

3 Takeaways From The PTAB Time Bar Decision

By Ryan Davis

Law360 (August 26, 2019, 9:59 PM EDT) -- A decision by the panel that sets precedent for the Patent Trial and Appeal Board cleared away ambiguity about when accused infringers must file petitions for inter partes review. Here are three things to know about the latest ruling by the board's Precedential Opinion Panel.

No More Excuses for Delaying an IPR Petition

The America Invents Act states that petitions for inter partes review of a patent must be filed within one year of the date the petitioner or another interested party "is served with a complaint alleging infringement of the patent." The panel's decision on Friday eliminated virtually all exceptions to that rule, so any entity served with a complaint will need to get cracking on a petition.

The precedent-setting panel, known as the POP, overturned an earlier PTAB ruling that an infringement complaint by 360Heros against GoPro didn't start the clock for an inter partes review petition because it turned out that 360Heros didn't actually own the patent when the complaint was filed.

The POP held that all that matters is the date of service of the complaint, "regardless of whether the serving party lacked standing to sue or the pleading was otherwise deficient." So accused infringers now know that when they are served with a complaint, they're on the clock, and creative arguments about flaws in the infringement complaint won't excuse a late IPR petition.

"I think this decision pretty much makes clear that it's one year or nothing," said Raghav Bajaj of Haynes and Boone LLP. "There doesn't seem to be a lot of wiggle room that would give you an escape valve to go past that one year."

The holding likely won't have a major impact in most cases, since petitioners that want to play it safe were already filing their petitions within a year and didn't have to rely on legal strategies to get around the requirement, said Daniel Zeilberger of Paul Hastings LLP.

"Having said that, this decision will certainly shift the calculus even further in that regard," he said. "To the extent a petitioner is worried about a patent, then this does away with one of the possible interpretations that would let you wait in terms of filing an IPR."

The holding marks a shift for the PTAB, which had previously found exceptions to the one-year window. Earlier panels held that an infringement complaint that is voluntarily dismissed doesn't start the time

bar clock, but the Federal Circuit reversed that holding last year in a decision known as Click-To-Call, which the POP cited on Friday.

"In the past, it may have been at least the interpretation of petitioners that the board was going to find a way to hear the case," Bajaj said. "That attitude, coming from Click-To-Call and coming from this case, seems to have changed. The board is not going to look for exceptions to the rule. They're going to look to strict adherence to the statute."

By setting a clear rule on when the time bar starts, the panel said that its holding would promote the "just, speedy and inexpensive resolution" of IPRs. The PTAB will now be freed from having to wade into questions about whether an infringement complaint was deficient that are really outside its purview.

The panel may have been concerned that if it held that deficiencies in a complaint excuse late petitions, it would have to grapple with creative arguments to that effect in future cases that PTAB judges aren't well-equipped to address, said Jon Wright of Sterne Kessler Goldstein & Fox PLLC.

Were the board tasked with resolving in each case whether the entity serving the complaint has standing, a question that is outside the board's expertise as technical specialists, "you could imagine how that could create uncertainty and inefficiencies," Wright said.

Bad Faith Suits Could Still Trip Up Patent Holders

While emphasizing that the one-year window starts running upon service of the complaint in almost every circumstance, the panel left the door open for a different outcome in the very unusual situation of a suit filed in bad faith.

The panel said its holding did not address situations where a complaint is served by an entity "with knowledge that it lacks standing to pursue its claims of patent infringement or the intent to frustrate a petitioner's ability to file an IPR."

"If we were to encounter such a bad-faith filing in the future, then we may revisit the question of the availability of an equitable tolling of the application of the time bar," it said.

Attorneys said it is difficult to imagine what such a scenario would look like, but the footnote does put patent owners on notice that they can't use the holding for gamesmanship aimed at getting petitions denied.

"Patent owners shouldn't just serve complaints, asserting patents that they don't necessarily have all the rights to, because that may cause the board to look twice at that and not just adhere strictly to this decision," Bajaj said.

If anyone were to mount a "nefarious" strategy of "let me start serving complaints, just so I can put petitioners on the clock," the board likely would have a problem with that, not to mention that it would run afoul of federal rules, said Joseph Palys of Paul Hastings.

Zeilberger noted that while the footnote sounds like the board would provide some leeway to allow petitions if a complaint were filed in bad faith, it isn't clear exactly what reasoning could be used to get around strict reading of the statute that the clock starts running when a complaint is served.

"We'll have to wait and see for the right case to come where they could decide this," Zeilberger said.

The Decision's Impact May Only Increase

The POP decision relied heavily on the Federal Circuit's Click-To-Call ruling, but in June, the U.S. Supreme Court agreed to review that case. The justices aren't actually scrutinizing the main holding that voluntarily dismissed suits start the time bar clock, but rather whether the Federal Circuit can review PTAB decisions to institute review at all.

If the high court says yes, nothing changes. But if it says no, the GoPro ruling takes on increased significance, Wright said. It would mean that the time bar, standing and other issues involved in the board's decisions on whether to institute IPRs would be insulated from appellate review.

"If the court determines that the Federal Circuit should not have reviewed it, then these precedential decisions become even more important, because they are effectively the final word" on issues involved in institution decisions, he said.

Since the POP denied institution of GoPro's petition, the chances of appellate review in this case are slim. The Federal Circuit has held that while issues related to the time bar can be reviewed on appeal when review is instituted, decisions denying review are unappealable. GoPro's only option to challenge the POP's holding may be to seek mandamus review at the Federal Circuit, which is "very difficult to meet," Wright said.

The ruling was only the POP's second decision, following one in March that parties can join their own petitions. The common theme of the holdings appears to be a desire "to ensure consistency, because that makes things more predictable," Bajaj said.

"The board has been in this mode of trying to provide more guidance to the parties, so that panels aren't taking inconsistent positions, and parties aren't trying to use one panel's decision against another panel," he said.

The case is GoPro Inc. v. 360Heros Inc., case number IPR2018-01754, at the Patent Trial and Appeal Board.

--Editing by Jill Coffey.