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IPR Update

Aug 09 | Jitsuro Morishita

Institution

Trial Proceeding Timeline



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Institution - 35 U.S.C. § 315(b)

(b)PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent...

"Simply put, § 315(b)'s time bar is implicated once a party receives notice through official delivery of a complaint in a civil action, irrespective of subsequent events."

See Click-to-Call Tech., LP v. Ingenio, Inc. (Fed. Cir. 2018)

Institution - 35 U.S.C. § 315(b)

(b)PATENT OWNER’S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, **real party in interest, or privy of the petitioner** is served with a complaint alleging infringement of the patent...

“[T]he ‘fact-dependent’ nature of this inquiry, explaining that the the two questions lying at its heart are whether a non-party ‘**desires review of the patent**’ and whether a petition has been filed at a nonparty’s ‘**behest.**’”

See RPX Corp. v. Applications in Internet Time, LLC (Fed. Cir. 2020)

Institution - 35 U.S.C. § 315(c)

(c) Joinder.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

“does not authorize same-party joinder, and also does not authorize joinder of new issues, including issues that would otherwise be time-barred.”

See Facebook, Inc. v. Windy City Innovations, LLC (Fed. Cir. 2020)

Institution - 35 U.S.C. § 314(a)

(a) **Threshold.**—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

Merits-based Denial: Reasonable likelihood of success (IPR standard) not shown as to at least one claim in any of the asserted grounds.

Discretionary Denial: PTAB can exercise discretion under the *Fintiv* analysis or consideration under 35 U.S.C. 325(d) to deny for discretionary reasons.

Fintiv Factors

Factor #1

Stay granted or may be granted in parallel proceeding

Factor #2

Trial date in parallel proceeding relative to final written decision date.

Factor #3

Investment in parallel proceeding

Factor #4

Overlapping issues between PTAB and parallel proceeding

Factor #5

Same party is petitioner in PTAB and defendant in parallel proceeding.

Factor #6

Other circumstances, e.g., merits.

June 2022 Memo by Director on *Fintiv* Denials

- “[T]he PTAB **will not discretionarily deny institution** of an IPR or PGR **in view of parallel district court litigation** where a **petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition** or any grounds that could have reasonably been raised in the petition.” (essentially moves up the estoppel under 35 USC 315(e) to occur at institution rather than at final written decision)
- Upon concluding that *Fintiv* factors 1-5 favor denial of institution, PTAB may determine whether the IPR petition **“presents compelling evidence of unpatentability”** and was **“highly likely”** to succeed.

Institution - 35 U.S.C. § 314(d)

(d)No APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.



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APPLE INC. V. VIDAL
(FED. CIR. 2023)

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Apple Inc. v. Vidal (Fed. Cir. 2023)

- (1) Director acted contrary to the IPR provisions of the patent statute (i.e. 1 year time bar in 315(b))
- (2) Fintiv instructions are arbitrary and capricious (Fintiv instructions are not “reasonable and reasonably explained)
- (3) Fintiv instructions were issued without compliance with the notice and comment rulemaking requirements of 5 U.S.C. § 553, as assertedly required by that APA provision and by 35 U.S.C. § 316

Apple Inc. v. Vidal (Fed. Cir. 2023)

“For the foregoing reasons, we affirm the district court’s judgment dismissing plaintiffs’ challenges to the Director’s instructions as substantively contrary to statute and as arbitrary and capricious. We reverse the district court’s dismissal for unreviewability of plaintiffs’ challenge to the Director’s instructions as having improperly been issued without notice-and-comment rulemaking, a challenge that we also conclude at least Apple has standing to press. We remand for consideration of this one challenge on the merits.”

Intel Corp. v. Vidal (U.S. 2024 cert denied)

Issue: Whether 35 U.S.C. § 314(d), which bars judicial review of “[t]he determination ... whether to institute an inter partes review,” applies even when no institution decision is challenged to preclude review of U.S. Patent and Trademark Office rules setting standards governing institution decisions.



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**PARUS HOLDINGS V. GOOGLE LLC
(FED. CIR. 2023)**

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Institution

(b)SCOPE.—A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent **only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.**

35 U.S.C. § 311(b)

Parus Holdings, Inc. v. Google LLC

- **PTAB did not exceed its statutory authority when it determined that the patent claims at issue in the IPR lacked written description support** and thus could not claim priority to the application filing date
- PTAB's analysis was sufficiently based on Section 103 arguments because the PTAB could not make a determination under Section 103 without first establishing what qualified as prior art, **which Respondent disputed its legitimacy**

Parus Holdings, Inc. v. Google LLC

Federal Circuit Decision

[12] [13] For a claim to be entitled to the “the filing date of an earlier application under 35 U.S.C. § 120, each application in the chain leading back to the earlier application must comply with the written description requirement of 35 U.S.C. § 112.” *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1571 (Fed. Cir. 1997). Each application in the chain must therefore “reasonably convey[] to those skilled in the art that the inventor had possession of the [later-claimed] subject matter as of the filing date.” *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc). “Sufficiency of written description is a question of fact, reviewed for substantial evidence.” *Gen. Hosp. Corp. v. Sienna Biopharms., Inc.*, 888 F.3d 1368, 1371 (Fed. Cir. 2018).

For a claim to be entitled to the filing date of an earlier application, each application in the chain leading back to the earlier application must comply with the written description requirement of 35 U.S.C. §112

Parus Holdings, Inc. v. Google LLC

Federal Circuit Decision

[15] [16] By raising an argument in its Preliminary Response, but not its Response, a patent owner waives said argument. *In re Nuvasive, Inc.*, 842 F.3d 1376, 1380 (Fed. Cir. 2016). Even if Parus had not waived such argument, it is without merit. As we decided in *Arthrex*, § 311(b) “merely dictates the grounds on which an IPR petition may be based, not the issues that the Board may consider to resolve those grounds.” 35 F.4th at 1344–45. As in that case, Appellees complied with § 311(b) by asserting invalidity grounds under § 103. Because Parus asserted that Kurnagov-262 is not prior art by claiming priority from the application from which it stems, the Board needed to determine whether the challenged claims satisfied the written description requirement. The Board therefore did not exceed its statutory authority.

§311 (b) merely dictates the grounds on which an IPR petition may be based, not the issues that Board may consider to resolve those grounds. Appelles complied with §311(b) by asserting invalidity grounds under §103.



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MOTION TO STAY

Motion to Stay

District courts may at its discretion, deny or grant a stay pending IPR proceedings.

General Factors for Considering a Stay

- (i) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party
- (ii) whether a stay will simplify the issues in question and trial of the case
- (iii) whether discovery is complete and whether a trial date has been set.

See Murata Machinery USA v. Daifuku Co., Ltd. (Fed. Cir. 2016)

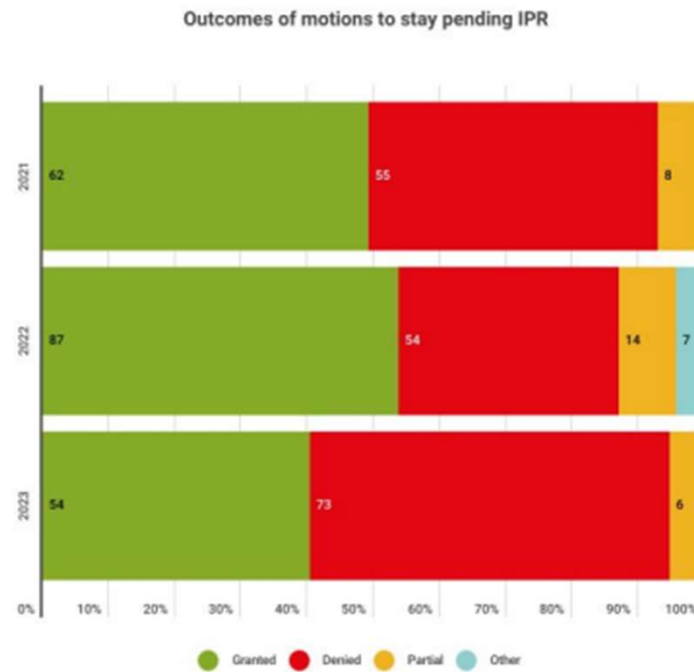
Motion to Stay

Other Factors

- Would a stay reduce the burden of litigation on the parties and the court?
- Are there overlaps in the patent claims pending in an IPR as compared to litigation?
- What is the status of the case?
- Have the parties been diligent in the proceedings?
- Is injunctive relief sought?
- Can the defendant satisfy damages accrued during the stay?
- Are the patents nearing expiration?
- Are the parties direct competitors?

Statistics

Figure 21: Outcomes of motions to stay pending *inter partes* review



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ESTOPPEL

Estoppel – 35 U.S.C § 315(e)

(e)ESTOPPEL –

(2)CIVIL ACTIONS AND OTHER PROCEEDINGS.

The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under [section 1338 of title 28](#) or in a proceeding before the International Trade Commission under section 337 of the [Tariff Act of 1930](#) that **the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.**

Estoppel – “the claim is invalid”

- Estoppel attaches to claims petitioned but not instituted by PTAB
- Estoppel does not attach to claims not included in the IPR petition

Accordingly, we take this opportunity to overrule *Shaw* and clarify that estoppel applies not just to claims and grounds asserted in the petition and instituted for consideration by the Board, but to all ~~claims and grounds~~ not stated in the IPR petition but which reasonably could have been ~~included~~ in the petition asserted. In a regime in which the Board must institute on all ~~grounds asserted~~ challenged claims and the petition defines the IPR litigation, this interpretation is the only plausible reading of “reasonably could have been raised” and “in the IPR” that gives any meaning to those words.

See California Institute of Technology v. Broadcom Limited (Fed. Cir. 2022)

Estoppel – “Reasonably Could Have Raised”

- Patent owner carries the burden of proof for application estoppel, consistent with the general practice that a party asserting an affirmative defense bears the burden to prove it
- Patent owners asserting estoppel have the burden to prove, by a preponderance of the evidence, that the prior art in the non-petitioned grounds were to be found under the Skilled Searcher Standard.

Estoppel – Skilled Searcher Standard

Skill Required to Locate Previously Unknown Reference	Does Section 315(e) Estoppel Apply?
Diligent search	Yes
Scorched-earth search	Not necessarily

“§ 315(e)(2) estops a petitioner [from asserting] invalidity grounds a skilled searcher conducting a diligent search reasonably could have been expected to discover”

See Ironburg Inventions Ltd. v. Valve Corp. (Fed. Cir. 2023)

Estoppel – Skilled Searcher Standard

- Patent owners seeking to assert estoppel should have their own searches conducted by a "skilled searcher" to show what prior art a petitioner reasonably could have raised.
- Having diligent searches conducted near the time a petition was filed may be more persuasive for the "skilled searcher" standard than after-the-fact searches conducted at the conclusion of the IPR

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OTHER CONSIDERATIONS

Standard of Proof - 35 U.S.C. § 311(b)

EVIDENTIARY STANDARDS.—In an *inter partes* review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by **a preponderance of the evidence.**

Standard of Proof - - 35 U.S.C. § 282

(a) **IN GENERAL.**—A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

Under District Court patent litigation, invalidity defense must be proved by clear and convincing evidence.

See Microsoft Corp. v. i4i Limited Partnership (U.S. 2011)

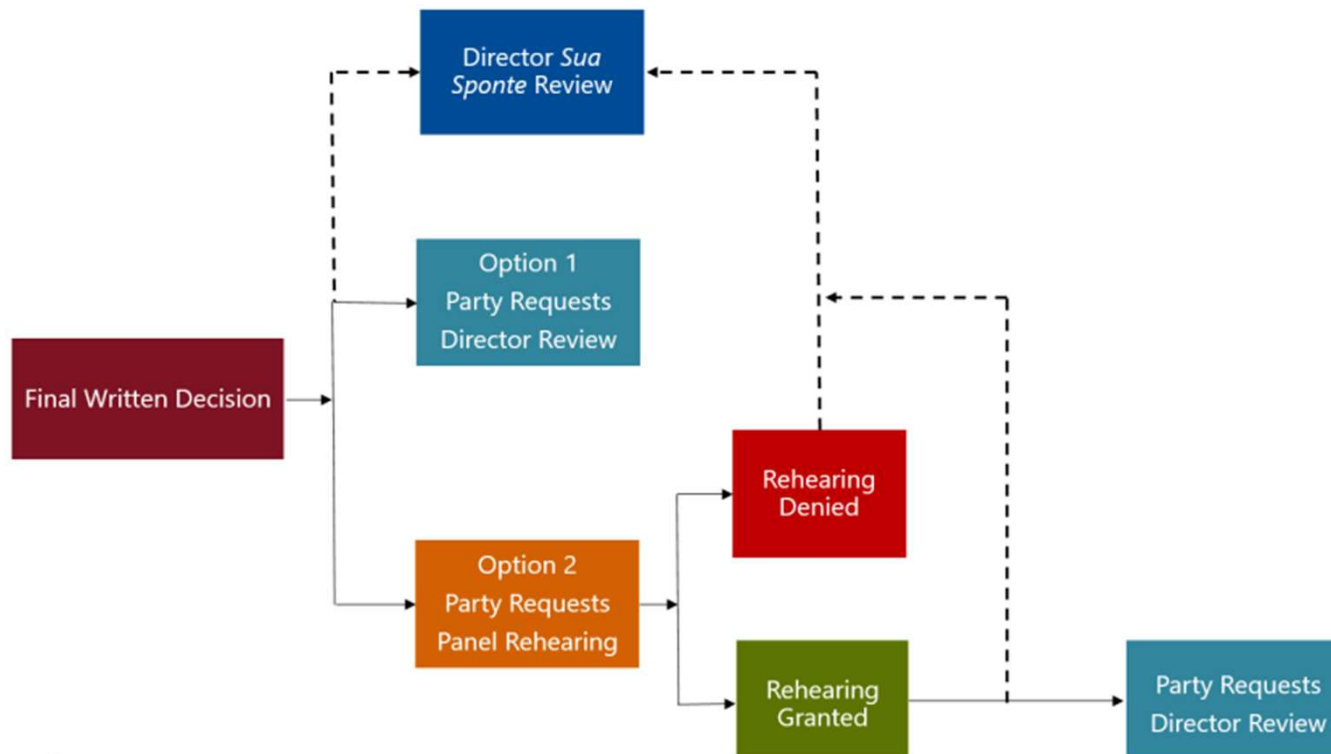
Termination of IPRs – 35 U.S.C. § 317

(a) IN GENERAL.—An inter partes review instituted under this chapter **shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner**, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the inter partes review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner's institution of that inter partes review. **If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).**

Interim Director Review

- In *United States v. Arthrex, Inc.*, the Supreme Court explained that “the Director has the authority to provide for a means of reviewing PTAB decisions” and “may review final PTAB decisions and, upon review, may issue decisions himself on behalf of the Board.”
- The Director may grant requests for Director Review or order sua sponte review of any Board decision, including institution decisions.
- In consideration of the objectives of the Director Review process, and given the discretionary nature of the Director’s ability to review decisions of the Board, the USPTO has set forth the interim processes and procedures for the Director, at her or his discretion, to delegate review of a Board decision to a Delegated Rehearing Panel.

Interim Director Review



Interim Director Review

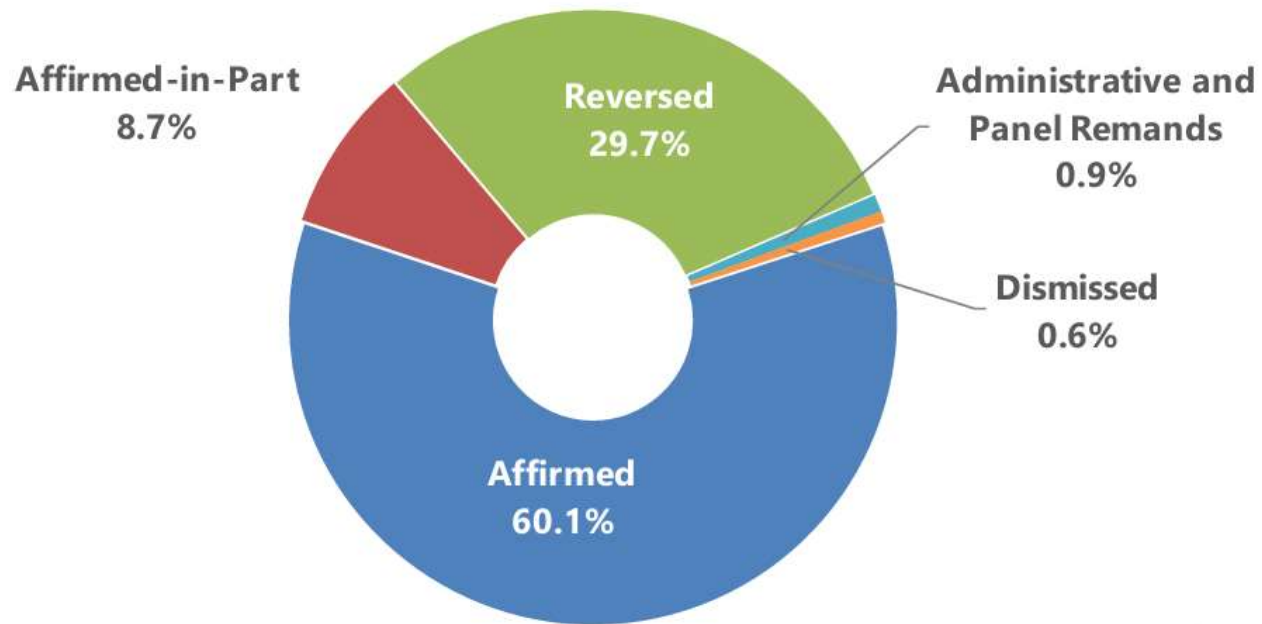
- A request for rehearing by the Director must satisfy the timing requirements of 37 C.F.R. 42.71(d).
 - Must be filed within 30 days of the entry of a final written decision or a decision on rehearing by a PTAB panel.
- A timely request for rehearing by the Director will be considered a request for rehearing under 37 C.F.R. 90.3(b) and will reset the time for appeal or civil action as set forth in that rule.



Appealable Issues

- What exactly is appealed and when must it be appealed
 - Appeal from the “final written decision” (35 U.S.C. §§ 318, 319) or any decision on request for rehearing thereon (37 C.F.R. § 90.3(b)(1)), notice due within 63 days
 - No interlocutory “appeal” and no mandamus petitions have been granted to date
- Aspects of the administrative record that are appealable
 - Findings of fact and conclusions of law in the final written decision
 - Decision-making with respect to patentability, including claim construction
 - Other rulings (e.g., argument beyond scope, grant/denial of a motion to exclude)
 - Any “preliminary, procedural, or intermediate agency action” (5 U.S.C. § 704)
 - E.g., intermediate decisions on (or denials of authorization to file) motions to strike, for additional discovery, to file supplemental information, to terminate, etc.

Appeal Outcomes in FY2022





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ANNOUNCEMENTS

IP Webinar Series: Better Safe than Sorry 2024

No. 1: Important IP Cases (2024.01.26)

No. 2: Anticipation [Nagoya] (2024.03.15)

No. 3: Patent Marking [Osaka] (2024.06.14)

No. 4: IPR Update [MLB Tokyo] (2024.08.09)

No. 5: International Exhaustion
[MLB Tokyo] (2024.10.11)

No. 6: [Fukuoka] (2024.11.28)

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Introduction Campaign

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