

CHALLENGING AND DEFENDING OBVIOUSNESS AT THE PTAB



BY BRADLEY J. VAN PELT AND BRITTANY M. MARTINEZ

In the first two-and-a-half years of *inter partes* review (IPR) precedent, IPRs have proven to be an effective means of challenging the validity of a patent. More than 73 percent of claims originally challenged in IPR petitions have been either cancelled by the patent owner or found unpatentable by the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office (USPTO).¹ Where the PTAB has granted petitions for IPRs, it jumps to more than 81 percent.² While the success rate of novelty challenges at the PTAB is slightly better than the district courts (37.5 percent in IPRs at the PTAB compared to 31.1 percent in the district courts), PTAB precedent, thus far, indicates that the PTAB is more likely to invalidate claims for obviousness than the district courts (57.6 percent in IPRs at the PTAB compared to 27.8 percent in district courts).³ In view of the heightened success of obviousness cases in IPRs, how can patent holders best prepare for the issue of obviousness in IPRs and what can be learned by the invalidity challenges that have failed?

Citation of prior art during prosecution is not enough to avoid an IPR on the basis that the prior art was already considered by the examiner. While judges and juries are typically unwilling to invalidate claims based on prior art considered during prosecution, the PTAB has granted petitions for IPRs on the basis of prior art already considered by the examiner during prosecution. (See *Macauto U.S.A. v. BOS GmbH & KG*, IPR2012-00004, Paper 18 (Jan. 24, 2013) declining to reject a petition based upon the fact that particular arguments and

prior art were previously considered by the USPTO; *Illumina, Inc. v. Trs. of Columbia Univ. in the City of N.Y.*, IPR2012-00006, Paper 28 (Mar. 12, 2013) finding that the petitioner demonstrated a reasonable likelihood that certain claims would be invalidated in view of art considered during prosecution; and *LKQ Corp. v. Clearlamp, LLC*, IPR2013-00020, Paper 18 (Mar. 29, 2013) finding that the petitioner demonstrated a reasonable likelihood that the claims would be found obvious over prior art successfully traversed during prosecution). Therefore, simply citing the closest prior art during prosecution will not guarantee avoiding a later invalidity challenge at the PTAB on the basis of the same cited prior art.

In addition, the PTAB has seldom allowed patent holders to amend claims during IPRs, and, therefore, the ability to amend claims during an IPR is virtually nonexistent.⁴ Moreover, in light of the recent affirmance of the PTAB's decision to deny amending of claims in *In re Cuozzo Speed Tech.*, amending claims during IPRs is likely to remain difficult. (See *Garmin Int'l Inc. v. Cuozzo Speed Tech.*, IPR2012-00001, Paper 59 (Nov. 13, 2013), *aff'd* in *In re Cuozzo Speed Tech.*, 2014-1301 (Fed. Cir. February 4, 2015) denying a motion to amend because the scope of the proposed substitute claim was not supported by any of the original claims).

Accordingly, during prosecution, practitioners should consider taking steps in addition to amending the claims or arguing the various features of the claims to overcome the particular references relied on by the examiner to reject the claims. Specifically, practitioners should also consider all prior art of record when developing a response strategy in prosecuting applications.

In particular, extensively review all prior art and its impact on the claims when drafting and prosecuting applications and how the prior art may be used later on in invalidity attacks against the claims. For example, in addition to amending the claims to overcome the prior art relied upon by the examiner, also file narrower claims that may be helpful in overcoming any other known prior art discovered during prosecution.

Moreover, prior to filing applications, applicants often conduct patentability searches to determine what is protectable in patent applications, which includes a search of the relevant prior art pertaining to an invention. With the successfulness of obviousness challenges at the PTAB, it becomes more important to thoroughly review these searches prior to application drafting to determine various routes to patentability. This includes preparing robust disclosures containing multiple embodiments and drafting claims of varying scope and degree.

As compared to district court litigation, IPR rules are skewed dramatically in the petitioner's favor. In an IPR, there is no presumption of validity, but rather petitioners need only satisfy a preponderance of the evidence standard, and claims are given their broadest reasonable interpretation. Further, the PTAB, comprised of patent practitioners with technical backgrounds, is not as likely as a judge or jury to defer to examiner conclusions. Once an IPR petition is filed, a patent owner must be prepared to attack any and all weaknesses of the petitioner's case.

The optional patent owner's preliminary response (POPR) can be an important tool to attack the petitioner's case and may help persuade the PTAB to deny petitions for IPRs. For example, patent holders should utilize POPRs to challenge any procedural deficiencies of IPR petitions (e.g., redundancy,

timing, etc.) and/or a specific deficiency in the prior art, combination of prior art or petitioner's characterization of prior art. (See *E.I. Du Pont De Nemours & Co. v. Monsanto Tech. LLC*, IPR2014-00331, paper 21 (July 11, 2014) finding convincing patent owner's argument that a particular claim element was missing from the prior art; *Lenroc Co. v. Enviro Tech Chemical Services, Inc.*, IPR2014-00382, paper 12 (July 24, 2014) finding dispositive patent owner's claim construction; and *Mylan Pharms. Inc. v. Gilead Scis., Inc.*, IPR2014-00885, Paper 15 (Dec. 9, 2014) finding convincing patent owner's argument that there was no motivation to combine references).

“Extensively review all prior art and its impact on the claims when drafting and prosecuting applications and how the prior art may be used later on in invalidity attacks against the claims.”

Additionally, although the PTAB has invalidated many claims on obviousness grounds, it still remains the petitioner's burden to establish a *prima facie* case of obviousness. Therefore, in the POPR, patent holders can highlight the areas of petitions where the petitioner has failed to establish a *prima facie* case of obviousness against the claims. (See *Lake Cable v. Windy City*, (IPR2013-00528, Paper. 11 at 29-31 (Feb. 19, 2014) denying petition for IPR brought on five different grounds of obviousness because the petitioner failed to show that the prior art taught all of the elements of the claims and/or the petitioner failed to explain why a person of ordinary skill in the art would have made the proposed modifications). Further, the PTAB has denied petitions for IPR where the petition only points out that all of the elements are

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shown in the prior art. (See *id* at 24 opining that the “independent existence of [] elements in various prior art references does not, itself, demonstrate that the combination of such elements is obvious;”⁵ see also *Nautique Boat Company, Inc. v. Malibu Boats, LLC*, IPR2014-01045 Paper. 13, at 14-15, 19 (Nov. 26, 2014) denying obviousness grounds because petitioner failed to identify any differences between the claimed invention and the prior art, thus failing to make a meaningful obviousness inquiry and because the reason to combine the elements was not made explicit).

“In reviewing a petition for IPR, the PTAB’s job is not to determine whether the claims are patentable, but only whether the petitioner has satisfied its burden.”

Petitioners attempting to institute an IPR on grounds of obviousness should not expect that the PTAB will connect the dots in determining whether to grant the petition for review. In reviewing a petition for IPR, the PTAB’s job is not to determine whether the claims are patentable, but only whether the petitioner has satisfied its burden. The PTAB will not embark on reviewing the references cited in detail to determine whether the claims at issue are obvious.⁶ In *Fontaine Engineered Products, Inc. v. Raildecks*, (2009), Inc. IPR2013-00360, Paper 9 (Dec. 13, 2013), the PTAB refused a petition for IPR brought on obviousness grounds because the petitioner’s claim charts only cited to disclosure of the alleged invalidating reference without any accompanying explanation or argument as to why the reference discloses or teaches the recited “first brace(s).”⁷ Additionally, petitioners must explicitly identify where every limitation of the claims is located in the prior art. (See *CB Distributors, Inc.*

v. Fontem Holdings 1 B.V., IPR2013-00387, Paper 43 at 30-31 (Dec. 24, 2014) finding that claim 11 is not obvious in view of the asserted prior art because the petitioner did not “contend or point us to where Hon ‘494 discloses or suggests a restriction component ‘detachably set on one end’ of the porous component.”)

In addition, petitioners cannot rely on conclusory statements without more to establish obviousness and must explain why a person of ordinary skill in the art would make the alleged combination. (See *Scotts Company LLC v. Encap* IPR2013-00491, Paper 9 (Feb. 5, 2014) denying a petition to institute an IPR because the petitioner relied on “conclusory statements, without any substantiating evidence (e.g., expert declaration), as to why a person of ordinary skill in the art would have combined the teachings”⁸ Also in *Zimmer Holdings, Inc. v. Bonutti Skeletal Innovations LLC*, IPR2014-01078, Paper 17 (Oct. 30, 2014), the PTAB denied a petition to institute an IPR on obviousness grounds on a patent pertaining to knee implants and knee implant surgery because the references asserted provided substantially different structures and functions from each other, and the obvious rationale was not supported “by adequate articulated reasoning with rational underpinning.”⁹

Petitioners should always include expert testimony in petitions for IPR. (See *Excelsior Medical Corp. v. Lake*, IPR2013-00494, Paper 10 at 8 (Feb. 6, 2014) denying petition for IPR on obviousness grounds because the petitioner did not provide any objective evidence that supported its assertion that the prior art contained the claimed “at least one elastically deformable, inwardly directed protrusion”). Also, in utilizing experts, petitioners should avoid having the expert simply restate the position in the petition. In *Kinetic Technologies, Inc. v. Skyworks Solutions, Inc.*, IPR2014-00529,

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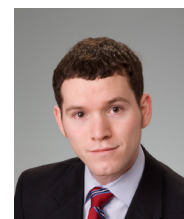
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Paper 8 (Sept. 23, 2014), the PTAB denied the petition because the expert's declaration did not provide any facts or data to support the underlying opinion that the claims would have been obvious. Specifically, the expert's opinion was substantially identical to the arguments of the petition, and the PTAB indicated that the statements made by the expert in the opinion were conclusory and entitled to little weight.¹⁰

In light of the success of obviousness at the PTAB, patent applicants should extensively review all prior art and its impact on the claims when handling applications and how the prior art may be used later in invalidity attacks against the claims. Once an IPR petition has been filed, the POPR is important for attacking the petitioner's obviousness case and to persuade the PTAB to deny petitions for IPRs. Additionally, although the PTAB has invalidated many claims on obviousness grounds, petitioners must still establish a *prima facie* case of obviousness or risk denial of the institution of an IPR. ■

1. "2014 Findings on USPTO Contested Proceedings," *Post Grant HQ Reporter*, Fitzpatrick, Cella, Harper & Scinto, Postgranthq.com, page 2.
2. *Id.*, at 4.
3. *Id.*, at 10.
4. "3 Lessons From Unsuccessful Inter Partes Review Petitions," Law360, Herzfeld et al. http://www.law360.com/ip/articles/640040?nl_pk=9524721c-1d2b-4e22-8155-adb407db986d&utm_source=newsletter&utm_medium=email&utm_campaign=ip
5. *Id.*
6. See § 42.108(b)
7. *Id.* at 11 and 15.
8. *Scotts Company LLC v. Encap*, IPR2013-00491, Paper 9 (Feb. 5, 2014).
9. *Id.*
10. *Id.*

NEW USPTO DIRECTOR MICHELLE LEE JOINS IPLAC ROUNDTABLE DISCUSSION IN CHICAGO



Michelle K. Lee, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, visited Chicago on April 16 to discuss current developments and topics in patent law and policy. Banner and Witcoff shareholder Richard S. Stockton played a key

role in organizing the event, which included a roundtable discussion with Lee, and a question and answer session with the audience.

Lee is the first woman to serve as head of the patent system in its 225 year history, and also served as the first head

of patents and patent strategy for Google. She discussed several key initiatives of the USPTO and its almost 13,000 employees, including the Patent Quality Initiative aimed at enhancing patent examination and the quality of issued patents. As a principal adviser to President Obama on intellectual property matters, she also discussed current proposals for patent reform legislation pending or under consideration in Congress, as well as the role of patents and other forms of intellectual property in driving innovation.

The program was hosted by IPLAC and held at the University Club in Chicago.

BANNER & WITCOFF WELCOMES EIGHT SUMMER ASSOCIATES

The following law students will join Banner & Witcoff's Chicago and Washington, D.C., offices as summer associates:

- Courtney Cronin, Chicago, Northwestern University School of Law;
- Kevin Dam, Chicago, Washington University School of Law;
- Kimberly Devine, Chicago, Northwestern University School of Law;
- Sydney English, Washington, D.C., George Washington University Law School;
- Lindsay Laddaran, Washington, D.C., Georgetown University School of Law;
- Kumar Ravula, Chicago, Northwestern University School of Law;
- Kurt Riester, Chicago, Northwestern University School of Law;
- Michael West, Washington, D.C., George Mason University Law School.

Law students are selected for the summer associate program based on their strong academic records in law school and undergraduate studies, technical backgrounds and personal achievements.