

# 6 PTAB Events To Know From The Last 6 Months

By **David Holt, Kristi Sawert and Ryan Chowdhury** (July 1, 2024)

2024 has already been an eventful year for post-grant practice, and it's only halfway over.

From a flurry of proposed rules to the first decisions of the Delegated Rehearing Panel, big changes are on the horizon at the Patent Trial and Appeal Board. Petitioners, patent owners and post-grant practitioners should brush up on the latest developments to effectively incorporate them into their post-grant strategies.

## 1. Notice of Proposed Rulemaking: Discretionary Denial

In April, the U.S. Patent and Trademark Office issued a notice of proposed rulemaking primarily focused on the PTAB's use of discretionary denial.

### ***Parallel and Serial Petitions***

The NPRM gives definitions to two types of petitions: parallel petitions and serial petitions. A parallel petition exists where the same petitioner files two or more petitions before the patent owner's preliminary response to the first-filed petition. A serial petition exists where the same petitioner, real party in interest, or privy files two or more petitions and one or more are filed after the patent owner's preliminary response to the first-filed petition.

The Patent Trial and Appeal Board will not institute parallel petitions absent a showing of good cause as to why more than one petition is necessary, and the NPRM sets out factors the board may consider when determining good cause. Similarly, the board may deny institution of serial petitions challenging claims of the same patent that overlap with claims challenged in a previously filed petition, with the NPRM setting out factors the board will consider when determining whether to deny institution.

Importantly, the NPRM does not use the "substantial relationship" language of the board's 2019 *Valve Corp. v. Electronic Scripting Products Inc.* decision. Instead, the board would focus on real party in interest and privity, which are legal concepts with well-established common law definitions.

### ***Rules Regarding Section 325(d)***

Under the new rules, a petition may be denied under Title 35 of the U.S. Code, Section 325(d), if the same or substantially the same prior art was previously meaningfully addressed by the USPTO, or the same or substantially the same arguments were previously meaningfully addressed by the office with regard to the challenged patent or a related patent or application, unless the petitioner establishes material error by the office.

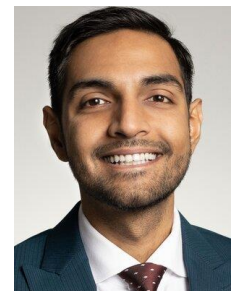
"Meaningfully addressed by the office" generally means that there was direct discussion of



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the prior art or arguments on the written prosecution record.

The "same prior art" is a reference the petition relies upon for a factual proposition that directly contradicts a finding made by the office when the reference was previously meaningfully addressed.

Prior art is "substantially the same" if the disclosure in the prior art previously meaningfully addressed by the office contains the same teaching as that relied upon in the petition.

All three of these definitions appear to raise the bar on what qualifies, making the proof necessary to invoke Section 325(d) much higher.

### ***Separate Discretionary Denial Briefing***

The NPRM also provides for a major shift in how parties address discretionary denial issues. Under the new rules, a patent owner preliminary response shall not address discretionary denial. Instead, the patent owner may file a separate brief, limited to 10 pages, requesting discretionary denial of the petition.

The petitioner may then file an opposition, also limited to 10 pages, to which the patent owner may reply in five pages. This separate briefing likely frees up substantial word count in the petition to focus on the merits or other legal issues, though the page limits and timing of these discretionary denial briefs may end up presenting strategic challenges for both patent owners and petitioners.

## **2. Notice of Proposed Rulemaking: Director Review**

Also in April, the USPTO issued an NPRM focused on director review of PTAB decisions, which proposes to formalize the interim director review procedures originally established in 2021.

The NPRM would add a new Section 42.75(a)-(g) to Title 37 of the Code of Federal Regulations. Generally, the rules establish that:

- Director review is available for final written decisions, decisions on institution, and decisions granting requests for rehearing of final written decisions or decisions on institution;
- A party may request either director review or a request for rehearing, but not both;
- The director may order review sua sponte; and
- The director may delegate review.

The proposed rules do not limit the content of requests for director review, which potentially opens the door to more requests for director review. Under the interim process, requests for director review of a decision on institution or a decision granting rehearing of institution were limited to decisions presenting (1) an abuse of discretion or (2) important issues of law or policy.

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important issues of law or policy, (3) erroneous findings of material fact or (4) erroneous conclusions of law.

### **3. Delegated Rehearing Panel Update**

The USPTO established the Delegated Rehearing Panel last year with the expectation that the director would use it to hear decisions that do not present issues that rise to a level requiring director review but that nonetheless warrant further consideration. In early 2024, it issued its first decisions, which appear to demonstrate the willingness of the DRP to engage on more fact-specific issues.

In the inter partes review *SynAffix BV v. Hangzhou DAC Biotech Co.*, the panel denied institution of a petition by adopting, sua sponte, a narrowing claim construction based on two instances of prosecution history disclaimer. The DRP reviewed the prosecution history and in March agreed with the panel's finding as to the first version of prosecution history disclaimer (disclaiming a specific compound) but not as to the second version (disclaiming certain embodiments), vacating the underlying decision and remanding to the panel for further proceedings.

In *DK Crown Holdings Inc. v. Diogenes Ltd.*, a split panel denied the underlying petition based partially on the majority's sua sponte claim construction of the claim term "continuously." The DRP held in February that the majority misapprehended the meaning of the term "continuously" and misapprehended both the petitioner's mapping of the claim to the prior art and the scope and content of the prior art, vacating the underlying decision and remanding to the panel for further proceedings.

Thus far, the director's delegations appear to be to correct errors the director perceives in board decisions that are unique to the cases at issue. Parties should expect the board to apply a high bar for the submission of evidence. The party opposing rehearing should consider requesting additional briefing if the director delegates rehearing to the DRP, especially where the request for director review stands unrebutted.

### **4. Director Review Decision: *Mahle Behr v. Catalano***

In *Mahle Behr Charleston Inc. v. Frank Amidio Catalano*, the petitioner requested IPR, arguing that the Godefroy prior art reference anticipated and rendered certain claims obvious. The patent owner argued that the prior art failed to "teach 'a sacrificial anode [that] is installed within ten inches of a hot liquid inlet of the radiator as recited in claims 12, 25, or 37.'"

In denying institution, the PTAB relied on the U.S. Court of Appeals for the Federal Circuit's 2000 decision in *Hockerson-Halberstadt Inc. v. Avia Group International Inc.*, which held in part that "[p]atent drawings do not define the precise proportions of the elements and may not be relied on to show particular sizes if the specification is completely silent on the issue." Seeking director review, the petitioner argued that the PTAB misapplied *Hockertson* and "disregarded the prior art's facial teachings of the dimensional range."

USPTO Director Kathi Vidal granted review in April, holding that the PTAB erred when it did not consider the petitioner's argument that the drawing in *Godefroy* clearly showed, or would reasonably have suggested, to a person of ordinary skill in the art an anode within 10 inches of the inlet.

On remand, the PTAB again denied institution, finding that the testimony from the

petitioner's expert "directly contradicts" the disclosure in the Godefroy reference. It also found that the petitioner's application of Godefroy relied on inherency regarding a diameter and that "Godefroy itself is silent on the question." The PTAB credited evidence submitted by the patent owner's expert that "there is a wide range of radiators, including automobile radiators, available."

A lesson of Mahle Behr for petitioners is that teachings apparent from a figure of a prior art reference may be relied upon to address claim language but need to be sufficiently supported by expert testimony. For patent owners, where gaps in IPR grounds suggest reliance on inherency, submitting evidence with a preliminary response may be useful to rebut positions taken by the petitioner.

## **5. Director Review Decision: Videndum v. Rotolight**

In Videndum Production Solutions Inc. v. Rotolight Ltd., the challenged patent was previously challenged in an IPR filed by a different petitioner. The petition in the instant case advanced the same challenges based on the same prior art references against the same patent claims. Applying the factors from the 2017 General Plastic precedential opinion, a majority panel exercised its discretion under Section 314(a) to reject the petition.

In April, Vidal disagreed with the majority panel, noting that "where, as here, the first and second petitioners are neither the same party, nor possess a significant relationship under Valve ... General Plastic factor one necessarily outweighs the other General Plastic factors." She further explained that "[t]he majority's Decision in this proceeding improperly expanded the discretionary principles set forth in General Plastic and Valve to apply to petitioners that are not the same and do not have a 'significant relationship.'"

For petitioners, a key takeaway is that the lack of a "significant relationship" between the first and second petitioners diminishes the relevance of various General Plastic factors in weighing in favor of exercising discretion to deny institution. For patent owners, being a party to patent infringement actions involving the same asserted patent alone is unlikely to establish a significant relationship that weighs in favor of exercising discretion to deny institution under General Plastic factor one.

## **6. At the Federal Circuit: Ioengine v. Ingenico**

In Ioengine LLC v. Ingenico Inc., the claim language included "wherein the communication to be transmitted to the communication network node facilitates the transmission of encrypted communications from the communication network node to the terminal." The PTAB determined that the term "encrypted communications" was no more than printed matter and thus carried no patentable weight.

The Federal Circuit reversed on appeal in May and applied a two-step test to determine whether a feature falls under the printed matter doctrine: (1) whether the limitation in question is directed toward printed matter, and (2) if step 1 is satisfied, whether the printed matter nevertheless should be given patentable weight because the printed matter's informational content has a functional or structural relation to the substrate

The court held that "encrypted communications" claimed the form of the communication and not what was communicated. Because the term did not satisfy the first step of the two-step test, encrypted communications were not subject to the printed matter doctrine and should have been afforded patentable weight.

This decision appears to be the first instance of the Federal Circuit considering the printed matter doctrine in the context of electronic communications. Prior decisions relate to physically printed materials and information displayed on a user interface rather than electronic communications.

Ioengine leaves open the question of what types of claims focused on electronic communications may satisfy the printed matter doctrine in accordance with the articulated test — i.e., whether a claim term that states what is contained in a message may be argued to specify the content of what is communicated and thereby satisfy the first step of the printed matter doctrine test.

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