

# PTAB Strategies and Insights

November 2019



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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 you will find three articles covering:

- A factual overview and discussion of the implications associated with the Federal Circuit’s decision in *Arthrex v. Smith & Nephew* holding that Administrative Law Judges at the Patent Trial and Appeal Board are improperly appointed;
- A review of *GAT v. Wargaming* in which the Federal Circuit further clarified what constitutes ‘service’ for purposes of triggering the § 315(b) time-bar;
- A discussion of the Federal Circuit’s precedential decision in *TQ Delta v. Cisco*, which addressed the evidence needed to establish a motivation to combine prior art references.

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.

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Best,

Jason Eisenberg

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## **ARTHREX DECISION - OVERVIEW OF FACTS AND IMPLICATIONS**

By: [Lestin L. Kenton, Jr.](#)

This document provides a factual overview of the Federal Circuit's decision in *Arthrex v. Smith & Nephew*, discusses the court's remedy, and addresses implications for litigants with Patent Trial and Appeal Board cases pending at the Federal Circuit and at the PTAB itself. The discussion below is current as of November 25, 2019.

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## **IMPROPER SERVICE AND "SHAPESHIFTING" ARGUMENTS DOOM TIME-BAR CHALLENGE**

By: [Pauline M. Pelletier](#)

In *Game and Tech Co. ("GAT") v. Wargaming Grp. Ltd.*, the Federal Circuit shed some light on what qualifies as "service" for purposes of triggering the time-bar of 35 U.S.C. § 315(b). The Court also clarified the role that the PTAB plays in making that determination. In brief, the standard for whether "service" has been properly effectuated follows Fed. R. Civ. P. 4 and the PTAB must make that assessment, regardless of whether the district court has weighed-in.

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## **THE BOARD'S RELIANCE ON EXPERT'S CONCLUSORY STATEMENTS MAY NOT MEET SUBSTANTIAL EVIDENCE FOR MOTIVATION TO COMBINE**

By: [Trent W. Merrell](#)

In a recent precedential decision, [TQ Delta, LLC v. Cisco Systems, Inc.](#), the Federal Circuit reversed a pair of USPTO *inter partes* review proceedings that invalidated all claims of two related U.S. patents because “the Board’s factfinding [was] based on conclusory [expert] testimony and [was] therefore unsupported by substantial evidence.”<sup>[i]</sup>



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Wargaming sought *inter partes* review of GAT's patent related to gaming technology. In response, GAT argued that the petition was time-barred based on service via a registered agent of Wargaming in the United Kingdom and based on mailing a copy of the complaint and summons to Wargaming at its office in Cyprus. GAT did not dispute that both attempts at service had been imperfect. The UK summons lacked the clerk of court's signature as well as the court's seal. And the Cyprus service did not include a signed receipt. Thus, both attempts failed to comply with the requirements of Rule 4. Nonetheless, GAT argued that this was sufficient to trigger the time-bar in light of discussions it had with Wargaming about potentially waiving service in exchange for an extension to file an answer to the complaint. No formal waiver was filed in the district court.

The PTAB did not resolve the time-bar issue in its institution decision, explaining that development of the record would be needed to resolve factual questions. In its final decision, the PTAB concluded that it had no authority to overlook defects in service of a complaint and that it could not find service if "no district court has deemed service to have occurred." Because both attempts failed to effectuate proper service under Rule 4, the time-bar had not been triggered.

GAT appealed, disputing the PTAB's ruling on procedural grounds. On appeal, the Federal Circuit agreed with GAT that the PTAB has an independent obligation to evaluate the sufficiency of service, regardless of whether the district court has expressly endorsed it as proper (because district courts rarely do). The Court also suggested that, in a typical case, the PTAB should rule on the time-bar prior to institution. In this case, however, because the service was found to have been ineffectual, no prejudice resulted from the PTAB's refusal to decide it at the institution phase. Furthermore, because GAT failed to present its substantive arguments in a clear and consistent manner (analogizing GAT's evolving positions to "certain shapeshifting characters in Dungeons & Dragons"), GAT waived those arguments for purposes of appeal.

The Federal Circuit's decision in *GAT v. Wargaming* provides helpful guidance on the standard for triggering "service" under § 315(b); namely, as subject to interpretation under Rule 4 and common law principles. Yet the decision leaves many questions unanswered because the Court declined to reach the substance of GAT's argument that imperfect service was not fatal to its time-bar defense. Assuming the time-bar issue remains reviewable after the Supreme Court decides *Dex Media v. Click-to-Call*, future appeals will likely clarify the meets and bounds of "service" under a Rule 4 analysis. We will continue to report on this topic as it evolves.

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The challenged patents, U.S. Patent Nos. 9,014,243 (“the ’243 patent”) and 8,718,158 (“the ’158 patent”), are directed to improvements to electronic communications systems that lowered the peak-to-average power ratio (PAR) of the transmitted signals. PAR is the ratio of the maximum value of a parameter (e.g., voltage) to the time-averaged value of that parameter. Lowering the PAR of a communications system is desirable because it reduces power consumption and the likelihood of transmission errors.

In the proceedings, the Petitioner sought to combine two references to meet the recited claim features. Neither reference mentions the PAR or clipping feature.<sup>[ii]</sup> The Petitioner relied on two paragraphs of its declarant’s declaration to provide the missing features and to fill-in a missing link between the cited references and the ’243 and ’158 patents.

The Federal Circuit reviewed the Board’s obviousness determinations *de novo* and its underlying factual determinations for substantial evidence.<sup>[iii]</sup> The substantial evidence standard asks “whether a reasonable fact finder could have arrived at the agency’s decision,” and “involves examination of the record as a whole, taking into account evidence that both justifies and detracts from an agency’s decision.”<sup>[iv]</sup> The Court held that conclusory expert testimony does not qualify as substantial evidence.<sup>[v]</sup> Rejections on obviousness grounds “cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.”<sup>[vi]</sup>

In the instant appeal, the Petitioner’s conclusions, and those of its Declarant, were found to be “[u]ntethered to any supporting evidence, much less any contemporaneous evidence.” The

Federal Circuit also found that Petitioner and its Declarant failed “to provide any meaningful explanation for why one of ordinary skill in the art would be motivated to combine these references at the time of this invention.”

Upon determining that the Board “expressly adopted as its own findings and conclusions [Petitioner’s] evidence and argument regarding motivation to combine,” the Federal Circuit found that “the Board’s obviousness determinations are not supported by substantial evidence.” Consequently, the Federal Circuit reversed the PTAB’s decision.

The Court’s decision underscores the requirement for petitioners to provide corroborating evidence and not just blanket expert opinion to support petition arguments.

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[i] *TQ Delta, LLC v. Cisco Systems, Inc.*, Appeal Nos.: 2018-1766 and 2018-1767 (Fed. Cir. 2019).

[ii] *See TQ Delta* at 5.

[iii] *TQ Delta* at 7-8 (citing *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1073 (Fed. Cir. 2015)).

[iv] *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1369 (Fed. Cir. 2016) (quoting 35 U.S.C. § 312(a)(3))

[v] *TQ Delta* at 10.

[vi] *Id.* (citing *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418–19 (2007)).

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