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Patent Trial and Appeal Board Writes a Decision the Federal Circuit Doesn't Like?

Too Bad for You, You Lose

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March 28, 2018 — The U.S. Patent and Trademark Office Patent Trial and Appeal Board (PTAB) is now a reviled and beloved group of Administrative Patent Judges (APJs) deciding *inter partes* review proceedings (IPRs). They ruin good patents, or kill bad patents, depending on point of view. Either way, the PTAB of nearly 300 judges has been said to be replete with judges who are highly skilled in both the technologies they consider and patent law.

They can, as they did, for example, in a 2015-2016 wireless network case, *Apple Inc. v. DSS Tech. Mgmt., Inc.*, IPR2015-00369, include at least one APJ with an undergraduate and master's degree in electrical engineering, and among the panel's three APJs, have: additional degrees in other science and engineering subjects, three JDs, decades of legal work as patent attorneys, a corporate counsel technology-company experience, "big law" experience and training, a Federal Circuit judicial clerkship, and at least a few years each of being APJs in the PTAB. They can, as they did in the wireless network case, write a decision expressive of full familiarity with all arguments on matters of bidirectional wireless communications between a host or server microcomputer and peripheral devices, with both of these having transmitters and receivers and both using a common time base, code sequences, low duty cycle, and radio frequency, pulsed, "bursty," operations. IPR2016-00369 Final Written Decision (FWD), Paper 40, June 16, 2016. The APJs can, as they did, express full familiarity no matter how obscure the even more detailed subject matter.

They can make you a winner in the IPR proceeding itself, as they did Apple, in the subject case. But no matter how good they are, and how good they do, it turns out that if they write an opinion the U.S. Court of Appeals for the Federal Circuit doesn't like, in its details, too bad for you. Like Apple, you ultimately lose, after Federal Circuit appeal.

The Federal Circuit addressed the PTAB's work in the identified PTAB proceeding in the opinion *DSS Tech. Mgmt., Inc. v. Apple Inc.*, No. 2016-2523 (Fed. Cir. March 23, 2018). It found the PTAB's work wanting. The FWD occupied 40 pages. It was, as stated, expressive of full understanding of the details of the technology involved—and was also expressive of full understanding of the law of claim interpretation, the law of invalidity, the challenged patent and its claims at issue, the prior art, the testimony of opposing experts, and the arguments of the parties. It also interpreted the subject patent claims correctly. *Id.* It concluded the claims were to be canceled, stating the arguments of Apple and DSS at length, stating the PTAB's agreements and disagreements with details of the arguments, correctly describing the standards of law, describing the prior art in careful detail, and expressing the one difference between the prior art and the claims. FWD at 3-40. A power-saving technique was used with a peripheral, but the same technique was not used with both the peripheral and a host or server. *Id.* The PTAB concluded in text that occupied a full decision page that application of the prior art technique to the host or server as well as the peripheral was motivated by the prior art's use of the technique with the peripheral. FWD at 31. The Federal Circuit stated nevertheless that the opinion was deficient, lacking "a sufficient explanation for its conclusions." *DSS Tech.* slip op. at 2.

The opinion lacked, said the Court, a better explanation for a "one-reference" obviousness conclusion. The PTAB had found the claims obvious from one prior art reference, the one with the power-saving technique used with peripherals, whereas the claims had the technique used with both the peripherals and the host or server. The Court characterized the PTAB's application of the technique to hosts and servers as an inappropriate application of common sense and ordinary creativity. *Id.* at 11-12. It characterized the PTAB as using common sense and ordinary creativity to fill in a missing limitation, the limitation of the host or server having the power-saving technique. Both common sense and ordinary creativity, the Court said, were useful to fill in a missing claim limitation, but only when the limitation was unusually simple and the technology straightforward. The PTAB's decision, it said, did not fit into the necessary compartment for filling in a limitation, the compartment of a simple limitation and straightforward technology.

With that said, the Federal Circuit resolved that it could not find in the record any more reasoned explanation for the PTAB decision than the deficient explanation it had described. Nor could it find that Apple had pointed to evidence that might have remedied the defects the Court found with the PTAB decision. The two conclusions meant, the Court said, that the case was over, and would not return to the PTAB. Apple had simply lost.

So, however good a job you as IPR petitioner do, however good the skill sets are that the APJs may bring to the decision of your IPR, and however expressive their decision may be, it seems that a simple mis-writing by the PTAB APJs can lead to your loss. The PTAB can be faulted for not being lengthy enough in expressing their reasoning in support of their decision, at the point of the decision that expresses the ultimate decision of the case.

If the petitioner at risk is you, the advice would be to do what you can, if anything, to get the PTAB to give you the best decision they have to give, one that includes lengthy reasoning at the point in the decision that states the ultimate conclusion of the case. Citing *DSS Tech. Mgmt.* and asking the PTAB for more written reasoning than you first get may be appropriate. In your petition, and their decision, beware one-reference obviousness. Beware a petition and opinion using common sense or ordinary creativity. Beware the potential to be outside the one-reference-obviousness compartment of a simple claim limitation and straightforward technology, even where a limitation in controversy involves applying a known technique to technique-ready structure, by no more than ordinary skill, as it did in *DSS Tech. Mgmt.* At the Federal Circuit, argue not only that the PTAB decision was right, but that evidence not referenced in the decision made any flaw in the decision harmless. Do all of this, because if you win at the PTAB, but the Federal Circuit faults your PTAB panel's decision, case over, you lose.

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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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