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Don't Like Your PTAB Decision in IPR? Ask the PTAB to Pack the Court

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September 11, 2017 — U.S. President Franklin D. Roosevelt led the United States for four terms of office, impossible now, had fireside chats, and led the country out of the Great Depression's darkness and nearly to the end of World War II's triumph over tyranny. He took office in a landslide over Herbert Hoover, created the New Deal, helped repeal Prohibition, told of a "date which will live in infamy," and was and still is beloved by many. He has been called the greatest gift to our 20th century history.

And yet he was not perfect. In a well-known and more problematic episode, he proposed a bill that would allow him to add justices to the United States Supreme Court. He didn't like its ruling that the New Deal legislation was unconstitutional. The bill would have given him power to appoint an additional justice, up to six of them, one for every member of the court who was the age of 70-and-a-half and not retired. Both parties in Congress saw the bill as "court packing," an effort to stack the court in FDR's favor. They had none of it.

But the idea of court packing echoes far and wide around the federal government still, perhaps because it was Roosevelt who sought the court packing, and sought it of the Supreme Court, in a memorable and history-making episode. So it should not surprise the cynics among us, then, that court packing has appeared even at the Patent Trial and Appeal Board (PTAB) in *inter partes* reviews (IPRs).

In *Nidec Motor Co. v. Zhongshan Broad Ocean Motor Co.*, No. 2016-2321, slip op. (Fed. Cir. Aug. 22, 2017), the Federal Circuit exposed the first such known event. Why the patent involved was the subject of court packing is anybody's guess. It was on a heating, ventilating and air conditioning system, a blower for it, and a method for driving it (U.S. 7,626,349). Nidec owned the patent, and "Broad Ocean" (the Fed. Cir. name for the patent challenger) wanted most of its

claims canceled. Broad Ocean filed a first IPR petition on two grounds, and did not get institution on one of them. Slip op. at 3. Broad Ocean had forgotten a certification of a translation for a Japanese reference for the second ground. *Id.* Unhappy with only institution of one ground, Broad Ocean soon filed a second petition with the certification, and moved to join it with the first petition. *Id.* at 4. The two-person majority of the PTAB panel of three judges refused, because the second petition was time-barred—too late—past the one year that Broad Ocean had to file for IPR. *Id.* A statutory section of the IPR law did make an exception for requests for joinder of time-barred petitions, by “any person,” with “time-allowed” petitions, but the majority interpreted the law to block joinder of a second, time-barred, petition of an identical petitioner to a first time-allowed petition of that petitioner. *Id.* Broad Ocean requested a rehearing.

Now came the court packing! Rather than leave the decision on rehearing to the panel, the PTAB expanded the panel with two new judges for a total of five. The “court-packed,” two new judges joined with the past minority of one, and the decision came out “reheard”: opposite. The former minority became the new majority, and the former majority became the new minority. Shades of the Supreme Court FDR wanted!

Next, the patent claims in controversy were found invalid on the expanded PTAB panel’s final written decision, on both grounds, one for each petition. And appeal began. Thankfully, two judges from the Court of Appeals for the Federal Circuit said something. They said, “we have serious questions as to the Board’s (and the Director’s) interpretation of the relevant statutes and current practices. ... We think it unlikely that Congress intended that petitioners could ... circumvent the time bar ... [and] are concerned about the PTO’s practice of expanding administrative panels to decide request for rehearing in order to ‘secure and maintain uniformity of the Board’s decisions.’ Director Br. 27.” Concurring opinion at 2-3.

But as can be seen, these judges spoke up only in a concurring opinion. The *per curiam* opinion of the Federal Circuit *Nidec* case is that the Nidec patent claims were properly canceled by the PTAB, *on the first ground*, and that the whole issue of the PTAB court-packing could be sidestepped: “Because there is no dispute that Broad Ocean timely filed the First Petition ... the issues on appeal relating only to the Boards’ joinder determination ... do not affect the outcome of this case.” Slip op. at 6.

Nothing can be made of this record of this case other than that the PTAB packed its court, and got away with it. Emboldened, despite the mild comment of “serious questions” by two *concurring* judges, the PTAB can be expected to court pack again, whenever it wants, with the superficial purpose to “secure and maintain uniformity of the Board’s decisions,” as the USPTO director said was the PTAB’s purpose in his director brief, as cited and quoted above.

Lesson for the rest of us? If you don’t like your PTAB decision, and you can find other PTAB decisions with which it is not “uniform,” ask for rehearing, ask for uniformity with other decisions, and see if you can get the PTAB to court pack your panel and give you what even FDR wanted but did not get.

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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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