

The Board Gives Section 325(d) Sharp Teeth—Part II - The Petitioner's Criticality to Selecting and Using The Right Prior Art



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This is the second of a three-part series discussing developments around Section 325(d). Part one appeared in our October 2017 newsletter and part three will appear in our December 2017 newsletter.

As we explained last month, Congress granted the Board broad discretionary power to deny institution of AIA proceedings under 35 U.S.C. §325(d) - denial is discretionary if Petitioner uses “the same or substantially the same prior art or arguments previously presented to the Office.” Though infrequently given as a reason for denial for the first few years following passage of the AIA, an expanded PTAB panel recently gave §325(d) sharper teeth against follow-on petitions.[i] More specifically, the expanded PTAB panel adopted a seven-factor analysis[ii] to determine whether a follow-on petition should be instituted.

Given the rise of §325(d) as a reason for non-institution in the last year, the most critical Petitioner decision is the selection of the right prior art. What does “right”

mean? Of course, it starts with the best prior art to invalidate claims. But it also means understanding and owning the original prosecution, and any related proceedings, and making sure the petition's prior art or arguments are (or are not) the same or substantially the same as those previously presented to the Office. OK – what does that mean? The answer: it depends.

In order to better address this question, we have broken down the prior art into the following three categories: (1) prior art that was cited during original Examination and/or during another proceeding at the PTAB; (2) prior art that has a similar disclosure and/or covers substantially the same technology, i.e., the old “new question” and “new light” analysis from reexamination; and (3) prior art cited only on the face of the patent, but not used in any Office action or notice of allowance. Due to certain constraints we will limit our discussion to only these three categories. The analysis below assumes the OLD or NEW PRIOR ART is the only prior art that truly meets the claims.

(1) Using Old Prior Art -- utilized during original Examination and/or during another proceeding at the PTAB – is risky even with new expert testimony.

Old Prior Art is at the most at risk for invoking a § 325(d) denial – but is not fatal when used correctly.

The Board has instituted when the Old Prior Art is combined with a new reference (New Prior Art) that has not yet been before the USPTO. In *Edwards Lifesciences Corp. v. Boston Scientific SciMed, Inc.*[iii], the Board partly granted institution of inter partes review of a patent directed to a stent delivery system. The Board rejected the patent owner's argument that the petition should be denied under 35 U.S.C. § 325(d), stating that “we determine that the Petitioner's and the Examiner's reliance on [the reference] is substantially different...The Examiner...did not consider whether such a feature may have been obvious...over [the reference] in combination with additional prior art...Thus, in this circumstance, we agree with Petitioner's contention that such an obviousness analysis was appropriate during prosecution, and remains appropriate now, in this inter partes review proceeding.”

With regard to adding argument in an AIA review through expert testimony, the Board has shifted its view from this being a new argument[iv] to this not being enough to avoid 325(d) denial. For example, the Board denied Grounds despite new expert testimony in *Telebrands Corp. v. Tinnus Enterprises, LLC.*[v] The Board was “not persuaded that [Petitioner's Expert] testimony meaningfully distinguishes the record that is before us from the record that was before the Examiner...Thus, weighing these considerations, we determine that facts of this case weigh in favor of us exercising our discretion and declining to institute on the obviousness grounds presented in the Petition.”

(2) New Prior Art with the same disclosure as Old Prior Art, without explanation, is also risky.

On October 24, the PTAB designated three cases “informative” on this issue[vi]. Two of the cases include *Cultec Inc. v Stormtech LLC*[vii] and *Unified Patents Inc. v. John L. Berman*[viii].

In *Cultec*, the Petitioner, Cultec, challenged a patent that uses a series of corrugations and sub-corrugations in the sheet material to provide large stormwater chambers that have desirable performance and safety factors. Cultec submitted a Third Party Submission in StormTech's patent application prosecution. The Third Party Submission cited "reference A" for teaching a specific claim element, "Element 1." In the IPR, Cultec cited "reference B" for teaching Element 1. The Board denied institution under § 325(d) because the Petitioner's arguments were too similar to the arguments that the examiner had considered during prosecution.

In *Unified Patents*, the Petitioner, Unified Patents, challenged a patent that describes techniques for superimposing images over television scenes. The Board denied institution under asserted § 325(d) because Unified Patents asserted an obviousness combination that included a reference already considered during original prosecution, as well as a second reference that was cumulative of prior art the examiner had likewise considered.

However, not all PTAB panels have denied institution on similar facts. For example in *C&D Zodiac, Inc. v. B/E Aerospace, Inc.*[ix], the Board partly granted institution on a patent directed to a space-saving aircraft enclosure. In instituting, the Board rejected the Patent Owner's argument that the petition should be denied under 35 U.S.C. § 325(d). The Board held that "Patent Owner has not shown that the arguments in the Petition were ever previously presented to the Office. . . . It is true that substantially the same arguments and art are raised in the instant Petition as were raised during examination of [the patent], and yet the [the patent] issued. However, it is also true that substantially the same arguments and art were raised in [a related case], and many of the challenged claims of [a related patent] were held unpatentable. Because the challenged claims before us are of similar scope to those held unpatentable in [the related case], we decline to invoke § 325(d) to reject this Petition."

(3) Old Prior Art – Submitted in IDS but not used by Examiner or PTAB.

If this category is the best prior art available – the risk of denial is substantially reduced. For example, in *Microsoft Corp. v. Parallel Networks Licensing, LLC*[x], the Board granted institution on a patent directed to a method for managing dynamic Web page generation requests. During an ex parte reexamination of the patent, the Patent Owner listed a "Reference C" in an IDS. Later, the Petitioner cited Reference C in a Petition for IPR. The Board found that "the references were not applied against the claims and there is no evidence that the Examiner considered the particular disclosures cited by [the petition]." The Board instituted on the claims in view of Reference C.

Conclusion

The cases summarized above are offered as examples of how past boards have handled the issue and should not be considered precedential or exhaustive (in fact, the Board cited two as 'informative'). As we detailed in the previous issue, there are an countless nuances that can tilt the scales in favor of either party. While it can be difficult to predict with certainty how a PTAB panel might decide on a §325(d) issue, especially without knowing the specific panel members or the nuances of each fact

pattern, experienced PTAB practitioners can help you manage that nuance and ambiguity.

As noted at the outset, the next issues of this newsletter will dive deeper into the considerations of a Patent Owner.

[i] General Plastic Industrial Co. Ltd. v. Canon Kabushiki Kaisha, IPR2016-01357 (PTAB September 6, 2017) (Paper 15).

[ii] NVIDIA Corp. v. Samsung Elec. Co., Case IPR2016-00134 (PTAB May 4, 2016) (Paper 9).

[iii] Edwards Lifesciences Corp. v. Boston Scientific SciMed, Inc., IPR2017-01295 (PTAB October 25, 2017) (Paper 9).

[iv] Micron Technology, Inc. v. The Board of Trustees of the Univ. of Ill., IPR2013-00008 (PTAB March 13, 2013) (Papers 24 and 59).

[v] Telebrands Corp. v. Tinnus Enterprises, LLC, PGR2017-00015 (PTAB October 11, 2017) (Paper 16).

[vi] The informative designation is a step below precedential, though nonbinding, the rulings will serve as guidance to future PTAB Boards.

[vii] Cultec Inc. v Stormtech LLC, IPR2017-00777 (PTAB August 22, 2017) (Paper 7)(informative).

[viii] Unified Patents Inc. v. John L. Berman, IPR2016-01571 (PTAB December 14, 2016) (Paper 10) (informative).

[ix] C&D Zodiac, Inc. v. B/E Aerospace, Inc., IPR2017-01275 (PTAB, Oct. 31, 2017) (Paper 12).

[x] Microsoft Corp. v. Parallel Networks Licensing LLC, IPR2015-00486 (PTAB July 15, 2015) (Paper 10).

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