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PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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In IPR, Is a “Prior Art” U.S. Patent Prior? Be Careful

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April 17, 2017 — IPR—*inter partes* review—deals with limited issues: whether patent claims are valid or invalid under just two grounds of possible invalidity, *i.e.*, anticipation, 35 U.S.C. § 102, and obviousness, § 103. IPR determines the issues from just two sources of prior art, patents and publications. So then, easy-peasy, in terms of issues: the IPR petition presents the art, shows it is prior by its dates, the petitioner and the patent owner have two experts present two opposing opinions on the content of the prior art versus the claimed invention, and the expert Patent Trial and Appeal Board (PTAB) judges make a decision. Case over.

But nothing can ever be that easy. For example, is a U.S. patent “prior” if, on its face, it has an effective filing date before the invention date of the patent that is the subject of the IPR proceeding? Among the easy-peasy, that should be one of the easy-peasy-est. The answer is yes, a patent reference with such a filing date is prior art, no evidence required.

You may think so, but be careful. For example, consider two situations. The effective filing date may be based on the “prior art” patent being a file wrapper continuation (FWC) of an earlier patent application. Or, the effective filing date may be based on a provisional patent application. In either case, the “prior art” patent may be what it appeared to be—or may not be—based on *the evidence*, not on what the patent appears to be or is determined by the petitioner’s lawyers to be in their work in preparation for the IPR.

A first example is a hypothetical IPR case with a reference that is a FWC. Assume the petitioner relies on a reference, “Smith,” that is a FWC and needs the date of its parent to be prior art under 35 U.S.C. § 102(e) (pre-America Invents Act). The petition stated it was a FWC and was prior art.

But—assume also that the patent owner asserts in a preliminary response to the petition that the petition fails to show that Smith is in fact prior art. Specifically, says the preliminary response,

“Petitioner offers no evidence or even argument to establish that Smith—which depends from an abandoned, unpublished application—is entitled to Petitioner’s relied-upon priority date.”

What must or can the petitioner do? Banner & Witcoff experience teaches that the petitioner may do the dramatic, in IPR terms—go for a “replacement” petition; ask the PTAB for leave to file a motion, and then file a motion to file a “replacement” petition. The replacement petition can add a table to provide support from the Smith parent, and add the Smith parent as an exhibit.

The patent owner can certainly oppose the motion. And it can assert *Dynamic Drinkware v. National Graphics, Inc.*, 800 F.3d 1375 (Fed. Cir. 2015), in support.

But what follows can also be dramatic, in IPR terms. The PTAB can grant the motion. It can allow the replacement petition. It can reason that, yes, the petitioner had the burden of proof, initially and always. But the petitioner also had, initially, the burden of production, a burden that can shift back and forth between the parties. The burden of production has been called the burden of going forward, *i.e.*, the burden of producing enough evidence for a court to consider whether a point of fact is true. As to Smith as prior art, the PTAB can resolve that the petitioner satisfied, initially, the burden of production by having argued that Smith was prior art. If the petitioner had also stated that Smith was a FWC and shared the same disclosure as its parent, that can also be credited. If the petitioner so satisfied its burden of production, then the burden of production shifted to the patent owner, to argue or produce evidence that Smith was *not* prior art.

As above, we assumed that the patent owner argued that the petitioner had not met the petitioner’s burden. But—the patent owner also had a burden of production, a burden placed on it once the petitioner met its burden of initial production. Our patent owner failed its burden, because while the patent owner argued the petition had not met the petitioner’s burden, the patent owner did not go forward to produce evidence that Smith was not entitled to the filing date of its parent. *Id.*

The hypothetical is in a situation of a FWC, and the petitioner prevailed because the patent owner did not present evidence or argument that the FWC lacked the disclosure relied upon for the reference. Banner & Witcoff is pleased to claim just such a result, as the result is ours as petitioner’s counsel. But consider the *other* situation mentioned, with other counsel, the situation of reliance on the filing date of a provisional patent application. That situation implicates *Dynamic Drinkware* directly, as it was a case with that specific, provisional patent application situation. And the petitioner lost.

The *Dynamic Drinkware* petitioner challenged a ‘196 patent. 800 F.3d at 1377. It compared claim 1 of the ‘196 patent to a provisional patent application that had its benefit claimed in a “Raymond” reference. *Id.* The petitioner did not, however, compare the Raymond reference to the provisional patent application. *Id.* That was fatal, stated the PTAB. *Id.*

The Federal Circuit affirmed. *Id.* The Court acknowledged that the petitioner provided charts to the PTAB comparing the claims of the challenged ‘196 patent to the Raymond patent and comparing claim 1 of the challenged patent to the provisional. *Id.* at 1381. But the petitioner did not, stated the Court, demonstrate support in the provisional *for the claims* of the Raymond patent. And that, said the Court, was the petitioner’s burden, when challenged, to prove that the Raymond

patent was to be entitled to the date of its provisional application. *Id.* “A provisional application’s effectiveness as prior art depends on its written description support for the claims of the issued patent of which it was a provisional. Dynamic did not make that showing.” *Id.* Comparing claims of the challenged patent to both the reference and the provisional of the reference was not a substitute for comparing the claims of the reference to the claims of the provisional, and the lack of the “third” comparison caused the petition to fail.

So in relying on the benefit claim of a patent to prove it to be prior art, be careful, very careful. If the effective filing date is based on the “prior art” patent being a FWC of an earlier patent application, be careful but confident. On the other hand, if the effective filing date is based on a provisional patent application, be careful and mind the details. In any situation of relying on a benefit claim, the patent may be prior art or not based on *the evidence*, not on what the patent appears to be or is determined by the petitioner’s lawyers to be in their work in preparation for the IPR. Because of *Dynamic Drinkware*, in the situation of reliance on the filing date of a provisional patent application, carry the burden, if you are the petitioner, in your petition, to demonstrate support in the provisional *for the claims* of your reference.

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The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer frequent summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.



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