

PTAB's Petition Limits Are Good News For Patent Owners

By **Matthew Bultman**

Law360, New York (September 14, 2017, 3:55 PM EDT) -- In a decision denying review of certain patents for toner-printer cartridges, an expanded panel for the Patent Trial and Appeal Board has laid out specific parameters for how multiple challenges to the same patent will be evaluated, likely limiting the number of challenges that ultimately go through, a decision attorneys say is encouraging for patent owners.

It's not all that often the PTAB expands a panel beyond the three judges that typically decide a case, but the board last week took the opportunity to address what it said was an issue of "exceptional importance" — petitioners challenging the same patent more than once.

The decision outlines seven factors expected to be used as a baseline for the board when determining whether to reject follow-on petitions. While not binding on other panels, the decision sends a message about expectations on how the law is to be applied, attorneys said.

"It's encouraging [for patent owners] in that it is a formal adoption by the PTAB of a mechanism for limiting challenges to a patent owner's patents," said Jason Stach of Finnegan Henderson Farabow Garrett & Dunner LLP. "From that standpoint, I think patent owners are pleased with this approach."

More broadly, some have predicted the board will look to provide guidance through expanded panel rulings and other avenues more frequently. Decisions dealing with follow-on petitions has been one area where some have expressed a desire to see more consistency from the PTAB.

"I think it's fair to say most practitioners would like to see consistency and predictability from the board," said Eldora Ellison of Sterne Kessler Goldstein & Fox PLLC.

The use of multiple petitions to challenge a patent over and over has been a sore spot for patent owners, who complain it's not fair for petitioners to get multiple bites at the apple. David Ruschke, the PTAB's chief judge, earlier this year said it was among the main concerns he hears from patentees about America Invents Act reviews at the board.

"I totally understand where that's coming from: You thought you had a patent, and all of a sudden you get challenged, then it gets challenged again," he said during a May meeting of the Patent Public Advisory Committee.

The “most prickly area for patent owners,” Ruschke said, is when one petition is filed challenging a patent, is unsuccessful, and then the same petitioner takes what the board said in the denial and files a revised petition aiming to fix what was lacking.

That’s exactly what the board said happened in this case, which involved challenges that General Plastic Industrial Co. Ltd. brought against two patents for toner supply cartridges that are owned by Canon Kabushiki Kaisha.

The initial petitions were filed in September 2015. Three months after those petitions were denied, with the PTAB saying General Plastic hadn’t shown the challenged claims were likely invalid, the company filed five more petitions against the same patents.

When those petitions were rejected, it asked for a rehearing.

The expanded panel that denied General Plastic’s request included five PTAB judges who originally heard the different cases, along with Ruschke and Deputy Chief Administrative Patent Judge Scott Boalick.

The filing of follow-on petitions “are an issue of exceptional importance, and we wanted to emphasize that,” Ruschke said during a webinar this week to commemorate the PTAB’s fifth anniversary.

In the decision, the panel pointed to a 2016 PTAB ruling in a case between Nvidia Corp. and Samsung Electronics Co., where the board outlined seven factors it could look to when deciding whether to exercise its discretion and deny a follow-on petition.

These include looking at whether the same petitioner previously challenged the same claims, and whether it should have known earlier about the evidence used. The PTAB would also look at whether the petitioner had access to the board’s earlier decision when it filed the petition.

The expanded panel indicated the factors should serve, at the very least, as a baseline going forward.

“The way the PTAB is reading [the factors] here, and the way it has read them in prior cases, it’s going to be hard to overcome these and have serial petitions,” said John Strand of Wolf Greenfield & Sacks PC. “They are patent-owner friendly, there’s no doubt about that.”

Attorneys noted a paragraph near the end of the decision in which the expanded panel wrote that multiple, staggered petitions “are an inefficient use of the inter partes review process and the board’s resources.” Another one of the factors identified takes into account the board’s “finite resources.”

“The way it’s been articulated, both here and in several other prior cases, is that the board’s resources are more fairly expended on initial petitions than on follow-on petitions,” said Jennifer Bush of Fenwick & West LLP. “And if that’s the way you articulate factor six, that’s pretty much always going to be patent owner-favorable, if you are always favoring initial over follow-on.”

Because this decision is not precedential, it is not technically binding on other panels of PTAB judges. While it would be surprising to see a panel completely disregard the factors, what remains to be seen is how any particular panel will apply them.

“I think there’s still somewhat a lack of clarity when the board is going to decide in its discretion that it

won't institute," Stach said. "But at least this is one step closer to providing relief to patent owners who are concerned that the system has swung too favorably to the petitioner."

There are those too who might like to see the decision more strongly implemented by the PTAB, either through regulation or by making the decision precedential, Stach said. Based on Ruschke's comments during the PTAB webinar, the latter seems a strong possibility.

The chief judge said that this area was "ripe" for precedential decisions.

These kinds of cases are "very fact-specific, very discretionary with the judges," Ruschke said, "so it's a little hard sometimes to think how you're going to be able to move forward, but there definitely are situations where I think the vast majority of the board would agree that no additional petitions should be allowed."

In the meantime, Ruschke said there would likely be more instances where the number of judges is expanded to include the chief judge, among others, to signal the importance of the issue that is being decided. When that happens, attorneys will want to take note.

"You should make sure that you're aware of those decisions and recognize that might be part of a process of moving those cases to informative and maybe ultimately to precedential somewhere down the road," he said.

--Additional reporting by Ryan Davis. Editing by Philip Shea and Aaron Pelc.