

# Post-SAS, To File Or Not To File A Preliminary Response?

By **Christopher McKee** (July 30, 2018)

On April 24, 2018, the U.S. Supreme Court held in SAS that a final written decision under 35 U.S.C. § 318(a) must decide the patentability of all claims challenged in the petition.[1] As a result, if a petitioner has demonstrated a reasonable likelihood of success in proving that at least one claim of the patent at issue is unpatentable, the Patent Trial and Appeal Board will institute on all grounds and all claims raised in the petition. Therefore, if the PTAB decides to institute a trial, the patent owner can no longer hope to have some grounds excluded from the trial by filing a preliminary response.



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In light of this profound development, a pressing question of interest arises for those who are faced with an inter partes review petition: Is it still worthwhile for the patent owner to consider filing a preliminary response? The chief judge of the PTAB, David Ruschke, has stated publicly that the PTAB will continue to provide detailed decisions on institution.[2] But exactly what that means in practice, and how that might impact the potential value of filing a preliminary response, remain open questions. Decisions on institution within a small window of time a couple of months after the Supreme Court's decision in SAS were examined to gain a better understanding in this regard. The indication (based upon a snapshot of decisions) is that the patent owner preliminary response still has potential value, in the following ways: (1) it can persuade the PTAB not to institute a trial at all (19 out of 40 decisions in early July decided not to institute a trial); (2) even where a trial is instituted, many decisions still clearly identify unpersuasive grounds, to the patent owner's benefit; and (3) almost all decisions provide useful guidance to the parties by assessing the arguments as to more than one claim/ground. It is too early to tell what chance the petitioner has, in general, to prevail on arguments that are regarded as unpersuasive at the institution stage.

## Approach

There were 40 IPR decisions on whether to institute a trial that issued between July 1 to July 10. Among them, 21 decisions (53 percent) decide to institute a trial. These 21 decisions were reviewed.

## Analysis

### *Statistical Analysis*

In eight of the 21 institution decisions (38 percent), the PTAB was persuaded that the petitioner demonstrated a reasonable likelihood to prevail on all grounds. Among the eight decisions, it is consistent that each ground is discussed by the PTAB and often the PTAB provides guidance regarding issues it would like to see addressed. The PTAB only omits discussion on some grounds when the rationale behind one ground is substantially the same as that for another ground. See, e.g., *Provepharm Inc. v. Wista Labs Ltd.*[3]

In the remaining 13 decisions (62 percent), the PTAB was persuaded only by some grounds but nevertheless instituted a trial on all grounds because of SAS. Some decisions leave some grounds or claims undiscussed. See, e.g., *Huawei Device Co. v. Maxell Ltd.* (omitting discussions for some grounds because it is "not necessary to provide an assessment of

every ground asserted by Petitioner”).[4] Other decisions discuss all grounds at least to some extent. See, e.g. Snap Inc. v. Vaporstream Inc.[5]; Comcast Cable Communications LLC v. Promptu Systems Corp.[6]

### **Potential Benefits of Patent Owner Preliminary Response**

*1. In almost all of the institution decisions, the board provides guidance by addressing the arguments as to more than one claim/ground.*

As mentioned, among the eight decisions examined that institute trial finding a likelihood of prevailing as to all grounds, it is consistent that each ground is discussed by the PTAB. In many institution decisions, the PTAB gives guidance by expressly addressing what issues it believes deserve a further discussion in the trial. E.g., Snap Inc. v. Vaporstream Inc. (“we would like to hear more from the parties on these issues at trial. In particular, we encourage the parties to address ... whether RFC 2821 teaches header information always is included in the DATA command, rather than optionally included as alleged by Petitioner.”)[7]; Huawei Device Co. v. Maxell Ltd. (“we encourage the parties to address in their papers the issue of whether conventional switching methods are excluded from the scope of the ‘517 patent claims”)[8]; Illumina Inc. v. The Trustees of Columbia University in the City of New York (“[w]e invite further briefing on this issue at trial, including whether it was appreciated in the art that sufficiently mild conditions were known for cleaving allyl groups when working with nucleotide analogues”).[9]

Sometimes the PTAB also provides guidance by expressing negative views on specific arguments. See, e.g., Huawei Device Co. v. Maxell Ltd. (disagreeing with the patent owner’s argument, stating “[t]hus, we do not agree with Patent Owner’s argument that Mukai’s switching process is based solely on position and speed.”); (pointing out weakness of the petitioner’s argument by stating “Petitioner concedes ....Thus, it is possible that the moving (or fast-moving) embodiment of Mukai falls within the subject matter of the conventional switching methods excluded from the scope of the ‘517 patent claims.”).[10]

Sometimes the PTAB acknowledges the merit in the patent owner’s arguments even if the PTAB believes at the institution stage the petitioner has demonstrated a reasonable likelihood to prevail. See, e.g., Provepharm Inc., v. Wista Labs Ltd.[11]

*2. In its decisions that institute trial, the board often identifies grounds it believes are unpersuasive.*

Not infrequently, the PTAB provides useful guidance to the parties by stating its negative views regarding certain claims/grounds. See e.g., Snap Inc. v. Vaporstream Inc. (“[b]ased on the current record, we are not persuaded by these arguments [that assert claim 12 is unpatentable].”)[12]; e.g., Comcast Cable Communications LLC v. Promptu Systems Corp. (finding all the grounds where Murdock is a reference as unpersuasive because the petitioner failed to support its contention that Murdock constitutes prior art as of its provisional application filing date).[13]

The impact of the negative views expressed in the institution decisions is not completely clear. In particular, generally speaking, it is unclear what chance the petitioner has to change the PTAB’s initial negative views on certain grounds and finally prevail on those grounds. Time will tell as final written decisions are rendered on trials instituted post-SAS.

In some decisions, the PTAB makes clear that its expressed opinions are for the purpose of institution only. See, e.g. G.B.T. Inc. v. Wallelex Microelectronics Ltd. (“Any discussion of

facts in this Decision are made only for the purposes of institution and are not dispositive of any issue related to any ground on which we institute review.”)[14] In other decisions, the PTAB less tentatively addresses unpersuasive arguments. For instance, in *KVK-Tech Inc. v. Shire PLC*, the PTAB stated that it was “not sufficiently persuaded by Petitioner’s argument” related to a particular ground.[15]

## **Conclusion**

Despite the fact that under SAS, the PTAB could limit its decisions to instituting to addressing only one ground/claim — in order to decide to institute (on all claims/grounds) — the indication at this early stage is that the PTAB will continue to make findings, and offer its views, more comprehensively with respect to the claims challenged/grounds raised. As a result, at present, it appears that the filing of a preliminary response by the patent owner continues to hold potential value, not only for possibly defeating institution entirely, but in the case that the PTAB does institute, for the additional feedback it may prompt the PTAB to provide in its institution decision. Such feedback may assist in preparation of a full patent owner response, as well as preview how the PTAB may ultimately rule in its final written decision.

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[1] See *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359–60 (2018).

[2] E.g., such as in a “Chat with the Chief” webinar conducted by the PTAB on April 30, 2018.

[3] *Provepharm Inc., v. Wista Labs Ltd.*, IPR2018-00182 Inst. Dec. 26-27.

[4] *Huawei Device Co. v. Maxell, Ltd.*, IPR2018-00251 Inst. Dec. 27.

[5] *Snap Inc., v. Vaporstream, Inc.*, IPR2018-00369 Inst. Dec.

[6] *Comcast Cable Communications, LLC v. Promptu Systems Corp.*, IPR2018-00344 Inst. Dec.

[7] *Snap Inc., v. Vaporstream, Inc.*, IPR2018-00369 Inst. Dec. 38.

[8] *Huawei Device Co. v. Maxell, Ltd.*, IPR2018-00251 Inst. Dec. 25.

[9] *Illumina, Inc. v. The Trustees of Columbia University in the City of New York*, IPR2018-00318 Inst. Dec. 18.

[10] *Huawei Device Co. v. Maxell, Ltd.*, IPR2018-00251 Inst. Dec. 20.

[11] Provepharm Inc., v. Wista Labs Ltd., IPR2018-00182 Inst. Dec. 29.

[12] Snap Inc., v. Vaporstream, Inc., IPR2018-00404 Inst. Dec. 30.

[13] Comcast Cable Communications, LLC v. Promptu Systems Corp., IPR2018-00344 Inst. Dec. 26-27.

[14] G.B.T. Inc., v. Wallelex Microelectronics Ltd., IPR2018-00326 Inst. Dec. 25.

[15] KVK-Tech, Inc. v. Shire PLC, IPR2018-00290 Inst. Dec. 32-33.