Patent Public Advisory Committee Quarterly Meeting

PTAB Update

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Chief Administrative Patent Judge
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February 1, 2018
Overview

- Expanded Panels
- Sovereign Immunity
- Recent Precedential and Informative Decisions
  - *Wi-Fi One v. Broadcom*
- Ex parte Appeal Statistics
- Open Discussion
- Appendix
Expanded Panels
SOP 1 - Reasons for Panel Expansion

• Chief has discretion to expand a panel

• An expanded panel is rare and “ordinarily will not be used”

• Reasons for expanding a panel:
  • Issue of exceptional importance
  • Maintain uniformity of Board decisions
  • Written request from Commissioner for Patents or the Commissioner’s delegate identifying an issue:
    o Of first impression; or
    o Governed by a prior Board decision where Commissioner has determined it would not be in the public interest to follow the prior Board decision
SOP 1 - Suggestion for Panel Expansion

• Who may suggest the need for the designation of an expanded panel?
  • Judge
  • Merits panel
  • Interlocutory panel
  • Applicant or patent owner in an *ex parte* appeal
  • Party in an *inter partes* reexam, interference, or AIA trial

• Suggestion must be in writing with reasons and basis for expansion
Expanded Panel Review

• Current panel expansion practice:
  • ensures predictable and uniform application of agency policy
  • ensures that similarly situated parties, under the same facts, are treated the same
  • provides notice to the public

• Current preferred panel expansion practice (see General Plastic):
  • all expanded panel decisions explain the basis for expansion
  • panel expanded without changing the underlying result
    • emphasizes the underlying result or reasoning
  • potential designation of decision as informative, and
  • may consider the decision for precedential designation

• Early AIA practice expanded panels in families for case resource management
  • Now discontinued
Expanded Panel Review

• The universe of IPR, PGR, and CBM petitions filed on or before 12/31/2017 includes:
  • 7,930 petitions and their associated:
    • 6,033 Decisions on Institution;
    • 1,912 Final Written Decisions; and
    • Thousands of Interlocutory Orders

• The underlying result changed after panel expansion in only two lines of cases, both addressing the same legal issue (same-party joinder):
  • Target Corp. v. Destination Maternity Corp., Case IPR2014-00508, -00509;
Sovereign Immunity
Types of Cases

- State sovereign immunity
- Tribal immunity
## State Sovereign Immunity

<table>
<thead>
<tr>
<th>Group</th>
<th>Petitioner/RPI</th>
<th>Patent Owner(s)</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Covidien LP</td>
<td>University of Florida Research Foundation</td>
<td>IPR2016-01274; IPR2016-01275; IPR2016-01276</td>
</tr>
<tr>
<td></td>
<td>Neochord, Inc.</td>
<td>University of Maryland, Baltimore</td>
<td>IPR2016-00208</td>
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<tr>
<td></td>
<td>Reactive Surfaces</td>
<td>Regents of the University of MN</td>
<td>IPR2016-01914</td>
</tr>
<tr>
<td>2</td>
<td>Ericsson</td>
<td>Regents of the University of MN</td>
<td>IPR2017-01186; IPR2017-01197; IPR2017-01200; IPR2017-01213; IPR2017-01214; IPR2017-01219</td>
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<tr>
<td></td>
<td>LSI Corp/Avago Tech</td>
<td>Regents of the University of MN</td>
<td>IPR2017-01068</td>
</tr>
<tr>
<td>3*</td>
<td>St. Jude Medical</td>
<td>Regents of the University of CA</td>
<td>IPR2017-01338; IPR2017-01339</td>
</tr>
<tr>
<td>4*</td>
<td>Gilead Sciences</td>
<td>Regents of the University of MN</td>
<td>IPR2017-01712; IPR2017-01753</td>
</tr>
</tbody>
</table>

*Pending decision on sovereign immunity issue
Panels concluded that University is entitled to rely on Eleventh Amendment sovereign immunity and dismissed the IPR petition against University.
State Sovereign Immunity Cases: Group 2

- Panels expanded to include Chief Judge, Deputy Chief Judge, and 2 Vice Chief Judges
- Expanded panels denied the University’s motion to dismiss
  - Majority concluded that the University is entitled to rely on Eleventh Amendment immunity, but University waived its immunity by suing petitioner for infringement of the challenged patents in district court
  - Concurring judge stated sovereign immunity should not be available as a shield against reconsideration by the Office of whether the Office improvidently granted a patent monopoly in the first instance
- University has requested that panels stay proceedings pending appellate review of the orders denying dismissal based on state sovereign immunity
  - Briefing on the motion to stay completed on January 23, 2018
Tribal Immunity

- Two sets of cases:
  - Mylan Pharmaceuticals Inc. v. Saint Regis Mohawk Tribe—biopharma
  - Apple v. MEC Resources (owned by Mandan, Hidatsa, and Arikara Nation)—high tech
Mylan v. Saint Regis Mohawk Tribe

- Mylan filed IPR petitions against Allergan patents covering Restasis, a product to treat dry eyes with net sales of > $1 billion in 2016

- Teva and Akorn filed subsequent petitions that PTAB joined with Mylan’s petition

- Allergan assigned patents to Tribe, and Tribe granted Allergan an exclusive “limited field of use” license to patents

- Tribe moved to dismiss IPRs based on tribal sovereign immunity

- PTAB permitted amicus briefing and adjusted FWD deadline to April 6, 2018
  - 15 amicus briefs filed including:
Apple v. MEC Resources

- Apple filed an IPR petition against MEC Resources’ patent 6,137,390
- MEC Resources is wholly-owned by the Mandan, Hidatsa, and Arikara Nations
- A filing date has been accorded to the proceeding
- Briefing on the sovereign immunity issue has been authorized
Recent Informative and Precedential Decisions
35 U.S.C. 315(b)

• Prohibits institution of an IPR if the petition is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.
New Informative Decisions on 35 U.S.C. 315(b)

• *Luv N’ Care v. McGinley*, IPR2017-01216, Paper 13, Sept. 18, 2017:
  • Section 315(b) time bar applies because:
    • petitioner filed its initial petition with insufficient funds to cover the filing fee and therefore could not be given a filing day; and
    • date on which petitioner filed its subsequent petition with sufficient funds was more than one year after petitioner was served with a complaint alleging patent infringement
New Informative Decisions on 35 U.S.C. 315(b)

- *Amneal Pharm. v. Endo Pharm.*, IPR2014-00360, Paper 15, June 27, 2014:
  - 315(b) time bar does not apply because filing a motion to amend a complaint in district court, with a proposed second amended complaint attached, does not constitute service;
  - service under 315(b) is made only when the second amended complaint is actually filed (and thus electronically served on petitioner per district court’s local rules)
\textbf{New Precedential Decision}

- \textit{Facebook v. Skky}, CBM2016-00091, Paper 12, September 28, 2017:
  - Designated § II.B.2 precedential by PTAB on Dec. 21, 2017
  - An expanded panel issued a unanimous decision denying a request for rehearing of a denial of institution of a CBM patent review.
  - Chief Judge expanded the panel due to the nature of the issue presented and to provide guidance regarding the effect of statutory disclaimers on CBM patent review eligibility, which has been at issue in multiple cases.
  - Whether a patent is a CBM patent, i.e., eligible for CBM review, is based on what the patent “claims” at the time of the institution decision, not earlier.
  - Claims that are statutorily disclaimed by PO after a petition is filed, but before institution, are “as if they never existed” and cannot be the basis to establish CBM eligibility.
  - This decision and claims being “as if they never existed” is specific to CBM institution.
Wi-Fi One v. Broadcom
In *Wi-Fi One v. Broadcom* (Fed. Cir. Jan. 8, 2018), the Federal Circuit issued an en banc decision holding that time-bar determinations under 35 U.S.C. § 315(b) are appealable, notwithstanding § 314(d), which states that a determination whether to institute an IPR “under this section shall be final and nonappealable.”

- The majority opinion (J. Reyna) applies “the ‘strong presumption’ favoring judicial review of administrative actions,” unless “Congress provides a ‘clear and convincing’ indication that it intends to prohibit review,” citing *Cuozzo* and other Supreme Court decisions.

- The majority reads “under this section” in § 314(d) to refer to § 314, and specifically § 314(a) (“a reasonable likelihood that the petitioner would prevail” determination).

- The majority states that § 315(b) is “unrelated to the Director’s preliminary patentability assessment or the Director’s discretion not to initiate an IPR even if the threshold ‘reasonable likelihood’ is present” and “is not focused on particular claims.”

- J. O’Malley wrote a concurring opinion.

- In his dissent, J. Hughes does not agree with the narrow reading of § 314(d) and finds it contrary to *Cuozzo*, which states that § 314(d) prohibits judicial review of “questions that are closely tied to the application and interpretation of statutes related to” USPTO’s decision to initiate IPR, including petition requirements under § 312(a)(3).
Ex Parte Appeal Statistics
Appeals Filed
(FY12 to FY18 Q1: 10/1/11 to 12/31/17)
Appeals Pending
(FY12 to FY18 Q1: 10/1/11 to 12/31/17)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>26,570</td>
<td>25,437</td>
<td>25,527</td>
<td>21,556</td>
<td>15,533</td>
<td>13,084</td>
<td>12,699</td>
</tr>
</tbody>
</table>

Graph showing the decrease in appeals pending from FY12 to FY18 Q1.
Average Age of Appeals in Months
(FY12 to FY18 Q1: 10/1/11 to 12/31/17)

Decided appeals are measured from receipt or docketing to the decision.
Pending appeals are measured from receipt or docketing to the end of the given period.
Current Pending Appeals by Receipt Date
(As of FY18 Q1: 12/31/17)
Open Discussion
Questions and Comments

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Appendix
Trial Statistics
IPR, PGR, CBM
Patent Trial and Appeal Board
December 2017
Petitions by Trial Type
(All Time: 9/16/12 to 12/31/17)

Trial types include Inter Partes Review (IPR), Post Grant Review (PGR), and Covered Business Method (CBM).

- IPR: 7,311 (92%)
- PGR: 86 (1%)
- CBM: 533 (7%)
Petitions Filed by Technology in FY18
(FY18 to date: 10/1/17 to 12/31/17)

- Mechanical & Business Method: 72 (19%)
- Chemical: 22 (6%)
- Bio/Pharma: 63 (17%)
- Design: 0 (0%)

Total: 373
The rule to allow new testimonial evidence was effective May 2, 2016.
Institution rate for each fiscal year is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.
Institution rate for each technology is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.
These figures reflect the latest status of each petition. The outcomes of decisions on institution responsive to requests for rehearing are incorporated. Once joined to a base case, a petition remains in the Joined category regardless of subsequent outcomes.
An Analysis of Multiple Petitions in AIA Trials
Jurisdiction of Patent Challenges

• Approximately 85% of IPRs in Fiscal Year 2017 have a co-pending district court case

• Less than a fifth of district court cases involve patents that are challenged in an IPR

Data sourced from Lex Machina PTAB Report 2017
## Multiple Petition Study

**Petitioners Per Patent**

<table>
<thead>
<tr>
<th>No. of Petitioners vs. Patent</th>
<th>No. of Patents</th>
<th>% Patents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3711</td>
<td>84.8%</td>
</tr>
<tr>
<td>2</td>
<td>424</td>
<td>9.7%</td>
</tr>
<tr>
<td>3</td>
<td>132</td>
<td>3.0%</td>
</tr>
<tr>
<td>4</td>
<td>59</td>
<td>1.3%</td>
</tr>
<tr>
<td>5</td>
<td>28</td>
<td>0.6%</td>
</tr>
<tr>
<td>6</td>
<td>17</td>
<td>0.4%</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
<td>&lt;0.1%</td>
</tr>
<tr>
<td>8</td>
<td>3</td>
<td>&lt;0.1%</td>
</tr>
<tr>
<td>Total</td>
<td>4376</td>
<td>100%</td>
</tr>
</tbody>
</table>

84.8% of Patents are Challenged by a Single Petitioner

Data Through 6/30/17

Percentages may not add to 100% due to rounding
### Multiple Petition Study

**Petitions Per Patent**

<table>
<thead>
<tr>
<th>No. of Petitions per Patent</th>
<th>Patents</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2932</td>
<td>67.0%</td>
</tr>
<tr>
<td>2</td>
<td>885</td>
<td>20.2%</td>
</tr>
<tr>
<td>3</td>
<td>256</td>
<td>5.9%</td>
</tr>
<tr>
<td>4</td>
<td>142</td>
<td>3.2%</td>
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<tr>
<td>5</td>
<td>54</td>
<td>1.2%</td>
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<tr>
<td>6</td>
<td>52</td>
<td>1.2%</td>
</tr>
<tr>
<td>7 or more</td>
<td>55</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4376</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

- **87.2%** of Patents Challenged at PTAB by 1 or 2 Petitions
- **67.0%** of Patents Challenged at PTAB by 1 or 2 Petitions

Data Through 6/30/17
When Petitions Are Filed

Petition Filed

PO Preliminary Response

Decision on Petition

PO Response & Motion to Amend Claims

Petitioner Reply to PO Response & Opposition to Amendment

PO Reply to Opposition to Amendment

Oral Hearing

Final Written Decision

“POPR”

“DI”

“FWD”

Before POPR

Before DI

After DI
### Multiple Petition Study

#### When Petitions are Filed

<table>
<thead>
<tr>
<th>Timing of Petition</th>
<th>No. of Petitions</th>
<th>% of Petitions</th>
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<tbody>
<tr>
<td>Single Petition Filed</td>
<td>2932</td>
<td>41%</td>
</tr>
<tr>
<td>Multiple Petitions Filed On or Near Same Day</td>
<td>2685</td>
<td>38%</td>
</tr>
<tr>
<td>Multiple Petitions Filed After POPR, But Before DI</td>
<td>381</td>
<td>5%</td>
</tr>
<tr>
<td>Multiple Petitions Filed After DI</td>
<td>1170</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>7168</td>
<td>100%</td>
</tr>
</tbody>
</table>

**WHEN PETITIONS ARE FILED**

- Single Petition vs. Patent: 41%
- Multiple Petition Filed On or Near Same Day: 38%
- Multiple Petition Filed after POPR: 5%
- Multiple Petition Filed After DI: 16%

79% of Petitions are filed without the benefit of seeing a POPR or DI
Multiple Petition Study

Who are post-DI Petitioners?

- 16% of all petitions are filed after a DI
- A random sample of the 1054 petitions filed after DI as of 3/1/17* was taken
- The sample included 169 petitions, and the results were found to be statistically significant, such that we can use the sample (169 petitions) as an estimate of the whole (1054 petitions).

9-10% of petitions filed by:
- Defendant-Petitioner; or
- Same or Different Petitioner
  - Filing due to a change in litigation; or
  - Seeking to join existing trial as a party

6-7% of petitions filed by:
- Non-Defendant Petitioner; or
- Same Petitioner
  - Filing not due to change in litigation; and
  - Not seeking party joinder

*Random sample taken on 3/1/17 using data through 2/28/17
Multiple Petition Study

Rounds of Petitions

- 95% of petitions are filed in a given petitioner’s first round
- A “round” is all petitions filed before receiving a DI on one of those petitions

<table>
<thead>
<tr>
<th>Rounds of Petitions</th>
<th>No. of Petitions</th>
<th>% of Petitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Round of Petitions</td>
<td>6481</td>
<td>95%</td>
</tr>
<tr>
<td>Second Round of Petitions</td>
<td>369</td>
<td>5%</td>
</tr>
<tr>
<td>Third or Fourth Round of Petitions</td>
<td>7</td>
<td>&lt;0.1%</td>
</tr>
<tr>
<td>Total</td>
<td>6857*</td>
<td></td>
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</table>

Data Through 6/30/17
*Not included are 311 Petitions filed where a request to join as a party to another proceeding was granted
Multiple Petition Study

Institution Rate

- Institution rate as measured by patent is only slightly higher than the institution rate as measured by petition.

- “By patent” accounts for whether any one petition against particular patent is instituted:
  - Example against Patent A:
    - Petition 1 instituted
    - Petition 2 not instituted
    - Net result = 100% institution rate

- “By petition” accounts for whether a particular petition was instituted; publicly reported monthly:
  - Example against Patent A:
    - Petition 1 instituted
    - Petition 2 not instituted
    - Net result = 50% institution rate

Data Through 6/30/17
These figures reflect the latest status of each petition. The outcomes of decisions on institution responsive to requests for rehearing are incorporated. Once joined to a base case, a petition remains in the Joined category regardless of subsequent outcomes.
Multiple Petition Study

Ultimate Outcome

- 69% of all petitions result in a patent being unchanged; 58% of patents are unchanged at the end of one or more AIA proceedings

- "By patent" accounts for whether any one petition against particular patent results in any unpatenable claims

- "By petition" accounts for whether a particular petition results in any unpatentable claims

Data Through 6/30/17
Multiple Petition Study Highlights

• **Studied:** 7168 petitions addressing 4376 patents

• **Who:** 84.8% of patents are challenged by a single petitioner

• **What:** 87% of patents are challenged by 1 or 2 petitions

• **Where:** 85% of IPRs have a co-pending district court case

• **When:**
  • 79% of petitions are filed before any Patent Owner Response or a Decision on Institution
  • 95% of petitions are filed in a given petitioner’s first round

• **Why:** Often a petitioner could not have filed a petition earlier or may be prompted to file later because of the litigation circumstances

• **How:**
  • Institution rate by patent (FY17: 70%) is only slightly higher than by petition (FY17: 64%)
  • 58% of patents challenged at the PTAB are unchanged