

# THE PTAB REVIEW

March 2018

## Challenges to Immunology Patents Lead Increase in Biotechnology Cases at the PTAB in 2017

Throughout the history of *inter partes* review (IPR) proceedings, petitions have been dominated by challenges to patents directed to computer, electrical, and mechanical inventions. Although still a small percentage of the total number of IPR petitions (12 percent), there was a sharp uptick in petitions filed against biotechnology patents (that is, patents issued from USPTO Technology Center 1600) in 2017, as reported in WSGR's *2017 PTAB Year in Review*. Petitions filed in Technology Center 1600 increased 40 percent in 2017 over 2016 levels.

Technology Center 1600 encompasses a broad array of subject matter, including organic chemistry, immunology, molecular biology, microbiology, and diagnostics. But at the PTAB, Technology Center 1600 petitions were dominated in 2017 by those challenging immunology patents. For example, petitions challenging patents directed to therapeutic antibodies and vaccine-related inventions accounted for 39 percent of the petitions filed in 2017.

Type of Invention—2017 Petitions	
Therapeutic antibodies/Vaccines	81 (39%)
Genomics	22 (11%)

Source: WSGR

Method of treatment and composition claims were the most commonly challenged types of claims, together amounting to more than two-thirds of the challenges.

Type of Claims—2017 Petitions	
Method of treatment	78 (37%)
Composition of matter	63 (30%)
Compound	23 (11%)
Genomic methods	13 (6%)

Source: WSGR

Institution rates for petitions filed in 2017 and decided prior to March 2, 2018, excluding joinder petitions from consideration, are fairly low for Technology Center 1600, and institution rates were similar across claim types (not shown). In coming editions of *The PTAB Review*, we will look at the effect of joinder petitions on institution rates in additional Technology Centers.

Outcomes—2017 Petitions	
Institution Granted	55 (45%)
Institution Denied	52 (43%)
Settled	11 (9%)
Case dismissed	2 (1.6%)
Request for adverse judgment	1 (0.8%)

Source: WSGR

It is too early to tell whether this trend will continue into 2018, but given the proliferation of antibody- and gene-based therapies, it would not be surprising to see continued increases in the number of biotechnology patents challenged at the PTAB.

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## Federal Circuit Confirms Collateral Estoppel Applies to IPR Proceedings

In a recent decision, *MaxLinear, Inc. v. CF Crespe LLC*,<sup>1</sup> the U.S. Court of Appeals for the Federal Circuit confirmed that IPR proceedings can result in collateral estoppel, or issue preclusion. Collateral estoppel generally bars a party from re-litigating the same issue. Depending on what happens on remand, collateral estoppel may provide an avenue for petitioners to challenge claims of the patent on the basis of prior art not cited in the petition if the art was cited in a successful prior IPR proceeding.

In *MaxLinear*, the PTAB upheld the patentability of certain claims of U.S. Patent No. 7,075,585. MaxLinear appealed the decision with respect to the dependent claims. During the pendency of that appeal, the Federal Circuit affirmed the PTAB's determination in two separate IPRs brought by a third party that the independent claims of the same patent were unpatentable on the basis of different prior art. The Federal Circuit relied on the U.S. Supreme Court decision in *B & B Hardware, Inc. v. Hargis Indus., Inc.*, which established that USPTO administrative trademark proceedings may result in collateral estoppel, to conclude that collateral estoppel bound the patent owner to the PTAB's finding that the independent claims are unpatentable. The court stated that the parties "could hardly argue otherwise."<sup>2</sup>

Accordingly, the Federal Circuit held that its affirmance of the final written decision holding the independent claims unpatentable in the earlier IPRs required vacating the final written decision and remanding for the PTAB to consider the patentability of certain dependent claims in view of the unpatentability of the independent claims and the prior art cited in the earlier IPR.

This case highlights the risk to patent owners facing multiple IPRs, who now may be required to defend patentability of its claims against prior art not cited in the proceeding but cited in other IPRs against the same patent. It remains to be seen whether the PTAB will allow new briefing or expert declarations on remand. For petitioners, this case highlights the potential benefit of multiple, unrelated petitioners filing petitions based on different prior art.

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<sup>1</sup> *MaxLinear, Inc. v. CF CRESPE LLC*, 880 F.3d 1373 (Fed. Cir. 2018).

<sup>2</sup> *Id.* at \*5.

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## Federal Circuit Reiterates *Aqua Products*—Petitioner's Burden of Proof Applies to Indefiniteness as with Other Questions of Unpatentability in Motion to Amend

In *Bosch Automotive Service Solutions, LLC v. Matal* (Intervenor),<sup>1</sup> the Federal Circuit reiterated its holding in *Aqua Products*<sup>2</sup> that a petitioner bears the burden of proving the unpatentability of proposed amended claims proffered by a patent owner in IPR proceedings by a preponderance of evidence. In particular, the court clarified that the "burden of proof allocation applies for questions of indefiniteness, as with other questions of unpatentability."<sup>3</sup> Further, the court noted that if the challenger ceases to participate in the proceeding, the PTAB must justify its finding of unpatentability based on the evidence in the record. Accordingly, the court affirmed the PTAB's decision of unpatentability with respect to the challenged claims, and vacated the board's denial of Bosch's contingent motion to amend and remanded for further proceedings.

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<sup>1</sup> *Bosch Automotive Service Solutions, LLC v. Matal*, 878 F.3d 1027 (Fed. Cir. 2017).

<sup>2</sup> *Aqua Prods. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017).

<sup>3</sup> 878 F.3d at 1040.

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## Federal Circuit Endorses PTAB's Reliance on Related Patent for Construing Claim Term

In *Paice LLC v. Ford Motor Company*,<sup>1</sup> the Federal Circuit affirmed the PTAB's construction of a claim term that relied on a claim in a parent of the challenged patent. At issue was whether starting and stopping an engine was encompassed by the "abnormal and transient conditions" claim term. The intrinsic evidence did not address the issue. To construe the term, the PTAB turned to the parent patent, in which a dependent claim confirmed that "abnormal and transient conditions" encompassed starting and stopping the engine. The prosecution history of the subject patent further supported the PTAB's construction of the term. Paice's argument that the claim was construed too broadly based on disavowal of claim scope during prosecution was deemed unpersuasive.

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<sup>1</sup> *Paice LLC v. Ford Motor Company*, Nos. 2017-1387, et al. (Fed. Cir. January 1, 2018).

## About Our 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 United States Patent and Trademark Office (USPTO). We have extensive experience before the PTAB, representing clients in numerous new trial proceedings and in countless reexaminations and patent interference trials. Our practice includes professionals with decades of experience at the PTAB, including former PTAB personnel. As the needs of a case may require, our team also collaborates with other WSGR professionals, including district court patent litigators and patent prosecutors, with technical doctorates or other advanced technical degrees. Our core team leverages firmwide intellectual property expertise to provide comprehensive IP solutions for clients that cover strategy, prosecution, licensing, enforcement, and defense.

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