cir. June 11, 2018) (vacating the Board's decision that certain references were not prior art).
- In an appeal of a post-grant review. *Tinnus Enterprises, LLC, v. Telebrands Corp.*, No. 2017-1726 (May 30, 2018).

# Post-SAS Federal Circuit Decisions

- **The Federal Circuit has jurisdiction over partial institutions where no party has sought SAS-based relief.**
  - “There is finality here.” *PGS Geophysical AS v. Iancu*, No. 2016-2470, 2018 WL 2727663, at \*4 (Fed. Cir. June 7, 2018).
- **The Federal Circuit does not need to reopen non-instituted claims and grounds where no SAS-based relief is sought.**
  - The court concluded that “we need not reopen the non-instituted claims and grounds. In this case, no party seeks SAS-based relief.” (*Id.* at \*5.)

# Post-SAS District Court Decisions on Motions to Stay

# Post-SAS District Court Decisions on Motions to Stay

## ▪ Granting stays prior to institution decisions:

- “While review is not guaranteed and, therefore, the benefits of review are only speculative at this juncture, in light of the Supreme Court’s mandate to review all contested claims upon grant of IPR and the complexity of this case, the Court finds this factor weighs in favor of a limited stay of proceedings until the PTO issues its decisions on whether to institute IPR.” *Wi-LAN, Inc. v. LG Elecs., Inc.*, 2018 WL 2392161, at \*2 (S.D. Cal. May 22, 2018).
- “[W]ith the PTAB taking the new all-or-nothing approach to institution decisions, there’s no concern about the PTAB picking and choosing certain claims or certain invalidity grounds from each petition.” *Nichia Corp. v. Vizio, Inc.*, 2018 WL 2448098, at \*3 (C.D. Cal. May 21, 2018) (citing *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359 (2018)).

# Post-SAS District Court Decisions on Motions to Stay

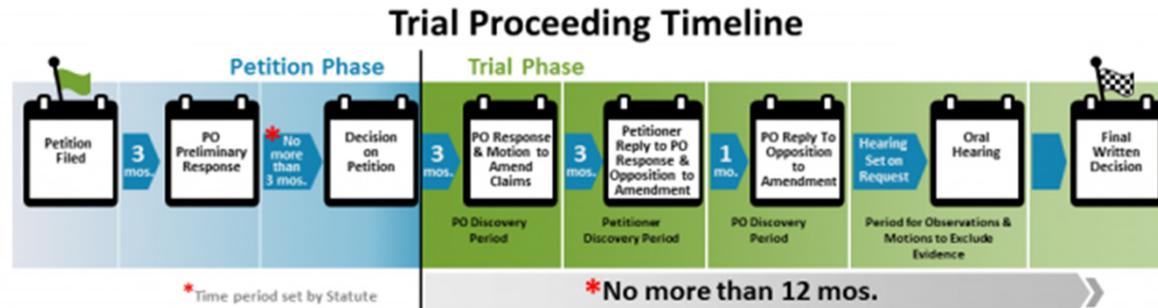
- **Granting a stay after trial, prior to entry of final judgment:**

- After trial, the jury returned a verdict in favor of Prisia, finding the asserted claims not invalid and that Samsung willfully infringed. However, prior to entry of final judgment, the SAS opinion issued and the Court directed the parties to show cause why the case should or should not be stayed in view of SAS. On May 29, the Board modified its decision to address all of the challenged claims and the Court subsequently stayed the litigation until the Board renders a decision. *Prisia Eng'g Corp. v. Samsung Elecs. Co.*, No. 1:16-CV-21761-KMM, (S.D. Fla. June 12, 2018).

- **Granting a stay while case is on-going:**

- In *Huawei Technologies, Co, Ltd. v. Samsung Electronics Co, Ltd.* the court granted a stay following the modification of an IPR trial to include all challenged claims despite the progress of the litigation to date. Case No. 3:16-cv-02787-WHO (N.D. Cal. June 13, 2018)

# PTAB Guidance Post-SAS



# PTAB Guidance Post-SAS

- **Available Here:**

[https://www.uspto.gov/sites/default/files/documents/sas\\_qas\\_20180605.pdf](https://www.uspto.gov/sites/default/files/documents/sas_qas_20180605.pdf)

- Answers a number of questions, including with respect to specific procedural stages of on-going proceedings.

- **Example:**

- **Q:** Will the Board re-start the trial process in view of SAS on the claims/grounds initially denied institution, including re-starting the 12-month statutory clock?

- **A:** No. As explained below, depending on the specific facts of a case and its procedural posture, an order instituting on all claims and all grounds presented in the petition and an order for the parties to meet and confer will be entered. A panel may also authorize additional briefing, evidence, and a supplemental hearing, as well as extend procedural dates.

# PTAB Guidance Post-SAS

- **General PTAB Practice Post-SAS with Pending Instituted Trials**
  - If there was no partial institution, SAS has **no impact** on such a proceeding.
  - If there was a partial institution:
    - In most cases, the PTAB panel issues an order modifying the trial to include originally non-instituted grounds and non-instituted claims.
    - Offers the parties an opportunity to confer as to the impact of SAS and request appropriate relief, as reflected in the guidance for each stage of a proceeding provided in the FAQs.

# Guidance At Specific Procedural Stages

## ▪ Instituted, but AFTER Final Written Decision

### – Situation I:

- **Q:** If the proceeding has been instituted and the Final Written Decision has already issued, but the deadline for a Request for Rehearing has not passed, how will the Board and the parties address SAS?
- **A:** Either party can file a rehearing request to raise SAS-issues regarding all claims and/or all grounds challenged in the petition. The panel may extend the rehearing deadline if a party requests such an extension and the panel determines it is needed.

### – Situation II:

- **Q:** If the Final Written Decision has already issued and the deadline for a Request for Rehearing has passed but not the deadline to appeal the case to the Federal Circuit, how will the Board and the parties address SAS?
- **A:** Either party may request a conference call with the panel to discuss additional briefing and/or evidence to address additional claims and/or grounds. The panel may extend or waive the rehearing deadline.

# “Atypical” Example of SAS Impact Post Final Written Decision

- **Kingston Technology Company, Inc. v. Polaris Innovations Ltd., IPR2016-01622, Paper 42 (June 11)**
  - SAS issued after the Final Written Decision.
  - After issuance of SAS, Petitioner was authorized to file an out of time request for rehearing directed to claims for which trial was ***not instituted***.
    - Petitioner’s motion sought a decision on claim 4, and disclaimed its attack on claims 2 and 3 while seeking to have those claims excluded from the proceeding.
  - PTAB modified its decision to include all grounds and all challenged claims.
    - Found Petitioner had not shown claims 2 and 3 to be unpatentable.
    - Found claim 4 was unpatentable over the prior art of record – notably the subject matter of claim 4 was incorporated into a substitute claim that was originally found unpatentable and according to the PTAB “Patent Owner was given many opportunities to address the patentability...[of] the subject matter of claim 4”.

# Estoppel Issues

# Estoppel Issues

## ▪ Statutory Language

– 35 USC § 315 (e) – Estoppel

- (1) PROCEEDINGS BEFORE THE OFFICE.—The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office **with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.**
- (2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 **that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.**

# Estoppel Issues Pre-SAS

## ■ Statutory Language interpretation pre-SAS (Federal Circuit):

- *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293 (Fed. Cir. 2016)
  - Interpreting § 315 (e)(1) – stating that Petitioner would not be estopped from pursuing a further challenge based on a non-adopted ground that could not be raised *during that inter partes review*.
- *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044 (Fed. Cir. 2017)
  - Interpreting § 315 (e)(1) and finding it does not apply to claims upon which the Board declined to institute review.
- *In re Verinata Health, Inc.*, 2017 U.S. App. LEXIS 6834 (Fed. Cir. March 9, 2017)
  - Denying a writ of mandamus where district court had declined to apply § 315 (e)(2) to a ground that was raised in a Petition but was not part of the trial.

# Estoppel Issues Pre-SAS

## ▪ Statutory Language interpretation pre-SAS (District Courts):

### – Limited Estoppel Example

- *Koninklijke Philips N.V. v. Wangs Alliance Corp.*, 2018 U.S. Dist. LEXIS 607 (D. Mass. January 2, 2018)
  - Declining to apply § 315 (e)(2) to invalidity grounds that were not raised in a Petition.

### – Less-Limited Estoppel Example

- *Biscotti Inc. v. Microsoft Corp.*, 2017 U.S. Dist. LEXIS 144164 (E.D. Tex. May 11, 2017)
  - Applying § 315 (e)(2) to grounds of invalidity not included in a Petition and grounds included in a Petition “but determined by the PTAB to not establish a reasonable likelihood of unpatentability (in other words, administrative review on the merits of a ground)”.

# Estoppel Issues Post-SAS

## ■ How will estoppel be applied post-SAS?

- The situation of *Shaw* no longer exists – there will no longer be any non-instituted grounds.
- As noted above, PTAB will not re-start a trial if the scope is modified to include all grounds and all claims.
- In view of the all or nothing SAS approach, it appears the focus will turn to the “reasonably could have raised during that *inter partes* review” language of § 315.

# Estoppel Issues Post-SAS

## ■ Dealing with Estoppel: Joint Motions

- *Ooma, Inc. v. Deep Green Wireless LLC et al.*, IPR2017-01541, Paper 28 (May 29) (order limiting trial); Paper 25 (May 23) (order allowing motion)
  - Parties filed an authorized joint motion to limit the petition to exclude certain grounds that were added as a result of SAS.
  - Board authorized Patent Owner to file a supplemental response to address an anticipation ground that was added, and that response together with the original response was to be limited to 14,000 words and rely only on evidence already in the record.
  - In the original order authorizing the joint motion filing, the Board **declined to decide estoppel issues as not ripe where the parties had attempted to stipulate that there would be no estoppel against prior art that was newly added post SAS**, but that the parties agreed should be withdrawn.

# SAS Effect on Institution Decisions

# SAS Effect on Institution Decisions

- **What is happening with Institution Decisions now that the PTAB is instituting on all *grounds* in a petition and all *claims* consistent with SAS?**
  - The Board may institute trial without providing an analysis of every *claim and ground*.
    - Finding one ground supported institution, due to SAS, the Board instituted *inter partes* review on three other grounds as well, without any detailed analysis. *Trans Ova Genetics, LC et al v. XY, LLC et al.*, IPR2018-00248, Decision at 25, Paper No. 7 (June 7, 2018).
    - Finding reasonable likelihood of success for two of four grounds for one claim, the Board instituted trial on all grounds and all nine challenged claims. *Seoul Semiconductor Co., Ltd. et al v. Document Security Systems, Inc.*, IPR2018-00265, Decision at 12, Paper No. 8, (June 7, 2018).

# SAS Effect on Institution Decisions

- **The Board will identify grounds and claims where the Petitioner has not demonstrated a reasonable likelihood of success:**
  - Demonstrating a reasonable likelihood of prevailing on one ground, meant under SAS, institution of a ground in which the Board found the Petitioner had failed to provide evidence of obviousness. *Axis Communications AB et al v. Avigilon Fortress Corporation*, IPR2018-00140, Decision at 20-21(June 1, 2018).
  - Similarly, demonstrating a reasonable likelihood of prevailing on other grounds, meant under SAS, institution of a ground in which the Board found the Petitioner had offered only a conclusory statement that a person of ordinary skill in the art would substitute one element for another. *Saudi Arabian Oil Company et al v. SK Innovation Co., Ltd.*, IPR2018-00159, Decision at 25-26 (May 18, 2018).

# SAS Effect on Institution Decisions

- **The Board will identify grounds and claims where the Petitioner has not demonstrated a reasonable likelihood of success (continued):**
  - Required under SAS to Institute trial on a claim even though no showing of a reasonable likelihood of prevailing. *Coriant (USA) Inc. et al v. Oyster Optics, LLC*, IPR2018-00258, Decision at 42, Paper No. 13 (June 6, 2018).
  - Finding a reasonable likelihood of prevailing on one ground, the Board declined “to deny institution of other grounds on the basis of § 325(d) or failure to establish a reasonable likelihood of prevailing.” *Infiltrator Water Technologies, LLC v. Presby Patent Trust*, IPR2018-00224, Decision at 26-27, Paper No. 6 (May 25, 2018).

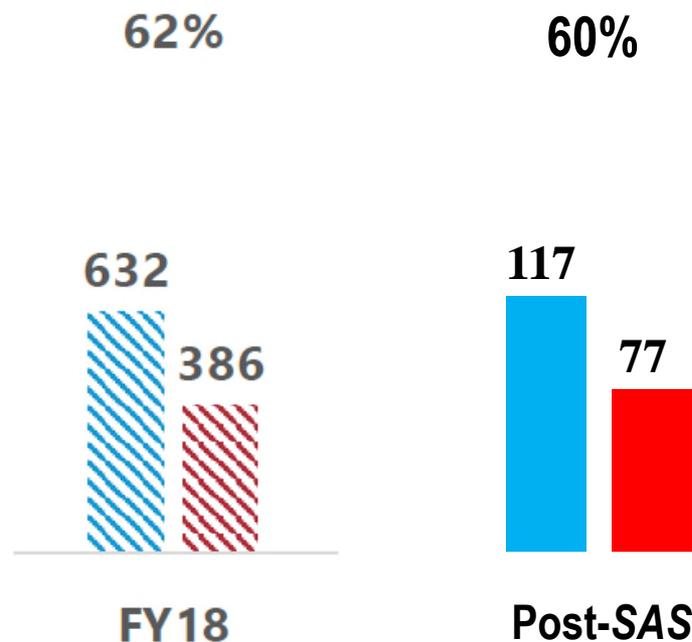
# SAS Effect on Institution Decisions

- **The Board has exercised its discretion to deny institution:**
  - Declining to institute on method claims related to apparatus claims that were subject to alternative proffered constructions that included indefiniteness challenges. Here, the PTAB reasoned that “Because a trial on the challenged claims, including claims 14–17, likely would be **dominated by issues of alleged indefiniteness of claims** 1–6, 8–13, 23–26, and 28, we exercise our discretion to deny institution on all challenged claims and grounds.” *Nikon Corporation et al v. ASML Netherlands BV et al.*, IPR2018-00220, Decision at 18-19, Paper No. 8 (June 4, 2018) (emphasis added).

# SAS Effect on Institution Decisions

## ▪ Institution Rates Post-SAS

■ Instituted ■ Denied



# Effect of § 325(d) Post-SAS

# Effect of § 325(d) Post-SAS

- **Statutory Language**

- 35 USC § 325(d) – MULTIPLE PROCEEDINGS

- .... In determining whether to institute or order a proceeding under this chapter, chapter 30, chapter 31, the Director 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.**

# Effect of § 325(d) Post-SAS

## ▪ From the Frequently Asked Questions and Answers

- **Q:** Will the Board vacate its prior institution decision if including all claims and/or grounds would bring in challenges that were initially denied under 35 USC § 325(d)?
- **A:** No, at this time the Board does not anticipate vacating prior institution decisions under these circumstances. Although challenges subjected to § 325(d) will be addressed in the Final Written Decision, panels will take into account evidence that the same or substantially the same art or argument was previously before the Office and give such evidence due weight in addressing the challenge.
  
- **Q:** In view of the Office's policy to institute on all challenges or none, how will the Board handle 35 USC § 325(d) in situations where only some of the challenges fall within its scope?
- **A:** The panel will evaluate the challenges and determine whether § 325(d) is sufficiently implicated that its statutory purpose would be undermined by instituting on all challenges. If so, the panel will evaluate whether the entire petition should be denied.

# Questions?

# Thank you!

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