KILPATRICK TOWNSEND

6 KEY TAKEAWAYS

Post Grant Proceedings: Recent Developments & Precedential Proceedings

Kilpatrick Townsend Partners **John Alemanni**, **Wab Kadaba**, and **Tina McKeon** recently presented on the latest developments and precedential proceedings regarding post grant proceedings.

Six key takeaways from the presentation include:

1

Post Grant Statistics

The overall institution rate continues to decline and is at 61% in FY2018. Overall, the institution rate remains higher for electrical/computer and mechanical/business method technologies than for bio/pharma and chemical technologies. Recent post-*SAS* guidance and the Board decisions since then suggest that the institution rate may further decline. When instituted, less than half (46%) of Orange Book listed patents result in all claims being held unpatentable. In contrast, for all other technology areas, including miscellaneous bio-pharma, approximately two-thirds of all decisions (66%) found all claims are unpatentable.

Supreme Court Rulings (*Oil States* / *SAS*)

The Supreme Court issued decisions in O*il States Energy v. Greene's Energy Grp.* and *SAS Institute v. Iancu*. In *Oil States,* the Court found that IPR's do not offend Article III. The Court stated that patents are "public franchises" and patent validity is not a matter that, "from its nature," must be decided by the courts. The Court in *SAS* ruled that the statute requires the Patent Office to issue a final written decision addressing every claim challenged by the petitioner. The decision in *SAS* has already had substantial impact on day-to-day practice before the PTAB. The PTAB issued guidance requiring that, if an IPR is instituted, every challenge raised in the petition must be instituted. The PTAB's post-*SAS* guidance has affected cases proceeding through trial and on those remanded from the Federal Circuit. In some cases, the Federal Circuit has remanded before rendering a decision so that the PTAB can address the previously non-instituted grounds.

2

3

Sovereign Immunity

In the *Mylan Pharmaceuticals v. St. Regis Mohawk* proceedings, Mylan and other generic drug companies challenged Allergan's patents covering a drug for treating chronic dry eye. Allergan assigned the challenged patents to St. Regis Mohawk Tribe, with a license back to Allergan (paying the tribe $13.75 million up front and $15 million in annual royalties). The tribe asserted immunity in the IPRs, and Allergan moved to withdraw. The PTAB held that tribal immunity did not shield the patents and, even if it did, Allergan still held a substantial ownership interest based on the nature of the agreement. On appeal, the Federal Circuit affirmed and ruled that tribal sovereign immunity does not bar IPR but expressly declined to extend its ruling to state sovereign immunity.

Proving Publication

Because the PTAB tends to be relatively strict regarding a showing that a document is a "printed publication," it is best to use patents whenever possible. The standard for a finding that a document is public sets a fairly low bar – a reference is considered publicly accessible if persons of ordinary skill in the art, exercising reasonable diligence, can locate it. Even "relatively obscure documents" can qualify as a printed publication. However, the proponent of the document should take care to include evidence that the document was available and should provide details about how, when, and under what circumstances persons of skill in the art could and actually did access the document. Also, care must be taken to tie various versions of documents together.

4

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Precedential Decisions

So far, the PTAB has received over 8,700 petitions but has deemed just 11 decisions precedential. Of those precedential decisions, two were so designated in 2017. In *General Plastic Indus. Co. v. Canon*, the PTAB set out the factors that the panels should consider when determining whether to institute follow-on petitions (*e.g.*, whether the same petitioner, the same claims, the same patent as previous petition; whether, at the time of filing the first petition, the petitioner knew of art asserted in the second petition; whether, at the time of filing the second petition, the petitioner had received

5

previous petition; whether, at the time of filing the first petition, the petitioner knew of art asserted in the second petition; whether, at the time of filing the second petition, the petitioner had received patent owner's preliminary response or Board's decision on institution for first petition; the time between filing of a second petition and petitioner's learning of art asserted in the second petition; the petitioner's explanation for time between petitions; resources of the board; and the statutory requirement to issue a final determination within one year of institution).

Appeal of an Institution Decision

In *Cuozzo v. Lee*, the Supreme Court held that 35 U.S.C. § 314(d) means what it says – institution decisions are non-appealable. However, the Court noted a strong presumption favoring judicial review and noted that the Administrative Procedures Act provides recourse for decisions contrary to a constitutional right, in excess of statutory jurisdiction, or arbitrary and capricious. In *Wi-Fi One v. Broadcom,* the Federal Circuit found that *Cuozzo* decision was limited to preliminary patentability determinations under § 314 or the exercise of discretion under § 325 and that the one-year statutory bar of § 315 is not closely related to the institution decision addressed in those sections. Thus, the *Wi-Fi One* decision opens the door, at least somewhat, for challenges to institution decisions not closely related to patentability determinations or the exercise of discretion under § 325.

6

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