

# THE PTAB REVIEW

This issue of *The PTAB Review* begins with two brief updates about the power of the Patent Office Director to review Patent Trial and Appeal Board (PTAB) decisions. Next, we examine a special circumstance under which a patent can be challenged simultaneously in two different PTAB trials. Finally, we conclude by describing some recent PTAB cases addressing “public availability” of printed publication prior art.

## The Arthrex Saga Continues

The U.S. Court of Appeals for the Federal Circuit has again addressed the constitutionality of PTAB decisions for patent owner Arthrex, Inc.<sup>1</sup> Previously, the Federal Circuit had held that PTAB administrative patent judges (APJs) were improperly appointed under the Appointments Clause<sup>2</sup> for federal officers, but “cured” the defect by removing APJ job protections and remanded.<sup>3</sup> After a divided *en banc* court confirmed the result,<sup>4</sup> Arthrex sought review at the U.S. Supreme

Court. A divided Court agreed APJ appointments were defective, but it changed the remedy to allow the Director (the only properly appointed United States Patent and Trademark Office (USPTO) officer for final actions) to review PTAB final decisions.<sup>5</sup> On remand, the Federal Circuit returned the case to the PTAB to permit the Director to review the decision, but the Director’s position was vacant. Instead, a placeholder official identified under an administrative succession order conducted the Director review and denied relief, setting the stage for yet another challenge.



a key appointment became vacant and would mean FVRA is unconstitutional. Saliiently, the court noted that the USPTO had issued over 668,000 patents under the signature of the same placeholder, which a contrary ruling would place in doubt.

The latest appeal posed two questions: can a placeholder (without a Presidential appointment) provide the Director’s review and, if so, was the placeholder acting in violation of a statute regulating placeholders? On the first question, the Federal Circuit noted that for more than a century, Supreme Court precedent has allowed a placeholder to act for a Presidentially-appointed officer on a temporary basis. Moreover, the U.S. Congress enacted the Federal Vacancies Reform Act (FVRA)<sup>6</sup> to regulate such appointments. The court noted that limiting action to Presidentially-appointed officers would bring Executive branch operations to a halt every time

Next, the Federal Circuit addressed whether the placeholder’s temporary appointment to perform Director’s functions and duties—automatically by a USPTO administrative order for an extended period—violated FVRA. The court concluded that review of PTAB final decisions was not a statutorily “non-delegable” function or duty that would be excluded under FVRA. Of course, before *Arthrex*, the statute did

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<sup>5</sup> *United States v. Arthrex, Inc.*, 141 S.Ct. 1970 (2021).

<sup>6</sup> 5 U.S.C. §3345 *et seq.*

not contemplate the Director had this function and thus did not expressly bar its delegation. Hence, the administrative succession order could properly delegate the Director's functions to a placeholder, and the President could have replaced the placeholder at any time, which guaranteed political accountability. Nevertheless, the court found the government's position that very few functions and duties are non-delegable to be "disquieting" because it meant FVRA creates very few restrictions for placeholders. Finally, the court concluded that Congress and the Administration had properly managed the current Director's appointment

process so the FVRA time limits had not been exceeded.

On the merits, the Federal Circuit affirmed, concluding that substantial evidence supported the PTAB's anticipation finding. Arthrex argued on appeal that the PTAB could not address written description<sup>7</sup> in an *inter partes* review (IPR), which is limited in scope<sup>8</sup> to unpatentability over patents and printed publications.<sup>9</sup> The court exercised its discretion to reach the issue despite it being first raised on appeal, and it explained that the statutory limitation on *grounds* for petitioning for an IPR did not limit the *issues* that could

be properly considered in resolving those grounds. Because Arthrex had challenged a ground reference as not prior art, resolving this issue required the PTAB to address Arthrex's claim to the benefit of an earlier application,<sup>10</sup> which turned on the adequacy of the written description of the earlier application.

If history is any guide, Arthrex may again seek Supreme Court review. One clear result of this saga is that Arthrex has been able to defer cancellation of its claims for more than three years.

<sup>7</sup> 35 U.S.C. §112.

<sup>8</sup> 35 U.S.C. §311(b).

<sup>9</sup> 35 U.S.C. §§102 and 103.

<sup>10</sup> 35 U.S.C. §120, requiring compliance with §112's written description requirement.

## Patent Office Director Exercises Review Authority over Institution

The America Invents Act assigns responsibility for the final decision in an IPR or a post-grant review (PGR) to the PTAB,<sup>11</sup> but assigns responsibility for instituting review to the Director of the USPTO.<sup>12</sup> The Director immediately delegated this responsibility to the PTAB.<sup>13</sup> Early on, the PTAB held that no Director review was permitted, then relented and permitted discretionary review by a precedential order panel (POP).<sup>14</sup> The Supreme Court subsequently held that the constitutional considerations require the possibility of Director review for the final PTAB

decision,<sup>15</sup> which left open the question of what the Director's role in reviewing institution decisions might be.

On June 7, 2022, Director Katherine Vidal signaled she would take an active role in reviewing institution when appropriate. In two cases,<sup>16</sup> she intervened in the POP request and dismissed it, but instead ordered additional briefing (with amicus participation) on the institution decision, without staying the trials proceeding in the two cases. While the Director taking a more active role in reviewing the decisions Congress assigned to her is

not surprising, the context is telling for what she might consider an appropriate case for her review. VLSI had accused OpenSky and Quality Assurance of using the IPRs to extort payments from VLSI after it had won a significant patent-infringement verdict.<sup>17</sup> Director Vidal's intervention comes after renewed Congressional inquiries about abuses of the IPR process by some petitioners, specifically referring to these two IPRs.<sup>18</sup> A possible legacy of the Supreme Court's decision might be active lobbying of Congress and the Director in high-stakes cases.

<sup>11</sup> 35 U.S.C. §§318(a), 328(a).

<sup>12</sup> 35 U.S.C. §§314, 324.

<sup>13</sup> 37 CFR §§42.108, 42.208.

<sup>14</sup> PTAB, Std. Op. Proc. 2, rev. 10 (20 Sept. 2018).

<sup>15</sup> *United States v. Arthrex, Inc.*, 594 U.S. ---, 141 S.Ct 1970 (2021).

<sup>16</sup> *OpenSky Industries, LLC v. VLSI Technology LLC*, IPR2021-01064 (Paper 41), and *Patent Quality Assurance, LLC v. VLSI Technology LLC*, IPR2021-01229 (Paper 31).

<sup>17</sup> *E.g.*, IPR2021-01064 (Paper 9).

<sup>18</sup> Sens. M.K. Hirono & T. Tillis, Letter to Director Vidal (April 27, 2022).

## Simultaneous PGR and IPR Proceeding on the Same Patents

Although the vast majority of trials before the PTAB occur in IPRs, the scope of which is limited to prior art challenges based on patent and printed publication prior art, another type of PTAB trial with a broader scope is sometimes available. PGRs can address the same issues as IPRs but also can address patent eligibility challenges under 35 U.S.C. §101 and challenges to written description, enablement, and claim indefiniteness under 35 U.S.C. §112. In *Samsung Electronics Co., Ltd. v. Ward Participations BV*,<sup>19</sup> something rare occurred; the PTAB granted institution of an IPR despite also granting institution of a PGR against the same patent. This decision demonstrates the viability of simultaneous PGR and IPR challenges when a patent's eligibility for PGR may be disputed during trial.

### Case Background

Under the America Invents Act (AIA), eligibility for PGR has two requirements: 1) the challenged patent must be a “post-AIA” patent, i.e., include at least one claim with an effective filing date on or after March 16, 2013,<sup>20</sup> and 2) the PGR petition must be filed within nine months of the patent being granted.<sup>21</sup> An IPR petition on a post-AIA patent, on the other hand, can only be filed after this nine-month window has passed (or after termination of an instituted PGR).<sup>22</sup> The time windows for filing PGR and IPR petitions are thus mutually exclusive. This presents a particular challenge for petitions when the targeted patent issued from a “transitional application”—i.e., a post-AIA application that claims the



benefit of a pre-AIA application<sup>23</sup>—since the appropriate type of petition depends on whether the claims are entitled to a pre-AIA filing date.

In *Samsung*, a petitioner addressed this situation by concurrently filing PGR and IPR petitions against the same patent within nine months of the patent grant. The PGR petition argued that the patent was eligible for PGR because the pre-AIA priority application did not provide written description support for several claim limitations.<sup>24</sup> The petition also included a ground of unpatentability involving analogous written-description arguments—since the challenged patent issued from a continuation of the priority application with essentially the same disclosure—as well as several art-based grounds.<sup>25</sup> The IPR petition included the same art-based grounds as the PGR petition, since the availability of the references as prior art did not depend on the benefit challenge.<sup>26</sup> Samsung noted that, while it could have waited to file the

IPR petition until after the nine-month window had passed to guarantee that the IPR petition was not filed too early, such delay would have risked discretionary denial under both *General Plastic* (since a subsequent IPR petition would have constituted a serial challenge, which is discouraged) and *Fintiv* (since the delay likely would have pushed the final written decision beyond the district court's trial date).<sup>27</sup>

### Institution Decisions

The board ultimately granted both petitions. In granting institution of the PGR, the board provisionally agreed with the petitioner's written description arguments, deeming the challenged patent eligible for PGR.<sup>28</sup> The board also sided with the petitioner on the unpatentability grounds, determining that the petitioner had shown a reasonable likelihood of prevailing on all grounds.

Despite having deemed the patent PGR eligible, the board also granted institution of the IPR. The board acknowledged the apparent eligibility conflict—if the patent was eligible for PGR due to a lack of written description support in the benefit application, per the PGR institution decision, then the IPR petition was improperly filed during the initial nine-month window—but explained that its PGR-eligibility determination was only preliminary and could change when more evidence is presented during trial.<sup>29</sup> The board also noted that, while the IPR's grounds were

<sup>19</sup> *Samsung Electronics Co., Ltd. v. Ward Participations BV*, IPR2022-00113, Paper 8 (Apr. 26, 2022) (“IPR Institution Decision”); *Samsung Electronics Co., Ltd. v. Ward Participations BV*, PGR2022-00007, Paper 8 (Apr. 26, 2022) (“PGR Institution Decision”).

<sup>20</sup> AIA §§3(n)(1), 6(f)(2)(A).

<sup>21</sup> 35 U.S.C. §321(c).

<sup>22</sup> 35 U.S.C. §311(c).

<sup>23</sup> MPEP §2159.04.

<sup>24</sup> PGR Institution Decision, 10-11.

<sup>25</sup> *Id.* at 7, 22.

<sup>26</sup> IPR Institution Decision, 7.

<sup>27</sup> Previous issues of *The PTAB Review* discuss discretionary denials under *General Plastic* *General Plastic* at 3-4 and *Fintiv* at 3-4.

<sup>28</sup> PGR Institution Decision, 11-22.

<sup>29</sup> IPR Institution Decision, 10.

the same as the art-based grounds in the PGR, institution of the IPR was also warranted to ensure petitioner had an opportunity to fully present its art-based challenges.<sup>30</sup> In other words, absent the IPR petition, if the patent owner is able to overcome the board's initial PGR-eligibility determination during trial or on appeal, the entire PGR would be terminated and the claims would survive, even if the art-based grounds were meritorious.

### *Lessons from the Decision*

This decision has several strategic implications for petitioners and patent owners. First and foremost, it confirms the viability of filing simultaneous PGR and IPR petitions during the nine-month window after a patent is granted from a transitional application with a disputed benefit claim. This is particularly important if waiting for the nine-month window to pass before filing the IPR petition would increase the likelihood of discretionary denial.

Simultaneous filing of PGR and IPR petitions is not without risk, however, since it may create procedural headaches

down the road. For example, it is an open question what happens if the board institutes both proceedings and maintains its initial PGR-eligibility determination in the final written decision, vacates the IPR institution decision, but the PGR-eligibility issue is overturned on appeal. In such a scenario, the hypothetically-successful art-based grounds in the PGR could be wiped out, and the petitioner might no longer have an IPR decision to fall back on. Accordingly, if a petitioner can wait for the nine-month window to expire before filing the companion IPR petition without creating a meaningful risk of discretionary denial,<sup>31</sup> staggered filing of the PGR and IPR petitions may still be preferred. Another factor to consider is whether the PGR and IPR petitions have overlapping art-based grounds. If so, the board may be less inclined to institute a later-filed IPR if the trial schedules cannot be aligned to avoid duplicative efforts.

Accordingly, petitioners interested in filing both PGR and IPR petitions should carefully consider the specifics of their situation—including the extent of the delay between successive filings,

the trial schedule of any related district court litigation, and the presence of overlapping grounds—before deciding whether to file the petitions concurrently or successively.

The strategic considerations for patent owners mirror those for petitioners. If a petitioner opts for staggered PGR and IPR petitions, the patent owner's preliminary response can explain why this delay weighs in favor of discretionary denial, particularly given the petitioner's choice to forego the simultaneous-filing option shown to be viable in *Samsung*. Conversely, if a petitioner files simultaneous PGR and IPR petitions, the patent owner may point out factors that distinguish their situation from *Samsung* (e.g., if the IPR grounds are distinct from PGR grounds). Moreover, if simultaneous PGR and IPR petitions are both instituted, and the PGR's final written decision concludes that the patent is PGR eligible, the patent owner should be prepared to challenge an unfavorable IPR final written decision as improper given the statutory bar against IPR petitions filed during the nine-month window.<sup>32</sup>

<sup>30</sup> *Id.*

<sup>31</sup> Such risk factors include 1) whether the delay is short enough that the IPR petition can be filed before the patent owner files its preliminary response in the PGR, which would mitigate concerns under *General Plastic* that the petitioner gained a strategic advantage by waiting to see the patent owner's arguments in the earlier case, and 2) whether the delay would meaningfully affect the Board's *Fintiv* analysis (e.g., shifting the IPR schedule past significant milestones in the district court schedule).

<sup>32</sup> 35 U.S.C. §311.

## Update About Proving “Public Availability” of Prior Art in Post-Grant Proceedings

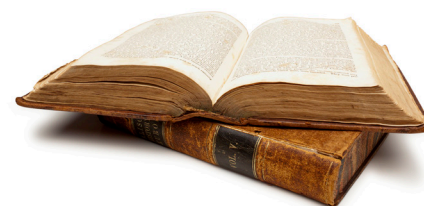
As discussed above, both IPR and PGR proceedings can cancel claims based on printed publications, which must have been “publicly available” before the earliest effective filing date. The PTAB discussed the standard for public availability in the precedential decision, *Hulu LLC v. Sound View Innovations, LLC*.<sup>33</sup> Adopting various Federal Circuit decisions, the board in *Hulu* explained that “public availability” is a fact-intensive inquiry as to whether the reference was publicly accessible to the relevant public.<sup>34</sup> For instance, while “courts may inquire whether a reference is sufficiently indexed, catalogued, and shelved ... ‘neither cataloging nor indexing is a necessary condition for a reference to be publicly accessible.’”<sup>35</sup> Several decisions this year have considered “public availability” and applied *Hulu* to various fact patterns.

*Weber, Inc. v. Provisur Tech., Inc.* considered confidential, commercial operating manuals for a food slicer.<sup>36</sup> The petitioner argued that the manuals were publicly available because the food slicers were sold to the general public, with over 40 units sold prior to the relevant date.<sup>37</sup> The petitioner also contended that members of the public were routinely allowed to inspect manuals at trade shows, and that there were advertisements announcing the release of the food slicers.<sup>38</sup> The patent owner countered that the operating

manuals were subject to confidentiality agreements, with terms and conditions that prohibited the distributions of the manuals without consent.<sup>39</sup> Evidence showed that customers took meaningful efforts to maintain the manuals’ confidentiality, including “storing them in a locked and caged room inside a larger facility requiring separate key-card access.”<sup>40</sup> Further, there was no showing that the customers were “persons interested and ordinarily skilled in the subject matter.”<sup>41</sup>

The board concluded that the operating manuals were not publicly available. Key to the finding were the terms of the confidentiality agreements.<sup>42</sup> With respect to the trade shows, the board credited the fact “only customers, and not the general public, attended [the] trade shows” and noted that “there is no evidence that any ... [m]anual was ever freely given out to any attendee or visitor.”<sup>43</sup> Thus, the confidential operating manuals were not shown to qualify as printed publications.

A few other decisions this year regarding “public availability” are also notable. *Cradlepoint, Inc. v. Sisvel International S.A.* deals with references in a listserv that any member of the public could readily subscribe to.<sup>44</sup> The patent owner argued that the petitioner’s expert’s testimony did not demonstrate an understanding of how the listserv was



organized with “clear and convincing evidence.”<sup>45</sup> Reiterating that the correct burden of proof is “preponderance of the evidence,” the board found the references qualified as printed publications.<sup>46</sup>

*Intel Corp. v. FG SRC LLC* demonstrates the fact-intensive nature of the “public availability” inquiry.<sup>47</sup> The board considered several IEEE papers and noted that, “[a]lthough not dispositive ... each of [the disputed references] bear multiple conventional indicia of publication, such as a copyright date, ISBN number and IEEE order plan catalog number, price, indicia of publication by an established publisher, IEEE, and instructions for ordering additional copies, all of which are relevant evidence supporting a finding of public accessibility.”<sup>48</sup> The petitioner’s declarant originally offered testimony that was characterized as “speculative” for “not provid[ing] firsthand knowledge of whether [distribution] had actually happened.”<sup>49</sup> However, a supplemental declaration apparently cured any defects in the original testimony, with the board noting that the declarant had a

<sup>33</sup> *Hulu LLC v. Sound View Innovations, LLC*, IPR2018-01039, Paper 39 (Dec. 20, 2019).

<sup>34</sup> *Id.* at 9.

<sup>35</sup> *Id.* at 9-10 (quoting *In re Lister*, 583 F.3d 1307, 1312 (Fed. Cir. 2009)) (citing *In re Hall*, 781 F.2d 897, 898-99 (Fed. Cir. 1986)).

<sup>36</sup> *Weber, Inc. v. Provisur Tech., Inc.*, IPR2020-01557, Paper 67 (Mar. 31, 2022).

<sup>37</sup> *Id.* at 25.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at 26.

<sup>40</sup> *Id.* at 27.

<sup>41</sup> *Id.* (quoting *Acceleration Bay, LLC v. Activision Blizzard Inc.*, 908 F.3d 765, 772 (Fed. Cir. 2018)).

<sup>42</sup> *Weber*, Paper 67 at 30.

<sup>43</sup> *Id.* at 33-34.

<sup>44</sup> *Cradlepoint, Inc. v. Sisvel International S.A.*, IPR2020-01103, Paper 46 at 10 (Jan. 18, 2022).

<sup>45</sup> *Id.* at 11-12.

<sup>46</sup> *Id.* at 15.

<sup>47</sup> *Intel Corp. v. FG SRC LLC*, IPR2020-01449, Paper 53 (Mar. 1, 2022).

<sup>48</sup> *Id.* at 33-34.

<sup>49</sup> *Id.* at 34.

## Update About Proving “Public Availability” . . . (continued from page 5)

“refreshed memory” on distribution procedures from “attending conferences sponsored by IEEE.”<sup>50</sup> Thus, the totality of the evidence supported a finding of public accessibility.

*Analog Devices Inc., v. Xilinx, Inc.* considered data sheets published on a customer-facing website.<sup>51</sup> In finding the data sheets to be printed publications, the board noted, among other things, that the publication’s purpose was “dialogue with the intended audience.”<sup>52</sup> *Analog*, 14-16.

Finally, *Haas Automation, Inc. v. Olati LLC* deals with a thesis indexed in a university library.<sup>53</sup> In finding that the thesis was publicly available, the board noted that the university database was searchable by keyword, and that the reference had a title descriptive of its subject matter. Thus, the facts were distinguishable from *Acceleration Bay*, where “there was substantial evidence showing that the search tool was deficient.”<sup>54</sup>

These recent decisions on “public availability” demonstrate that the issue continues to arise in a wide variety of scenarios. While the governing standard has not changed, the fact-intensive nature of the inquiry means that there is no bright-line, one-size-fits-all approach to determining whether a non-patent literature qualifies as a printed publication. Parties should explore any facts that might help demonstrate public accessibility, or lack thereof.

<sup>50</sup> *Id.*

<sup>51</sup> *Analog Devices Inc., v. Xilinx, Inc.*, IPR2020-01606, Paper 63 at 14-16 (Apr. 20, 2022).

<sup>52</sup> *Id.*

<sup>53</sup> *Haas Automation, Inc. v. Olati LLC*, IPR2021-00146, Paper 29 (May 13, 2022).

<sup>54</sup> *Id.* at 23.

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