

How To Appeal PTAB Decisions Successfully To Fed. Circ.

By **John Caracappa, Matthew Bathon and Li Guo** (June 22, 2020)

Currently, the largest portion of the U.S. Court of Appeals for the Federal Circuit's docket comes from appeals of Patent Trial and Appeal Board decisions — as of May 31, 37% of pending appeals originated from the U.S. Patent and Trademark Office.[1]

Because the PTAB's practices, especially related to inter partes reviews, continue to change and evolve, appeals of PTAB decisions frequently raise not only traditional issues of patent validity, but also novel questions regarding the PTAB's governing statute and practice.

While historically a relatively high percentage of PTAB decisions have been affirmed, those decisions, along with Federal Circuit decisions reversing or vacating the PTAB, can provide helpful guidance on how best to craft successful arguments on appeal, whether you won or lost below.

This article looks at recent Federal Circuit decisions vacating or reversing one or more issues decided by the PTAB.[2] This chart identifies various issues and how many times the Federal Circuit relied on them in reversing or vacating a decision by the board. The issue categories are discussed in more detail below.



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Claim Construction

A challenge to the claim construction adopted by the board typically has the highest likelihood of success on appeal, in part due to Federal Circuit's de novo review standard. Frequent disputes arise regarding how to use the specification to interpret a claim, such as whether the claim is limited by what is disclosed in the specification.

The Federal Circuit's discussions of why it disagrees with the board on a particular construction can provide useful guidance as to how the Federal Circuit may resolve future claim construction disputes.

While the PTAB in 2018 did away with the broadest reasonable interpretation standard to construe claims in IPR, post-grant review and covered business method proceedings, most decisions to date still apply that standard, although the Phillips v. AWH Corp. standard applies to expired patents. Despite requiring the broadest reasonable interpretation, the Federal Circuit actually disagreed with PTAB claim constructions more often because they were too broad, rather than too narrow.

PTAB constructions were found to be too broad when they were inconsistent with the plain and ordinary meaning of a term that required a limitation or the understanding of a person of ordinary skill in the art, or POSITA.

For example, the plain and ordinary meaning of bond required the quality of adherence as a limitation;^[3] for a claim term without a plain and ordinary meaning, such as grant pending absent state, the specification had decisive significance and the repeated language in the specification became a construction requirement.^[4]

The specification could also tie the claim term to a limited circumstance when a POSITA would so understand, for example, a skilled artisan's understanding supported construing "low-power" to mean that the transceiver operated at a power level corresponded to "limited transmission range."^[5]

Broad claim constructions not supported by the prosecution history and claim language could also be error. The board's construction has been found overbroad when the board refused to consider prosecution disclaimer that limited the scope of the claim;^[6]

sometimes, even if the statements made during prosecution did not rise to the level of a disclaimer, the prosecution history became decisive as to the meaning of the disputed term.[7]

Not limiting the terms to be consistent with claim language was another reason the Federal Circuit disagreed with the board's broad construction, for example when the claim language explicitly contained a requirement that limited the term,[8] when the claim language — such as "the correspondence" — established or defined a connection or relationship between claim terms,[9] or when a modifier in the claim indicated limitation, such as "digital," supported limiting the scope of the claim to exclude analog information.[10]

Definitional language of other terms in the specification and the disclosure in the specification were also important in claim construction. For example, the board erred when its sua sponte claim construction was too broad and not reasonable in light of the definitional passage in the specification.[11] The board's construction of a term treating a fungal nail infection was found unreasonably broad when it drew an unwarranted inference from the broad definition of "nail." [12]

The board also erred by interpreting "an encrypted digital information transmission including encrypted information" to include analog information, based in part on the broad definition of "programming." [13] A construction can also be unreasonably broad when it covers an option not contemplated by the specification.[14]

There were also circumstances where the Federal Circuit found the board's claim construction too narrow.

For example, the board erred when:

- It confined the construction to specific embodiments or imported limitations into the claims (construing "tree portion" to require a "unitary" structure and reading "tree portion" into the "modular lighted artificial tree" and importing "for display" into the step of "selecting" [15]);
- The construction excluded embodiments of the invention (improperly excluding "frame synchronization" from claim term "synchronization signal" [16]); or
- When nothing in the claim language or prosecution history supported such a limitation.[17]

Other claim construction issues reversed or vacated by the Federal Circuit included the board's interpretation of means-plus-function and preamble claim terms. For example, the corresponding structure of "reproducing means" was found to be a computer algorithm, not hardware; [18] and the term "mechanical control assembly" did not have a sufficiently definite structure.[19]

The board was also found to have erred in finding that the term "digital processing unit" was written in means-plus-function format and concluding that it was a purely functional term

without structure.[20] When the claim includes an alternative to the means-plus-function term, the board should also consider whether that alternative is outside the scope of Section 112, paragraph 6 even if that claim is indefinite.[21]

Regarding the preamble, the Federal Circuit has disagreed with the board's nonlimiting decisions, where the preamble provided antecedent basis for the proposed claim and expressed intentional purpose;[22] or where the preamble, such as "travel trailer," was a specific type of equipment and a structural limitation of the claims.[23]

Factual Findings Relating to Obviousness and Anticipation

The Federal Circuit reviews factual findings by the PTAB under the substantial evidence standard. Even though this is a more deferential standard than de novo review, the Federal Circuit from time to time has found the board's factual findings relating to obviousness or anticipation not supported by substantial evidence, for reasons relating to failure to disclose a claim limitation, a motivation to combine, a reasonable expectation of success and the qualification of a prior art.

Failure to Disclose a Claim Limitation

When the board's determination of whether a prior art reference disclosed a particular limitation contradicted the plain language of the claim or rested on an erroneous reading of the claim, it was not supported by substantial evidence.[24]

The board's finding that the prior art disclosed a certain claim limitation also lacked substantial evidence when the disclosure did not necessarily exist and the board relied on inherency for that element in its obviousness analysis;[25] or when the disclosure was not expressly shown and merely implied by a figure without reasonable support.[26]

The board also could not rewrite a limitation to be narrower. For example, it was error to find that the inherent teaching of "greater than impurity levels" met the "substantially all" limitation.[27] Additionally, when the board could not tell one way or the other whether a certain element was disclosed, the burden to prove by a preponderance of evidence was not satisfied.[28]

Motivation to Combine

The Federal Circuit has rejected the finding of a motivation to combine when the board's only reason was based on the similarity of the references but that similarity improperly built upon hindsight bias[29] when:

- No supporting evidence provided the necessary link between the disclosure and the solution (conclusory expert testimony is not adequate);[30]
- The board failed to address the disputed factual issues regarding a motivation to combine;[31] or

- When the board's decision did not articulate a basis or rationale why a person of ordinary skill in the art would modify the prior art reference.[32]

On the other hand, the rejection of a motivation to combine or modify was not supported by substantial evidence:

- When the board's reasoning relied on irrelevant comparisons, such as comparing "connectors" while the real question relates to the connection itself;[33]
- When the board categorically rejected teachings from a device that addressed the same issue, such as rejecting the teachings from a single-input device to those of a multi-input device while both devices could address the same issue;[34] or
- When the board misunderstood the rationale to combine and failed to explain its decision discounting the evidence concerning the knowledge and skill of a POSITA.[35]

Additionally, a determination of no motivation to combine was a legal error when it was based on a failure to recognize two known, finite, predictable, solutions for solving the same problem.[36]

Reasonable Expectation of Success

A finding of a reasonable expectation of success was not supported by substantial evidence when the failure rate was high — for example when a drug had an over 99% failure rate, the only reasonable expectation was failure, not success.[37]

The Federal Circuit has also vacated decisions where the board did not address conflicting evidence regarding reasonable expectation of success;[38] or where the basis for finding no reasonable expectation of success was not clear and appeared to rest on an implicit and erroneous claim construction.[39]

Prior Art Qualification

The Federal Circuit has revived patents by holding that inventions antedated prior art references because the records established that the inventors exercised requisite diligence in reducing the inventions to practice during the critical period.[40]

PTAB Consideration of Evidence

The Federal Circuit has vacated PTAB decisions when the board failed to consider evidence or relied on improper evidence. For example, the PTAB erred by refusing to consider that one reference alone rendered the claims obvious, when in a multireference ground, the petition argued in the alternative that one reference alone taught every element of the challenged claim (the multireference ground was found to lack a motivation to combine).[41]

The PTAB also had to reconsider the validity of the claims on remand when it didn't separately construe the different limitations in the claims and instead analyzed all the independent claims as a single group.[42]

The Federal Circuit was also concerned when the board failed to meaningfully address the parties' arguments and failed to make certain factual findings,[43] when the board overlooked proposed motivations to combine,[44] or when the board refused to consider prior art references in considering analogous art analysis.[45]

Board decisions have also been vacated when arguments in the reply brief or in supplemental briefing were not addressed.[46] The board could not rely on evidence relating solely to grounds never instituted[47] and was required to provide notice of an unpatentability theory for substitute claim and an opportunity for the parties to respond.[48] The board could not disregard the factual finding of copying[49] or presume nexus between the evidence of secondary consideration and the claims.[50]

The PTAB's analysis must also be consistent — the Federal Circuit has remanded decisions due to inconsistent findings over the same set of references,[51] or opposite decisions reached in two proceedings (a claim in the related patent reciting the same feature was found not obvious).[52]

PTAB-Specific Issues

Board decisions on issues specific to PTAB practice, such as the burden to prove amended claims patentable, time-bar, motions practice and same party joinder, have also been addressed by the Federal Circuit.

Specifically, the Federal Circuit has decided that in an inter partes review, the petitioner bears the burden of proving that proposed amended claims were unpatentable;[53] the board must consider real party-in-interest relationships that arose after filing but before institution for time-bar purposes;[54] denial of a request for authorization to file a motion for additional discovery can be an abuse of discretion;[55] and it can be error for the board to reject a patent owner's request to file a request for a certificate of correction to amend the priority chain of a patent.[56]

The Federal Circuit also ended the practice of allowing same-party joinder in IPRs, holding that the clear and unambiguous language of the statute does not authorize it.[57]

The Federal Circuit has also recently held that Section 317(b) estoppel applies to the reexamination;[58] that even if claims are held indefinite, the board must still address whether they were anticipated or obvious;[59] and clarified the types of patents that are subject to CBM review.[60]

Changing Law Based on Decisions in SAS and Arthrex

The Federal Circuit has also vacated board decisions in view of changes in the law, for example sending cases back to PTAB to consider the patentability of claims based on noninstituted grounds after the U.S. Supreme Court in SAS eliminated the partial institution practice, and after the Federal Circuit found the method of appointing PTAB judges unconstitutional.[61]

While a party is permitted to raise for the first time SAS-based relief after the Court's

decision, the Federal Circuit held that failure to raise the appointments clause issue in the opening appeal brief waived that challenge.

Conclusion

To successfully appeal or defend the board's decisions, it is important to consider all aspects of the case. It always helps if an appellant can connect the board's decision to an erroneous claim construction.

In terms of claim construction, in addition to the specification and prosecution history, make sure to take into account the plain and ordinary meaning of the term, the understanding from a POSITA, the claim language, the relationship between the term and other claim terms, and any definitional language of related terms.


Although the factual findings are reviewed under a more deferential standard, it is still possible to obtain relief when the board failed to consider evidence; when there is not sufficient support for the board's decision regarding the disclosure of a claim limitation by the prior art, motivation to combine, or the reasonable expectation of success; or when the board applied an erroneous legal standard in its analysis.

Additionally, with ongoing changes and updates to the interpretation of AIA, new challenges to PTAB practice can get Federal Circuit's attention. Lastly, to preserve rights, patent owners should raise any known arguments that may reflect later changes in the law, so that they are not waived during the pendency of the appeal if the law does change.


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[1] <http://www.cafc.uscourts.gov/the-court/statistics>.

[2] This article analyzes cases originating from the PTAB in which at least one issue was reversed or vacated by the Federal Circuit from January 2019 to May 2020. For example, in *Virnetx Inc. v. The Mangrove Partners* , Case No. 17-1368 (Fed. Cir. Jul. 8, 2019), the case was vacated and remanded because of claim construction, finding of anticipation, and a motion for additional discovery. This counts as three issues with each under a different category.


[3] *United Technologies Corp. v. General Electric Company* , Case No. 18-1600 (Fed. Cir. Jan. 25, 2019).


[4] *Wireless Protocol Innovations v. TCT Mobile, Inc.* , Case No. 18-1836 (Fed. Cir. May 23, 2019).

[5] *Sipco, LLC v. Emerson Electric Co.* , Case No. 18-1635 (Fed. Cir. Sep. 25, 2019) (Phillips standard was applied).

- [6] Virnetx Inc. v. The Mangrove Partners , Case No. 17-1368 (Fed. Cir. Jul. 8, 2019).
- [7] Personalized Media v. Apple Inc. , Case No. 18-1936 (Fed. Cir. Mar. 13, 2020).
- [8] Sipco, LLC v. Emerson Electric Co., Case No. 18-1856 (Fed. Cir. Dec. 20, 2019).
- [9] Innovative Memory Systems v. Micron Technology, Inc. , Case No. 17-2472 (Fed. Cir. Aug. 27, 2019).
- [10] Personalized Media v. Apple Inc., Case No. 18-1936 (Fed. Cir. Mar. 13, 2020).
- [11] IBM v. Iancu , Case No. 18-1065 (Fed. Cir. Apr. 1, 2019).
- [12] Kaken Pharmaceutical Co., Ltd. v. Iancu , Case No. 18-2232 (Fed. Cir. Mar. 13, 2020).
- [13] Personalized Media v. Apple Inc., Case No. 18-1936 (Fed. Cir. Mar. 13, 2020).
- [14] Vederi, LLC v. Google, LLC , Case No. 16-1919 (Fed. Cir. May 14, 2020).
- [15] Polygroup Limited MCO v. Willis Electric Company, Ltd. , Case No. 18-1745 (Fed. Cir. Mar. 28, 2019); Google LLC v. Lee , Case No. 17-2227 (Fed. Cir. Mar. 28, 2019); see also Sprint Spectrum L.P. v. Gen. Access Sols., Ltd. , Case No. 19-1855 (May 13, 2020) (claim construction was erroneous when it was narrower than the plain claim language and was confined to one embodiment in the specification).
- [16] Cisco Systems, Inc. v. TQ Delta, LLC , Case No. 18-1806 (Fed. Cir. Jul. 10, 2019).
- [17] Cook Group Inc. v. Boston Scientific Scimed, Inc. , Case No. 19-1413 (Fed. Cir. Apr. 30, 2020); see also Vederi, LLC v. Google, LLC, Case No. 16-1919 (Fed. Cir. May 14, 2020) ("for the retail establishment" does not limit it to one that is owned or operated by the retail establishment").
- [18] Sony Corp. v. Iancu , Case No. 18-1172 (Fed. Cir. May 22, 2019).
- [19] MTD Products Inc. v. Iancu , Case No. 17-2292 (Fed. Cir. Aug. 12, 2019).
- [20] Samsung Electronics America v. Prisia Engineering Corp. , Case No. 19-1169 (Fed. Cir. Feb. 4, 2020).
- [21] Cochlear Bone Anchored v. Oticon Medical ab , Case No. 19-1105 (Fed. Cir. May 15, 2020).
- [22] Sanofi Mature IP v. Mylan Laboratories Ltd , Case No. 18-1203 (Fed. Cir. Feb. 5, 2019).
- [23] In Re Fought , Case No. 19-1127 (Fed. Cir. Nov. 4, 2019).
- [24] Grit Energy Solutions, LLC v. Oren Technologies, LLC , Case No. 19-1063 (Fed. Cir. Apr. 30, 2020); Technical Consumer Products v. Lighting Science Group Corp. , Case No. 19-1361 (Fed. Cir. Apr. 8, 2020).
- [25] Personal Web Technologies, LLC v. Apple, Inc. , Case No. 18-1599 (Fed. Cir. Mar. 8,

2019).


[26] Wireless Protocol Innovations v. TCT Mobile, Inc. , Case No. 18-1836 (Fed. Cir. May 23, 2019).


[27] Knauf Insulation, Inc. v. Rockwool International A/S , Case No. 18-1810 (Fed. Cir. Oct. 15, 2019).


[28] IBM v. Iancu, Case No. 18-1065 (Fed. Cir. Apr. 1, 2019).


[29] Knauf Insulation, Inc. v. Rockwool International A/S, Case No. 18-1810 (Fed. Cir. Oct. 15, 2019).

[30] TQ Delta, LLC v. Cisco Systems, Inc. , Case No. 18-1766 (Fed. Cir. Nov. 22, 2019).

[31] Merck Sharp & Dohme Corp. v. Wyeth LLC , Case No. 18-2133 (Fed. Cir. Nov. 26, 2019).


[32] In re Anova Hearing Labs, Inc. , Case No. 19-1507 (Fed. Cir. Apr. 7, 2020).


[33] Polygroup Limited MCO v. Willis Electric Company, Ltd. , Case No. 18-1748 (Fed. Cir. Jan. 28, 2019).

[34] Samsung Electronics Co., Ltd. v. UUSI, LLC , Case No. 18-1310 (Fed. Cir. Jun. 18, 2019).



[35] Polygroup Limited MCO v. Willis Electric Company, Ltd., Case No. 18-2137 (Fed. Cir. Jul. 18, 2019).

[36] Uber Technologies, Inc. v. X One, Inc. , Case No. 19-1164 (Fed. Cir. May 5, 2020).


[37] OSI Pharmaceuticals, LLC v. Apotex Inc. , Case No. 18-1925 (Fed. Cir. Oct. 4, 2019).

[38] Merck Sharp & Dohme Corp. v. Wyeth LLC , Case No. 18-2133 (Fed. Cir. Nov. 26, 2019).


[39] Samsung Electronics Co., Ltd. v. UUSI, LLC, Case No. 18-1310 (Fed. Cir. Jun. 18, 2019).

[40] Arctic Cat Inc. v. GEP Power Products, Inc. , Case No. 18-1520 (Fed. Cir. Mar. 26, 2019); ATI Technologies ULC v. Iancu , Case No. 16-2222 (Fed. Cir. Apr. 11, 2019).

[41] Polygroup Limited MCO v. Willis Electric Company, Ltd., Case No. 18-1745 (Fed. Cir. Jan. 28, 2019).



[42] Packers Plus Energy Services v. Baker Hughes Oilfield , Case No. 18-1490 (Fed. Cir. Jun. 10, 2019).


[43] Virnetx Inc. v. Cisco Systems, Inc. , Case No. 18-1751 (Fed. Cir. Jun. 28, 2019); Cook Group Inc. v. Boston Scientific Scimed, Inc. , Case No. 19-1370 (Fed. Cir. Apr. 30, 2020).


[44] Willis Electric Company, Ltd. V. Polygroup Macau Ltd. (BVI) , Case No. 18-2125 (Fed.

Cir. Jul. 1, 2019).

[45] Airbus S.A.S. v. Firepass Corporation , Case No. 19-1803 (Fed. Cir. Nov. 8, 2019).

[46] Apple Inc. v. Andrea Electronics Corporation , Case No. 18-2382 (Fed. Cir. Feb. 7, 2020); Kingston Technology Company v. Spex Technologies, Inc. , Case No. 19-1256 (Fed. Cir. Feb. 21, 2020).


[47] In Re IPR Licensing, Inc. , Case No. 18-1805 (Fed. Cir. Nov. 22, 2019).

[48] Nike, Inc. v. Adidas AG , Case No. 19-1262 (Fed. Cir. Apr. 9, 2020).


[49] Liqwd, Inc. v. L'Oreal USA, Inc. , Case No. 18-2152 (Fed. Cir. Oct. 30, 2019).

[50] Fox Factory, Inc. v. SRAM, LLC , Case No. 18-2024 (Fed. Cir. Dec. 18, 2019).

[51] Boston Scientific Scimed, Inc. v. Cook Group Inc. , Case No. 19-1594 (Fed. Cir. Apr. 30, 2020).


[52] Robert Bosch, LLC v. Iancu , Case No. 7-2122 (Fed. Cir. Jul. 3, 2019).

[53] Sanofi Mature IP v. Mylan Laboratories Ltd , Case No. 18-1203 (Fed. Cir. Feb. 5, 2019).

[54] Power Integrations, Inc. v. Semiconductor Components , Case No. 18-1607 (Fed. Cir. Jun. 13, 2019).


[55] Virnetx Inc. v. The Mangrove Partners , Case No. 17-1368 (Fed. Cir. Jul. 8, 2019).







[56] Aker Biomarine Antarctic AS v. Rimfrost AS , Case No. 18-1151 (Fed. Cir. Oct. 1, 2019).

[57] Facebook, Inc. v. Windy City Innovations, LLC , Case No. 18-1400 (Fed. Cir. Mar. 18, 2020).

[58] Virnetx Inc. v. Apple Inc. , Case No. 17-1591 (Fed. Cir. Aug. 1, 2019).

[59] Samsung Electronics America v. Presua Engineering Corp., Case No. 19-1169 (Fed. Cir. Feb. 4, 2020).

[60] IBG LLC v. Trading Technologies Int'l , Case No. 17-1732 (Fed. Cir. Feb. 13, 2019); Sipco, LLC v. Emerson Electric Co., Case No. 18-1635 (Fed. Cir. Sep. 25, 2019).

[61] Google LLC v. Lee, Case No. 17-2228 (Fed. Cir. Mar. 28, 2019); Campbell Soup Company v. Gamon Plus, Inc. , Case No. 18-2099 (Fed. Cir. Oct. 15, 2019); Alere, Inc. v. Rembrandt Diagnostics, LLP , Case No. 18-1812 (Fed. Cir. Oct. 29, 2019); Arthrex, Inc. v. Smith & Nephew, Inc. , Case No. 18-2140 (Fed. Cir. Oct. 31, 2019); Uniloc 2017 LLC v. Facebook Inc. , Case No. 18-2251 (Fed. Cir. Oct. 31, 2019); Bedgear, LLC v. Fredman Bros. Furniture Co. , Case No. 18-2082 (Fed. Cir. Nov. 7, 2019); Polaris Innovations Limited v. Kingston Technology Co. , Case No. 18-1768 (Fed. Cir. Jan. 31, 2020); Polaris Innovations Limited v. Kingston Technology Co., Case No. 18-1831 (Fed. Cir. Jan. 31, 2020).