

PTAB Strategies and Insights

November 2018



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The *PTAB Strategies and Insights* newsletter provides timely updates and insights into how best to handle proceedings at the USPTO. It is designed to increase return on investment for all stakeholders looking at the entire patent life cycle in a global portfolio.

This month, we cover three topics:

- The growing influence of post-grant proceedings in Section 337 USITC investigations
- The importance of timing in filing petitions, particularly when there is parallel district court litigation involving the same patent
- The proposed new Motion to Amend Procedure.

We welcome feedback and suggestions about this newsletter to ensure we are meeting the needs and expectations of our readers. So if you have topics you wish to see explored within an issue of the newsletter, please reach out to me.

To view our past issues, as well as other firm newsletters, please click [here](#).

Thank you.

Best regards,
Jason

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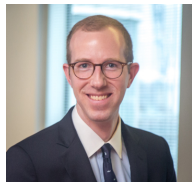


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THE GROWING INFLUENCE OF POST-GRANT PROCEEDINGS IN SECTION 337 INVESTIGATIONS

By: [Brian G. Burke, Ph.D.](#)

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The ITC is statutorily required to complete Section 337 investigations “at the earliest practicable time,” and generally completes an investigation within sixteen months. The PTAB must issue a final determination no later than one year after institution, and generally completes a post-grant proceeding within eighteen months. However, despite the pre-AIA trend of granting stays for reexaminations, the ITC has yet to grant a stay based on a pending post-grant proceeding. With increasingly more post-grant proceedings, including those at advanced stages, filed *before* parallel Section 337 investigations, the patent bar has inquired whether it may be time for the ITC to rethink its staunch denial of stays in order to consider relevant PTAB evidence, avoid undue prejudice to parties, and achieve “efficient use of Commission resources.”

There has been a limited ITC history of granting stays in Section 337 investigations. The ITC follows a six-factor analysis when considering whether to grant a stay: (1) the state of discovery and the hearing date; (2) whether a stay will simplify the issues of the hearing; (3) the undue prejudice or clear tactical advantage to any party; (4) the stage of the USPTO proceedings; (5) the efficient use of Commission resources; and (6) alternative remedies available in federal court.

Before passage of the AIA, the ITC granted stays pending reexaminations.^[i] However post-AIA, the ITC has followed a staunch denial of stays pending post-grant proceedings.^[ii] But the ITC

has granted stays for remedial orders.^[iii] Recently, there have been instances of the ITC considering PTAB evidence in Section 337 investigations.^[iv] At any time prior to filing the Initial Determination (ID), the Administrative Law Judge (ALJ) may reopen proceedings in order to add to the evidentiary record. Closed PTAB trial records have been leveraged to assist a number of disputed issues, from claim construction to invalidity determinations. In particular, a PTAB decision denying institution can be especially relevant in a parallel ITC investigation, since the institution decision will issue less than six months from filing and is not appealable.

Overall, the ITC has indicated it may grant a stay if the PTAB issues a final written decision *prior* to an ITC evidentiary hearing (i.e., typically nine months from ITC institution) and will not stay a Section 337 investigation if the motion is made *after* PTAB institution. If a motion to stay is made prior to PTAB institution, the ITC will conduct the six-factor analysis and consider key indicators, including (1) stage of USPTO proceedings, (2) stage of ITC investigation, and (3) remaining patent term of asserted patent(s).

The ITC has considered PTAB evidence from post-grant proceedings regarding periodic updates for motions to stay, motions to compel discovery, denial of institutions, and inequitable conduct. The ITC has reasoned that if proceedings against *all* asserted claims are not complete or near completion (i.e., if all appeals have not been exhausted), regardless of the PTAB evidence or decision of invalidity, no stay should be granted.

The patent bar has inquired whether the ITC should consider the consequences and potential undue prejudice to parties under this precedent, which essentially promotes banning products based on *invalid* patents. Moreover, the patent bar has inquired whether increased use of PTAB evidence and granting of stays pending advanced post-grant proceedings in Section 337 investigations would decrease duplicative agency work and achieve interagency efficiency, while still maintaining the ITC's statutory timeframe requirements.

^[i] See *Certain Apparatus for Flow Injection Analysis and Components Thereof*, Inv. No. 337-TA-151, Order No. 6 (1983) (ITC reversed and granted stay pending reexam); *Certain Personal Computer/Consumer Electronic Convergent Devices, Components Thereof, and Products Containing Same*, Inv. No. 337-TA-558, Order No. 6 (2007) (ALJ granted stay pending reexam and ITC did not review); *but see Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same*, Inv. No. 337-TA-605, Comm'n Op. at 6, 9 (2008) (ITC overruled ALJ and denied stay).

^[ii] See *Certain Microelectromechanical Systems ("MEMS Devices") and Products Containing Same*, Inv. No. 337-TA-876, Order No. 6 (2013) (ITC denied stay since not at advanced stages); *Certain Laser-Driven Light Sources, Subsystems Containing Laser-Driven Light Sources*, Inv. No. 337-TA-983, Order No. 8 at 2, 5 (2016) (ITC denied stay despite IPRs being filed prior to Section 337 complaint); *Certain Hybrid Vehicles and Components Thereof*, Inv. No. 337-TA-1042, Complaint at 61-62 (2017) (ITC denied stay since all claims were not complete).

^[iii] See *Certain Personal Data and Mobile Communication Devices and Related Software*, Inv. No. 337-TA-710, Comm'n Op. (2012) (ITC delayed exclusion order due to public interest); *Certain Digital Models, Digital Data, and Treatment Plans for Use in Making Incremental Dental Positioning Adjustment Appliances, the Appliances Made Therefrom, and Methods of Making the Same*, Inv. No. 337-TA-833, Comm'n Op. (2014) (ITC granted stay pending appeal to Federal Circuit); *Certain Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Comm'n Notice at 3 (2016) (ITC suspended remedial order pending IPR appeals); *but see Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm'n Op. (2017) (ITC denied stay of remedial orders despite PTAB holding claims invalid).

^[iv] See *Certain MEMS Devices*, Inv. No. 337-TA-876, Order No. 6 (2013) (ALJ requested periodic updates of PTAB proceedings); *Certain Composite Aerogel Insulation Materials and Methods for Manufacturing the Same*, Inv. No. 337-TA-1003, Order No. 37 (2017) (ALJ

considered IPR institution denials); *Certain UV Curable Coatings for Optical Fibers, Coated Optical Fibers, and Products Containing Same*, Inv. No. 337-TA-1031, Order No. 9 (2017) (ALJ considered IPR decision to remove inequitable conduct defense).

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In each of these two cases, among other factors, the Board relied on the late stage and state of a related district court case to find an AIA trial a waste of judicial resources. Each time Petitioner filed its petition near the end of a district court case that included similar evidence and arguments. Each time the Board found the district court would resolve the issues before the Board would. So the Board found the AIA proceedings should not be instituted.

Petitioners need to take this into account when determining timing of their petitions. And if filing late becomes a necessity, Petitioners should include arguments distinguishing these two decisions. Conversely, Patent Owners need to consider this challenge in their preliminary responses as a reason for denial.

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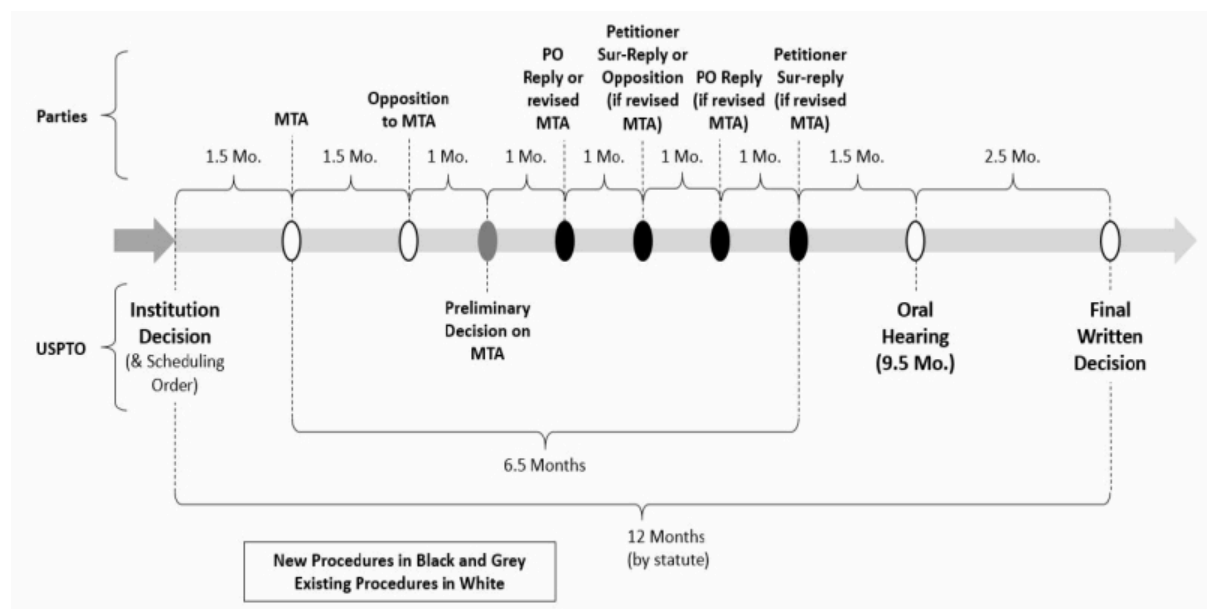
Despite changing claim construction to district court standard, where BRI had always been premised on the patent owners ability to amend, it appears the USPTO is responding to a half-decade of negative comments from the patent owner bar.

The USPTO recently issued a proposed [motion to amend \(MTA\) procedure](#) requesting comments by December 14, 2018.

The proposed MTA procedure includes a preliminary non-binding decision from the PTAB discussing the merits of the motion. Patent owner can revise their motion at a later time based on the feedback received in the preliminary decision. The MTA procedure is to be resolved within 6.5 months.

The proposed timeline is:

- PO files initial motion to amend – 1.5 months after Institution
- Petitioner files opposition to MTA – 1.5 months after MTA
- PTAB preliminary decision (not binding on FWD, similar to institution) – 1 month after opposition.
- PO reply or revised MTA – 1 month after preliminary decision
- Petitioner sur-reply or opposition to revised MTA – 1 month
 - PO reply to opposition to revised MTA – 1 month
 - Petitioner sur-reply – 1 month



The proposed burden of persuasion is from *Western Digital* and is on the “petitioner to show that any proposed substitute claims are unpatentable.” In addition, the “Board itself may justify any finding of unpatentability by reference to evidence of record in the proceeding.”

The USPTO will implement this new procedure in a pilot program. However, that program will likely not begin until 2019, to provide the Board adequate time to consider all submitted comments.

This new motion to amend procedure is a concerted effort by the Board to provide patent owners a real opportunity to amend their claims during a PTAB trial, as required by 35 U.S.C §§ 316(d) and 326(d). In this regard, the procedure appears skewed in patent owner's favor and is likely to cause serious headaches for petitioners, not to mention significant increased cost. In addition to the opportunity to amend, this increased trial complexity for petitioners could be another reason for patent owners to consider the motion to amend procedure, especially in the case of multiple co-pending PTAB trials involving related patents.

Will this lead to greater success for patent owner’s motion to amend and start to swing the FWD momentum to saving patents? Only time will tell.

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