

IP Musings

with



Learned Paw & Percy the Lizard



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ANALYSES OF NOTABLE COURT CASES *SAS Institute, Inc. v. Iancu*, 584 U.S. __ (April 2018) (“SAS”). The United States Patent and Trademark Office (PTO) issued *Guidance on the impact of SAS on AIA trial proceedings* (“the Guidance”) only days after the SAS decision, which underscores the importance of the case.

In SAS, the question before the Supreme Court was: under 318(a) of the America Invents Act (AIA), when the PTO initiates an inter partes review, must it resolve *all* of the claims in the case, or may it choose to limit its review to only *some* of them? The Court answered, “the Patent Office ‘must issue a final written decision with respect to the patentability of *any* patent claim challenged by the petitioner.’” 35 U. S. C. §318(a),” interpreting the term “any” as “every.” SAS, slip op. at 1.

Shortly after SAS, patent practitioners raised a number of significant issues pertaining to IPR proceedings. Although only two months have passed since the SAS decision, the PTO and the district courts were able to shed some light, at least in part, on the issues.

For example, although SAS seemed to suggest that the PTAB is to address all grounds of challenges set forth in the petition when an IPR proceeding is

instituted, SAS did not explicitly spell out whether the PTAB is under a statutory mandate to do so. In the *Guidance*, however, the PTO has indicated that the PTAB would address all grounds of a challenge.

For example, assume that a petitioner challenges a claim as obvious under § 103 on two grounds: (1) references A and B, and (2) references B and C. Prior to the *Guidance*, the PTAB could have addressed only A and B. After the *Guidance*, the PTAB would address the obviousness of the claim based on (1) A and B as well as (2) C and D.

When SAS was decided, some patent practitioners questioned how SAS would bias district courts in deciding whether to grant motions to stay in patent suits associated with IPR proceedings. A number of district court cases seem to indicate that the district courts are more likely to grant the motion than not. See *Nichia Corporation v. Vizio, Inc.* 8-18-cv-00362 (C.D. Cal. May. 21, 2018) continuing a stay; *SPEX Technologies, Inc. v. Kingston Technology Corporation et al.*, 8-16-cv-01790 (C.D. Cal May 16, 2018), granting a motion to stay; *Wi-LAN, Inc. et al v. LG Electronics, Inc. et al.*, 3-17-cv-00358 (S.D. Cal. May. 22, 2018), supporting a limited stay; and *DermaFocus LLC v. Ulthera, Inc.*, 1-15-cv-00654 (D. Del. Jun. 07, 2018), denying a motion to lift the stay.

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When the PTAB rules favorably to a patentee in an IPR proceeding, a defendant in a related patent suit in a district court may be estopped from asserting the invalidity defense based on the prior art cited in the IPR. Prior to SAS, the estoppel applied only to claims that were selected by the PTAB for the IPR proceeding (even though other claims were not selected because they are presumably unlikely to be held invalid by the PTAB). See *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293 (Fed. Cir.), cert. denied, 137 S. Ct. 374 (2016). After SAS, the estoppel would apply to all claims that are challenged in the IPR.

Although the broader scope of estoppel seems to suggest that IPR petitioners are more likely to challenge only weak claims, this has not yet been shown in practice. For example, in the institution decision in *Western Digital Corp v. Spex Technologies Inc.*, the PTAB indicated its belief that the petitioner was likely to succeed only on two of the 11 asserted claims. Following SAS, the petitioner requested the PTAB to institute on all 11 claims. In contrast, in *One World Technologies, Inc. v. The Chamberlain Group, Inc.*, a newly instituted ground was withdrawn by agreement, which seems to indicate that a petitioner may be sensitive to estoppel and may carefully choose the claims to challenge.

As for new institution decisions, the current institution rate over May and June of 2018 is 71%, which is greater than the average 2017 rate of 63%, calculated based on published USPTO PTAB trial statistics (at USPTO.gov). It is too early to conclude the increase in the institution rate is temporary or driven by SAS. In addition, it is not clear whether the PTAB has continued its trend of issuing decisions with similar quality as those pre-SAS.

