



Insights: Perspectives

5 Key Takeaways | PTAB Trials Insights and Strategies-Leveraging Recent Development at the PTAB

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5 KEY TAKEAWAYS

PTAB Trials Insights & Strategies-Leveraging Recent Development at the PTAB

Kilpatrick Townsend partners [John Alemanni](#), [Tina McKeon](#), and [Wab Kadaba](#) recently presented to clients on the topic of “PTAB Trials Insights & Strategies – Leveraging Recent Developments at the PTAB” at the annual Kilpatrick Townsend Intellectual Property Seminar (KTIPS). KTIPS is an intensive, two-day patent strategy and protection seminar for firm clients.

Key takeaways from the presentation include:

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Derivation. Derivation, which pre-AIA could be used to invalidate a claim under pre-AIA 35 U.S.C. § 102(f) and § 103(a), was redefined by the AIA. Under the AIA, a derivation petition under 35 U.S.C. § 135 may be filed within 1 year from first publication date of a claimed invention and used to establish petitioner’s prior conception. To establish derivation, the petition must establish that the communication (1) was to Respondent, (2) was independently corroborated, and (3) encompassed all limitations of the disclosed invention. The communication must also have been sufficient to enable one of ordinary skill to make the claimed invention. While the standard of evidence is not set by statute, the Board recently decided the preponderance of evidence standard applies to derivation proceedings. *Andersen Corporation v. GED Integrated Solutions, Inc.*, DER2017-00007, Paper 57 (Mar. 20, 2019).

Trial Practice Guide – Second Update. The Board recently issued a second update to the Trial Practice Guide (“TPG”), addressing a number of issues, including multiple petitions and testimonial evidence. As to multiple petitions, the Board noted that one petition should be sufficient and filing more than one “may place a substantial and unnecessary burden on the Board and the patent owner and could raise fairness, timing, and efficiency concerns.” The update also suggests that, if petitioner files multiple petitions, petitioner “should” rank them. As to testimonial evidence, the Board affirmed that the patent owner may provide testimony in support of the preliminary response. However, submission of a declaration subjects the witness to potential deposition. The updated TPG allows the patent owner to affirmatively withdraw testimony submitted with the preliminary response and thereby avoid cross-examination of the declarant. This change may significantly affect the strategy for preparation of the preliminary response.

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Standard of Proof of Publication for Institution. The Board is currently considering the appropriate standard to apply to proof of publication at the institution stage. *Hulu, LLC v. Sound View Innovations, LLC*, IPR2018-01039. The Board initially determined that Hulu failed to establish a book’s publication based solely on its copyright notice and denied institution. Hulu requested reconsideration by a Precedential Opinion Panel (“POP”) because of inconsistent panel decisions. The POP is considering which of two competing potential standards should apply at institution – reasonable likelihood or prima facie. Patent owner argued that the Board apply a high threshold at the institution stage (reasonable likelihood) with limited opportunities to supplement the record after

the petition. Petitioner argued the standard should be lower (*prima facie*), allowing the parties an opportunity to supplement the record to address the factual dispute after institution.

Discretionary Denial of Institution. The Board recently designated as precedential two decisions related to 35 U.S.C. §§ 314(a) and 325(d). The Board's analysis in the first, *NHK Spring*, rested primarily on § 325(d) but also considered some of the *General Plastics* factors under § 314(a). *NHK Spring Co., LTD. v. Intri-Plex, Inc.*, IPR2018-00752, Paper 8 (Sept. 12, 2018). The Board began with an analysis under § 325(d), finding that (1) the Examiner had rejected the challenged claims over the same combinations presented in the petition, (2) the Petitioner did not explain any difference, and (3) the submitted declaration added nothing. The Board also considered the stage of proceedings in district court, finding this factor supported denial under § 314(a) (because an IPR would not be an effective/efficient alternative to litigation). The Board's analysis in *Valve Corp.* rested solely on § 314(a), applying the *General Plastics* factors. *Valve Corp. V. Elec. Scripting Prods, Inc.*, IPR2019-00062, Paper 11 (April 2, 2019). Valve filed a petition challenging the same patent as a prior HTC petition after the denial of HTC's petition. The Board applied *General Plastics* even though the petitions were filed by different parties. In denying Valve's petition, the Board found a "significant relationship" noting that the parties were co-defendants and HTC devices incorporated Valve's technology.

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Standing to Appeal IPR Decision. To appeal an IPR decision to the Federal Circuit, the appellant must have Article III standing. Over the past several years, the Federal Circuit has set out the requirements for standing. First, only one side needs standing. Further, the appealing party must have some actual risk because of the patents. For example, the Board has found standing where a competitor could make a covered product and the patent owner refused to grant a covenant not to sue. *E.I. DuPont De Nemours & Co. v. Synvina C.V.*, 904 F.3d 996 (Fed. Cir., 2018). The court also found standing despite a development agreement that precluded an infringement suit because the appellant faced infringement claims if the agreement expired or was terminated. *Altaire Pharm., Inc. v. Paragon Biotech, Inc.*, 889 F.3d 1274 (Fed. Cir., 2018). However, the inability to license patents because of a competitor's license campaign does not confer standing. *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168 (Fed. Cir. 2017). In a recent case, General Electric (GE) argued that the challenged patents created barriers to its development of new engines, creating a competitive disadvantage and potential for a lawsuit. The Federal Circuit found that GE's injuries were "too speculative" for standing; however, the court allowed GE to provide evidence of standing since the record was not developed below in the IPR proceeding. *General Electric v. United Technol. Corp.*, ___ F.3d ___, (Fed. Cir. July 10, 2019).

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