
Practice Areas



Patent Litigation

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Analysis of *NHK Spring*

The U.S. Patent Trial and Appeal Board (PTAB) decided in *NHK Spring* that the stage of a parallel district court litigation can justify denying institution of a petition for *inter partes* review (IPR).² The PTAB based its decision on the statutory discretion provided under 35 U.S.C. § 314(a). The PTAB's decision to designate *NHK Spring* precedential has affected subsequent post-grant challenges involving concurrent district court litigation. This article explores § 314(a) and the possible effects of the PTAB's precedential *NHK Spring* opinion.

Summary of *NHK Spring* and Related PTAB Opinions

On May 7, 2019, the PTAB designated as precedential its September 12, 2018 decision denying institution of an IPR petition filed by *NHK Spring Co.*³ The PTAB exercised its discretion under 35 U.S.C. §§ 314(a) and 325(d) to deny institution.⁴ In its § 314(a) analysis, the PTAB agreed with the patent owner's argument "that 'instituting an *inter partes* review 'ultimately would be inefficient,' given the status of the district

court proceeding between the parties."⁵ The parties were scheduled to try the case at the district court beginning March 25, 2019, and the petitioner—the defendant and accused infringer before the district court—relied on the same prior art and arguments in both the petition and invalidity contentions served in the district court case.⁶

The PTAB first noted its discretion under § 314(a) is separate from its discretion under § 325(a).⁷ The PTAB then explained why efficiency dictated against instituting IPR review: "The district court proceeding, in which Petitioner asserts the same prior art and arguments, is nearing its final stages, with expert discovery ending on November 1, 2018, and a 5-day jury trial set to begin on March 25, 2019. A trial before us on the same asserted prior art will not conclude until September 2019."⁸ Concluding that institution of IPR would be inconsistent with the AIA's objective "to provide an effective and efficient alternative to district court litigation," the PTAB relied on its earlier precedential decision in *General Plastic*.⁹

Before *NHK Spring*, the PTAB addressed its § 314(a) discretion to deny institution in the context of follow-on petitions for IPR in *General Plastic*.¹⁰ But the PTAB later confirmed in *NetApp* its discretion under § 314(a) "is not limited to situations where the same party files multiple petitions."¹¹ Consistent with *NetApp*,

the August 2018 update to the Trial Practice Guide (TPG) confirmed "[t]he *General Plastic* factors are [] not exclusive and are not intended to represent all situations where it may be appropriate to deny a petition."¹² The August 2018 update to the TPG explicitly recognized district court or ITC proceedings involving the same patent challenged in a post-grant proceeding may provide a reason to deny a petition where doing so would serve the interests of judicial economy and upholding the patent system's integrity.¹³

Parallel district court litigation alone does not lead inevitably to a denial of institution. In *Oticon*, a post-*NHK Spring* opinion, the PTAB decided not to exercise its discretion under § 314(a) and granted the petition for IPR despite concurrent litigation.¹⁴ Key to the PTAB's decision was that the invalidity grounds petitioner raised were not entirely duplicative of those raised in the district court case.¹⁵ In its preliminary response, the patent owner argued "that Petitioner benefited from Patent Owner's responses to Petitioner's invalidity arguments and contentions [in the district court] and used them as a roadmap for the Petition by adding [a prior art reference] to counteract a weakness in [the petitioner's] District Court invalidity contentions."¹⁶ The PTAB included this in its institution decision as showing the patent owner's "acknowledge[ment] that the Board proceeding would not be directly duplicative of the District Court consideration of validity."¹⁷

Practical Considerations of *NHK Spring*

Panels of PTAB judges have increasingly relied on the precedential *NHK Spring* decision to deny institution when there is parallel

litigation. *NHK Spring* raises interesting strategy questions regarding the predictability of district court schedules and forum shopping by litigants.

Although post-grant proceedings before the PTAB follow a largely predictable schedule because of statutory deadlines for institution and final written decision, district court litigation can be less predictable. As a recent example, relying on its § 314(a) discretion and *NHK Spring*, the PTAB declined to institute IPR because a jury trial was scheduled to begin in the District of Delaware on March 9, 2020.¹⁸ On February 4, 2020, the District Court postponed the jury trial for more than four months.¹⁹ Although the Court scheduled the trial to occur between July 20 and 28, 2020,²⁰ it is possible the trial date may be postponed further, especially given the ongoing COVID-19 pandemic. District court trials can be delayed for a variety of other reasons, including conflicting civil and criminal trials, discovery disputes, and conflicts with the judge's or parties' schedules. By contrast, the PTAB has a statutory deadline in which it must complete proceedings.²¹ It remains unclear how the PTAB will continue to evaluate *NHK Spring*

issues if the desired efficiency gains go unrealized due to uncertainty in district court schedules.

It is also unclear whether *NHK Spring* will motivate plaintiffs to file suit in forums whose speed may facilitate a discretionary denial. Accounting for the pre- and post-institution phases, it frequently takes about one-and-a-half years for the PTAB to make a final decision on the validity of claims challenged in IPR.²² The median time-to-trial in patent cases in some districts is much less than two years. For example, of 24 patent cases tried in the Eastern District of Virginia between January 1, 2009, and April 17, 2020, the median time-to-trial was 446 days.²³ Of 141 patent cases tried in the Eastern District of Texas between January 1, 2009, and April 17, 2020, the median time-to-trial was 689 days.²⁴ After being sued, it may take time for the accused infringer to develop invalidity positions and draft a petition for IPR. If the initial lawsuit is before a district court with a relatively fast docket like the Eastern District of Virginia or the Eastern District of Texas, an average trial may occur before the PTAB could reach a final decision. Provided there is jurisdiction, some patent owners may strategically select a speedy district court

to leverage an argument for denial of a parallel IPR challenge.²⁵

Conclusion

The precedential decision in *NHK Spring* raises interesting strategy decisions for both patent owners and defendants, many of which will likely be answered in subsequent PTAB and Federal Circuit decisions.

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1. The authors are attorneys at the intellectual property firm of Finnegan, Henderson, Farabow, Garrett & Dunner LLP. This article is for informational purposes, is not intended to constitute legal advice, and may be considered advertising under applicable state laws. This article is only the opinion of the authors and is not attributable to Finnegan, Henderson, Farabow, Garrett & Dunner LLP, or the firm's clients.
2. *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (designated precedential May 7, 2019).
3. *Id.* at 1.
4. *Id.* at 2.
5. *Id.* at 19.
6. *Id.* (further noting the same claim construction standard would apply at the district court and PTAB).
7. *Id.* at 20.
8. *Id.* (internal record citation omitted). The parties stipulated to a dismissal of the parallel district court litigation prior to trial. See *Intri-Plex Technologies, Inc. v. NHK International Corp.*, 3:17-cv-01097-EMC (N.D. Cal.) (Dkt. 267, Stipulation and Order for Dismissal with Prejudice dated Oct. 21, 2019).

9. *NHK Spring*, IPR2018-00752, Paper 8 at 20 (quoting *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential as to §II.B.4.i)).
10. *General Plastic Industrial Co.*, IPR2016-01357, Paper 19 at 15-19, 22.
11. *NetApp Inc. v. Realtime Data LLC*, IPR2017-01195, Paper 9 at 10 (PTAB Oct. 12, 2017).
12. Trial Practice Guide, Fed. Reg. Vol. 77, No. 157, August 2018 Update at 10.
13. *Id.*
14. *Oticon Med. AB v. Cochlear Ltd.*, IPR2019-00975, Paper 15 at 1-2 (Oct. 16, 2019) (designated precedential March 24, 2020).
15. *Id.* at 23-24.
16. *Id.* at 22-23.
17. *Id.* at 23.
18. *Magellan Midstream Partners L.P. v. Sunoco Partners Marketing and Terminals, L.P.*, IPR2019-01445, Paper 12 at 2, 6, 9 (PTAB Jan. 22, 2020).
19. *Sunoco Partners Marketing & Terminals, L.P. v. Powder Springs Logistics, LLC et al.*, Case No. 17-1390 (D. Del. 2017) (Dkt. 474, Oral Order dated Feb. 4, 2020).

20. *Id.*
21. 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c).
22. Lex Machina, https://law.lexmachina.com/lptab/?status=terminated&trial_types-include=204&filing_date-from=2012-09-16&filing_date-to=&filters=true&tab=timing&view=analytics&cols=127, accessed April 22, 2020 (providing a median time of 549 days to final decision in IPRs filed between Sept. 16, 2012 and Apr. 22, 2020); see also 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c); 35 U.S.C. § 313; 37 C.F.R. § 42.107(a); 35 U.S.C. § 314(b).
23. Lex Machina, https://law.lexmachina.com/court/vaed/cases?case_types-include=27&filed_on-from=2009-01-01&filed_on-to=&filters=true&tab=timing&view=analytics&cols=475, accessed April 17, 2020.
24. Lex Machina, https://law.lexmachina.com/court/txed/cases?case_types-include=27&filed_on-from=2009-01-01&filed_on-to=&filters=true&tab=timing&view=analytics&cols=475, accessed April 17, 2020.
25. See, e.g., *Magellan Midstream Partners L.P. v. IPR2019-01445*, Paper 12 at 2, 6, 9 (discussed *supra*).