

A Survey Of Patent Owner Estoppel At USPTO

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In implementing the America Invents Act's objective of improving patent quality, the U.S. Patent and Trademark Office created regulations that preclude a patent owner from obtaining additional patent claims that are too closely related to any claims for which the patent owner received an adverse judgment in a post-grant challenge, such as an inter partes review, post-grant review or covered business method patent review. Specifically, the USPTO codified the doctrine of patent owner estoppel under 37 C.F.R. §42.73(d)(3), precluding a patent owner from taking action at the USPTO inconsistent with an adverse judgment. In practice, patent owner estoppel may prevent a patent owner from subsequently obtaining patent claims that are not "patentably distinct" from claims lost in the post-grant challenge. Thus, an adverse judgment at the Patent Trial and Appeal Board may negatively impact the future of a patent owner's portfolio of pending applications. The potential impact of patent owner estoppel should be considered in light of the claim cancellation rate: Approximately 65 percent of final decisions have cancelled all instituted claims, and approximately 17 percent have canceled some of the instituted claims.[1]

Though the doctrine of patent owner estoppel is important both to patent owners and patent challengers, little information has been published regarding whether or how patent owner estoppel is being applied at the USPTO. Our research shows that examiners have begun applying patent owner estoppel, particularly in the context of subsequent re-examinations of the challenged patent. At times, examiners "adopt" the rationale applied by the PTAB on issues such as obviousness, claim construction or objective indicia. Below, we provide observations gleaned from a comprehensive survey of patent owner estoppel.

Research Approach

There does not appear to be a convenient way to search USPTO records to identify applications in which patent owner estoppel has been applied — or should be applied. To unearth examples of patent owner



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estoppel, we analyzed all IPRs, PGRs and CBMs having final written decisions in calendar years 2014 through 2016, and identified patents in which all challenged claims were canceled. We then used the USPTO's Public PAIR database to identify patent applications that were related by priority to the challenged patents,[2] and we reviewed office actions that issued in related cases after the PTAB's final written decision on the challenged patent.[3] We reviewed the later-issued office actions for any mention of the PTAB's final written decision.

Observations on Application of Patent Owner Estoppel

Patent Owner Estoppel is Applied in a Variety of Examination Contexts

We found that patent owner estoppel has been applied in a variety of contexts, particularly in re-examinations. Because of the perceived difficulty of amending claims in post-grant proceedings,[4] some patent owners have sought to use re-examinations, reissues or continuation applications to obtain claims that are similar to the challenged patent claims. Indeed, the PTAB has, at times, encouraged filing reissues and ex parte re-examinations as an alternative to moving to amend claims in post-grant proceedings.[5] And, the Federal Circuit has stated that “the addition of dependent claims as a hedge against possible invalidity” is a legitimate justification for filing a reissue application.[6]

But patent owners have faced patent owner estoppel when pursuing each of these avenues in the wake of an adverse judgment from the PTAB. In particular, patent owner estoppel has frequently arisen in the context of ex parte re-examinations. For example, we found 45 re-examinations in which an examiner issued a rejection after the PTAB had issued a final written decision canceling all challenged claims. In 26 of those 45 subsequent re-examinations, the examiner rejected the claims based at least in part on patent owner estoppel. In contrast, we found 382 continuation and reissue applications in which an examiner issued a rejection after the PTAB had issued a final written decision canceling all challenged claims. Of those 382 applications, we found only seven continuations and seven reissue applications in which the examiner rejected the claims based at least in part on patent owner estoppel.

These survey results suggest that patent owner estoppel has plagued patent owners who seek to use re-examinations to obtain claims similar to the claims lost at the PTAB. Perhaps patent owners involved in re-examinations are more likely to pursue claims that are patentably indistinct from the claims canceled at the PTAB. Though continuation and reissue applications are not immune from rejections based on patent owner estoppel, claims in re-examinations certainly have faced the brunt of patent owner estoppel rejections. It is also possible that the panels of examiners of the Central Reexamination Unit are more "in tune" to the concept of patent owner estoppel than are individual examiners in the technology centers.[7] In 2016, the USPTO conducted a voluntary four-month pilot program to notify examiners of PTAB proceedings related to the application being examined.[8] Though almost half of the examiners who participated in the program reported that it helped them complete their office actions to a moderate or great extent,[9] the program appears to have been discontinued as of August 2016. In any case, Applicants have a duty to disclose information that may be material to the patentability of pending claims — a requirement that may be sufficient to make examiners aware of relevant post-grant challenges.

Application of Patent Owner Estoppel

There do not appear to be any publicly available guidelines explaining how examiners should apply patent owner estoppel, or explaining whether the examiner may exercise discretion in applying patent owner estoppel. In our survey, we found that examiners have applied patent owner estoppel with varying degrees of specificity, and have implied that they may exercise discretion in applying the provision. For example, in one continuation application, the examiner made only a general reference to the PTAB's decision. There, the examiner fully stated a rejection as an independent argument without initially referencing the earlier PTAB proceeding[10] and, at the end of the rejection, simply stated: "See decision on case IPR2013-00209, Patent 8,317,070 to related invention supporting rejection made to similar claim limitations." [11] In another application, an examiner made his own determination as to whether to apply patent owner estoppel. There, the examiner discussed the PTAB's analysis of the challenged parent patent, and stated that the "Examiner adopts the PTAB assertions," arguably implying that the examiner has discretion not to adopt the PTAB's assertions.[12] From these and other examples, it appears that examiners are conducting independent analyses to reject claims in related applications, but are relying on patent owner estoppel as an additional justification for issuing a rejection. Future cases may challenge the extent to which an examiner may exercise discretion in applying patent owner estoppel.

A Focus on Added Claim Limitations

Our survey revealed instances in which the examiner applied patent owner estoppel by focusing on limitations that were added to the pending claims relative to the claims challenged at the PTAB. For example, in an exemplary ex parte re-examination, the examiner rejected an amended claim having added limitations by first providing a table that "shows the difference between the new claim 22 and the original claim 14 (only the limitations that are different are shown)." [13] The examiner then addressed only the added claim limitations, and repeated this process for each rejection. This approach of focusing on the added limitations raises the question of whether the examiner has considered the claim as a whole in assessing obviousness. And it signals to applicants that, irrespective of what the law requires, focusing on the added claim limitations may be the most effective way to obtain allowance when potentially facing patent owner estoppel.

Applying Prior Art

Our survey has revealed examples of examiners strongly applying patent owner estoppel based on prior art. Thus far, we have seen little success from patent applicants who argue about the applicability of such prior art[14] or about the motivation to combine references[15] if those arguments were already dismissed by the PTAB. For example, an examiner rejected three amended claims by stating, "for some of the new limitations, note the Examiner relies upon DeLorme in a similar manner that it was relied upon in the IPR proceeding for obviousness purposes." [16] Though the examiner implied that the rejection was a result of his independent analysis, he also concluded that his "findings are essentially the same as the PTAB's findings in the IPR proceeding." And he later stated, "the Examiner will not be

persuaded by any argument that goes against any of the PTAB's findings.”[17] Rejections such as this one indicate that patent applicants may wish to clearly distinguish their subsequent patent claims and patentability story from the earlier PTAB case.

Claim Construction

Patent examiners have also taken notice of the PTAB's claim construction determination. For example, one examiner rejected an applicant's suggestion to adopt a different construction than the one given in the PTAB proceeding, stating: “Examiner disagrees. The PTAB provided explicit claim construction for the 'script program' phrase of Brown '192 in IPR2013-00468.”[18] Other examiners have implied that adopting the board's construction in PTAB proceedings is discretionary, with one examiner stating: “Examiner agrees with the PTAB, therefore the interpretation proposed by the Board is adopted in this prosecution.”[19] In another application, the examiner relied upon the PTAB's claim construction in formulating a rejection: “The Examiner also reject[s] all claims as unpatentable under 101 in light of the newly submitted IDS concerning the PTAB's interpretations of similarly constructed claims in parent applications.”[20] Thus, patent applicants may find it useful to be proactive in arguing whether the PTAB's claim construction should be applied in subsequent prosecution.

Objective Indicia

Examiners have also noted the PTAB's conclusions regarding objective indicia, while making their own determinations regarding such evidence. For example, one examiner repeatedly “agreed with the final decision by the Board” while independently assessing whether there was a nexus between the claimed invention and alleged commercial success, long felt need, industry praise, or copying.[21] Another examiner rejected an applicant's objective indicia arguments stating, “Applicant's arguments concerning secondary considerations are essentially the same as those made in IPR 2013-00117.” The examiner then reproduced the PTAB's discussion of objective indicia from the final written decision.[22] It appears that this examiner was especially critical because the applicant cited “the same or essentially the same declarations in the IPR proceeding.”[23] Thus, applicants may wish to make clear how arguments and issues raised in subsequent prosecution are distinct from issues that were before the PTAB in the prior patent challenge.

Obviousness-Type Double Patenting

In one instance, we found that cancellation of patent claims in a post-grant challenge helped an Applicant overcome a rejection for double patenting.[24] The examiner stated, “Applicant's arguments ... with respect to the nonstatutory double patenting rejection ... are persuasive in view of the cancellation of claims 31, 32 and 35 and the finding by the [PTAB] in IPR2013-00178 (affirmed by the Federal Circuit in Case No. 2015-01 075) that U.S. 8,212,094 was unpatentable. The nonstatutory double patenting rejection of claims 31, 32 and 35 has been withdrawn.”[25] Though we offer no opinion on the propriety of withdrawing such a rejection, Applicants may wish to mine prior final written decisions for any findings that may be useful in subsequent prosecution.

Conclusion

This survey reveals that examiners have applied patent owner estoppel in a variety of ways, most prominently in the context of related re-examinations. These rejections underscore the value of being prepared to distinguish later cases from a negative PTAB decision — or, better yet, obtaining issuance of related cases before receiving an adverse judgment.

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[1] https://www.uspto.gov/sites/default/files/documents/trial_statistics_june2017.pdf

[2] Though we limited our survey to applications related by priority to the challenged patent, the rules do not expressly state that a formal priority relationship is required.

[3] While we discuss numerous instances in which the USPTO applied patent owner estoppel, identifying instances in which the USPTO arguably should have — but did not — apply patent owner estoppel was beyond the scope of this research.

[4] <https://www.uspto.gov/sites/default/files/documents/2016-04-30%20PTAB%20MTA%20study.pdf>, (the PTAB granted or granted-in-part and denied-in-part only six out of 118 motions to amend last year).

[5] *Innolux Corp. v. Semiconductor Energy Lab. Co., Ltd.*, IPR2013-00066, Paper 24.

[6] *In re Tanaka*, 640 F.3d 1246, 1251 (Fed. Cir. 2011)

[7] In 2014, the Central Reexamination Unit also began examining reissue applications.

[8] <https://www.uspto.gov/patent/initiatives/post-grant-outcomes-pilot>

[9] <https://www.uspto.gov/sites/default/files/documents/Final%20PGO%20Survey%20Slides%20External.pdf>

[10] US. Appl. No. 13/967,716, Final Office Action mailed July 6, 2016.

[11] *Id.* at 11.

[12] US. Appl. No. 14/251,151, Non-Final Office Action mailed Jan. 5, 2017.

[13] US. Appl. No. 90/013,890, Final Office Action mailed July 18, 2017, pp. 27-31.

[14] US. Appl. No. 90/013,956, Non-Final Office Action mailed July 18, 2017, pp. 9-19.

[15] E.g. US. Appl. No. 96/000,204, Non-Final Office Action mailed May 22, 2017, p. 30.

[16] US. Appl. No. 90/013,503, Final Office Action mailed Feb. 25, 2016, pp. 4-16.

[17] *Id.* at 28.

[18] US. Appl. No. 90/013,269, Final Office Action mailed Mar. 3, 2015, p. 4.

[19] US. Appl. No. 90/013,860, Non-Final Office Action mailed May 10, 2017, p. 3.

[20] US. Appl. No. 13/918,726, Non-Final Office Action mailed June 13, 2016, p. 41.

[21] US. Appl. No. 90/013,263, Final Office Action mailed Apr. 15, 2015, p. 30-35.

[22] US. Appl. No. 90/011,935, Final Office Action mailed Sept. 6, 2016, p. 85-108.

[23] *Id.* at 85.

[24] U.S. Appl. No. 14/447,758, Non-Final Office Action mailed Apr. 14, 2016.

[25] *Id.* at 3.