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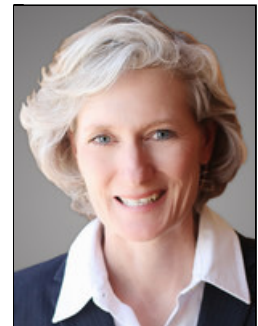
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Trends In IPR Institution: Part 1 — Ex Parte Art, Arguments

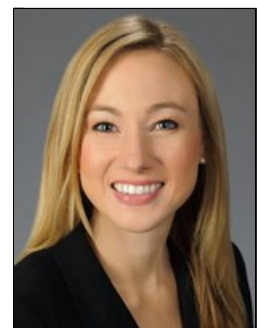
Share us on: By **Virginia Carron and Ashley Winkler, Finnegan Henderson Farabow Garrett & Dunner LLP**

Law360, New York (January 11, 2017, 12:17 PM EST) -- The Patent Trial and Appeal Board has broad discretion when determining whether or not to institute an inter partes review to attack the validity of an issued patent. Before instituting the review, the board must first find a “reasonable likelihood that the petitioner [will] prevail” on at least one of the challenged claims.[1] But beyond this one condition, the board’s power to institute IPR is discretionary, not mandatory.[2] When exercising that power, under 35 U.S.C. § 325(d), the board may consider whether “the same or substantially the same prior art or arguments” were previously presented to the [U.S. Patent and Trademark Office](#). Thus, under § 325(d), at times the board will deny petitions that raise duplicative attacks based on previously submitted prior art or arguments.



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No statute or regulation, however, provides guidance on what constitutes “the same or substantially the same prior art or arguments.” So far, the board has performed a case-by-case factual analysis to uncover similar arguments or prior art. Although this analysis necessarily depends on individual cases, a survey of board decisions can reveal trends in its exercise of § 325(d) discretion. When present, certain factors seem to strongly influence the board’s decision. To assist parties in their IPR practice, this article will seek to reveal these factors.



Ashley M. Winkler

The board’s trends in exercising § 325(d) discretion derive primarily from how the art or arguments were first presented to the USPTO. The USPTO receives and analyzes information about the patentability of an invention through two types of proceedings — ex parte and inter partes proceedings. Ex parte proceedings predominately involve only the patent owner and the USPTO. Ex parte prosecution is conducted between the applicant(s) and a patent examiner. And the post-grant proceeding — ex parte re-examination — is performed between the patent owner and a panel of three examiners. In contrast, inter partes proceedings (e.g., IPR, covered business-method review, and post-grant review) involve the participation of a third-party petitioner in addition to the patent owner and the board.

This article outlines the board’s exercise of § 325(d) discretion in two parts: First, this article describes trends where art or arguments were initially presented during an ex parte proceeding. Part two will describe trends where art or arguments were initially presented during an inter partes proceeding.

Ex Parte Proceedings

Significantly fewer IPR decisions consider whether to use § 325(d) discretion — even though it is authorized by Congress — to deny institution based on prior art introduced during patent prosecution or ex parte re-examination. While patent owners do challenge petitions based on similarity to material previously presented and considered during an ex parte proceeding, the board is considerably less likely to use § 325(d) discretion to deny the petition. The trends with regard to ex

part proceedings tend to be more concrete. First, the board seems to require both substantially similar — if not identical — prior art and arguments that were previously considered by the USPTO. Second, there must be clear evidence in the record that the USPTO reviewed the prior art and arguments. Third, the board may be persuaded that the petitioner presents a unique role in the proceedings and that IPR should be instituted.

Similarity of Prior Art and Argument

The board typically limits use of § 325(d) discretion to petitions where the patent owner can show that both substantially similar prior art and arguments are presented. If the patent owner can show identity of only one category, the board generally denies exercising § 325(d) discretion. The board instituted IPR in [Owens Corning v. Fast Felt Corp.](#) even though the patent owner demonstrated that during patent prosecution, the examiner considered three of the petitioner’s four grounds for invalidity on the basis of the same primary reference.[3] The board noted that three secondary references were added by the petitioner and declined to use § 325(d) discretion.[4] The board also instituted IPR in [Sharp Corp. v. Surpass Tech Innovation LLC](#) even though the petitioner relied on the same references the examiner considered during patent prosecution.[5] The board determined that the petitioner presented different arguments that “shed[] a different light on the [repeated] reference” and, as a result, decided not to exercise § 325(d) discretion.[6]

In a limited number of cases, the patent owner has persuaded the board that both prior art and arguments from an ex parte proceeding were substantially duplicated.[7] Typically, this requires a great degree of similarity between the presently petitioned and previously considered challenges. For example, in [Tiffany & Co. v. Lazare Kaplan International Inc.](#), the board denied IPR on the basis of § 325(d) discretion, because during patent prosecution the examiner analyzed the petitioner’s primary prior-art reference for the same question of whether the reference disclosed a particular claim limitation.[8]

Notably, petitioners electing to challenge a patent based on prior art previously considered by the USPTO should avoid critiquing the examiner’s analysis and instead should emphasize new arguments or evidence available regarding the previously considered challenge. In [Integrated Global Concepts Inc. v. Advanced Messaging Technologies Inc.](#), for example, the board denied institution where the same prior art had been presented during ex parte re-examination and the petitioner’s argument was a critique of the examiner’s analysis.[9]

Evidence of Consideration

Most prosecution or reexamination records do not provide sufficient support that the prior art and arguments were considered for their merits. The appearance of a reference on an initial-disclosure statement, for example, is not persuasive evidence that the USPTO actually applied the reference to the claims as in [TRW Automotive US LLC v. Magna Electronics Inc.](#)[10] Or in [Chimei Innolux Corp. v. Semiconductor Energy Laboratory Co. Ltd.](#), the board determined that even though the examiner listed two of the now-presented prior-art references in the prosecution record, there was no evidence that the examiner considered “substantially the same ... arguments.”[11] Absent such a showing, the board would not rely on § 325 (d) to deny institution.[12]

Instead, for a patent owner to persuade the board to exercise § 325(d) discretion on the basis of ex parte art or arguments, the board generally requires that the patent owner clearly demonstrate — with support from the examination record — that the examiner considered the exact argument and limitations presently challenged with respect to the identical prior-art reference. For example, in [Microboards Technology LLC v. Stratasys Inc.](#), the board denied institution where the patent owner could show that in the examiner’s notice of allowability, the same question of patentability has been applied to the same reference.[13] And in [Hulu LLC v. Intertainer Inc.](#), the board denied institution where the petitioner relied on a reference that had been submitted to the examiner during patent prosecution and, concurrent with prosecution, had been considered by the USPTO in the ex parte re-examination of a related patent.[14] The patent owner showed that the examiner specifically considered the issue of anticipation by relying on the examiner’s initial rejection.[15] In this decision, the board independently reviewed the inventor’s declarations and determined that the examiner’s findings were reasonable.

Similarity of Parties

Like the inter partes proceedings discussed above, the board may be influenced to institute IPR when the petitioner can demonstrate that the petitioner is an important party to the proceedings. Because ex parte proceedings occur without third parties, the petitioner was not involved in the earlier presentation of the art and arguments, and has not had the opportunity to challenge the patent. Specifically, in [Microsoft Corp. v. Parallel Networks Licensing LLC](#), the board described the

difference in the proceedings by stating that it had “considered that the ex parte nature of the re-examinations differs from the adversarial nature of an inter partes review.”[16]

In one unique case, the similarity of parties actually encouraged the board to rely on § 325(d) discretion to deny IPR. In *Prism Pharma Co. Ltd. v. Choongwae Pharma Corp.*, a co-founder of the petitioner was also a co-inventor of the underlying patent.[17] During prosecution of the patent’s parent and also during the prosecution of the patent itself, the co-founder/co-inventor submitted the prior-art reference to the examiner as anticipatory prior art.[18] The petition for IPR relied on the same prior-art reference.[19] The board determined that the examiner and his supervisor reviewed the reference and determined that the challenged claims were “free from prior art.”[20] On this record of identity of parties, and clearly established review by the USPTO, the board exercised § 325(d) discretion and denied the petition.[21]

Conclusion

In conclusion, § 325(d) provides a mechanism for the board to balance the competing interests during IPR proceedings. Although § 325(d) is ultimately discretionary and the board may institute or decline any petition, the trends discussed here may shape parties’ strategies during early stages of IPR proceedings.

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[1] 35 U.S.C. § 314(a). Section 314(a) requires a petition to show that there is a “reasonable likelihood that the petitioner [will] prevail with respect to at least 1 of the claims challenged in the petition.”

[2] See e.g., *Intelligent Bio-Systems, Inc. v. Illumina Cambridge Ltd.*, No. IPR2013-00324, slip op. 4 (P.T.A.B. Nov. 21, 2013) (Paper 19) (“Congress did not mandate that an inter partes review must be instituted under certain conditions. Rather by stating that the Director – and by extension, the Board – may not institute review unless certain conditions are met, Congress made institution discretionary.”); *Valeo North America, Inc. v. Magna Electronics, Inc.*, No. IPR2014-01204, slip op. 11 (P.T.A.B. Jan. 28, 2015) (Paper 13) (“The Decision to Institute in general, and determinations under 35 U.S.C. § 325 (d) in particular, are discretionary decisions.”).

[3] No. IPR2015-00650, slip op. 25 (P.T.A.B. Aug. 13, 2015) (Paper 9).

[4] *Id.*

[5] No. IPR2015-00021, slip op. 14 (P.T.A.B. Mar. 18, 2015) (Paper 10).

[6] *Id.*; see also *Nuvasive, Inc. v. Neurovision Medical Products, Inc.*, No. IPR2015-00502, slip op. 3-4 (P.T.A.B. July 16, 2015) (Paper 15); *Permobil, Inc. v. Pride Mobility Products Corporation*, No. IPR2013-00407, slip op. 5-6 (P.T.A.B. Jan. 2, 2014) (Paper 13); *Chimei Innolux Corp. v. Semiconductor Energy Laboratory Co., Ltd.*, No. IPR2013-00066, slip op. 8 (P.T.A.B. Apr. 24, 2013) (Paper 10).

[7] See, e.g., *Lower Drug Prices for Consumers, LLC v. Forest Laboratories Holdings Ltd.*, No. IPR2016-00379 (P.T.A.B. July 1, 2016) (Paper 14) (denying institution where the same primary reference and primary arguments were considered during prosecution, which included an appeal to the Board).

[8] No. IPR2015-00024, slip op. 18-19 (P.T.A.B. Apr. 20, 2015) (Paper 7).

[9] No. IPR2014-01027, slip op. 6-7 (P.T.A.B. Dec. 22, 2014) (Paper 16).

[10] *Id.* No. IPR2014-00261, slip. op. 12 (P.T.A.B. June 26, 2014) (Paper 19).

[11] No. IPR2013-00068, slip op. 8 (P.T.A.B. Apr. 24, 2013) (Paper 7).

[12] Id.; see also, e.g., Husky Injection Molding Systems, Ltd. v. Plastic Engineering & Technical Services, Inc., No. IPR2016-00432, slip op. 6-7 (P.T.A.B. June 24, 2016) (Paper 10) (“Patent Owner has not demonstrated that this particular combination of references, as formulated by the Petitioner, was ever considered by the Examiner”); [Medtronic PLC v. Masimo Corp.](#), No. IPR2016-00056, slip op. 20 (P.T.A.B. Apr. 28, 2016) (Paper 8) (finding that the prior-art reference repeated from prosecution had not clearly been applied to the claim that issued); Metrics, Inc. v. Senju Pharmaceutical Co., Ltd., No. IPR2014-01043, slip op. 14-15 (P.T.A.B. Feb. 19, 2015) (Paper 19) (“Patent Owner’s arguments and evidence do not persuade us that the USPTO, in fact, previously considered or resolved the arguments as to [two prior-art references] that are raised in the Petitioner.”).

[13] No. IPR2015-00287, slip op. 11-12 (P.T.A.B. May 28, 2015) (Paper 13).

[14] No. IPR2014-01456 (P.T.A.B. Mar. 6, 2015) (Paper 8).

[15] Id.

[16] No. IPR2015-00486, slip op. 15 (P.T.A.B. July 15, 2015) (Paper 10); see also Sharp Corp. v. Surpass Tech Innovation LLC., No. IPR2015-00021, slip op. 14 (P.T.A.B. Mar. 18, 2015) (Paper 10) (“Here, unlike the case in ex parte prosecution of the application that issued as the [underlying] patent, Petitioner is a party to the proceeding.”).

[17] No. IPR2014-00315, slip op. 12-13 (P.T.A.B. July 8, 2014) (Paper 14).

[18] Id.

[19] Id. at 13.

[20] Id.

[21] Id.

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