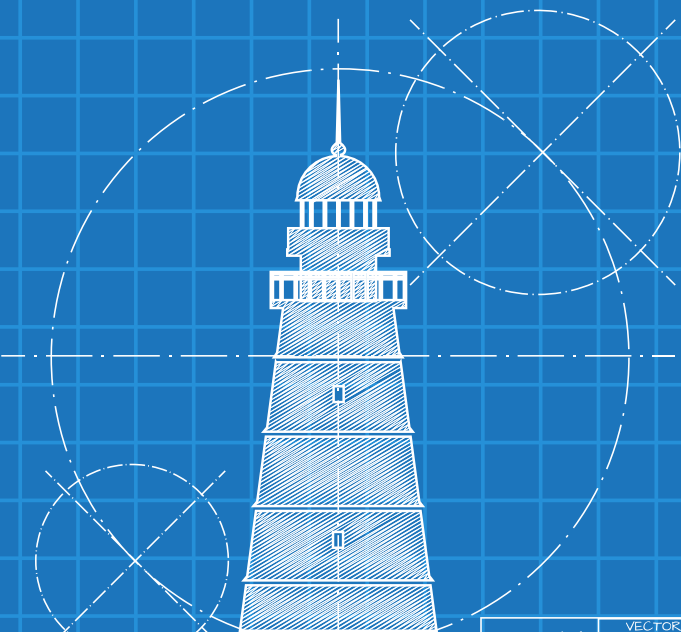


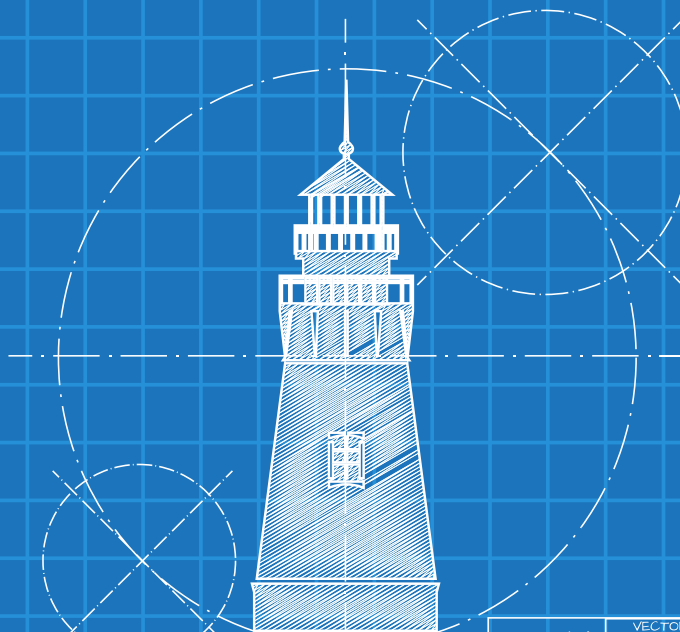
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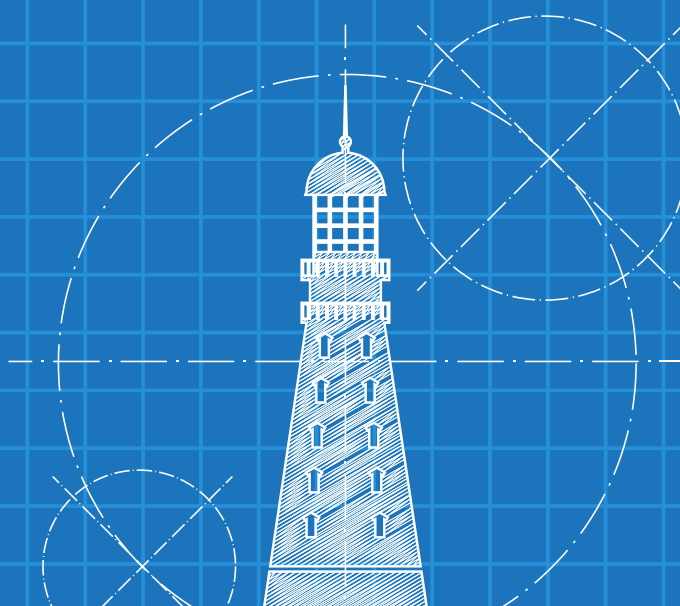
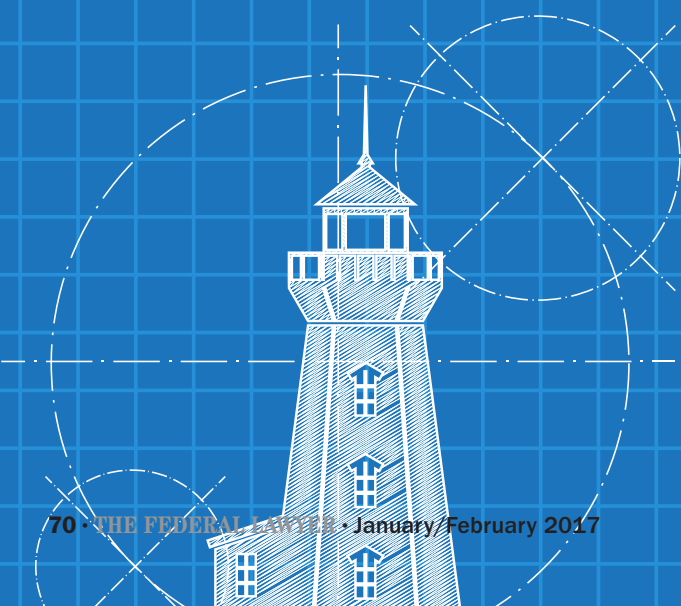
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# Navigating Post-Grant Proceedings:

## What Two Years of Federal Circuit Decisions and the Supreme Court's *Cuozzo* Decision Tell Us About Post-Grant Proceedings Before the PTAB

RACHEL C. HUGHEY AND JOSEPH W. DUBIS

The United States Supreme Court's recent decision in *Cuozzo Speed Technologies LLC v. Lee*<sup>1</sup> clarified two important issues regarding post-grant procedures, namely, whether a Patent Trial and Appeal Board (PTAB) institution decision is appealable after a final written decision and whether the United States Patent and Trademark Office (USPTO) has the authority to adopt the broadest reasonable interpretation claim construction standard. The Court upheld the United States Court of Appeals for the Federal Circuit's affirmance of the PTAB and the USPTO, ensuring that practice before the PTAB will continue according to the groundwork laid by the Federal Circuit over the last year. Although the Supreme Court's *Cuozzo* decision was instrumental in answering two divisive issues within the patent community, the Federal Circuit has been shaping many procedural aspects of post-grant practice since it started issuing appellate decisions in these cases starting in February 2015.

In September 2011, the Leahy-Smith America Invents Act (AIA) was signed into law.<sup>2</sup> In addition to changing priority laws from first-to-invent to first-inventor-to-file,<sup>3</sup> the AIA also introduced new

post-grant proceedings, which are administrative adjudications of patentability designed to be more trial-like than examination.<sup>4</sup> Included in the new post-grant proceedings are inter partes review (IPR), covered business method review (CBMR), and post-grant review (PGR). As of Sept. 30, 2016, 5,143 IPR, 476 CBMR, and 37 PGR petitions had been filed.<sup>5</sup> Of the institution decisions on 3,672 IPR petitions, the USPTO reports that 1,901 trials have been instituted (52 percent);<sup>6</sup> 1214 of those trials have been completed, with only 192 trials leaving all claims intact (16 percent of final written decisions).<sup>7</sup> Similarly, of the institution decisions on 391 CBMR petitions, 215 trials have been instituted (55 percent); 143 of those trials have been completed, with only three trials leaving all claims intact (2 percent of final written decisions).<sup>8</sup> Furthermore, as of Nov. 15, 2016, of the 26 decisions considering institution of PGR, 15 have instituted a PGR with four reaching a final decision and all claims being canceled in three of the decisions.<sup>9</sup>

Now, five years after the AIA was signed into law and four years since the post-grant proceedings began, we see the next tidal wave of post-grant proceeding decisions: decisions from the Federal Circuit. As of Oct. 31, 2016, there are 586 pending appeals before the Federal Circuit from proceedings at the USPTO, with 48 appeals being docketed between Oct. 1, 2016, and Oct. 31, 2016, alone.<sup>10</sup> While some of these appeals may relate to pre-AIA USPTO proceedings, it is fair to say that a significant number of these appeals relate to post-AIA IPRs and CBMRs. To put the immensity of the current appellate docket in perspective, on Oct. 31, 2012, the period just after the post-grant proceedings began but before any decisions would have reached the Federal Circuit, there were only 93 pending appeals before the Federal Circuit for proceedings at the USPTO, with only 4 appeals being docketed between Oct. 1, 2012, and Oct. 31, 2012.<sup>11</sup>

Since the Federal Circuit began issuing decisions from these AIA proceedings, starting with its February 2015 *Cuozzo* decision, the

court has provided further guidance regarding these proceedings and has demonstrated the high level of deference it provides to the PTAB. To date, there have been 133 Federal Circuit decisions on the merits (i.e., not dismissed for lack of jurisdiction). Of those, 76 decisions have been Rule 36 affirmances—that is, affirmances without a written decision<sup>12</sup> (71 IPRs, 5 CBMRs).<sup>13</sup> Only 57 of the Federal Circuit decisions included opinions on final written decisions (52 IPRs, 5 CBMRs) and only 25 decisions (24 IPRs, 1 CBMR) have had any type of remand or reversal.<sup>14</sup> There likely will be a bevy of further Federal Circuit appeals and decisions in the next few years.<sup>15</sup>

While we await further evidence of how the Federal Circuit and Supreme Court interpret the post-grant proceeding statutes and regulations, we will discuss some of the early insights from the decisions pertaining to best practices before the PTAB and the Federal Circuit, and provide some suggested guidance in moving forward with these proceedings in the face of some continued uncertainty.

## Part I: PTAB Procedures and Standards Guidance

The Federal Circuit and Supreme Court have provided the following guidance as to PTAB procedures and standards:

**The institution of a post-grant proceeding is a nonappealable decision.** While the AIA states that the institution of a post-grant proceeding is “final and nonappealable,”<sup>16</sup> there was some initial confusion as to whether that meant “not available for interlocutory appeal” or “never appealable.”<sup>17</sup> The Federal Circuit tried to remove any doubt as to whether an institution decision could be appealed, repeatedly holding that it statutorily lacks the jurisdiction to hear any appeal related to the institution decision.<sup>18</sup> Despite the Federal Circuit’s uniform stance that post-grant proceeding institution decisions were nonappealable, resistance to this holding persisted. The Supreme Court’s recent *Cuozzo* decision has likely resolved any further dispute on this matter. The Court in Justice Stephen Breyer’s opinion states that allowing the appeal of the PTAB’s institution decision “reads into the provision a limitation (to interlocutory decisions) that the language nowhere mentions and that is unnecessary” and that “[t]he Administrative Procedure Act already limits review to final agency decisions.”<sup>19</sup> Since *Cuozzo*, parties have tried to argue for appealability of aspects of the initiation decision to no avail.<sup>20</sup>

**Claims are construed using the broadest reasonable interpretation.** While the AIA lacks mention of the proper claim construction standard to apply in post-grant proceedings,<sup>21</sup> the USPTO adopted the “broadest reasonable interpretation” standard used in other USPTO proceedings, rather than the narrower “ordinary and customary meaning” standard used by district courts.<sup>22</sup> The Federal Circuit affirmed this claim construction standard in *Cuozzo*, holding that the USPTO was granted rulemaking authority to set forth “the standards for the showing of sufficient grounds to institute ... review,” and “establishing and governing inter partes review ... and the relationship of such review to other proceedings...”<sup>23</sup> The Federal Circuit panel majority justified the use of the broadest reasonable interpretation standard because the USPTO has used the standard for various proceedings for over 100 years and because patent owners have the (theoretical) possibility of amending claims during the proceeding. Those opposing use of the broadest reasonable interpretation standard argued that the “ordinary and customary meaning” standard used in district court proceedings<sup>24</sup> should be used because the IPRs and CBMRs are “adjudicative” in nature and designed to mimic district court validity proceedings where patents are pre-

sumed valid.<sup>25</sup> The Supreme Court affirmed the Federal Circuit and resolved this dispute in favor of the USPTO’s interpretation.<sup>26</sup> Citing to the agency’s authority to fill in legislative gaps under *Chevron* and the use of the broadest reasonable interpretation standard for over 100 years, the Supreme Court held that the USPTO was within its authority to use the broadest reasonable interpretation standard for post-grant proceedings even if district courts use the plain and ordinary meaning.

**Amending claims is possible ... theoretically.** The AIA grants a patent owner the right to file one motion to amend the patent by canceling a challenged claim or proposing a reasonable number of substitute claims.<sup>27</sup> In an early final decision that the PTAB deemed “informative,” the *Idle Free* Board issued requirements, pursuant to 35 U.S.C. § 316(a)(9), for amending claims including: a presumption that only one substitute claim is required for each challenged claim, the amendment must respond to each ground of unpatentability, and the amendment must not enlarge the scope of the claim.<sup>28</sup> The patent owner has the burden to show that the proposed claim amendment is patentable.<sup>29</sup> Following these standards, patentees have faced an uphill battle with the PTAB when seeking to amend their claims.<sup>30</sup> To date, seven Federal Circuit decisions have reviewed the denial of substitute/amended claims<sup>31</sup> and in only two cases were the denials of the substitute/amended claims not affirmed.<sup>32</sup> The Federal Circuit has followed the *Idle Free* requirements in affirming denials of motions to amend that did not overcome the prior art<sup>33</sup> or enlarged the scope of the claim.<sup>34</sup> This demonstrates that to amend a claim during an IPR or CBMR, it is important that a patentee state concisely how the amendment does not enlarge the scope of the patent and how it overcomes each of the grounds of institution. The recent *Nike* decision, however, clarified (consistent with the PTAB’s decision in *MasterImage*) that the patent owner need only show patentability of the new claims over the “material prior art that [the] patent owner makes of record in the current proceeding pursuant to its duty of candor and good faith to the office” and not “over prior art not of record but known to [the] patent owner” as set forth in *Idle Free*.<sup>35</sup>

In the Federal Circuit’s recent *Veritas* decision, it vacated in part and remanded the PTAB’s denial of *Veritas*’s motion to amend, finding it was arbitrary and capricious.<sup>36</sup> The PTAB insisted that to amend the patent owner must discuss whether each newly added feature was separately known in the prior art, and denied the motion to amend after finding *Veritas* only discussed the newly added feature in combination with other known features. The Federal Circuit reversed, finding that describing the combination was not meaningfully different from describing what is new about the proposed claims.

The Federal Circuit will soon be taking on the issue of claim amendments more fully, as it has recently granted *en banc* review in *In re Aqua Products* to address two questions: “(a) When the patent owner moves to amend its claims under 35 U.S.C. § 316(d), may the PTO require the patent owner to bear the burden of persuasion, or a burden of production, regarding patentability of the amended claims as a condition of allowing them? Which burdens are permitted under 35 U.S.C. § 316(e)? (b) When the petitioner does not challenge the patentability of a proposed amended claim, or the Board thinks the challenge is inadequate, may the Board sua sponte raise patentability challenges to such a claim? If so, where would the burden of persuasion, or a burden of production, lie?”<sup>37</sup>

**Constitutional challenges to post-grant proceedings have failed.** Patent owners have challenged the constitutionality of post-

grant proceedings on various grounds to no avail. Citing the need for efficiency, the Federal Circuit declined to find “due process” violations from having the same administrative panel render the institution decision and the final decision on patentability.<sup>38</sup> Furthermore, the Federal Circuit has held that post-grant proceedings did not violate Article III or the Seventh Amendment right to jury trial because Congress had granted the PTO the right to revoke patents.<sup>39</sup>

**Petitioners face a lower burden of proof in PTAB matters than district court matters and the Federal Circuit exercises a deferential standard of review.** The AIA defined the petitioner’s burden of evidentiary proof of non-patentability as “by a preponderance of the evidence.”<sup>40</sup> This differs from the “clear and convincing evidence” burden of proof for invalidity that exists in the district courts.<sup>41</sup> Upon review, the Federal Circuit reviews the conclusions of law de novo and the findings of fact from an administrative board’s decision for substantial evidence.<sup>42</sup> Some judges, including Judge Pauline Newman, question whether a PTAB decision should be reviewed under the highly deferential substantial evidence standard or the less deferential preponderance of the evidence (more likely than not) standard, noting that “[t]he substantial evidence standard determines whether the decision could reasonably have been made, not whether it was correctly made.”<sup>43</sup> Resolving this matter, the Federal Circuit recently denied a motion for rehearing *en banc* to consider whether a less deferential standard should be used.<sup>44</sup> Collectively, the lower burden of evidentiary proof before the PTAB combined with the deferential standard of review before the Federal Circuit makes it much easier for a patent to be canceled through post-grant proceedings than civil actions. However, regardless of what the deferential standard of review may be, the burden to prove unpatentability remains with the petitioner. In reversing the Board’s decision in *In re Magnum Oil Tools International*, the Federal Circuit made clear that the burden to prove unpatentability remains on the petitioner and does not shift to patent owner after a review has been initiated.<sup>45</sup>

**Covered business method status is reviewable.** While finding that institution decisions of post-grant proceedings are nonappealable, the Federal Circuit held that review of whether a patent qualifies as a covered business method<sup>46</sup> does not violate this principle.<sup>47</sup> Instead, the court explained that such a review merely determines whether the PTAB had the authority to cancel a patent in a final decision.

## Part II: Decisions Provide Guidance for Parties Seeking Review

The Federal Circuit’s few decisions reversing or vacating and remanding have provided guidance for parties seeking review from unfavorable PTAB decisions. Of the Federal Circuit’s nine decisions reversing the PTAB’s final written decision, three decisions<sup>48</sup> were a total reversal. Six other decisions were reversals in part, providing the PTAB with some opportunity to reconsider some portion of the case.<sup>49</sup> The Federal Circuit has also vacated and remanded a number of PTAB decisions.<sup>50</sup> The court’s early decisions that did not affirm the PTAB provide guidance for challengers to PTAB decisions.

**The Federal Circuit will reverse a PTAB decision based on an unreasonable claim construction when there is no basis for remand.** In *Cutsforth*, the first pure reversal, the Federal Circuit reversed because it found no reasonable fact finder could have found that a prior art reference anticipated the given claim element where the PTAB’s claim language was unreasonable and not justified by the specification.<sup>51</sup> The court explained that remand was not required

because there was no anticipation under the correct claim construction and the PTAB only instituted on anticipation grounds.

**The PTAB must apply the proper claim construction or the Federal Circuit will remand.** In addition to the *Cutsforth* case, which was reversed because of an unreasonable claim construction, six other PTAB decisions have been vacated and remanded for unreasonable claim constructions.<sup>52</sup> The patent claims at issue in one of the decisions, however, have already been re-canceled by the PTAB on remand<sup>53</sup> while the patent claims at issue in two other decisions have been found patentable on remand.<sup>54</sup> As the Federal Circuit explained, while the broadest reasonable interpretation applies, the construction must still be reasonable.<sup>55</sup>

**The evidence must support the PTAB’s decision or the Federal Circuit will reverse or vacate and remand.** In *Arendi*, the Federal Circuit reversed the PTAB’s obviousness finding because it found that the PTAB misused “common sense” to conclude that it would have been obvious to supply a missing limitation in the prior art reference to arrive at the claimed invention.<sup>56</sup> Two decisions reversed in part the PTAB’s cancellation of claims because the evidence did not support the PTAB’s holding.<sup>57</sup> In *Black & Decker*, the Federal Circuit reversed in part the PTAB’s finding that some claims were obvious where the PTAB failed to adequately state why a person of ordinary skill in the art would have modified the prior art.<sup>58</sup> The court stated that use of language such as “suggests” and “would have known” were not sufficient reasoning without further explanation. In *Pride Mobility*, the Federal Circuit reversed in part where the lone prior art reference to a claim element taught a decidedly different feature.<sup>59</sup> Namely, the prior art reference taught a planar, non-perpendicular arrangement while the claim required a perpendicular arrangement. In *Husky Injection Molding Systems*, the Federal Circuit vacated and remanded in part because the Board failed to find that a reference was properly incorporated by reference.<sup>60</sup> In *Reg Synthetic Fuels*, the Federal Circuit reversed in part, vacated in part, and remanded because the Board improperly excluded patent owner’s exhibits establishing a conception date prior to the reference date.<sup>61</sup> In *Perfect Surgical Techniques*, the Federal Circuit vacated and remanded because the Board applied a heightened standard to reasonable diligence (i.e. requiring a continuous exercise of reasonable diligence during the entire critical period) in determining whether the inventor had antedated the reference by prior conception and reasonable diligence in reduction to practice.<sup>62</sup> These decisions all demonstrate that the PTAB’s decisions must be supported.

**The PTAB must provide clear reasoning for its action or the Federal Circuit will remand.** Five PTAB decisions have been vacated and remanded because of the non-clarity of the decision.<sup>63</sup> It is not yet clear whether these remands will generally result in different ultimate findings.<sup>64</sup> Consequently, when preparing an appeal to the Federal Circuit from a PTAB’s cancellation of claims, it is critical to analyze the PTAB’s decision for thoroughness so that any deficiencies in the PTAB’s analysis may be pointed out to the Federal Circuit.

**The PTAB must provide adequate notice.** Three decisions were vacated in part and remanded because the PTAB’s actions failed to provide the party adequate notice. In *SAS*, the Federal Circuit vacated in part and remanded because the PTAB adopted a new claim construction in the final written decision that differed from the claim construction in the institution decision, thus depriving the party of notice.<sup>65</sup> In *Dell*, the court likewise vacated in part and remanded

because the PTAB adopted a new claim construction without affording the patent owner proper notice.<sup>66</sup> In *In re NuVasive*, the Federal Circuit vacated in part and remanded because the challenger's petition did not notify NuVasive of the pertinent parts of the reference that the Board later relied on in cancelling the claims in violation of NuVasive's rights under the Administrative Procedure Act.<sup>67</sup> Thus, while the Federal Circuit has permitted the PTAB with some flexibility in its handling of these matters, notice is still required.

**The Federal Circuit's decisions also demonstrate the risk of appealing a partial victory.** In one of the Federal Circuit's notable reversals to date, the Federal Circuit canceled claims that the PTAB had found patentable.<sup>68</sup> In its final written decision, the PTAB canceled claims 1-4 of U.S. Patent No. 6,074,503 but found claims 5 and 6 patentable. The patent owner then appealed the claim cancellation and the petitioner cross-appealed. The Federal Circuit affirmed the cancellation of claims 1-4, but reversed the PTAB's finding of patentability on claims 5 and 6. The Federal Circuit held that the PTAB failed to properly consider the motivation to combine references, cancelling more claims than the PTAB had. Similarly, in *Software Rights Archive*,<sup>69</sup> the Federal Circuit affirmed the Board's cancellation of claims and reversed the Board's finding of patentability on other claims. The *Belden* and *Software Rights Archive* decisions demonstrate the uphill battle patent owners may face and serves as an important reminder that parties must consider the objectives of appealing a PTAB decision and consider all of the possible outcomes when deciding how to proceed.

**CBMRs challenge patentability on subject matter eligibility (§ 101) and adequate written description (§ 112) in addition to anticipation (§ 102) and obviousness (§ 103).** Under the AIA's Transitional Program for Covered Business Method Patents, a petitioner may challenge the validity under all grounds available under the PGR—including 35 U.S.C. §§ 101, 112—that are not available in an IPR proceeding.<sup>70</sup> One decision in a CBMR reversed the PTAB's cancellation under 35 U.S.C. § 112 holding that the claims were supported by adequate written description.<sup>71</sup> The court held that the PTAB placed an undue amount of weight on the fact that the precise words of the claim were not in the specification despite the claimed subject matter being "supported by the figures of the patent, the specification, and the claim language."

## Conclusion

Post-grant proceedings have proved to be popular beyond all expectations. The Federal Circuit's first opinions from post-grant final written decisions have provided important insight into post-grant practice before the PTAB and appellate practice before the Federal Circuit on appeal from the PTAB.

A petitioner in a post-grant proceeding has a number of advantages over attempting to invalidate the same patent in a civil action, including: (1) the PTAB applies the broadest reasonable interpretation claim standard, not the plain and ordinary meaning standard; (2) the petitioner need only prove non-patentability by a preponderance of the evidence, not clear and convincing evidence; and (3) the PTAB's decision generally will be deferentially reviewed.<sup>72</sup> Since the Federal Circuit has upheld use of each of these petitioner-friendly standards, IPRs, CBMRs, and PGRs remain useful tools for challenging a contested patent.

At the same time, the Federal Circuit decisions have articulated standards of thoroughness that both parties and the PTAB must

meet. Namely, on a motion to amend or substitute new claims, the patent owner has the burden of showing the patentability of the new/revised claims over the prior art. Absent clear reasons of patentability, the PTAB is likely to deny the motion, which will likely be affirmed by the Federal Circuit. The PTAB, on the other hand, must be clear in its reasoning related to which evidence it considers and must articulate its reasons for or against cancellation. Where the PTAB fails to provide rationale for its actions, the Federal Circuit may vacate and remand the PTAB's decision. And in some (still rare) situations, parties may be able to obtain a full reversal of the PTAB's decision. As the Federal Circuit continues to release new post-grant opinions, post-grant practice before the PTAB and appellate practice before the Federal Circuit should continue to be refined accordingly. ☺



Rachel C. Hughey is a shareholder at the law firm of Merchant & Gould, P.C., in Minneapolis and co-chair of the firm's appellate practice group. Joseph W. Dubis, Ph.D., is an associate at the law

firm of Merchant & Gould, P.C., in Minneapolis. © 2017 Rachel C. Hughey. All rights reserved.

## Endnotes

<sup>1</sup>36 S. Ct. 2131 (2016).

<sup>2</sup>Pub. L. No. 112-29, 125 Stat. 284 (2011).

<sup>3</sup>See 35 U.S.C. § 102(a) (2012).

<sup>4</sup>Leahy-Smith America Invents Act § 6, Pub. L. No. 112-29, 125 Stat. 284, 299-313 (2011); see also H.R. Rep. No. 112-98, pt. 1, at 46-47 (2011).

<sup>5</sup>*Patent Trial and Appeal Board Statistics 9/30/2016*, U.S. PAT. & TRADEMARK OFF., available at [www.uspto.gov/sites/default/files/documents/aia\\_statistics\\_september2016A.pdf](http://www.uspto.gov/sites/default/files/documents/aia_statistics_september2016A.pdf) (last visited Nov. 15, 2016).

<sup>6</sup>When a petition is denied on procedural grounds, as opposed to on the merits, the PTO counts that as a denial. The PTO also counts multiple petitions joined as one matter instituted, while multiple non-joined petitions denied are counted separately as multiple matters not instituted. Thus, the PTO's reported numbers show a lower substantive institution rate than would be shown if all petitions were counted separately and procedural denials not counted.

<sup>7</sup>*Supra* n.5.

<sup>8</sup>*Id.*

<sup>9</sup>*Id.*; see also *Altaire Pharmaceuticals, Inc. v. Paragon Biotek, Inc.*, PGR2015-00011 (P.T.A.B. Nov. 14, 2016) (finding all claims of U.S. Pat. No. 8,859,623 patentable); *Netsirv v. Boxbee, Inc.*, PGR2015-00009 (P.T.A.B. Aug. 2, 2016) (finding all claims of U.S. Pat. No. 8,756,166 unpatentable); *American Simmental Ass'n v. Lachman Cattle of Colo. LLC*, No. PGR2015-00003 (P.T.A.B. June 13, 2016) (finding all claims of U.S. Pat. No. 8,660,888 unpatentable and denying the patent owner's motion to amend); *American Simmental Ass'n v. Lachman Cattle of Colo. LLC*, No. PGR2015-00005 (P.T.A.B. June 13, 2016) (finding all claims of U.S. Pat. No. 8,660,888 unpatentable and denying the patent owner's motion to amend).

<sup>10</sup>U.S. CT. OF APP. FOR THE FED. CIR., *Year-to-Date Activity: as of*

October 31, 2016, [www.cafc.uscourts.gov/sites/default/files/the-court/statistics/YTD\\_Activity\\_10.31.16.pdf](http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/YTD_Activity_10.31.16.pdf).

<sup>11</sup>U.S. CT. OF APP. FOR THE FED. CIR., *Year-to-Date Activity and Status of Pending Appeals: as of October 31, 2012*, [www.cafc.uscourts.gov/sites/default/files/the-court/10.31.12\\_YTD\\_Activity\\_and\\_Status\\_of\\_Pending\\_Appeals.pdf](http://www.cafc.uscourts.gov/sites/default/files/the-court/10.31.12_YTD_Activity_and_Status_of_Pending_Appeals.pdf).

<sup>12</sup>See FED. CIR. R. 36.

<sup>13</sup>See Finnegan, Henderson, Farabow, Garrett & Dunner LLP, *IPR FWD-appealed*, AMERICA INVENTS ACT, [www.aiablog.com/inter-partes-review-ipt/](http://www.aiablog.com/inter-partes-review-ipt/) (last visited Nov. 15, 2016); Finnegan, Henderson, Farabow, Garrett & Dunner LLP, *CBM FWD-appealed*, AMERICA INVENTS ACT, [www.aiablog.com/covered-business-method-patent-review-cbm/](http://www.aiablog.com/covered-business-method-patent-review-cbm/) (last visited Nov. 15, 2016); see also *Opinions & Orders*, U.S. CT. OF APP. FOR THE FED. CIR., <http://www.cafc.uscourts.gov/opinions-orders> (last visited Nov. 15, 2016). See generally Jason Rantanen, *Data on Federal Circuit Appeals and Decisions*, PATENTLY-O (June 2, 2016), [patentlyo.com/patent/2016/06/circuit-appeals-decisions.html](http://patentlyo.com/patent/2016/06/circuit-appeals-decisions.html) (last visited Nov. 15, 2016) (showing that the federal circuit's use of the Rule 36 affirmance in appeals from the USPTO has drastically increased in 2015 and 2016 despite the number of precedential and nonprecedential opinions not changing).

<sup>14</sup>See *infra* Part II.

<sup>15</sup>The deadline for appeal may have already expired for some PTAB decisions. See 37 C.F.R. § 90.3(a) (2015) (setting time for appeal of the final written decision at 63 days).

<sup>16</sup>See 35 U.S.C. §§ 314, 324 (2012).

<sup>17</sup>See *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1376 (Fed. Cir. 2014) (dismissing interlocutory appeal of IPR institution decision for lack of jurisdiction but leaving open the possibility of later appeal); see also *In re Dominion Dealer Sols.*, 749 F.3d 1379 (Fed. Cir. 2014); *In re Procter & Gamble*, 749 F.3d 1376 (Fed. Cir. 2014); *In re MCM Portfolio LLC*, 554 Fed. Appx. 944 (Fed. Cir. 2014); *ZOLL Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, 577 Fed. Appx. 991 (Fed. Cir. 2014).

<sup>18</sup>*Harmonic Inc. v. Avid Tech. Inc.*, 815 F.3d 1356, 1368 (Fed. Cir. 2016) (denying review over an institution decision where the PTAB denied institution on grounds found to be “redundant” to the grounds instituted upon); *Achates Reference Publ'g Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015) (denying review of PTAB's institution decision after PTAB found petition was not time-barred by 35 U.S.C. § 315(b)); *In re Cuozzo Speed Techs. LLC*, 793 F.3d 1268 (Fed. Cir. 2015) (denying review of a PTAB institution decision that was instituted on grounds that were not included in the petition).

<sup>19</sup>*Cuozzo*, 136 S. Ct. at 2140 (June 20, 2016).

<sup>20</sup>*Medtronic, Inc. v. Robert Bosch Healthcare Sys.*, Nos. 2015-1977, 2015-1986, 2015-1987, 2016 U.S. App. LEXIS 18855 (Fed. Cir. Oct. 20, 2016); *Husky Injection Molding Sys. v. Athena Automation Ltd.*, Nos. 2015-1726, 2015-1727, 2016 U.S. App. LEXIS 17373 (Fed. Cir. Sept. 23, 2016) (dismissing in part for lack of jurisdiction where appellant argued Board failed to apply equitable doctrine of assignor estoppel to bar review); *Wi-Fi One, LLC v. Broadcom Corp.*, No. 2015-1944, 2016 U.S. App. LEXIS 16942 (Fed. Cir. Sept. 16, 2016) (barring review of Board's institution decision where patent owner argued petitioner was time barred because petitioner was in privity with a time-barred district court litigant).

<sup>21</sup>See 35 U.S.C. § 316(a)(2) (2012) (granting the director authority to set “forth the standards for the showing of sufficient grounds to institute a review under section 314(a)”).

<sup>22</sup>37 C.F.R. 42.100(b) (2015); 37 C.F.R. 42.300(b) (2015).

<sup>23</sup>*Cuozzo*, 793 F.3d at 1275 (quoting 35 U.S.C. § 316(a)(2), (a)(4) (2012)).

<sup>24</sup>See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-13 (Fed. Cir. 2005).

<sup>25</sup>H.R. Rep. No. 112-98, pt. 1, at 75; see also 35 U.S.C. § 282(a) (2012).

<sup>26</sup>*Cuozzo*, 136 S. Ct. 2131.

<sup>27</sup>35 U.S.C. § 316(d) (2012).

<sup>28</sup>*Idle Free Sys. Inc. v. Bergstrom Inc.*, No. IPR2012-00027, 2013 Pat. App. LEXIS 6302, at \*4 (P.T.A.B. June 11, 2013).

<sup>29</sup>*Prolitec Inc. v. ScentAir Techs. Inc.*, 807 F.3d 1353, 1363 (Fed. Cir. 2015).

<sup>30</sup>Dennis Crouch, *IPR: Proving Patentability Before Amendment*, PATENTLYO (Dec. 9, 2015), [patentlyo.com/patent/2015/12/proving-patentability-amendment.html](http://patentlyo.com/patent/2015/12/proving-patentability-amendment.html) (last visited Nov. 15, 2016).

<sup>31</sup>*Veritas Techs. LLC v. Veeam Software Corp.*, No. 2015-1894, 2016 U.S. App. LEXIS 15978 (Fed. Cir. Aug. 30, 2016); *In re Aqua Prods.*, 823 F.3d 1369 (Fed. Cir. 2016); *Nike Inc. v. Adidas AG*, 812 F.3d 1326 (Fed. Cir. 2016); *Illumina Cambridge Ltd. v. Intelligent Bio-Sys. Inc.*, Nos. 2015-1123, 2015-1243, 2016 U.S. App. LEXIS 1442 (Fed. Cir. Jan. 29, 2016); *Prolitec Inc. v. ScentAir Techs. Inc.*, 807 F.3d 1353 (Fed. Cir. 2015); *Microsoft Corp. v. Proxyconn Inc.*, 789 F.3d 1292 (Fed. Cir. 2015); *Cuozzo*, 793 F.3d 1268.

<sup>32</sup>*Veritas*, 2016 U.S. App. LEXIS 15978; *Nike*, 812 F.3d 1326.

<sup>33</sup>*In re Aqua Prods.*, 823 F.3d at 1373; *Synopsys Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1323-24 (Fed. Cir. 2016); *Illumina Cambridge Ltd. v. Intelligent Bio-Sys. Inc.*, Nos. 2015-1123, 2015-1243, 2016 U.S. App. LEXIS 1442, at \*9 (Fed. Cir. Jan. 29, 2016); *Prolitec*, 807 F.3d at 1362-65 (Fed. Cir. 2015); *Microsoft*, 789 F.3d at 1303-08.

<sup>34</sup>*Cuozzo*, 793 F.3d at 1282-83.

<sup>35</sup>*Nike*, 812 F.3d at 1350-51 (quoting *MasterImage 3D Inc. v. RealD Inc.*, No. IPR2015-00040, 2015 Pat. App. LEXIS 5402, at \*3, 2015 WL 4383224 (P.T.A.B. July 15, 2015)).

<sup>36</sup>*Veritas*, 2016 U.S. App. LEXIS 15978, at \*19-20.

<sup>37</sup>No. 2015-1177, 2016 U.S. App. LEXIS 14862, at \*2-3 (Fed. Cir. Aug. 12, 2016).

<sup>38</sup>*Ethicon Endo-Surgery Inc. v. Covidien LP*, 812 F.3d 1023 (Fed. Cir. Jan. 13, 2016).

<sup>39</sup>*MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1291 (Fed. Cir. 2015) (citing *Patlex Corp. v. Mossinghoff*, 758 F.2d 594 (Fed. Cir. 1985) (upholding ex parte reexamination against an Article III challenge)).

<sup>40</sup>35 U.S.C. §§ 316(d), 326(e) (2012).

<sup>41</sup>*Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 131 S. Ct. 2238, 2242 (2011).

<sup>42</sup>*Microsoft*, 789 F.3d at 1297.

<sup>43</sup>*Merck & Cie v. Gnosis S.p.A.*, 808 F.3d 829 (Fed. Cir. 2015) (Newman, J., dissenting); *Prolitec*, 807 F.3d at 1367-68 (Newman, J., dissenting).

<sup>44</sup>*Merck & Cie v. Gnosis S.P.A.*, 820 F.3d 432 (Fed. Cir. 2016).

<sup>45</sup>*In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016).

<sup>46</sup>A covered business method patent is defined as “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service....” Leahy-Smith America Invents Act § 18(d)(1), 112 P.L. 29, 125 Stat. 284, 331 (2011).

<sup>47</sup>See *Blue Calypso LLC v. Groupon Inc.*, 815 F.3d 1331, 1338 (Fed.

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Cir. 2016); *Sightsound Techs. LLC v. Apple Inc.*, 809 F.3d 1307, 1314 (Fed. Cir. 2015); *Versata Dev. Grp. Inc. v. SAP Am. Inc.*, 793 F.3d 1306, 1314-23 (Fed. Cir. 2015).

<sup>48</sup>*Arendi S.A.R.L. v. Apple Inc.*, No. 2015-2073, 2016 U.S. App. LEXIS 14652 (Fed. Cir. Aug. 10, 2016); *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016); *Cutsforth Inc. v. MotivePower Inc.*, No. 2015-1314, 2016 U.S. App. LEXIS 6262 (Fed. Cir. Apr. 6, 2016).

<sup>49</sup>*Reg Synthetic Fuels, LLC v. Neste Oil Oyj*, No. 2015-1773, 2016 U.S. App. LEXIS 20112 (Fed. Cir. Nov. 8, 2016); *Software Rights Archive, LLC v. Facebook, Inc.*, Nos. 2015-1649, 2015-1650, 2015-1651, 2015-1652, 2015-1653, 2016 U.S. App. LEXIS 16561 (Fed. Cir. Sept. 9, 2016); *Black & Decker Inc. v. Positec USA Inc.*, Nos. 2015-1646, 2015-1647, 2016 U.S. App. LEXIS 9039 (Fed. Cir. May 18, 2016); *Pride Mobility Prods. Corp. v. Permobil Inc.*, 818 F.3d 1307 (Fed. Cir. 2016); *Blue Calypso*, 815 F.3d at 1347; *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064 (Fed. Cir. 2015).

<sup>50</sup>*Perfect Surgical Techniques, Inc. v. Olympus America, Inc.*, No. 2015-2043, 2016 U.S. App. LEXIS 20454 (Fed. Cir. Nov. 15, 2016); *In re NuVasive, Inc.*, Nos. 2015-1672, 2015-1673, 2016 U.S. App. LEXIS 20188 (Fed. Cir. Nov. 9, 2016); *Reg Synthetic Fuels*, 2016 U.S. App. LEXIS 20112 (reversing in part, vacating in part, and remanding); *Husky Injection Molding*, 2016 U.S. App. LEXIS 17373 (vacating and remanding); *Veritas*, 2016 U.S. App. LEXIS 15978, at \*19-20 (vacating in part and remanding); *In re Warsaw Orthopedic, Inc.*, Nos. 2015-1050, 2015-1058, 2016 U.S. App. LEXIS 14560 (Fed. Cir. Aug. 9, 2016) (same); *Respironics, Inc. v. Zoll Med. Corp.*, No. 2015-1485, 2016 U.S. App. LEXIS 13761 (Fed. Cir. July 29, 2016) (vacating and remanding); *SAS Inst. Inc. v. ComplementSoft LLC*, 825 F.3d 1341 (Fed. Cir. 2016) (vacating in part and remanding); *Dell Inc. v. Accelaron LLC*, 818 F.3d 1293 (Fed. Cir. 2016) (same); *Shaw Indus. Grp. v. Automated Creel Sys.*, 817 F.3d 1293 (Fed. Cir. 2016) (same); *PPC Broadband Inc. v. Corning Optical Communs. RF LLC*, 815 F.3d 747 (Fed. Cir. Feb. 22, 2016) (vacating and remanding); *PPC Broadband Inc. v. Corning Optical Communs. RF LLC*, 815 F.3d 734 (Fed. Cir. 2016) (vacating in part and remanding); *Nike Inc. v. Adidas AG*, 812 F.3d 1326 (Fed. Cir.

2016) (same); *Cutsforth Inc. v. Motivepower Inc.*, No. 2015-1316, 2016 U.S. App. LEXIS 1083 (Fed. Cir. Jan. 22, 2016) (vacating and remanding); *Straight Path IP Group Inc. v. Sipnet EU S.R.O.*, 806 F.3d 1356 (Fed. Cir. 2015) (same); *Ariosa Diagnostics v. Verinata Health Inc.*, 805 F.3d 1359 (Fed. Cir. 2015) (same); *Microsoft Corp. v. Proxyconn Inc.*, 789 F.3d 1292 (Fed. Cir. 2015) (vacating in part and remanding).

<sup>51</sup>*Cutsforth*, 2016 U.S. App. LEXIS 6262.  
<sup>52</sup>*See Perfect Surgical*, 2016 U.S. App. LEXIS 20454; *Respironics*, 2016 U.S. App. LEXIS 13761; *PPC Broadband*, 815 F.3d 747; *PPC Broadband*, 815 F.3d 734; *Straight Path*, 806 F.3d 1356; *Microsoft*, 789 F.3d 1292.

<sup>53</sup>*Microsoft Corp. v. Proxyconn Inc.*, Nos. IPR2012-00026, IPR2013-00109 (P.T.A.B. Dec. 9, 2015).

<sup>54</sup>*PPC Broadband Inc. v. Corning Optical Communs. RF LLC*, No. IPR2013-00342 (P.T.A.B. Oct. 12, 2016); *Sipnet EU S.R.O. v. Straight Path IP Group Inc.*, No. IPR2013-00246 (P.T.A.B. May 23, 2016).

<sup>55</sup>*PPC Broadband*, 815 F.3d at 752, 756.

<sup>56</sup>*Arendi S.A.R.L. v. Apple Inc.*, No. 2015-2073, 2016 U.S. App. LEXIS 14652 (Fed. Cir. Aug. 10, 2016).

<sup>57</sup>*See Black & Decker*, 2016 U.S. App. LEXIS 9039 (reversing in part where the PTAB's decision failed to explain why a person of ordinary skill would have modified the prior art); *Pride Mobility*, 818 F.3d 1307 (reversing in part because there was no evidence in the relied upon prior art of a given claim element; remand was not required because there was no other PTAB ruling addressing the element).

<sup>58</sup>*Black & Decker*, 2016 U.S. App. LEXIS 9039, at \*17-18.

<sup>59</sup>*Pride Mobility*, 818 F.3d 1307, 2016 U.S. App. LEXIS 6167, at \*15.

<sup>60</sup>*Husky Injection Molding*, 2016 U.S. App. LEXIS 17373, at \*29.

<sup>61</sup>*Reg Synthetic*, 2016 U.S. App. LEXIS 20112.

<sup>62</sup>*Perfect Surgical*, 2016 U.S. App. LEXIS 20454.

<sup>63</sup>*See In re Warsaw Orthopedic, Inc.*, Nos. 2015-1050, 2015-1058, 2016 U.S. App. LEXIS 14560 (Fed. Cir. Aug. 9, 2016) (vacating in part and remanding for not following the proper analysis path for obviousness and having an unsubstantiated, conclusory assertion of obviousness); *Shaw Indus. Grp. v. Automated Creel Sys.*,

817 F.3d 1293 (Fed. Cir. 2016) (vacating in part and remanding because the PTAB's explanation of a reference's teachings was at best ambiguous); *Nike*, 812 F.3d 1326 (vacating in part and remanding a PTAB decision for failing to consider secondary considerations when finding that substitute claims were obvious despite argumentation that secondary considerations made the claims non-obvious; stating that the patent owner must show patentability over only the material prior art made of record in the current proceeding pursuant to the patent owner's duty of good faith and candor to the office); *Cutsforth*, 2016 U.S. App. LEXIS 1083 (vacating and remanding a PTAB decision because it was unclear what reasons the PTAB gave for its obviousness finding); *Ariosa Diagnostics v. Verinata Health Inc.*, 805 F.3d 1359 (Fed. Cir. 2015) (vacating and remanding PTAB decision because it was unclear whether PTAB properly considered evidence).

<sup>64</sup>*See Motivepower, Inc. v. Cutsforth, Inc.*, No. IPR2013-00274 (P.T.A.B. Sept. 9, 2016) (allowing two of twenty-four claims reviewed on remand); *Ariosa Diagnostics v. Verinata Health, Inc.*, Nos. IPR2013-00276, IPR2013-00277 (P.T.A.B. Aug. 15, 2016) (re-cancelling all claims on remand).

<sup>65</sup>*SAS Inst. Inc. v. Complement Soft LLC*, 825 F.3d 1341 (Fed. Cir. 2016).

<sup>66</sup>*Dell Inc. v. Accelaron LLC*, 818 F.3d 1293 (Fed. Cir. 2016). On remand, the Board found that the petitioner had not met its burden of unpatentability and allowed the claims. *Dell Inc. v. Accelaron, LLC*, No. IPR2013-00440 (P.T.A.B. Aug. 22, 2016).

<sup>67</sup>*In re NuVasive*, 2016 U.S. App. LEXIS 20188, at \*2-3.

<sup>68</sup>*Belden*, 805 F.3d 1064.

<sup>69</sup>*Software Rights Archive, LLC v. Facebook, Inc.*, Nos. 2015-1649, 2015-1650, 2015-1651, 2015-1652, 2015-1653, 2016 U.S. App. LEXIS 16561 (Fed. Cir. Sept. 9, 2016).

<sup>70</sup>AIA § 18(a), 25 Stat. 284, 329.

<sup>71</sup>*Blue Calypso*, 815 F.3d at 1347.

<sup>72</sup>An accused infringer should consider the advantages of challenging a patent before the PTAB, especially given the possibility of obtaining a stay of district court proceedings pending the PTAB decision. *See VirtualAgility Inc. v. Salesforce.com*, 759 F.3d 1307 (Fed. Cir. 2014) (reversing district court's denial of stay pending inter partes review).