

## Strategies For Avoiding Institution Of An IPR

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As the five-year anniversary approaches for American Invents Act inter partes reviews at the Patent Trial and Appeal Board, the available statistics confirm that a patent owner's best chance at avoiding cancellation of its claims is to avoid institution of the proceeding in the first place. Once an IPR has been instituted, the chances for survival of instituted claims drops dramatically. Accordingly, arguments and evidence presented in a patent owner's preliminary response to the petition<sup>[1]</sup> should be carefully crafted to convince the PTAB that there is not a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. Fortunately, for patent owners, there have been a number of developments in the past few years that have improved their chances at avoiding institution.



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First, the rule changes adopted by the PTAB in April 2016 now allow patent owners to include supporting evidence in the form of new testimonial evidence (e.g., expert testimony) in preliminary responses to the petition.<sup>[2]</sup> While genuine issues of material fact created by such testimonial evidence will be viewed in a light most favorable to the petitioner,<sup>[3]</sup> the ability to challenge testimonial evidence presented in the petition and to present new evidence to support the patentability of the challenged claims greatly increases the chances for a denial of institution.

Second, since petitioners are only permitted to file a reply to the preliminary response based on a showing of good cause,<sup>[4]</sup> in most cases the PTAB will make its decision to institute without the opportunity for the petitioner to rebut the arguments made in the patent owner's preliminary response.<sup>[5]</sup>

Third, in addition to reversals based on claim construction, there were several Federal Circuit decisions in 2016 that reversed PTAB findings of obviousness based on insufficient evidence or rationales relied upon by the PTAB.<sup>[6]</sup>

Not coincidentally, based on more effective patent owner preliminary responses and this guidance from the Federal Circuit, the PTAB now routinely denies petitions finding that petitioners are failing to meet their burden to demonstrate the unpatentability of the claims, especially in instances where a petitioner fails to articulate sufficient evidence or rationales to support an obviousness challenge. Guided by these growing number of denials, patent owners can develop strategies for identifying deficiencies in petitions that will increase their chances of obtaining institution denials. This article summarizes some of the

common deficiencies identified by patent owners and the PTAB in petitions that have resulted in denials of institution.

### **Petitioners' Recitations of General Principles Articulated by Courts Do Not Provide Sufficient Obviousness Rationales**

Over the past decade, the U.S. Supreme Court and the Federal Circuit have articulated a number of general principles and exemplary rationales that can be used to support an obviousness finding (e.g., design choice, combination of known elements to yield predictable results, etc.). Knowing these “buzz words,” petitioners often recite these principles in trying provide a rationale for combining or modifying prior art references, but fail to provide evidence to support the rationale. The PTAB often criticizes petitioners for simply restating the basic obviousness tests and rationales without actually applying those principles to the record evidence and facts.[7]

One example where petitioners simply state the principle or rationale to support an obviousness challenge is an allegation that the claimed feature is simply an obvious “design choice.” In January 2016, the Federal Circuit reversed a PTAB obviousness finding in an IPR where the PTAB concluded that the claimed location of a component is “a design choice and is obvious” without any supporting record evidence of a “reason ... why a person or ordinary skill in the art would have made the specific design choice.”[8] Following that decision, the PTAB denied institution of several petitions in other proceedings that asserted that the claimed limitation was simply an “obvious design choice” without providing any evidence beyond conclusory expert testimony.[9]

Another example where petitioners simply state the principle or rationale to support an obviousness challenge is an allegation that a person of ordinary skill in the art “would have known to,” or “could have,” modified the prior art reference to meet the claimed limitation. In May 2016, the Federal Circuit reversed a PTAB obviousness finding in an IPR where the PTAB concluded that it would have been obvious to modify the prior art to meet the limitation of the challenged claim based on “what one of skill in the art ‘would have known’ or ‘could have’ done to meet the limitation.”[10] The Federal Circuit clarified that, rather than alleging that a person of ordinary skill in the art “could” have modified the prior art, the petitioner must provide evidence that a person of ordinary skill “would” have made the modification.[11] Following that decision, the PTAB denied institution of several petitions in other proceedings that asserted that the prior art could have been modified to meet the claimed limitation without providing any evidence that it would have been obvious to do so.[12]

Yet another example where petitioners simply state the principle or rationale to support an obviousness challenge is an allegation that it would have been obvious to combine or modify prior art references because the references are analogous art or disclose similar technology. In the past year, the PTAB has routinely denied institution when a petitioner simply relies on the fact that the prior art references are analogous art to support the proposed combination or modification of the prior art.[13]

Finally, petitioners often allege that that it would have been obvious to combine or modify prior art references because the references provide different solutions to the same problem addressed by the challenged patent. Rather than find this fact supportive of the obviousness rationale, in the past year, the PTAB has denied institution in several instances where the petitioner failed to articulate a sufficient reason to modify a primary prior art reference that already disclosed a solution to the very same problem addressed by the patent.[14]

## Conclusion

The PTAB's recent decisions denying institution of IPRs based on insufficient evidence of obviousness in a petition provide patent owners with guidance on how to avoid institution of challenges to their claims. Likewise, these decisions also provide guidance to petitioners to ensure that their petitions provide sufficient evidence to support obviousness rationales to avoid denial of institution.

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[1] See 37 C.F.R. § 42.107(a).

[2] See 37 C.F.R. § 42.108(a).

[3] See 37 C.F.R. § 42.108(c).

[4] See 37 C.F.R. § 42.108(c).

[5] The PTAB has been reluctant to permit petitioners to submit replies to patent owner preliminary responses. See, e.g., *The Clorox Co. v. Auto-Kaps, LLC*, IPR2016-00821, Paper 7 at 1 (PTAB Aug. 9, 2016.); *Nipro Corp. vs. NxStage Medical, Inc.*, IPR2016-00744, Paper 10 at 2 (PTAB July 14, 2016); *Xactware Solutions, Inc. v. Picometry Int'l Corp.*, IPR2015-00593, Paper 11 at 2-3 (PTAB July 1, 2016).

[6] See, e.g., *In re NuVasive, Inc.*, 842 F.3d 1376 (Fed. Cir. 2016); *Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355 (Fed. Cir. 2016); *In re Warsaw Orthopedic, Inc.*, 832 F.3d 1327 (Fed. Cir. 2016); *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016); *Black & Decker, Inc. v. Positec USA, Inc.*, 646 Fed. Appx. 1019 (Fed. Cir. 2016)(non-precedential); *Cutsforth, Inc. v. Motivepower, Inc.*, 636 Fed. Appx. 575 (Fed. Cir. 2016)(non-precedential).

[7] See, e.g., *NJOY, Inc. v. Fontem Holdings 1 B.V.*, IPR2015-01301, Paper 16 at 11 (PTAB Dec. 8, 2015)("These conclusory statements are nothing more than a restatement of basic tests identified by the Supreme Court for determining whether an invention would have been obvious. . . . General principles on what may constitute a supporting rationale cannot substitute for specific application of those principles to the facts."); *Whole Space Indus. Ltd. v. Zipshade Industrial (B.V.I.) Corp.*, IPR2015-00488, Paper 14 at 17 (PTAB July 24, 2015)("These conclusory labels do not substitute for a fact-based analysis in the Petition establishing what is being modified, and why it would have been obvious to a person of ordinary skill to make the modification.")(internal citations omitted); *Kinetic Tech., Inc. v. Skyworks Solutions, Inc.*, IPR2014-00529, Paper 8 at 15 (PTAB Sept. 23, 2014)("[S]tatements of general principles from the case law . . . are conclusions; they are not a substitute for a fact-based analysis of the proposed combination of references necessary to support those conclusions.")

[8] *Cutsforth, Inc. v. Motivepower, Inc.*, 636 Fed. Appx. 575, 578 (Fed. Cir. 2016)(non-precedential).

[9] See, e.g., *Kartri Sales Co., Inc. v. Zahner Design Group, Ltd.*, IPR2016-01327, Paper 10 at 17 (PTAB Jan.

3, 2017) (“Merely stating ‘design choice’ when confronted with a missing limitation, without citing any authority or references to establish why the feature in question amounts to a mere design choice, does not carry Petitioner’s burden.”); Zepp Labs, Inc. v. Blast Motion, Inc., IPR2016-00672, Paper 8 at 13 (PTAB Aug. 29, 2016)(denying institution based on finding that petitioner’s conclusory argument that that implementing the software would be a matter of design choice was insufficient to provide the required obviousness rationale to modify the prior art reference); Qualcomm Inc. v. ParkerVision, IPR2015-01819, Paper 8 at 15 (PTAB Mar. 8, 2016)( denying institution based on finding that petitioner’s conclusory argument that that modifying the prior art would be a matter of design choice was insufficient to provide the required obviousness rationale to modify the prior art reference).

[10] Black & Decker, Inc. v. Positec USA, Inc., 646 Fed. Appx. 1019, 1027 (Fed. Cir. 2016)(nonprecedential).

[11] Id.

[12] See, e.g., Seabery N. Am., Inc. v. Lincoln, Global, Inc., IPR2016-00904, Paper 12 at 11-12 (PTAB Nov. 3, 2016)(denying institution on obviousness grounds when neither petitioner nor its expert “addresses what a person of ordinary skill in the art would have done, only what they could have done.”); Costco Wholesale Corp. v. Robert Bosch LLC, IPR2016-00035, Paper 23 at 8 (PTAB Aug. 12, 2016)(“[A]n understanding that something ‘could be applied to the problem at hand’ does not establish that it would have been obvious to do so at the time the ’926 invention was made.”)

[13] See, e.g., Ossia, Inc. v. Energous Corp., PGR2016-00023, Paper 20 at 26 (PTAB Nov. 29, 2016)(“The fact that two references disclose similar technology is not sufficient to demonstrate a reason why an ordinarily skilled artisan would have combined them.”); Ancestry.Com DNA, LLC v. DNA Genotek Inc., IPR2016-01152, Paper 11 at 8 (PTAB Nov. 23, 2016)(“ The mere fact that both Birnboim and O’Donovan are in the same field of endeavor falls short of an adequate rationale. The same field of endeavor analysis is merely the jumping-off point in reaching the determination of whether a claimed invention is obvious.”); Seabery N. Am. Inc. v. Lincoln Global, Inc., Paper 12 at 13 (PTAB Nov. 3, 2016)(“Merely asserting that Wahi is analogous art to the challenged patent, however, does not provide any articulated reason with a rational underpinning to combine Wahi’s teachings with those of Herbst.”); Kayak Software Corp. v. Int’l Business Machines Corp., IPR2016-00609, Paper 12 at 16-17 (PTAB Aug. 9, 2016)(denying institution, finding petition’s rationale that it would have been obvious to combine the teachings of two prior art references “because they relate to the same subject matter” to “fall[] short of an adequate rationale”).

[14] See, e.g., Arris Int’l PLC v. Sony Corp., IPR2016-00828, Paper 10 at 15-16 (PTAB Oct. 7, 2016)(denying institution and rejecting petitioner’s obviousness rationale that “fails to acknowledge that [the primary prior art reference] already provides a different solution to the problem identified by Petitioner . . . . In other words, [the primary prior art reference] already addresses the alleged problem/need that Petitioner asserts would provide a motivating reason to seek a solution . . . .”); Front Row Techs. v. MLB Advanced Media, L.P., IPR2015-01932, Paper 7 at 17 (PTAB Mar. 25, 2016)(denying institution and rejecting petitioner’s basis for combining the prior art “to utilize a ticket selling device in place of a ticket seller” as “not persuasive reasoning or even a motivation to combine” since the primary prior art reference “already utilizes various ticket selling devices”).