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PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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In IPR, It Ain't Who to Believe, It's What to Believe, at a Detailed Level

By the Banner & Witcoff PTAB Group

August 13, 2018 — *Inter partes* review (IPR) petitions are canceling patent claims at the rate of 65 percent, once trial is instituted, especially patents asserted in litigation.ⁱ Chances are that you will be involved in an IPR before the U.S. Patent and Trademark Office Patent Trial and Appeal Board, either in one you file, or one filed against you.

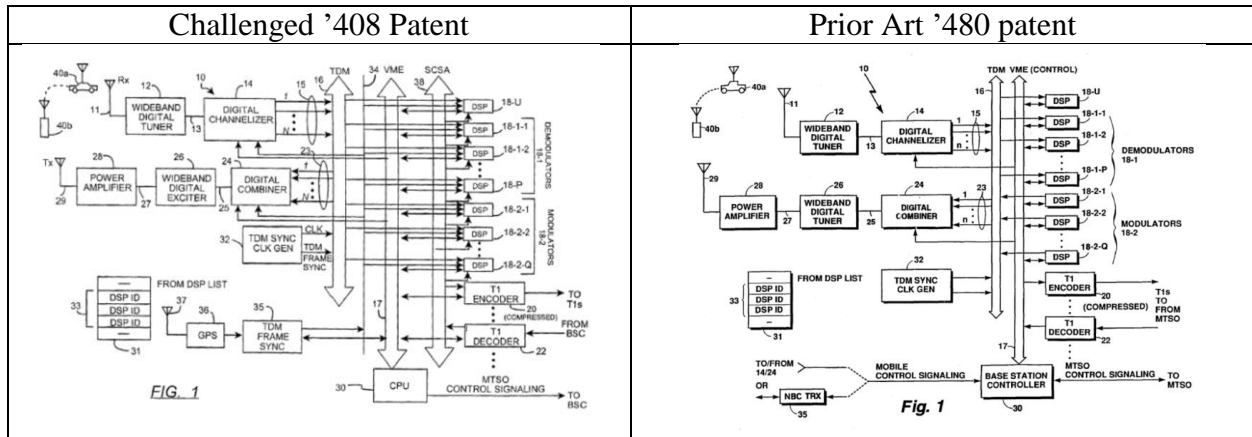
IPRs are supposed to be trials, and in a sense, they are. Many non-court trials occur on paper, as at the International Trade Commission, in workers' compensation, and in IPR. "Paper" trials are no less trials in involving contested positions and evidence. But they are less in the way of court trials in not involving assessment of the demeanor of witnesses. Rarely will a PTAB judge ever see a witness. As presently understood, three PTAB judges have seen one witness live, once.ⁱⁱ

A PTAB decision in an IPR, *South-Tek v. Engineered Corrosion*,ⁱⁱⁱ explains why the PTAB—one exception proving the rule—does not see live witnesses: "The Board does not envision that live testimony will be necessary at many oral arguments. ... [U]nder limited circumstances, cross-examination ... may be ordered ... For example, the Board may occasionally require live testimony where ... demeanor [is] critical to assess credibility ... The credibility of experts often turns less on demeanor and more on the plausibility of their theories."

As a result of the PTAB Trial Guide and views as in *South-Tek*, PTAB judges know to assess theories, not demeanor. Implausible theories defeat credibility; plausible theories prove credibility.

As significantly, though, Court of Appeals for the Federal Circuit judges are attuned to whether PTAB-adopted theories are plausible in the abstract, or plausible in relation to other evidence. They know how to remind PTAB judges that the PTAB may be making a mistake when its judges assess and rely on even witness plausibility apart from what prior art states about itself.

In *Ericsson v. Intellectual Venture*, decided at the PTAB in 2015,^{iv} the PTAB considered a patent and prior art reference that both related to “frequency hopping,” i.e., changing frequencies of wireless communications to reduce interference. The devices of both patents hopped from frequency to frequency from time to time. The two patents were not related, but “share[d] significant disclosure.”^v They shared so much disclosure, in fact, that distinguishing their Figures 1 from each other, except for noting the work of different draftsmen, is not that easy, as shown here.



The prior art patent stated that the modulation of signals “in use may be ... any one of ... frequency hopping standards ... such as ... GSM.”^{vi} The challenged patent in its claim 1 used frequency hopping as in GSM. The PTAB found, however, that the prior art did not anticipate. The prior art did not show, they said, an example of frequency hopping, while the challenged patent did. Frequency hopping was optional in GSM, they said, and the prior art patent’s statement about modulation, hopping, and GSM was to be understood as stating only that the modulation was to be GSM, not that the optional frequency hopping of GSM was in use, expressly or inherently. The PTAB discredited the challenger’s expert testimony in the view the testimony mistakenly relied on frequency hopping being a type of modulation, while the PTAB considered frequency hopping not a type of modulation. The PTAB credited the patent owner’s expert’s testimony that the prior art could not implement hopping because it could not process data fast enough. That credited the plausibility of the expert’s theory, and did not assess demeanor.

The Federal Circuit, in a recent decision in an appeal in the case, however, was having none of it. The Court concluded that the subject claim was invalid, anticipated by the prior art.^{vii} The Court referenced a remarkable fact—that the detailed description portion of the prior art patent “did not differ in any meaningful manner” from the detailed description portion of the challenged patent. The Court noted the near identity of the Figs. 1, as above, and an identity of Figs. 2. The challenged claim, it reasoned, was directed to the shared disclosure of the patents, and any differences of disclosure were not reflected in the challenged claim.

The matter for decision, it said, was “not a matter of credibility but of technological evidence.” While the patent owner’s expert had contradicted the reference as not being capable of hopping, the Federal Circuit disregarded the expert’s opinion as unsupported, rather than credit the opinion. An expert opinion, it noted, could not contradict intrinsic evidence and be properly supported, or

be substantial evidence. Citing precedent, it stated that disregarding an expert's testimony was necessary when the expert was plainly inconsistent with the record. The record it was referencing was the prior art patent's statement that the modulation of signals it used could "be [a] frequency hopping standard[] ... such as ... GSM."

The reversal of the PTAB was not a matter of telling the PTAB to disregard demeanor of an expert, but to disregard even an expert's opinion even if plausible in the abstract, where not plausible in relation to other evidence.

Combining PTAB decisions such as *South-Tek* and *Ericsson*, there are simple overarching lessons here for presenting IPR positions and evidence: it ain't about who to believe, it's about what to believe. The what to believe determines the who to believe, not *vice versa*. And what to believe in the way of expert opinion is a matter of which opinion comports with or contradicts other evidence. If an opinion about a prior art patent, for example, contradicts what the patent says about itself, the opinion is the loser. A companion lesson as well is, as an IP lawyer, don't take a position that contradicts what the prior art says about itself. Don't expect a contradiction to be believed, not even a contradiction that is apparent only at a detailed level of review—at least don't expect belief in a contradiction at all levels of decision including appeal.

And perhaps another lesson is, with a wink, since it was a remarkable and unique matter in *Ericsson*, don't contradict what the prior art says about itself and thereby undercut what the challenged patent says about itself, when the prior art and the challenged patent share the same detailed description of invention.

For more information on this or any other PTAB or IPR topic, please contact the specific author of this article, Charles Shifley, the reviewer, Jason Shull, or any Banner & Witcoff lawyer.

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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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ⁱ PTAB AIA Trial Statistics April 2018 at 11, at https://www.uspto.gov/sites/default/files/documents/trial_statistics_20180430.pdf. The institution rate is 62 percent, meaning that 65 percent of 62 percent or 40 percent of challenged claims are canceled.

ⁱⁱ See *K-40 Electronics LLC v. Escort Inc.*, IPR2013-00203 (PTAB Aug. 27, 2014).

ⁱⁱⁱ Formally, *South-tek Systems, LLC v. Engineered Corrosion Solutions, LLC*, IPR2016-00136 Paper 50 (PTAB Feb. 1, 2017).

^{iv} Formally, *Ericsson Inc. v. Intellectual Ventures*, IPR2014-00963 29 (PTAB Oct. 22, 2015) and Paper 31 (PTAB Dec. 22, 2015).

^v *Id.* Paper 29 at 10.

^{vi} *Id.* at 13-18.

^{vii} *Ericsson Inc. v. Intellectual Ventures I LLC*, No. 2016-1671 (Fed. Cir. May 29, 2018).