

PTAB Strategies and Insights

September 2021



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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.

In this issue:

- Observations from the September 17, 2021, LEAP Arguments and Bench Discussion
- Inter and Intra Circuit Split Emerges on Forum Selection Clauses Barring PTAB Challenges
- Federal Circuit Says Institution Decision Limits Trial Issues

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.

Best,

Jason D. Eisenberg

Editor & Author:



Jason D. Eisenberg

Director

jasone@sternekessler.com

Author:



Kristina Caggiano Kelly

Counsel

kckelly@sternekessler.com

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OBSERVATIONS FROM THE SEPTEMBER 17, 2021, LEAP ARGUMENTS AND BENCH

DISCUSSION

By: [Kristina Caggiano Kelly](#)

The Patent Trial and Appeal Board (PTAB) and AIPLA's PTAB Trial Subcommittee continue to strengthen the Legal Experience and Advancement Program ([LEAP](#)), in which the PTAB incentivizes parties to allow junior practitioners (three or less arguments in any tribunal and seven or less years as licensed attorney or agent) to participate in oral arguments in exchange for an extra 15 minutes of oral argument time. As a defining feature of the initiative, junior practitioners may argue a small, discrete issue, sharing the overall argument time with senior attorneys, who may even correct or supplement the discussion if needed. In this way, the PTAB goes beyond what many courts already do in commending parties that give junior practitioners speaking opportunities.

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INTER AND INTRA CIRCUIT SPLIT EMERGES ON FORUM SELECTION CLAUSES BARRING PTAB CHALLENGES

By: [Jason D. Eisenberg](#)

In our May 2021 Newsletter, we [discussed](#) whether patent owners could contract away the ability for a challenger to bring Patent Trial and Appeal Board (PTAB) invalidity challenges, e.g., *inter partes* or post grant reviews. We looked at the Federal Circuit cases addressing invalidity forum selection clauses in various types of agreements.

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FEDERAL CIRCUIT SAYS INSTITUTION DECISION LIMITS TRIAL ISSUES

By: [Jason D. Eisenberg](#)

In a non-precedential decision, [Baker Hughes Oilfield Operations, LLC v. Hirshfeld](#), the Federal Circuit held that, under the Administrative Procedures Act, once the Board decided Ground 3 was too imprecise and would not be instituted but for SAS procedures, the Board could no longer act on that Ground in the final written decision. And since claims 2-6 were only challenged in Ground 3, the Board should not have addressed those claims in its final written decision.

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What parties may not realize is that the LEAP initiative also offers young practitioners a “boot camp” educational course, including a mock *inter partes* review (IPR), lectures, and a moot demonstration. The most recent program featured keynote remarks from Sterne Kessler Director Sal Bezos, Vice Chair of the AIPLA PTAB Trial Subcommittee, and a moot argument in which participants in the program could observe leading practitioners and PTAB judges mooting the same mock IPR that the participants studied.

On September 17, 2021, I was honored to be featured as one of the experienced practitioners for LEAP participants to observe. I presented an argument before a panel of active Administrative Patent Judges (APJs), alongside other leading PTAB practitioners. Following the argument, the PTAB judges provided feedback on the presentations, providing all attendees valuable insight into the mind of a PTAB judge.

The panel's stylistic tips for oral hearings emphasized the importance of approaching oral argument as a conversation rather than a performance. Both in style and in substance, listening and relating to the judge's concerns and grappling with issues together is far more effective than strident campaigning. Clear and direct responses, even if uncomfortable, get better results than merely staying on message.

While it should come as no surprise to experienced practitioners, the Board noted that gimmicks, theatrics, and other techniques that might work in jury trials are not well-received among PTAB judges. Similarly, while glossing over technical details in favor of clever legal analysis might play well to the Federal Circuit, the PTAB is more focused on weighing the facts and examining the record in detail. An advocate with command of all the relevant citations can

help bring a winning brief across the finish line. Arguing before the PTAB is thus very much its own skillset, though the stand-up speaking opportunities that the LEAP initiative affords young practitioners provide a good foundation for all oral advocacy, both before the patent office and other tribunals.

Sterne Kessler remains dedicated to the professional development of its next generation of attorneys, as well as the advancement of the PTAB bar in general by not only encouraging its own young attorneys to participate in the program, but also contributing to various symposia and legal education programs associated with the LEAP program, like those that took place this past month.

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Since the May 2021 article, a circuit split has arisen in patent law between the Ninth Circuit and the Federal Circuit, and a split appears to be forming within the Federal Circuit itself. And we are still awaiting decisions on other cases that have been argued.

In [In re Maxpower Semiconductor](#), the Patent Owner filed a Mandamus action and a direct appeal from an institution decision that instituted trial despite an arbitration clause specifically forbidding an invalidity challenge in the PTAB. The Federal Circuit issued a split decision where the majority denied the appeal against a lengthy sixteen-page Judge O'Malley dissent. The majority held that despite the parties agreeing to arbitrate all disputes, the PTAB could continue to address validity. The dissent disagreed and scolded the majority for fabricating exceptions to long-standing precedent and statutes finding arbitration forum selection clauses are binding on the parties and must be enforced.

In contrast, the Ninth Circuit in [Nomadix, Inc. v. Guest-Tek Interactive Entertainment Ltd](#), on appeal from a grant of permanent injunction entered by the Central District of California, held the opposite (and what many in the patent bar are saying the correct way). Here, the Ninth Circuit affirmed the district court's holding that a forum selection clause that identified a specific district court to handle all disputes without mentioning the PTAB divested the PTAB from jurisdiction.

While we await further decisions out of the various circuit courts, and a potential cert petition at the Supreme Court highlighting this intra- and inter-circuit split, we will continue to update our readers on decisions in this space.

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The Petitioner challenged claims 1 and 7-23 in Ground 1 and 2 under obviousness over Head and Star. The Petitioner also challenged claims 1-23 in Ground 3 as being obvious over any one of six distinct combinations of prior art: (1) Head in view of Xu, (2) Head in view of Holmes, (3) Starr in view of Xu, (4) Starr in view of Holmes, (5) Stout in view of Xu, and (6) Stout in view of Holmes. For Ground 3, the Petitioner stated there was “a reasonable expectation of successfully fitting the teachings of Head/Starr/Stout and Xu/Holmes together like pieces of a puzzle.”

The Board agreed Grounds 1 and 2 met the *reasonably likelihood* standard, but that for Ground 3, it was instituting solely because “an *inter partes* review may not institute on less than all claims challenged in the petition [under SAS].” *Baker Hughes Oilfield Operations, LLC v. Hirshfeld*, 20-1932, Paper 58, 5 (C.A.F.C. Sept. 16, 2021). Yet the final written decision devoted forty pages—the majority of its analysis—to parsing the different theories that the Petitioner confusingly lumped together in Ground 3 explaining it “was able to discern Petitioner’s obviousness arguments, even if the Petition was less focused than desirable.” *Id.* at 6.

The Court held “that the Board’s conduct violated the APA.” *Id.* The Court found “it was reasonable for Baker to rely on the Board’s initial position. Otherwise, in its Patent Owner Response, Baker would need to use its allotted pages to rummage through Innovex’s petition ‘to divine an obviousness theory.’” *Id.* The Court also found that Petitioner’s Reply was too late to sort out Ground 3, and that the Patent Owner had no ability to present new evidence in its Sur Reply.

The Office argued that the Patent Owner “had notice of the six obviousness combinations jumbled together in Ground 3.” *Id.* at 7. The Court disagreed with the Office and explained that “[t]he question, however, is not whether Baker had notice of those combinations; it is instead whether Baker had notice that the Board would delve into their substance after stating it would

not. Under these unusual circumstances, the Board needed to provide adequate notice and an opportunity for the submission of evidence regarding obviousness.” *Id.* at 7-8.

In the end, it appears the Court treated this like a pre-SAS partial institution decision where the Board clearly instituted trial on Grounds 1 and 2 and clearly did not institute trial on Ground 3. But the Court gave the Board a second bite at the apple to get it right on remand, telling the Board to allow the Patent Owner a full opportunity to present argument *and evidence* rebutting Ground 3 after the case returns to the Board.

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