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A teal-colored background featuring a pattern of interlocking gears of various sizes, some in sharp focus and others blurred. A white rectangular box with a thin orange vertical bar on its left side is positioned in the lower-left quadrant of this section.

2021 PTAB YEAR IN REVIEW

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Introduction

Wilson Sonsini Goodrich & Rosati is pleased to present our *2021 PTAB Year in Review*.

We begin with a review of 2021 petition filings and outcomes at the Patent Trial and Appeal Board (PTAB), and examine the effect of the PTAB's precedential *Fintiv* decision on case institutions.

We then provide a summary of notable developments at the PTAB, including how the PTAB has dealt with the absence of a director, especially while implementing the U.S. Supreme Court's mandate in *Arthrex* that the director provide overt oversight for PTAB decisions, and the nomination of a new U.S. Patent and Trademark Office (USPTO) director.

We then explore important appellate decisions relating to PTAB trials.

Finally, we provide an update on the USPTO's MTA Pilot Program.

We hope you find our *2021 PTAB Year in Review* to be a useful resource for insight on the most meaningful developments from the past year. As always, should you have any questions or comments on any of the matters discussed in this report, please contact a member of the firm's post-grant practice or your regular Wilson Sonsini attorney.

PTAB Filings and Outcomes

Petition filings and institution rates at the PTAB for FY21 were generally consistent with trends observed since 2018. The PTAB continued to collect public input on §101 patent eligibility as well as on discretionary denials, likely in preparation for the arrival of a new USPTO director in 2022. The PTAB’s application of discretionary denial based on parallel litigation has changed significantly this past year. Below is a brief elaboration about these developments.

2021 AIA Post-Grant Proceedings Filing and Institution Rates

Over the past four PTAB fiscal years (from October through September), average petition filings generally have exhibited a slight decreasing trend and a fair amount of year-over-year variation. FY21 petition filings were about 8 percent below the FY18-FY20 average and 4 percent below the recent minimum in FY19. Institution rates have hovered at or just below 60 percent since FY17. To date,¹ the FY21 institution rate is slightly lower than average at 56

	Petitions	Institution Rate	Denial of Institution	
			Merits	Discretion
FY17	1,904	61%	25%	13%
FY18	1,614	60%	26%	14%
FY19	1,467	57%	23%	19%
FY20	1,514	59%	21%	20%
FY21	1,403	56%	24%	19%

percent, just below the recent low of 57 percent in FY19.²

As shown above, discretionary bases continue to account for approximately 20 percent of outcomes for decisions on institution. The PTAB Trial Practice Guide describes several situations in which the PTAB might deny institution on a discretionary basis, including:

- follow-on petitions challenging the same patent as an earlier-filed case,
- multiple parallel petitions against the same patent,
- petitions where the same or substantially the same prior art or arguments were previously presented to the USPTO, and
- instances where a parallel district court proceeding is expected to

reach a validity determination prior to the PTAB issuing a Final Written Decision.

The increased rate of institution denial for FY21 petitions over FY20 petitions appears to be driven by a rebound in the number of merits denials of institution as opposed to an increase in discretionary denials.

Institution rates for the various technology centers remained variable in FY21, with rates ranging from 52 percent to 65 percent. Chemistry has long been the most difficult technology center to gain institution and remained so in FY21 with an institution rate of 53 percent, an increase over the 47 percent institution rate in FY2020. Biotechnology also saw a year-over-year increase in institution rates from 57 percent in

Tech Center	FY19		FY20		FY21	
	Total Petitions	Institution Rate	Total Petitions	Institution Rate	Total Petitions	Institution Rate
2600 – Communications	337	62%	342	59%	232	52%
2800 – Semiconductors	206	54%	264	66%	208	65%
2400 – Computer Networks	218	50%	181	58%	254	53%
3600 – Transportation	148	57%	176	55%	142	55%
1600 – Biotechnology	133	56%	78	57%	99	65%
3700 – Mechanical Engineering	191	69%	210	58%	176	55%
2100 – Computer Architecture	165	50%	124	67%	190	55%
1700 – Chemical and Material Engineering	53	54%	98	47%	79	53%
Miscellaneous	16	--	41	--	24	--

FY2020 to 65 percent in FY2021, tying Semiconductors in FY21 for the highest institution rate. Last fiscal year, Computer Architecture had the highest institution rate at 67 percent, but this year fell to 55 percent—slightly below the average for all technology centers. The Communications (59 percent-52 percent) and Computer Networks (58 percent-53 percent) technology centers also experienced relatively large drops in institution rates over the period studied.

Looking now to Final Written Decisions from FY20 petitions as compared to FY19 petition outcomes, the percentage of decisions upholding all claims remained constant at 20 percent while the number of decisions finding all claims unpatentable fell from 60 percent to 54 percent. In other words, the PTAB became slightly more likely to find some claims patentable for FY21 as compared to FY20.

	FY19 (n=461)	FY20 (n=213)
All claims upheld	20%	20%
All claims unpatentable	60%	54%
Mixed	20%	25%
Amended claims	0.4%	1%

The End of *Fintiv*?

Although discretionary denials of institution appeared to constitute a constant portion of institution decisions from FY20 to FY21, the type of discretion employed to deny institution appears to have shifted. Specifically, the PTAB appears to be reducing the frequency with which it denies institution based on parallel litigation. The PTAB issued its precedential decision on this type of discretionary denial in *Fintiv*³ on March 20, 2020, designating it precedential in May of that year. In *Fintiv*, the PTAB

established factors it would consider in determining whether it should exercise its discretion under 35 U.S.C. §314(a) to deny institution based on a parallel patent invalidity proceeding, such as a district court trial. Those factors include:⁴

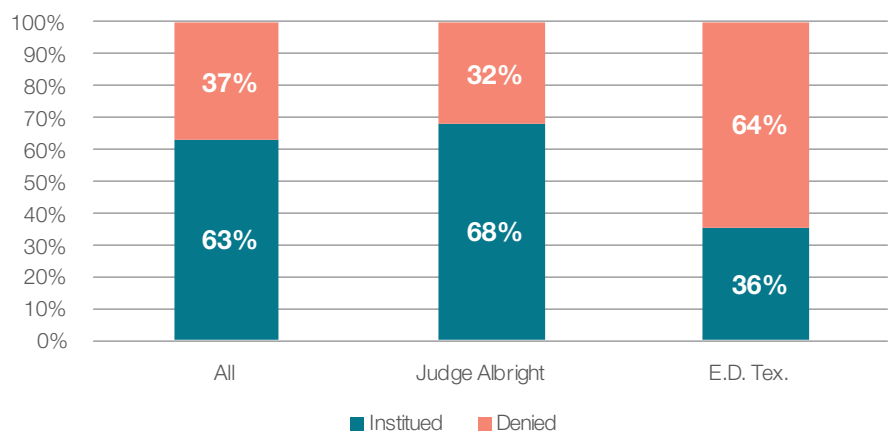
1. Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. Proximity of the court’s trial date to the Board’s projected statutory deadline for a Final Written Decision;
3. Investment in the parallel proceeding by the court and the parties;
4. Overlap between issues raised in the petition and in the parallel proceeding;

In evaluating these factors, “the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.”⁵

Fintiv initially had a significant effect on institution outcomes. Between May 13, 2020 and December 31, 2020,⁶ for example, 203 PTAB institution decisions analyzed *Fintiv* in determining whether trial should be instituted. Of those 203 decisions, 131 (64.5 percent) were instituted and 72 (35.5 percent) were denied.

As we discussed in our [April 2021 Issue of *The PTAB Review*](#), patent owners in certain jurisdictions, such as the Eastern District of Texas, enjoyed a *Fintiv* advantage that resulted in more than the average rate of denial based on the *Fintiv* precedent. In contrast, patent owners in the Western District of Texas found themselves at a *Fintiv* disadvantage as compared to the average rate of institution.

Rate of Denial/Institution for *Fintiv* Cases



5. Whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. Other circumstances that effect the Board’s exercise of discretion, including the merits.

Everything began to change in December 2020 when the PTAB designated the *Sotera* decision as precedential, giving petitioners a strong tool to avoid *Fintiv* denials of institution by entering a stipulation not to assert grounds of challenge

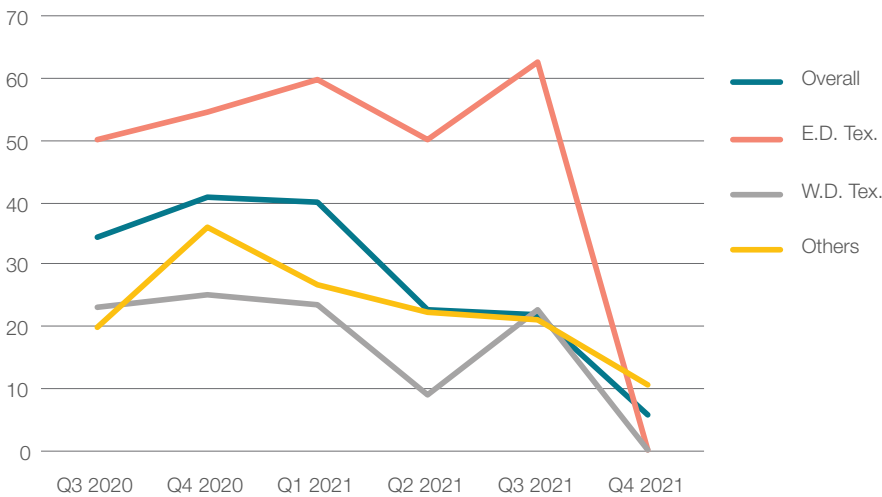
before the PTAB that were raised or that could have been raised in the parallel district court litigation.⁷ Since that time, the percentage of institution decisions analyzing the *Fintiv* factors that denied institution on this basis have dramatically collapsed across all jurisdictions we have studied, as illustrated below.

percentage of those decisions denying institution based on *Fintiv* have decreased.

These developments raise several important implications. First, the *Fintiv* decision has generated significant controversy and pushback,⁸ which may have already caused the PTAB (with the help of litigants providing stipulations)

reduction in *Fintiv* institution denials means that *Fintiv* no longer applies. Despite the recent changes in *Fintiv* results at the PTAB, careful navigation of the *Fintiv* factors using experienced PTAB counsel remains critically important, because *Fintiv* remains a powerful tool to reduce duplicative and overlapping proceedings.

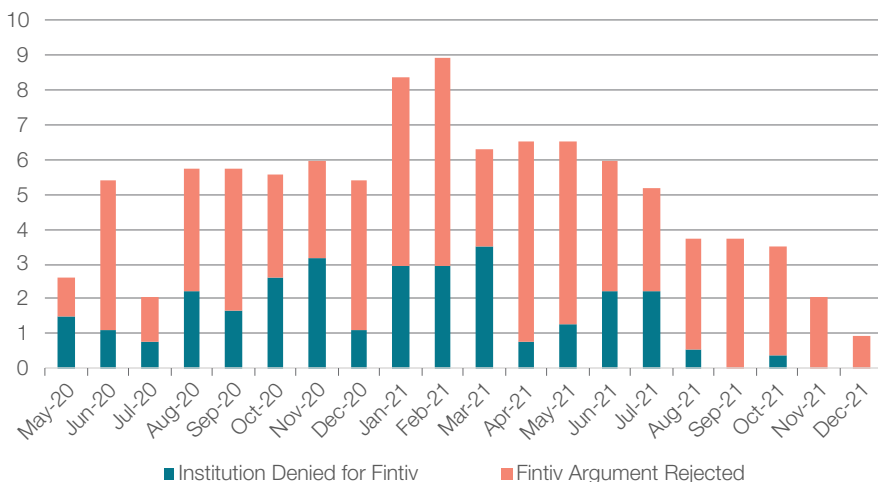
% Denying Institution for *Fintiv*



Moreover, the percentage of institution decisions analyzing the *Fintiv* factors has decreased at the same time the

to reduce the application of *Fintiv* dramatically. Second, stakeholders should not assume that the dramatic

% of Institution Decisions Analyzing *Fintiv* Factors



Notable Developments at the PTAB

2021 was an uncharacteristically quiet year for administrative initiatives at the PTAB. Former Director of the USPTO Andrei Iancu stepped down at the start of the Biden administration in January 2021, and Commissioner of Patents Andrew Hirshfeld took over the duties and responsibilities of the Director for the remainder of 2021. Looking forward into 2022, however, it appears that a new director will soon lead USPTO operations. In October 2021, President Biden nominated Katherine Vidal,⁹ and her confirmation hearing before the Senate Judiciary Committee took place in early December.¹⁰ It is expected that Vidal's nomination will be confirmed by the Senate and she will take her place as the new director of the USPTO beginning early in 2022.

The USPTO in the Interim

After the PTAB designated a flurry of Board decisions precedential or informative before the departure of former Director Iancu in 2020,¹¹ no new precedential or informative decisions issued in 2021. This was not surprising because an interim director typically will avoid making any policy-based decisions that will affect agency operations, instead aiming to maintain business as usual.

Nevertheless, Commissioner Hirshfeld did have to contend with the aftermath

of the Supreme Court's decision in *United States v. Arthrex, Inc.*, 596 U.S. ___ (June 21, 2021). As we highlighted in our [July 2021 Issue of *The PTAB Review*](#),¹² the Supreme Court confirmed that administrative patent judges (APJs) at the PTAB were unconstitutionally appointed because no Senate-confirmed, executive branch officer could review their final decisions canceling patents. To remedy this constitutional defect, the Court "severed" a portion of the PTAB's authorizing statute to permit the director to authorize rehearing of a PTAB decision by the director alone.

Since the Court's decision, the USPTO implemented an interim procedure for director review, which allowed for review of a final written decision in an *inter partes* review (IPR) or a post-grant review by the director, either initiated *sua sponte* by the director or requested by a party to a PTAB proceeding. The mechanism for such requests operates much like current rehearing procedures under 36 C.F.R. § 42.71(d) and Standard Operating Procedure 2.¹³ To date, more than 100 requests have been filed by parties and reviewed by Commissioner Hirshfeld. The large majority of requests have been summarily denied, with the denial confirming the final written decision as the final decision of the agency.¹⁴ While two requests have been granted, the issues raised in these requests involved readily apparent errors in the Board's final written decisions and thus did not have wider implications for the agency.

In *Ascend Performance Materials Operations LLC v. Samsung SDI Co., Ltd.*,¹⁵ patent owner Samsung requested director review of a final written decision determining all challenged claims unpatentable over the prior art. In its request, Samsung alleged several errors, but Commissioner Hirshfeld's decision focused on one particular issue: whether the Board erred by failing to analyze separately the priority date of two challenged claims that, if

entitled to the asserted priority date, would antedate an applied anticipatory reference.¹⁶ Commissioner Hirshfeld granted the request in view of well-established law that "patent claims are awarded priority on a claim-by-claim basis based on the disclosure in the priority applications," and the Board's decision did not specifically address the two claims.¹⁷ The case was thus remanded for the Board to address the claims' priority date specifically and address their patentability in view of that date.¹⁸

Likewise, in *Proppant Express Investments, LLC, et al. v. Oren Technologies, LLC*,¹⁹ patent owner Oren Technologies requested director review of a final written decision determining all challenged claims unpatentable over the prior art. Oren argued that the Board erred by failing to give appropriate weight to its objective evidence of nonobviousness.²⁰ Oren noted that the Board had applied a similar analysis in its final written decision in a related IPR, which the U.S. Court of Appeals for the Federal Circuit had vacated and remanded for further analysis of Oren's objective evidence of nonobviousness.²¹ Commissioner Hirshfeld agreed that the Board's analysis of Oren's objective evidence was similar to that vacated by the Federal Circuit and thus granted the request and remanded the case for the Board to reconsider Oren's evidence in light of the Federal Circuit's decision.²²

While the USPTO's interim *Arthrex* procedures appear to be proceeding as expected, it does not appear that the issues raised by *Arthrex* have come to an end. In *VirnetX Inc. v. Mangrove Partners Master Fund, Ltd., et al.*, patent owner VirnetX appealed a denied request for director review after remand in view of the Supreme Court's decision in *Arthrex*.²³ In its opening brief, VirnetX argued that Commissioner Hirshfeld lacks the authority under *Arthrex* to decide the request for director review and confirm the Board's final written

decisions as final decisions of the agency because he is not a "principal officer" appointed through presidential nomination and Senate confirmation.²⁴ The briefing is on-going in that appeal.

Other questions remain regarding the extent of *Arthrex*'s applicability. The USPTO's interim *Arthrex* procedures currently apply only to *inter partes* reviews and post-grant reviews, and only to final written decisions issued from those proceedings.²⁵ However, prior to the Supreme Court's decision, the Federal Circuit had decided that its *Arthrex* decision also extended to *inter partes* re-examinations and *ex parte* appeals.²⁶ It remains to be seen whether the Supreme Court's *Arthrex* decision will be similarly extended to these proceedings or to other decisions issued by the Board even in *inter partes* reviews and post-grant reviews, such as institution decisions. The new director will likely need to contend with these remaining issues when she takes office.

The New Director

As noted above, on October 26, 2021, President Biden nominated Katherine Vidal, a patent litigator and managing partner of the Silicon Valley Office of a national law firm, for director of the USPTO.²⁷ Her confirmation hearing before the Senate Judiciary Committee took place on December 1, 2021, with questioning from committee members focusing on policies enacted under Director Iancu and other controversial issues at the USPTO.²⁸ This included probing Vidal's stance on the PTAB's precedential decision in *Apple, Inc. v. Fintiv, Inc.*,²⁹ which allows the Board to exercise its discretion to deny petitions in instances where a parallel district court proceeding is expected to reach a validity determination prior to the Board issuing a final written decision. During the hearing, when asked by Senator Leahy whether an agency should deny petitions based on deference to set trial dates in parallel district court

proceedings that are more than often delayed, Vidal did not give a definitive opinion on the policy. Instead, she made note of common agreements made by parties to avoid application of *Fintiv* (e.g., a stipulation that the same art and grounds raised in a PTAB proceeding would not be raised in district court) and generally pledged to work with Congress and other stakeholders to ensure that any concerns under the current policy would be addressed.

Vidal was also questioned on issues affecting the USPTO as a whole. For instance, when asked by Senator Grassley which specific policies under previous directors she would seek to change, Vidal identified her goal to revisit current guidelines in determining patent ineligibility under 35 U.S.C. §101. Vidal explained that the law governing patent ineligibility is complex and stated her desire to ensure that USPTO guidelines on the subject remain consistent with the ever-changing case law while still promoting innovation. As with *Fintiv*, Vidal again pledged to work with Congress and other stakeholders to provide more clarity on patent ineligibility, including supporting possible legislative efforts favored by Senators Tillis and Coons. Further, in response to Senator Leahy's concerns regarding patent thickets for branded biologics as potentially contributing to higher drug prices, Vidal acknowledged such concerns and expressed a general goal for the USPTO in issuing only patents of the highest quality. Senator Coons also sought Vidal's commitment to consider carefully any changes in current policy on standard essential patents and address concerns over global intellectual property theft and disparate laws governing IP across countries. Vidal similarly committed to Senator Hirono's desire to continue the USPTO's efforts in encouraging innovation by underrepresented groups.

Overall, Vidal's testimony proved largely uncontroversial and gave little

indication of her specific plans for policy implementations within the USPTO.

Looking Forward

With the expectation that Vidal will begin her term early in 2022, it will be interesting to see what, if any, policy changes she will seek to make as the new director. Under the USPTO's Standing Operating Procedure 2, the director is allowed to designate or de-designate Board panel decisions as precedential or informative.³⁰ As noted above, former Director Iancu exercised this procedure frequently. As the new director, Vidal could quickly undo much of former Director Iancu's policy-making by de-designating key precedential decisions, including *Fintiv*. Alternatively, Vidal could leave such precedents in place while adopting new rules and precedents that moderate the effects of earlier precedents.

Further, regarding *Arthrex*, the procedures for director review may provide a new mechanism for implementing policy decisions for PTAB proceedings. This new mechanism may be strategically used in conjunction with the Precedential Opinion Panel (POP) to further administer policy decisions. Unlike requests for director review, requests for POP review can be made at any stage of proceeding.³¹ Further, such requests are reviewed by a panel of high-ranking USPTO officials, including the director, the commissioner for patents, and the chief judge.³² If granted, parties are given the opportunity to brief the issues and potentially present oral arguments, and non-parties may be authorized to file *amicus* briefs.³³ With a more robust opportunity to hear issues that may ultimately bind PTAB proceedings, the director may choose to direct some requests for director review to POP review, which, with the expanded panel, may help coordinate uniform implementation both at the PTAB and in the Patent Examining Corps.

Appellate Review of AIA Post-Grant Proceedings

Notable Supreme Court Cases

The Supreme Court addressed two patent issues affecting PTAB practice in 2021: first it held that the practice for appointing an administrative patent judge (APJ) was unconstitutional but could be cured; second, it decided that a prior patent owner might be estopped from challenging a patent.

Administrative Patent Judges Unconstitutional, but PTAB Reviews Survive

The PTAB became the focus of the Supreme Court's increased scrutiny of Executive branch appointments in *United States v. Arthrex, Inc.*³⁴ To protect the separation of powers between federal government branches and to ensure Presidential accountability for Executive branch decisions, the Court has become increasingly critical of legislation that insulates Executive branch decision-making from political appointees. The USPTO has only one political appointee: the director. The statute forming the PTAB insulated final PTAB decisions from director review. At most, the director could participate on a panel of reviews, which could (theoretically) outvote the director.

Patent owner *Arthrex* lost an IPR and appealed to the Federal Circuit, arguing in part that IPRs were unconstitutional because APJs were unconstitutionally appointed. The Federal Circuit agreed that APJs were unconstitutionally appointed, but held the unconstitutionality could be cured by "severing" a federal employment statute to exempt APJs from its protections, reasoning that if APJs are

at-will employees of the director, then the director retains sufficient control.³⁵ The Federal Circuit proceeded to remand any appeals from PTAB decisions entered before the court had “cured” the unconstitutionality. This outcome pleased no one. Arthrex did not want to return to jeopardy before the PTAB, the appellee Smith & Nephew wished to protect its PTAB win, and the United States did not think its APJs were unconstitutional. All three petitioned the Supreme Court for a writ of certiorari, as did many of the other remanded patent-owner appellants.

The Supreme Court granted certiorari to consider the constitutionality of APJ appointments and the remedy the Federal Circuit imposed. A very fractured Court affirmed the unconstitutionality of APJ appointments, but created its own cure by severing the PTAB’s membership statute to permit the director to rehear a PTAB decision alone. Chief Justice Roberts, joined by three other Justices, held that PTAB final decisions must be subject to modification by a President-nominated, Senate-confirmed officer to ensure political accountability. The plurality rejected the Federal Circuit’s solution because it only permitted the director to fire an APJ for a bad decision but provided no mechanism for the director to reverse the bad decision. Justice Gorsuch concurred in the unconstitutionality determination but dissented from the remedy, preferring to leave the remedy to Congress because—for him—the many possible remedies and lack of clear guidance from Congress on which remedy to pick meant that the Court was acting as a legislature in picking a solution. Justice Breyer, joined by two others, thought the director had sufficient control over APJs to avoid constitution infirmity, but agreed with the plurality that if a cure was needed then providing the director with solo rehearing power was the best solution. Justice Thomas,

joined in part by three others, thought the Court’s appointments precedent was being expanded beyond its purpose to address minor positions far below the level of concern for the Constitution. In sum, a bare majority (4+1) held APJ appointment unconstitutional (with four dissenters worrying that appointments jurisprudence was running amok), but a strong majority (4+3) held that giving the director solo rehearing authority was the best remedy. The Court remanded Arthrex and all similar petitioners to the Federal Circuit for the new remedy to be applied.

As discussed in an article above, the Federal Circuit responded by remanding patentee-appellants who asked the PTAB for a director rehearing, but few received any relief from the director. Many simply waived the remand and asked the Federal Circuit to proceed to the merits of their appeals.

One outstanding question is whether Andrew Hirshfeld—who has the powers and duties of the director in the absence of an actual director—can decide these rehearings. After all, Mr. Hirshfeld was appointed commissioner of patents under essentially the same procedure for appointing APJs. While his authority has been challenged on appeal,³⁶ Congress anticipated the problems that arise during long vacancies and approved a system of delegations by which the Secretary of Commerce (a President-nominated, Senate-confirmed department head) has the powers of the director and has delegated them to Mr. Hirshfeld.³⁷ Because the Secretary may withdraw Mr. Hirshfeld’s delegation, she retains political control over the PTAB’s decisions. If this system of delegations is held to be insufficient, then it would call into question the validity of all patents issued under Mr. Hirshfeld’s authority—an outcome far more consequential than the few PTAB decisions he has reheard.

A Patent Assignor Might Be Barred from Challenging Patentability

In *Minerva Surgical, Inc. v. Hologic, Inc.*,³⁸ the Court considered whether an inventor who assigns a patent application is estopped from challenging the resulting patent. While the case arose in district court litigation, assignor estoppel has also been asserted (unsuccessfully) at the PTAB.

Assignor estoppel reflects a sense that someone who assigns something in exchange for compensation should not be allowed to later challenge the value of the thing assigned. *Minerva*³⁹ contended that it should not be estopped from challenging Hologic’s patent even though its founder was a named inventor, who had assigned the patent application to Hologic. *Minerva* contended that public policy discouraged estoppels (such as licensee estoppel) against patent challenges. *Minerva* also argued that it should not be estopped because Hologic had changed the scope of the patent from what had been assigned.

Justice Kagan, in a decision joined by four others, rejected a broad, policy-based estoppel, but accepted that the equities will depend on the facts of the case and might not apply when the scope of the patent changes. Justice Barrett, joined by two others, dissented and would have rejected assignor estoppel as unsupported by the comprehensive statutory scheme of the patent system. Justice Alito, dissenting alone, criticized both the majority and the dissent for evading a precedent that he thought must be followed or overruled to decide the case.

The PTAB has taken a position close to Justice Barrett’s dissent: nothing in the IPR or PGR statute limits any person⁴⁰ other than the patent owner from challenging a patent. Because

the Supreme Court has taken a more nuanced approach despite the lack of a statutory basis, the PTAB's position might be open to attack. The patent owner is the party that raises assignor estoppel against a petition so the issue is moot if the patent owner wins on the merits, but a patent owner facing an assignor petition might wish to preserve the issue in case it loses on the merits.

Notable Federal Circuit Cases

PTAB Review Constitutionality

Although the Supreme Court and the Federal Circuit have rejected numerous challenges to the constitutionality of PTAB reviews—most recently in *Arthrex*, which is discussed above—patent owners continue to advance creative arguments. In *Mobility Workx*,⁴¹ the patent owner argued that PTAB reviews deprive patentees of due process because they are structurally biased at both the agency and APJ levels. The court, in a decision by Judge Dyk, rejected the arguments based on agency fee collections and APJ productivity bonuses as too attenuated to raise a genuine issue, but remanded the case for rehearing by the director following *Arthrex*. The court also rejected as barred by precedent *Mobility*'s argument that the director cannot delegate the institution decision to the same panel that decides the merits after institution. In partial dissent, Judge Newman would have revisited the delegation question.

The court accepted a due-process challenge from patent owner Qualcomm,⁴² however. Qualcomm argued that it had been prejudiced when the PTAB adopted a new claim construction in its final written decision without providing an opportunity for Qualcomm to address the new construction. The court agreed. While noting that the PTAB may construe a claim term differently than either

party has construed the term, due process requires that the parties have an opportunity to address the construction.

Petitioner Standing

The ability of petitioners to appeal an adverse PTAB decision continued to be an issue during 2021. While Congress created standing for nearly anyone to file a petition for a PTAB review, action by a court requires constitutional standing in the form of an actual case or controversy. A petitioner facing an infringement suit has a ready basis for asserting an injury sufficient for standing. In the absence of such litigation, however, a petitioner might have significantly greater difficulty in showing an injury, particularly if it is a licensee of the patent.

Petitioner Moderna faced such a problem in two appeals.⁴³ Moderna contended it was not liable under its license with patent owner Arbutus, nor was it infringing, but that it was nevertheless threatened by the challenged patents because the evolving nature of its business might lead to an accusation of infringement. The court rejected Moderna's argument. *Moderna* shows that denying liability while asserting injury can be a hard position to defend.

Apple⁴⁴ faced a starker problem: it had taken a global license for a large number of patents in which its liability for license fees would not change if the few challenged patents were canceled. Because it would still owe patent owner Qualcomm the same amount even if it won the appeal, Judge Prost writing for the majority rejected Apple's assertion of injury. In dissent, Judge Newman would have given greater weight to the existence of the license and to potential estoppels Apple might face after the license expired. A party taking a license for multiple patents might wish to address changes to its liability if one of the covered patents is invalidated.

The court also dismissed an appeal from ABS Global after patent owner Cytonome/ST dropped its appeal from a district court judgment of noninfringement.⁴⁵ Writing for the majority, Judge Stoll explained that voluntary cessation of an infringement challenge does not necessarily moot standing, but on the facts of this case, Cytonome/ST showed it was barred and ABS Global had not shown any other reasonable risk of injury. Judge Prost partially dissented because she would have vacated the PTAB decision as well, while the majority held that ABS Global had failed to request this relief in time. This case shows that patent owners might be able to strip an unsuccessful petitioner of standing by unilaterally removing its risk of injury, but petitioners facing such unilateral moves should diligently request vacatur of the PTAB decision to avoid any estoppel that might result.

Patent owner Crocs, however, was not successful in challenging standing because it expressly retained the ability to sue the appellant for infringement.⁴⁶ Third party Mojave acquired a reexamination requester's assets in a bankruptcy sale. The court explained that, under the terms of the bankruptcy sale, the debtor's assets were "not free and clear of any Claims...for patent infringement" occurring after the sale, so Mojave was at risk if it tried to sell the assets it had acquired.

Both patent owners and challengers understandably want to have their cake and eat it too. In petitioner/requester appeals, however, patent owners might wish to cut their exposure by mooting the appeal as Cytonome/ST did.

Other Challenges to Parties

In 2021, both patentees and challengers have had to fight to appear before the PTAB. Patent owner Kannuu⁴⁷ sought a preliminary injunction against Samsung to force it to withdraw from an IPR

based on a nondisclosure agreement (NDA). The district court denied Kannuu's motion, and the Federal Circuit agreed that a forum-selection clause in the NDA selecting New York did not apply to the IPR, which did not arise under the NDA.

The court held the USPTO abused its discretion, however, in ordering *ex parte* reexamination of a Vivant patent based on a request from Alarm.com.⁴⁸ The PTAB had denied IPR petitions from Alarm.com on the same patent, including a denial based on "incremental petitioning." The court explained that under 35 U.S.C. §325(d), which provides discretion to deny serial challenges in both reexaminations and PTAB reviews, the same agency cannot exercise its discretion both to deny a challenge as unreasonably redundant and to permit another challenge to the same patent as reasonable. In sum, different parts of the same agency must apply the same law to the same facts.

Patent owner Crocs appealed rejection of its claims in an *inter partes* reexamination.⁴⁹ The requester went bankrupt and Mojave acquired its interests, but the PTAB denied Mojave's attempt to participate in the appeal and reversed the examiner. Mojave appealed to the Federal Circuit and requested to be substituted for the original requester. The court permitted Mojave to substitute in before the court, expressly distinguishing the authority on which the PTAB had relied to hold that the bankruptcy sale was comprehensive. The court also rejected Crocs' argument that Mojave's attempt to substitute before the PTAB was untimely, noting that the rule requiring prompt notice of a change in party information did not authorize the PTAB to ignore the proper party.

Reviewability

The Federal Circuit has continued to apply statutory bars rigorously to petitioner appeals from threshold

determinations. For example, the court dismissed a petitioner's mandamus request against a PTAB institution decision as an impermissible end run on the bar against appealing adverse institution decisions.⁵⁰ Similarly, a petitioner's challenge to the PTAB's denial of a covered business method review was rejected as a challenge against the institution decision.⁵¹

Patent owners fare better, however, because they might be able to challenge a threshold determination after a final written decision. Patent owner Uniloc 2017 LLC⁵² was permitted to raise a statutory-estoppel argument under 35 U.S.C. §315(e)(1). Apple had lost an IPR against seven of the patent claims, and the PTAB held that loss to estop Facebook from challenging those same claims because it was in privity with Apple, but permitted Facebook to continue challenging another claim in the patent that Apple had not challenged. The PTAB declined to find a privity between Facebook and LG that would estop LG from challenging the previously challenged claims. The court held that the estoppel was not directly tied to the institution decision (indeed, it had arisen here *after* institution, when the Apple IPR was decided) and so the bar against reviewing an institution decision would not apply. The court, however, affirmed the PTAB determination that the petitioners were not estopped.

Prior Art Decisions

While most appeals from the PTAB review a prior art-based patentability determination, a few cases from 2021 stand out.

A threshold determination in many prior-art challenges is whether an asserted reference is even prior art. In *Valve Corp.*,⁵³ the question arose in the context of an evidentiary challenge, in which the petitioner attempted to show that an online reference with an

earlier date was the same as a reference the patent owner had provided during prosecution. The PTAB refused to compare the documents, holding that Valve should have provided testimony making the comparison, but the court remanded because it held Federal Rule of Evidence 901(b)(3) requires the PTAB to make this comparison when a party requests. The court pointedly noted that such comparisons were routine and, in this case where the documents were short, not burdensome.

The court also faulted the PTAB for inconsistent findings in successive *inter partes* reexamination appeals for related patents. In *Synqor*,⁵⁴ the patent owner argued that the Board's determination that a skilled artisan would not have combined the teachings of two references precluded the Board's subsequent determination that an artisan would have combined the same references. The court explained that issue preclusion arises from PTAB decisions and applies to PTAB decisions. In dissent, Judge Dyk contended that issue preclusion can only arise from adjudicatory proceedings, while reexaminations are examinational or inquisitorial and do not create a preclusion.

Campbell Soup presents a relatively unusual case of the PTAB being reversed for *accepting* evidence of commercial success and praise to overcome facial obviousness.⁵⁵ The appeal involved a design patent for portions of a retail display rack. The PTAB had found nexus based on the commercial embodiment being co-extensive with the claimed design. The court rejected this finding as lacking substantial evidence because the commercial success was based on the entire rack and the patent owner had not shown that the limited features actually claimed contributed to this success. The court explicitly rejected the PTAB's conclusion that nexus works differently for design patents.

Finally, in *Teva*,⁵⁶ the court affirmed a PTAB decision upholding patentability of a combination therapy despite the elements of the invention being within ranges present in the prior art. The court agreed with the PTAB that an artisan would have viewed the combination of therapeutics as changing the general working conditions of the prior art, thus weakening the inferences drawn from the prior art. In particular, the prior art specifically recommended capping the amount of one component below the claimed dosage when used in combination with the other component. Teva’s case was further undermined by inconsistent testimony from its technical error. The case highlights the importance of addressing how any negative teachings in the prior art would have affected the artisan’s reasonable expectation of success.

Update on Motion to Amend Pilot Program

This article examines the effect of the USPTO’s Pilot Program Concerning Motion to Amend Practice (MTA Pilot Program) on trial schedules and amendment results as the Program enters its third year. The MTA Pilot Program was promulgated on March 15, 2019. Back then, the USPTO altered amendment practice on a pilot basis. This last September, the USPTO extended the MTA Pilot Program for an additional year.⁵⁷ The Program is currently set to expire September 16, 2022, but it may be further extended or made permanent in the future.⁵⁸ As discussed in detail below, the Pilot Program typically produces schedule shifts of about one month, and the grant rate for motions to amend has increased from an 11.5 percent pre-program rate to a 25 percent rate under the Pilot Program.

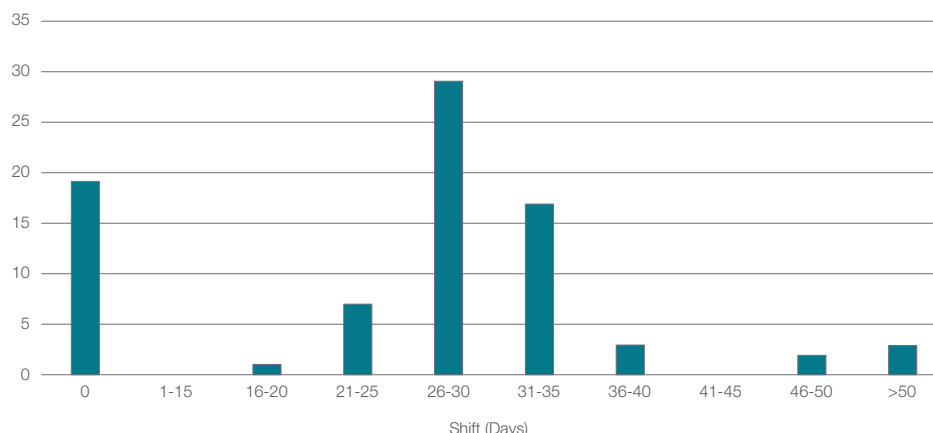
The MTA Pilot Program applies to AIA trial proceedings (IPRs, PGRs, and remaining CBMs), and it allows a patent owner to request preliminary guidance from the Board upon filing a motion to amend. After the patent owner files the original motion to amend, the petitioner may file an opposition. The Board then issues preliminary guidance indicating initial, non-binding views about whether the patent owner has complied with the statutory and regulatory requirements for a motion to amend and whether the petitioner has met its burden to show the amended claims to be unpatentable. Afterward, the patent owner may file either a reply or a revised motion to amend. The filing of a revised motion to amend triggers a new round of briefing, with a second petitioner opposition, patent owner reply, and petitioner sur-reply.

The additional briefing produced under the MTA Pilot Program is often difficult to fit within the schedule normally adopted in an AIA trial proceeding, so the Board will frequently issue a revised scheduling order after a motion to amend is filed under the Program. This revised scheduling order provides new due dates for briefing after a revised motion to amend and usually changes other dates such as the oral hearing date as well.

To assess the effect the Pilot Program has had on trial schedules, we conducted an analysis of schedule shifts in 135 AIA trials in which motions to amend were filed under the MTA Pilot Program. Schedule shift was measured as the change in oral argument date from the initial scheduling order due to the filing of a motion to amend. When proceedings are filed against a family of patents by the same petitioner, the Board usually shifts their schedules in parallel, often using joint scheduling orders. To account for this, each such set of proceedings was weighted as a single trial. Additionally, currently pending trials that have not yet held an oral hearing or issued a revised scheduling order were excluded from the analysis. These adjustments resulted in 81 distinct sets of one or more proceedings.

Most proceedings had either no shift or a shift of about one month. Of the 81 sets of trials evaluated, 19 (23 percent) had no schedule adjustment due to the Pilot Program. For the remainder, the result of filing a motion to amend under the MTA Pilot Program was to shift the schedule later by an average of 31 days. Most schedule shifts were clustered tightly around this number, the largest shift being 57 days and the smallest nonzero shift being 19 days.

Schedule Shift Under Pilot Program



One of the motivations behind the MTA Pilot Program was to make the process more appealing for patent owners by providing feedback and a second chance to identify narrower and patentable claims when faced with a strong unpatentability challenge. Historically, the success rate for motions to amend has been quite low. Prior to the advent of the MTA Pilot Program, the success rate for motions to amend was below 10 percent, rising to 11.5 percent in 2019.⁵⁹ Those numbers have improved under the MTA Pilot Program.

Out of the 135 cases we evaluated, 107 have reached final resolution. Of those cases, 26 settled, two had the motions to amend withdrawn, and five upheld the original claims, rendering the motions to amend moot. Out of the remaining 72 cases, the patent owner was successful in 18 cases (25 percent). Patent owner success was defined as at least one amended claim being entered, whether that motion was revised or original. Petitioner success included cases where the motion to amend was denied, a non-contingent motion was granted as to cancellation but denied otherwise, or the patent owner moved for adverse judgment. Of the 26 cases settled before a final written decision, nearly all had

negative preliminary guidance, meaning that the Board indicated that no claims were likely allowable—only two cases settled after positive guidance for one or more claims.

To assess whether the ability to revise motions to amend has contributed to successful amendments under the MTA Pilot Program, we broke the successful cases down further into two sub-categories: cases in which the patent owner filed a revised MTA and cases where the patent owner only filed a reply without filing a revised MTA. Of the 18 cases where amended claims were secured, 10 resulted from a revised MTA while eight resulted from the original MTA. Thus, only 11.1 percent of cases (eight of 72) saw a non-revised motion granted.

Assuming revised MTAs are filed in cases where the original motion is unsuccessful, this 11.1 percent grant rate is in line with pre-pilot statistics, which at best saw grant rates of 11.5 percent.⁶⁰ This assumption seems likely to be accurate: of the 10 cases with revised MTAs, only two had preliminary guidance suggesting any claims were likely patentable. If those two were treated as presumptively successful, the

grant rate for original MTAs would be 13.9 percent, only slightly higher than pre-pilot rates.⁶¹ The overall success rate of 25 percent for combined original and revised MTAs suggests that the opportunity to file a revised MTA roughly doubles the likelihood of success in obtaining at least one amended claim.

The MTA Pilot Program is a voluntary program, so the set of participating patent owners is self-selected. This adds uncertainty to any conclusions about the Program's effects. Nevertheless, the likelihood of success when filing a motion to amend under the MTA Pilot Program appears to have increased substantially relative to pre-program success rates. This may be due to the valuable feedback provided in the Board's preliminary guidance, the opportunity to correct errors or adopt fallback positions in revised MTAs, or a combination of factors. Regardless, the MTA Pilot Program likely will remain an important tool for patent owners going forward when facing AIA trials at the PTAB.

About Wilson Sonsini's Post-Grant Practice

The professionals in Wilson Sonsini Goodrich & Rosati's post-grant practice are uniquely suited to navigate the complex trial proceedings at the USPTO as well as on appeal at the Federal Circuit. We have extensive experience before the PTAB, representing clients in numerous AIA trial proceedings and in countless reexaminations and patent interference trials. Our practice includes professionals with decades of experience at the PTAB, including former PTAB judges. Our core team leverages firmwide intellectual property expertise to provide comprehensive IP solutions for clients that cover strategy, prosecution, licensing, enforcement, and defense.

Endnotes

- 1 We report institution rates and final written decision outcomes for the petitions filed during the identified October–September fiscal year.
- 2 PTAB institution data in this article was obtained using Lex Machina and includes discretionary denials of institution. FY21 numbers reflect institution decisions entered on or before January 4, 2022.
- 3 *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019 (PTAB Mar. 20, 2020).
- 4 *Id.* at 5-6.
- 5 *Id.* at 6.
- 6 Institution decisions citing *Fintiv* but indicating that the *Fintiv* factors need not be reached because the petition was denied on other grounds were not included. Rehearing requests analyzing *Fintiv* factors also were not included.
- 7 *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12, at 19 (Dec. 1, 2020) (precedential).
- 8 Lawsuits have been filed against the USPTO to challenge *Fintiv*. *See, e.g., Apple Inc. v. Hirshfeld*, App. No. 22-1249 (Fed. Cir. Dec. 10, 2021) (seeking review of a district court decision dismissing a *Fintiv* challenge). Others have argued that district court trial dates are continued too frequently to provide a reliable basis to forego PTAB evaluation of the patent. *See, e.g.,* Sen. Patrick Leahy et al., Letter to Andrew Hirshfeld (Sept. 16, 2021). More recently, Senator Leahy introduced legislation that would prohibit the PTAB from deferring to district courts. *Restoring the America Invents Act*, S. 2891 (introduced Sept. 29, 2021).
- 9 THE WHITE HOUSE BRIEFING ROOM, *President Biden Announces Key Nominations* (October 26, 2021), <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/26/president-biden-announces-key-nominations-8/>.
- 10 SENATE JUDICIARY COMMITTEE, *Nomination Hearing*, <https://www.judiciary.senate.gov/meetings/11/24/2021/nominations>.
- 11 *See* 2020 PTAB YEAR IN REVIEW for overview of significant Board decisions.
- 12 For a more detailed summary of the Supreme Court’s *Arthrex* decision, see our Client Alert of June 21, 2021, available at <https://www.wsgr.com/en/insights/supreme-court-holds-administrative-patent-judges-unconstitutional-leaving-more-questions-than-answers.html>.
- 13 USPTO, *Arthrex Q&As*, <https://www.uspto.gov/patents/patent-trial-and-appeal-board/procedures/arthrex-qas>.
- 14 *See, e.g., Google LLC v. Hammond Dev. Int’l, Inc.*, IPR2020-00081, Paper 39 (August 2, 2021); *Ingenico Inc. v. IOENGINE, LLC*, IPR2019-00416, Paper 65 (December 6, 2021).
- 15 IPR2020-00349, Paper 57 (November 1, 2021).
- 16 *Id.* at 2.
- 17 *Id.* (quoting *Lucent Techs., Inc. v. Gateway, Inc.*, 543 F.3d 710, 718 (Fed. Cir. 2008)) (alterations omitted).
- 18 *Id.* at 2-3.
- 19 IPR2018-00733, Paper 95 (November 18, 2021).
- 20 *Id.* at 2.
- 21 *Id.*
- 22 *Id.* at 3.
- 23 2020-2271, Dkt. No. 66 at 22-23 (Fed. Cir. Dec. 10, 2021).
- 24 *Id.* at 55-56.
- 25 USPTO, *Arthrex Q&As*, <https://www.uspto.gov/patents/patent-trial-and-appeal-board/procedures/arthrex-qas> (A9).
- 26 *VirnetX Inc. v. Cisco Sys., Inc.*, 958 F.3d 1333 (Fed. Cir. 2020); *In re Boloro Glob. Ltd.*, 963 F.3d 1380 (Fed. Cir. 2020).
- 27 THE WHITE HOUSE BRIEFING ROOM, *President Biden Announces Key Nominations* (October 26, 2021), <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/26/president-biden-announces-key-nominations-8/>.
- 28 SENATE JUDICIARY COMMITTEE, *Nomination Hearing*, <https://www.judiciary.senate.gov/meetings/11/24/2021/nominations>.
- 29 IPR2020-00019 (Mar. 20, 2020).
- 30 USPTO, *Standard Operating Procedure 2 (Revision 10)* at 8-12, available at: <https://www.uspto.gov/sites/default/files/documents/SOP2%20R10%20FINAL.pdf>.
- 31 *Id.* at 2, 5-6.
- 32 *Id.* at 4.
- 33 *Id.* at 7.
- 34 594 U.S. ___, 141 S.Ct. 1970 (2021).
- 35 941 F.3d 1320 (2019).
- 36 *E.g., Vilox Technologies, LLC v. Unified Patents, LLC*, App. No. 19-2057 (Fed. Cir.) (currently on limited remand for director rehearing).
- 37 Reorganization Plan No. 5 of 1950, 64 Stat. 1263.
- 38 594 U.S. ___,
- 39 Wilson Sonsini represents Minerva in this litigation.
- 40 The Supreme Court has decided that the federal government is not a person for purposes of these statutes. *Return Mail, Inc. v. U.S. Postal Service*, 587 U.S. ___, 139 S.Ct. 1853 (2019).
- 41 *Mobility Workx, LLC v. Unified Patents, LLC*, 15 F.4th 1146 (Fed. Cir. 2021).

Endnotes (cont.)

- 42 *Qualcomm, Inc. v. Intel Corp.*, 6 F.4th 1256 (Fed. Cir. 2021).
- 43 *ModernaTX, Inc. v. Arbutus Biopharma Corp.*, 18 F.4th 1352 (Fed. Cir. 2021); *ModernaTX, Inc. v. Arbutus Biopharma Corp.*, 18 F.4th 1364 (Fed. Cir. 2021). Wilson Sonsini represented the patent owner in both cases.
- 44 *Apple Inc. v. Qualcomm Inc.*, 17 F.4th 1131 (Fed. Cir. 2021); *Apple Inc. v. Qualcomm Inc.*, 992 F.3d 1378, 1385 (Fed. Cir. 2021).
- 45 984 F.3d 1017 (Fed. Cir. 2021).
- 46 *Mojave Desert Holdings, LLC v. Crocs, Inc.*, 987 F.3d 1070 (Fed. Cir. 2021).
- 47 *Kannuu Pty Ltd. v. Samsung Electronics Co. Ltd.*, 15 F.4th 1101 (Fed. Cir. 2021). In dissent, Judge Newman would have applied the clause to bar the IPR.
- 48 *In re Vivant, Inc.*, 14 F.4th 1342 (Fed. Cir. 2021).
- 49 *Mojave Desert Holdings, LLC v. Crocs, Inc.*, 987 F.3d 1070 (Fed. Cir. 2021).
- 50 *Mylan Laboratories v. Janssen Pharmaceutica, NV*, 989 F.3d 1375 (Fed. Cir. 2021), *cert. pending*, No. 21-202 (2021).
- 51 *cxLoyalty, Inc. v. Maritz Holdings Inc.*, 986 F.3d 1367 (Fed. Cir. 2021).
- 52 *Uniloc 2017 LLC v. Facebook, Inc.*, 989 F.3d 1018 (Fed. Cir. 2021).
- 53 *Valve Corp. v. Ironburg Inventions Ltd.*, 8 F.4th 1364 (Fed. Cir. 2021).
- 54 *Synqor, Inc. v. Vicor Corp.*, 988 F.3d 1341 (Fed. Cir. 2021).
- 55 *Campbell Soup Co. v. Gamon Plus, Inc.*, 10 F.4th 1268 (Fed. Cir. 2021).
- 56 *Teva Pharmaceuticals USA v. Corcept Therapeutics, Inc.*, 18 F.4th 1377 (Fed. Cir. 2021).
- 57 Extension of the Motion to Amend Pilot Program in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board, Fed. Reg. 51656, 51656 (Sep. 16, 2021).
- 58 *Id.*
- 59 See *Wilson Sonsini 2019 PTAB Year in Review*, at 8 (showing success rates varying between three and seven percent prior to 2019).
- 60 See *id.*
- 61 This presumption is also not certain, as the Board can reverse course from its preliminary guidance in a final written decision. See, e.g., *Red Diamond, Inc. v. Southern Visions, LLC*, IPR2019-01661, Paper 36 at 14-15 (finding lack of written description despite contrary preliminary guidance); *Koa Corp. v. Vishay Dale Elec., LLC*, IPR2019-00201, Paper 21 at 5, Paper 30 at 102 (finding claim not unpatentable despite contrary preliminary guidance).

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