

Preparing For The Obvious At The PTAB

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There is little debate that inter partes reviews have proven to be an effective means of challenging the validity of a patent. During the first two-and-a-half years, more than 73 percent of claims originally challenged in IPR petitions have been either canceled by the patent owner or found unpatentable by the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office.^[1] Where the PTAB has granted petitions for IPRs, the number jumps to more than 81 percent.^[2]



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So far, the success rate of novelty challenges at the PTAB is slightly better than in the district courts, with 37.5 percent in IPRs at the PTAB and 31.1 percent in the district courts. However, precedent indicates that the PTAB is twice as likely to invalidate claims for obviousness than the district courts.^[3] In view of this precedent, how can patent holders best prepare for the issue of obviousness in IPRs and what can petitioners learn from the invalidity challenges that have failed?

Lessons for Patent Holders

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. Judges and juries are typically unwilling to invalidate claims based on prior art considered during prosecution. In contrast, the PTAB has granted petitions for IPRs on the basis of prior art already considered by the examiner during prosecution.

For example, in *Macauto U.S.A. v. BOS GmbH & KG*, the PTAB declined to reject a petition based upon the fact that particular arguments and prior art were previously considered by the USPTO.^[4] In *Illumina Inc. v. Trs. of Columbia Univ. in the City of N.Y.*, the PTAB found that the petitioner demonstrated a reasonable likelihood that certain claims would be invalidated in view of art considered during prosecution.^[5] The PTAB also found in *LKQ Corp. v. Clearlamp LLC* that the petitioner demonstrated a reasonable likelihood that the claims would be found obvious over prior art successfully traversed during prosecution.^[6]

In addition, the PTAB has seldom allowed patent holders to amend claims during IPRs.^[7] Moreover, in light of the recent affirmance of the PTAB's decision to deny the amending of claims in *In re Cuozzo Speed Tech.*, amending claims during IPRs is likely to remain difficult.^[8]

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 consider all prior art of record when developing a response strategy in prosecuting applications. They should 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 in invalidity attacks against the claims. They should also file narrower claims that may be helpful in overcoming any other known prior art discovered during prosecution.

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 successiveness of obviousness challenges at the PTAB, it becomes more important to thoroughly review these searches prior to application drafting to determine different 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.

For example, in E.I. Du Pont De Nemours & Co. v. Monsanto Tech. LLC, the PTAB found the patent owner's argument that a particular claim element was missing from the prior art convincing.^[9] In Lenroc Co. v. Enviro Tech Chemical Services Inc., the PTAB found the patent owner's claim construction dispositive.^[10] Also, the PTAB, in Mylan Pharms. Inc. v. Gilead Scis. Inc., found the patent owner's argument that there was no motivation to combine references convincing.^[11]

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. For example, in Lake Cable v. Windy City, the PTAB denied a 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.^[12]

Lessons for Petitioners

The PTAB has denied petitions for IPR where the petition only points out that all of the elements are shown in the prior art. This occurred in Lake Cable v. Windy City, where the PTAB found that "independent existence of [] elements in various prior art references does not, itself, demonstrate that the combination of such elements is obvious."^[13] Also, in Nautique Boat Company Inc. v. Malibu Boats LLC, the PTAB denied obviousness grounds because the 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.^[14]

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. 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 review the references cited in detail to determine whether the claims at issue are obvious.^[15] In *Fontaine Engineered Products Inc. v. Raildecks Inc.*,^[16] 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)."^[17]

Petitioners must also explicitly identify where every limitation of the claims is located in the prior art. In *CB Distributors Inc. v. Fontem Holdings 1 BV*, the PTAB found one of the claims 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."^[18]

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. The PTAB, in *Scotts Company LLC v. Encap*, denied 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."^[19]

Also in *Zimmer Holdings Inc. v. Bonutti Skeletal Innovations LLC*, 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 provided substantially different structures and functions from each other, and the obvious rationale was not supported “by adequate articulated reasoning with rational underpinning.”^[20]

Petitioners should always include expert testimony in petitions for IPR. In *Excelsior Medical Corp. v. Lake*, the PTAB denied a 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.”^[21] Also, in using experts, petitioners should avoid having the expert simply restate the position in the petition. In *Kinetic Technologies, Inc. v. Skyworks Solutions, Inc.*, 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.

^[22] 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.^[23]

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.

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[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] IPR2012-00004, Paper 18 (Jan. 24, 2013).

[5] IPR2012-00006, Paper 28 (Mar. 12, 2013).

[6] IPR2012-00006, Paper 28 (Mar. 12, 2013); IPR2013-00020, Paper 18 (Mar. 29, 2013).

[7] "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

[8] 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).

[9] IPR2014-00331, paper 21 (July 11, 2014).

[10] IPR2014-00382, paper 12 (July 24, 2014).

[11] IPR2014-00885, Paper 15 (Dec. 9, 2014).

[12] IPR2013-00528, Paper 11, at 29-31 (Feb. 19, 2014).

[13] IPR2013-00528, at 24 (Feb. 19, 2014).

[14] IPR2014-01045 Paper. 13, at 14-15, 19 (Nov. 26, 2014).

[15] See § 42.108(b).

[16] IPR2013-00360, Paper 9 (Dec. 13, 2013).

[17] Id. at 11 and 15.

[18] IPR2013-00387, Paper 43 at 30-31 (Dec. 24, 2014).

[19] Scotts Company LLC v. Encap, IPR2013-00491, Paper 9 (Feb. 5, 2014).

[20] IPR2014-01078, Paper 17 (Oct. 30, 2014).

[21] IPR2013-00494, Paper 10 at 8 (Feb. 6, 2014).

[22] IPR2014-00529, Paper 8 (Sept. 23, 2014).

[23] Id.