

# PTAB Begins to Deny *Inter Partes* Review Petitions When Involved in Parallel Judicial Proceedings

November 2018

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The Patent Trial and Appeal Board (“PTAB”) has begun to deny institution of *inter partes* review (“IPR”) challenges when the patents being challenged are involved in parallel judicial proceedings. In declining review, the PTAB has stressed certain institutional values, such as fairness to patent holders and the efficient use of its limited resources. Importantly, the PTAB looks to increase its reliance on those values as it adjudicates institutional decisions. Accordingly, parties engaged in proceedings before the PTAB as well as district courts or the International Trade Commission (“ITC”) should consider how parallel proceedings may affect overall litigation strategy.

## The *General Plastic* Factors

Approximately a year ago, the PTAB designated as precedential Section II.B.4.i of its decision in [General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha](#).<sup>1</sup> In *General Plastic*, the petitioner filed a set of follow-on IPR petitions after the PTAB had denied institution of a previous set of petitions challenging the same patent claims.

In denying the follow-on petitions, the PTAB emphasized that permitting institution for follow-on petitions would create inequities for patent holders and inefficiencies for the *inter partes* review system. The PTAB found authority for its decision to decline review in two places. First, the PTAB noted that the institution of *inter partes* review is discretionary to begin with—the regulations require only that “the Board *may* authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.”<sup>2</sup> Second, the *General Plastic* panel emphasized that the goals of the AIA—“namely, to improve patent quality and make the patent system more efficient by the use of post-grant review procedures”—supported its focus on the efficiencies of the patent system.<sup>3</sup>

Despite the PTAB’s strident focus on preserving and advancing the equity and efficiency of the patent system, it did not create a *per se* rule against follow-on petitions. Instead, the PTAB outlined seven, non-exhaustive factors it would consider when deciding whether to allow follow-on IPR petitions:

1. Whether the same petitioner previously filed a petition directed to the same claims of the same patent;

<sup>1</sup> [General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha](#), IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017).

<sup>2</sup> *Id.* (quoting 37 C.F.R. § 42.108(a)) (emphasis original in opinion).

<sup>3</sup> *Id.* at 16.

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2. Whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
  3. Whether at the time of filing of the second petition the petitioner had already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;
  4. The length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
  5. Whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
  6. The finite resources of the Board; and
  7. The requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than one year after the date on which the Director notices institution of review.

*General Plastic* left unanswered whether its factors (or its apparent focus on equity and efficiency) would apply to follow-on challenges only, or whether they would be applied to other instances in which the challenged patents were involved in parallel proceedings.

## Expanding the *General Plastic* Factors: A Look at Three Cases

Any doubt that the PTAB would limit application of the *General Plastic* factors to the narrow circumstance of deciding whether to institute follow-on IPR challenges is now gone. The PTAB, in a series of recent rulings, has made clear that the *General Plastic* factors may be applied to institution decisions whenever the challenged patents have been or are involved in parallel proceedings before the PTAB, the ITC, or a district court.

### Silver Star

In September 2018, the PTAB declined to review a challenge brought by Shenzhen Silver Star Intelligent Technology Co. Ltd. ("**Silver Star**") to an iRobot patent covering robot technology.<sup>4</sup> While the petition was Silver Star's first before the PTAB, it came on the heels of an unsuccessful challenge to the same patents brought by a co-defendant, Shenzhen Zhiyi Technology Co. Ltd., in an ITC complaint brought by iRobot.

In declining to institute an *inter partes* review of Silver Star's petitions, the PTAB relied on the *General Plastic* factors and held that, on balance, equity and efficiency counseled against granting institution. According to the panel, the third factor ("whether at the time of filing of the second petition, the petitioner already received the . . . Board's decision on whether to institute review in the first petition") and the fourth factor ("the time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition") weighed most heavily against granting institution. At bottom, the panel thought it inappropriate that Silver Star could adapt the arguments and evidence in the second petition to account for positions that iRobot made in response to Zhiyi's first petition.

Judge William Saindon, writing separately, thought the panel should have gone further. Judge Saindon suggested that when two petitions are filed by co-defendants, the PTAB should presume that the later-filed petition would be denied if the patent owner had filed a response in the first case or if there had been an institutional decision:

If one were to synthesize our analysis of the facts of this case and their application to the *General Plastic* factors, one could come to the following conclusion:

*Given petitions filed by two or more similarly situated defendants, there is a rebuttable presumption that a later-filed petition will be denied under General Plastic if that later-filed petition is filed after an earlier-filed petition has received a preliminary response or a decision on institution.*

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<sup>4</sup> *Shenzhen Silver Star Intelligent Tech. v. iRobot Corp.*, IPR2018-00761, Paper 15 (PTAB Sept. 5, 2018).

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The concept behind this is that, all things being equal, if two or more co-defendants are sued around the same time, they should, within reason, file their petitions around the same time; it is generally unfair for one defendant to wait for a ‘test case’ to go through the *inter partes* review process by another defendant before filing their own petition.<sup>5</sup>

Judge Saindon did acknowledge that there might be legitimate reasons not to deny petitions filed after a preliminary response or an institution decision.<sup>6</sup> But he believed that the onus must be on the petitioner “to explain timing differences relative to the filing of previous petitions by similarly situated defendants.”<sup>7</sup>

## Intri-Plex

“Test cases” are not the only adjudicatory situation in which the PTAB has exercised its discretion to deny institution.

Days after the *Silver Star* ruling, the PTAB [declined to institute](#) an *inter partes* review of an Intri-Plex Technologies, Inc. patent related to a component in hard drive disks that was challenged by NHK Spring Co. Ltd.<sup>8</sup> In declining review, the board took into account that Intri-Plex’s infringement case against NHK was set to go to trial soon. The PTAB suggested that instituting *inter partes* review at that stage would be unfair to the patent holder and a waste of the PTAB’s resources.

That panel relied on the [PTAB’s Trial Practice Guide](#), which, as updated in August 2018, stated that other circumstances, in addition to follow-on petitions, would counsel against instituting review, “include[ing], for example, events in other proceedings related to the same patent, either at the [U.S. Patent and Trademark Office], in district courts, or the ITC.”<sup>9</sup>

## Facebook

The PTAB’s emphasis on efficiency was evident in another recent case, [this one involving](#) Facebook’s challenge to a communications patent held by EveryMD.com LLC.<sup>10</sup> The PTAB agreed in February 2018 to institute an *inter partes* review of the patent. After the PTAB’s institutional decision, EveryMD asked to be allowed to amend certain claims. In the meantime, however, the Federal Circuit affirmed a district court’s decision that EveryMD’s patent was invalid for claiming nothing more than an abstract idea.

Citing its “broad authority to dismiss a petition where appropriate” under 37 C.F.R. §§ 42.71(a) and 42.72, the Board granted the Petitioner’s request to terminate the proceedings, finding that “assessing amendments to claims that the courts have adjudicated, with finality, to be unpatentable” was “an inefficient use of the board’s resources.”<sup>11</sup>

## What Forces are Driving the PTAB’s Recent Decision-Making?

The PTAB’s new-found reluctance to decline to institute *inter partes* review when the parties and patents are involved in parallel litigation can be attributed to the PTAB’s emphasis on fairness to patent holders and the efficient use of its limited resources.

Beginning in earnest in *General Plastics* and then reinforced and expanded in *Silver Star*, the PTAB has focused acutely on equitable considerations when deciding whether to institute *inter partes* review. While the panel in *Silver Star* did not foreclose granting institution of all follow-on challenges, it strongly suggested that institution of follow-on challenges would be the rare exception, not the rule.

Moreover, the PTAB’s recent decisions to decline to institute *inter partes* review seem to be motivated by the PTAB’s desire to effectively allocate its limited resources. The PTAB’s rulings in *Intri-Plex* and *Facebook*

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<sup>5</sup> *Id.* at 16 – 17 (italics in original).

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 18 –19.

<sup>8</sup> *NHK Spring Co. v. Intri-Plex Techs., Inc.*, Case IPR2018-00752, Paper 8 (PTAB Sep. 12, 2018).

<sup>9</sup> *Trial Practice Guide*, Patent and Trademark Appeal Board (update August 2018), available at [https://www.uspto.gov/sites/default/files/documents/2018\\_Revised\\_Trial\\_Practice\\_Guide.pdf](https://www.uspto.gov/sites/default/files/documents/2018_Revised_Trial_Practice_Guide.pdf).

<sup>10</sup> *Facebook, Inc. v. EveryMD.com LLC*, Case IPR2017-02027, Paper 24 (PTAB Oct. 9, 2018).

<sup>11</sup> *Id.* at 4, 9.

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suggest that the PTAB is aware that patent rights are being concurrently adjudicated at the PTAB, the ITC, and in district courts, and the PTAB need not spend its time and resources resolving patent issues that may be superseded in other judicial fora.

## Conclusion

Whatever the cause of the PTAB's recent reluctance to institute *inter partes* review—whether the change can be attributed to equity, deference, or efficiency, or some combination of the three—the upshot is that the PTAB is more closely scrutinizing petitions for *inter partes* review when the parties or the patents are engaged in parallel proceedings. Moreover, the PTAB's recent rulings likely will have important practical effects. Parties who obtain a favorable ruling on invalidity in parallel district court litigation, for example, may be able to assert arguments related to the expected timing of events to urge the denial of a Motion to Amend or the termination of an *inter partes* review proceeding. In addition, patent holders defending successive *inter partes* review petitions may be able to point to the successful defense of earlier institution decisions to defend later ones.

Importantly, the PTAB's push for equity and resource conservation aligns with the broader policy goals of the USPTO. When USPTO Director Andrei Iancu took office in February 2018, he noted that the patent system was “at an inflection point,” and that the Patent Office “[would] not continue down the same path.”<sup>12</sup> Iancu also has noted repeatedly that a party's patent rights should not depend upon the forum adjudicating a dispute. “For the sake of predictability and reliability, the boundaries of a patent should not depend on which forum happens to analyze it,” Iancu recently told a gathering of the American Intellectual Property Law Association.<sup>13</sup>

In that vein, the PTAB, in September 2018, announced the creation of a [Precedential Opinion Panel](#)—a panel, comprising the PTAB's chief judge and top USPTO officials, which can decide important issues and set precedent.

Although it remains to be seen what issues the Precedential Opinion Panel will undertake to resolve, the USPTO's and the PTAB's recent work suggests that continually pushing for equity and efficiency will be top of the agenda.

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<sup>12</sup> Andrei Iancu, Director, United States Patent and Trademark Office, Speech to U.S. Chamber of Commerce (Apr. 11, 2018).

<sup>13</sup> Remarks by Director Iancu at the American Intellectual Property Law Association Annual Meeting (October 25, 2018), available at <https://www.uspto.gov/about-us/new-s-updates/remarks-director-iancu-american-intellectual-property-law-association-annual>.