



PTAB Strategies and Insights

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The *PTAB Strategies and Insights* Newsletter is designed to be a valuable resource for all stakeholders in the global patent arena throughout the patent life cycle. To that end, articles will provide perspectives from both sides of the “v” with an eye toward providing the most current thinking on how to increase return on investment and the value of US patents. Depending on the topic, this 360 degree approach will be explored within an article or across a series of related articles.

This month we tackle three important issues:

1. There is a debate whether Rule 36 affirmation should be banned - it currently accounts for 50% of Federal Circuit decisions in PTAB appeals
2. What does it take to get evidence excluded in a PTAB proceeding
3. What is the proper remedy where the Board fails to carry its burden?

While the staff of our Newsletter have plans to explore many issues, we welcome feedback and suggestions to ensure we are meeting the needs and expectations of all our readers. So if you have issues 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

Editor & Author:

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CAFC Rule 36 Judgement: 24 Hour Affirmance with No Explanation

By: [Jason D. Eisenberg](#)

Nothing hurts worse than a Rule 36 (single page, single sentence affirmance of the decision below) after years of work and millions of dollars spent on a case. Rule 36 makes rehearing, *en banc* review, and/or cert petitions a nearly impossible task for Appellant. Yet the Court of Appeals for the Federal Circuit has issued Rule 36 on nearly 50% of the 600 PTAB appeals a year – leading to the 88% affirmance rate of PTAB decisions. Besides the immediacy of losing, the lack of explanation seems to many in the patent bar offensive to their principles of right and justice. The Supreme Court has denied review of this practice at least 15 times in the past – and has one more cert petition still pending filed by Celgard last summer.

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By: [R. Wilson "Trey" Powers III, Ph.D.](#), [Nirav N. Desai](#), and Charles Wysocki

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Reverse or Remand: What is the proper remedy on appeal where the Board fails to carry its burden?

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Celgard has argued “issuing Rule 36 judgments in more than 50% of appeals from the Patent Office offends principles of right and justice” in its Reply to the USPTO’s Reply to Celgard’s cert petition. Celgard argues “judgments without opinions pursuant to Federal Circuit Rule 36 (hereinafter “Rule 36 judgments”) are statutorily prohibited in appeals from the Patent Office.” Celgard contends “Rule 36 judgments conflict with the clear and unambiguous language of 35 U.S.C. § 144: the Federal Circuit “shall issue to the Director its mandate and opinion.” “Even if not statutorily barred, the Federal Circuit’s use of Rule 36 judgments has far exceeded any bound of reasonableness and has offended principles of right and justice.”

The USPTO and U.S. Government disagree arguing “The Federal Circuit issues Rule 36 judgments —after giving cases “the full consideration of the court,” *United States Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554 (Fed. Cir.), cert. denied, 522 U.S. 950 (1997)—only if it concludes that an opinion would not meaningfully serve the purposes that petitioner highlights. In particular, the court issues a Rule 36 judgment without opinion only if an opinion would have no precedential value and the court finds no ground to revisit the decision of the lower tribunal. See Fed. Cir. R. 36.” And in response to Celgard’s “right and justice” allegation, the USPTO stated “[s]ummary orders are among the tools that courts may use to resolve their cases even though such decisions do not provide precedential guidance...While the Federal Circuit has used Rule 36 affirmances more frequently as the number of appeals from USPTO decisions has skyrocketed...that increase does not suggest that the court is breaching its duty to articulate the law and promote uniformity.”

Celgard developed its own technology (microporous membrane separator adding a ceramic layer to limit the growth of lithium dendrites that cause of lithium battery failures and overheating), patented that technology, and then licensed technology -- before the AIA was passed. After the passing of the AIA, the licensees serially attacked the patents through six *inter partes* reviews.

Many in the patent bar feel that the taking of a patent representing substantial commercial success, millions in R&D, and years of development, not to mention millions in litigation costs, should never end in a summary affirmance by the Federal Circuit. They argue the Federal Circuit should not be

able to “punt” on a difficult case with complex legal and factual issues

In the end, no matter whether you are a Patent Owner or Petitioner, after a long fought legal battle and the millions spent on litigation, the parties are owed more than a single sentence “THIS CAUSE having been heard and considered, it is ORDERED and ADJUDGED: PER CURIAM - AFFIRMED. See Fed. Cir. R. 36.”

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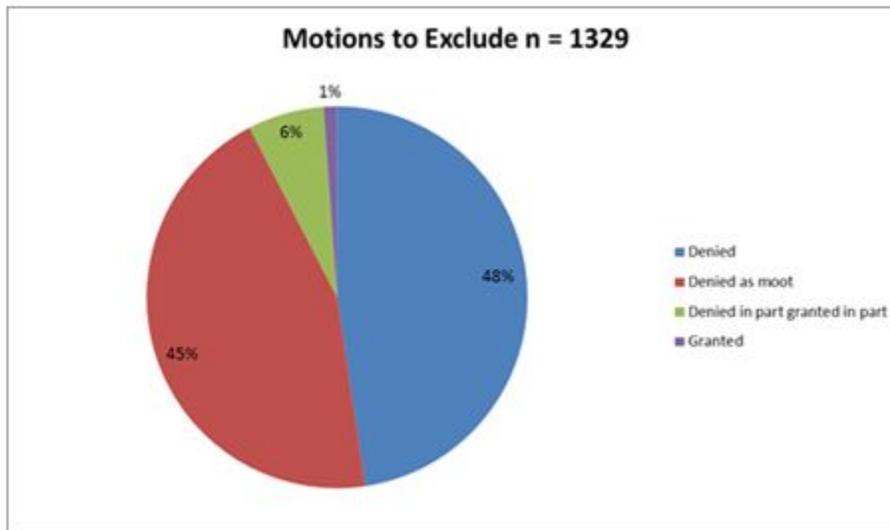
Exclusion of Evidence at the PTAB - Does it ever happen?

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Experienced PTAB practitioners know that the Board rarely grants motions to exclude evidence in Post Grant proceedings. In this article, we look beyond the grim anecdotes and provide some statistics, as well as the Board's typical reasons for declining to exclude. Finally, we examine a sample of the very few cases in which the Board has actually excluded evidence.

The Statistics

Of the 1,105 motions to exclude decided since 2015, the Board granted the motion in full in only eight instances, [1] while in 69 cases the motions were denied in part and granted in part. Going all the way back to 2012, the Board has granted or granted-in-part just 7% of the 1,329 motions decided.

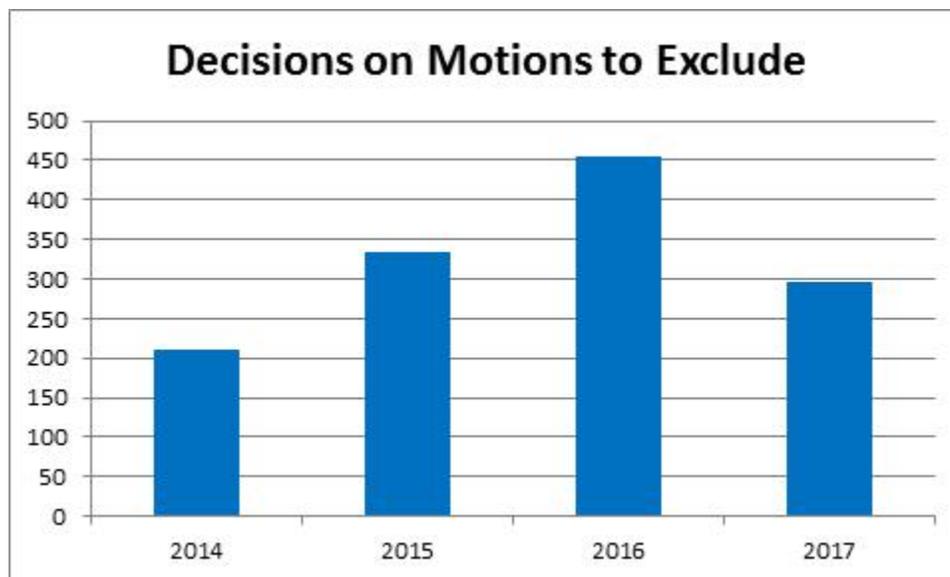


Sterne Kessler analysis of Docket Navigator data

	Granted	Granted in Part	Denied as moot	Denied	Total
2013	4	-	1	9	14
2014	3	17	96	94	210
2015	6	18	124	185	333
2016	2	31	213	209	455
2017	-	20	152	123	295
2018	-	-	9	13	22
Total	15	86	595	633	1329

Sterne Kessler analysis of Docket Navigator data

Interestingly, there was a significant decline in the number of motions decided in 2017 as compared to 2015 and 2016. Part of that drop off is likely a function of fewer cases making it to final written decision in 2017, but the statistics do reveal at least some reluctance among parties to spend the time and money to file motions to exclude, perhaps in view of the low success rate. For example, while final written decisions dropped 23% between 2016 and 2017, motions to exclude decisions dropped 35%.



Sterne Kessler analysis of Docket Navigator data

The statistics confirm that the overwhelming majority of motions to exclude are denied and, at least over the last two years, the number of motions filed and decided has fallen significantly.

The Reasoning

In declining to exclude evidence, the Board has consistently provided three primary reasons. First, the Board has indicated that it prefers not to exclude evidence because “there is a strong public policy for making all information filed in an administrative proceeding available to the public.” *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00010, Paper 59 at 40 (PTAB February 24, 2014).

Second, the Board often states that it is equally capable of determining the admissibility and the proper weight to afford the evidence after it is received. See *Corning, Inc. v. DSM IP Assets B.V.*, IPR2013-00053, Paper 66 at 19 (PTAB May 1, 2014) (citing *Donnelly Garment Co. v. NLRB*, 123 F.2d 215, 224 (8th Cir. 1941) (“[o]ne who is capable of ruling accurately upon the admissibility of evidence is equally capable of sifting it accurately after it has been received”)).

Finally, the Board has indicated its preference for maintaining a complete record for any potential appellate review, which generally serves two related purposes. First, the Board is able to minimize the chance of reversal by determining the weight of evidence “without resorting to formal exclusion that might later be held reversible error.” *Informatica Corp. v. Protegrity Corp.*, CBM2015-00021,

Paper 38 at 52 (PTAB May 31, 2016). Second, the Board is able to provide the appellate court with a full record for review. *Gnosis S.p.A. v. S. Alabama Med. Sci. Found.*, IPR2013-00118, Paper 64 at 43 (PTAB June 20, 2014) (citing *Donnelly Garment Co. v. NLRB*, 123 F.2d 215, 224 (8th Cir. 1941) (“If the record on review contains not only all evidence which was clearly admissible, but also all evidence of doubtful admissibility, the court which is called upon to review the case can usually make an end of it, whereas if evidence was excluded which that court regards as having been admissible, a new trial or rehearing cannot be avoided.”))).

These factors explain the dismal success rates of motions to exclude evidence before the PTAB.

The Success Stories

The most common motions to exclude center on: 1) Questioning an expert or declarant’s credibility or qualifications; 2) Moving to exclude new evidence in a supplemental filing; 3) Relevance; and 4) Authenticity.

Parties seem to get essentially no traction on the first three categories. The Board has concluded that Motions to Exclude based on a declarant’s qualifications go to the weight, but not admissibility, of the evidence. The Board believes it is capable of determining how much an expert’s opinion should matter. We found no examples of a movant successfully excluding a declarant’s testimony based on credibility or qualifications. The Board also typically holds that a Motion to Exclude is not the proper vehicle for challenging “new” evidence or arguments. The Board has stated that “[w]hether a reply contains arguments or evidence that are outside of a proper reply under 37 CFR § 42.23(b) is left to [the Board’s] determination.” *Blackberry Corp. v. Zipit Wireless, Inc.*, Case IPR2014-01508, Paper 49 at 40 (PTAB March 29, 2016). With respect to relevance, the Board often cites the 8th Circuit decision in *NLRB*, arguing that the panel is capable of determining admissibility and weight. See *Corning*, IPR2013-00053 Paper 66 at 19.

Our review of successful motions to exclude, however, indicates that the Board is receptive to authenticity challenges in certain situations. For example, in the context of antedating prior art, the PTAB has applied a heightened standard for authenticating documents corroborating an alleged inventor’s testimony of prior invention. See *Neste Oil Oyj v. REG Synthetic Fuels, LLC*, Case IPR2013-00578, Paper 54 at 4 (PTAB March 12, 2015). In *Neste*, the PTAB observed that “in order for a contemporaneous document to be accorded any corroborative value, the testimony of a witness other than the inventor . . . is generally necessary to authenticate the document’s contents as well as to explain the witness’ relationship to the document in question.” *Id.* (citing *Horton v. Stevens*, 7 U.S.P.Q.2d 1245, 1988 WL 252359 at *4 (BPAI Mar. 8, 1988)). The panel then went on to exclude the inventor’s undated and unsigned laboratory notebooks as unauthenticated. *Id.* at 4-5.

Similarly, in *TRW Automotive v. Magna Electronics*, the Board granted Patent Owner’s Motion to Exclude for lack of authentication under FRE 901. See *TRW Automotive U.S. LLC v. Magna Electronics Inc.*, IPR2014-01348 Paper 25 at 12 (PTAB January 15, 2016). Critically, in *TRW Automotive*, the exhibit in question was an alleged prior art publication relied upon in the petitioner’s unpatentability grounds as an essential piece of prior art. The Board found that there was no specific proof that the reference had been published on any particular date. Moreover, the petitioner failed to supplement its evidence in response to a timely objection by the patent owner. The Board reasoned that the exhibit in question was not self-authenticating and the Petitioner had not provided sufficient evidence of authenticity of the exhibit for admissibility. See *id.* at 9 – 10. Notably, the petitioner attempted to supplement its authentication of the exhibit in its reply, but the Board found that maneuver procedurally improper, and excluded the evidence for lack of authentication.

Lastly, *Riverbed Technology v. Realtime Data, LLC* provides the most recent analysis of the Board’s view of authentication. *Riverbed Technology*, decided October 30, 2017. *Riverbed Technology* reaffirms the principle that the proponent of a document must provide sufficient information to authenticate a document. See *Riverbed Technology, Inc. v. Realtime Data LLC*, IPR2016-00978 Paper 67 at 41 (PTAB October 30 2017). The Board excluded an exhibit and portions of an expert declaration relying on that exhibit for failure to authenticate the document under FRE 901. *Id.* The Board reasoned that the expert needed to explain sufficiently that the document is what he claims it to be. Instead, the expert did not explain where he found the exhibit, provide evidence that the document would have been available to one skilled in the art, describe when and where the

document was published, or verify that the exhibit was a true and correct copy of the document. See *id.* at 40. Notably in *Riverbed Technology*, the proponent of the evidence also failed to supplement their evidence in response to objections.

Conclusions

Our survey of the PTAB's rulings on motions to exclude confirms that evidence is rarely excluded from post grant proceedings. However, excluding evidence is not impossible, and at least in some instances, exclusion can be case dispositive. Therefore, parties should certainly object to evidence whenever appropriate under the Federal Rules of Evidence and Board rules. Additionally, we observed that several of the instances in which the Board excluded evidence likely could have been avoided if the proponent had simply provided supplementary evidence. Therefore, an important take away from our review is that proponents of objected-to evidence should timely supplement the record to attempt to obviate the objection.

[i] In reality, there are only four unique instances of granted motions since 2015 because in several cases, the Board used its discretion to file a single opinion for multiple cases.

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***In re Van Os*, 844 F.3d 1359 (Fed. Cir. 2017)**

This case arises from ex parte prosecution of a patent application. Marcel Van Os and other inventors at Apple Inc. filed an application directed to a touchscreen interface in a portable electronic device. The examiner rejected the claims as obvious, and Van Os appealed to the Board. On appeal, the Board affirmed the examiner’s rejection, finding that combining the prior art to arrive at the invention in the claims would have been “intuitive.”

On appeal, the Federal Circuit remanded the Board’s obviousness determination because it failed to adequately explain the basis for its assertion that one of ordinary skill in the art would have been motivated to combine the prior art references to arrive at the invention. The Federal Circuit asserted that the Board’s conclusory assertion that the prior art combination would have been “intuitive” is no different than merely stating the combination “would have been obvious.” “Such a conclusory assertion with no explanation is inadequate to support a finding that there would have been a motivation to combine.” Although *KSR* permits the Board to have the person of ordinary skill apply common sense or intuition, the Federal Circuit cautioned that “the flexibility afforded by *KSR* did not extinguish the factfinder’s obligation to provide reasoned analysis.”

Judge Newman dissented. In her view, a determination on appeal that the Patent Office has not established unpatentability means that “Apple is ‘entitled to a patent,’” citing to 35 U.S.C. § 102(a), which states that “[a] person shall be entitled to a patent unless[]” According to Judge Newman, where the Board’s opinion is “so crippled as to be unlawful,” the Patent Office should not get a second chance on remand to make another case for unpatentability.

***Icon Health & Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034 (Fed. Cir. 2017)**

In *Icon Health & Fitness*, Icon requested inter partes reexamination of Strava’s patent for accessing content from an exercise device using a USB-compatible portable remote control. Inter partes reexamination is a legacy inter partes proceeding that was superseded by inter partes review under the America Invents Act on September 16, 2012. The examiner and the Board found all the claims to be obvious over the prior art. Strava appealed to the Federal Circuit. On appeal, the majority

affirmed-in-part, vacated-in-part, and remanded to the Board.

For one group of claims, the Federal Circuit found that the Board's decision incorporated by reference part of the examiner's analysis; however, the examiner's analysis had incorporated by reference Icon's attorney arguments. On this basis, the Federal Circuit found that the Board's decision lacked sufficient, independent explanation. These incorporations, the Federal Circuit held, fell short of the Board's requirement to support findings of obviousness with reasoned analysis. There, the Court majority *remanded* the case to the Board for further consideration.

Judge O'Malley dissented. She argued that it was improper to remand on issues for which the Board failed to carry its burden of showing unpatentability based on substantial evidence. According to Judge O'Malley, the statute provides that the applicant is "entitled" to a patent unless the Patent Office meets its burden to demonstrate otherwise. In her view, the proper remedy was reversal and allowance of the claims, not further proceedings on patentability.

***In re Hodges*, --- F.3d ---, 2018 WL 817248 (Fed. Cir. Feb. 12, 2018)**

This case arises from the *ex parte* examination of Hodges's patent application for an improved drain valve. The examiner rejected Hodges's claims as anticipated by two prior art references, or obvious over the combination of the two. The Board affirmed the rejections. The Federal Circuit majority reversed-in-part, vacated-in-part, and remanded to the Board.

For the obviousness ruling, the Federal Circuit vacated the Board's determination because the decision lacked sufficient explanation for the Federal Circuit to properly perform its judicial review function. The Federal Circuit thus remanded so that the Board could explain its reasoning. For one of the anticipation rulings, however, the Federal Circuit *reversed* the Board's determination due to an erroneous claim construction. Under the correct claim construction, there was no dispute that the art did not anticipate. All three judges agreed on the merits. But for the anticipation ruling, the panel split on the proper remedy: reversal or remand.

The majority concluded that because "the only permissible finding that can be drawn from [the art] is that it does not disclose the claim limitation," it must reverse. The majority opinion, authored by Judge O'Malley and joined by Judge Lourie, agreed that the proper remedy under these circumstances was reversal. In the majority's view, "the Patent Office shoulders the burden during initial examination of establishing that the examined claims are anticipated." And if it fails in the first instance to prove its case, reversal is appropriate. Like Judge Newman in *In re Van Os*, the majority relied on 35 U.S.C. § 102, which states that "[a] person shall be entitled to a patent unless[]" It also relied on *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992), which held that "[i]f examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent."

Judge Wallach dissented. Judge Wallach took the position that the majority exceeded its authority by making factual findings on appeal with regard to what the prior art discloses and should have instead remanded to the Board for additional investigation or explanation. Judge Wallach questioned the majority's reliance on § 102 as being contrary to precedent, stating that "nothing in § 102 suggests that the USPTO could not satisfy the burden on remand."

* * *

To summarize, Judge O'Malley and possibly Judge Lourie appear to have joined Judge Newman in believing that where the Patent Office fails to support its findings with substantial evidence, it should not get a second bite at the apple on remand. Does the Federal Circuit's precedent in *In re Hodges* signal a shift towards that view? Whether other judges latch on to *In re Hodges* remains to be seen, but the remedy issue is something that appellants and appellees should carefully consider. For example, appellants may want argue that reversal, not remand, is the appropriate remedy to prevent further proceedings. Appellees seeking to avoid a case-ending reversal may want to highlight the need for further fact finding. As these cases indicate, the Federal Circuit carefully considers remedies, and parties should be prepared to weigh-in.

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