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PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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PTAB Dismisses Argument That Priority Date is a § 112 Issue Not Reviewable in an IPR

By Craig W. Kronenthal

September 3, 2014 — In a decision instituting *inter partes* review, the PTAB rejected a patent owner's argument that the priority date of the patent is not reviewable in an IPR because it's an issue under 35 U.S.C. § 112.

IPR2014-00414 – SAP America, Inc. v. Pi-Net International, Inc. (Paper 11, August 18, 2014)

An IPR petition was filed to challenge a patent that is a divisional of and claims priority to an earlier filed parent application. The petition challenged the priority date of the patent, and asserted unpatentability based in part on a published U.S. patent application that was filed after the claimed priority date. The petitioner argued that certain negative limitations in the claims of the patent were not supported by the parent application. In its preliminary response, the Patent Owner did not address whether the claims were supported. Instead, the Patent Owner simply argued that the priority issue is a question of compliance with the written description requirement of 35 U.S.C. § 112 and cannot be considered in an *inter partes* review in which patentability challenges are limited to challenges under 35 U.S.C. §§ 102 and 103. *See* 37 C.F.R. § 42.104(b)(2).

The Board disagreed, noting “the difference between compliance with the requirements of 35 U.S.C. § 112 and assessing the earliest priority date for a claim.” The Board pointed out that the Petitioner is not impermissibly challenging the patentability of the patent under 35 U.S.C. § 112, but rather is simply challenging the priority date. The Board was persuaded that the claimed features were not entitled to the priority date. The Board went on to consider the challenge under 35 U.S.C. § 103 relying on the intervening reference, and ultimately decided to institute the *inter partes* review.

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**PTAB Draws Line on Admissibility of
Declaration Evidence in IPR**

Craig W. Kronenthal

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PTAB Draws Line on Admissibility of Declaration Evidence in IPR

By Craig W. Kronenthal

September 3, 2014 — In a break from the PTAB’s trend of admitting evidence and allowing objections to admissibility to go to the weight of the evidence, the Board excluded testimonial evidence concerning the contents of documents that were not produced.

[IPR2013-00159 – Zodiac Pool Systems, Inc. v. Aqua Products, Inc. \(Paper 71, August 22, 2014\)](#)

The Patent Owner filed a motion to exclude evidence. Specifically, the Patent Owner moved to exclude several paragraphs of a declaration of one of Petitioner’s employees. In its final written decision finding all challenged claims unpatentable, the Board admitted into evidence most paragraphs of the declaration — explaining that the PTAB is “capable of according the appropriate weigh to testimony.” However, the Board drew the line when it came to a paragraph of the declaration that discussed the contents of documents that were referenced but not produced.

The Patent Owner argued that a particular paragraph of the declaration relied on information that was not produced or was in a foreign language (without English translations), and therefore, should be excluded from evidence as being prejudicial and contrary to Patent Office practices. The paragraph of the declaration referred to an engineering study, three sealed envelopes serving as proof of filing applications with France’s patent office, and nine French patent applications. The Petitioner, however, produced only one of these documents (one of the envelopes) and some supporting documents, which were in French. The Petitioner argued that at least a portion of the disputed paragraph should be admitted into evidence. Specifically, the Petitioner argued for admission of the following, offered for the purpose of disproving Patent Owner’s assertion that Petitioner copied the Patent Owner:

Zodiac had a third party engineering company conduct an engineering study, including a flow analysis on the inverted pump design and engineering drawings. This analysis took place in the spring and summer of 2007.

The Board found this part of the declaration inadmissible, stating that the “sentences relate to the content of cited documents, rather than solely to ‘facts that occurred.’” Accordingly, the Board granted, in part, the Patent Owner’s motion to exclude.

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**IPR Petition Barred Under 35 U.S.C.
§ 315(b)**

J. Pieter van Es

Banner & Witcoff PTAB Highlights

September 17, 2014

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IPR Petition Barred Under 35 U.S.C. § 315(b)

By J. Pieter van Es

September 17, 2014 – The PTAB denied a petition for *inter partes* review as barred under 35 U.S.C. § 315(b) because the PTAB determined that the petitioner was served with a complaint alleging infringement of the patent more than a year before it filed its petition.

[IPR2014-00779 – Histologics, LLC v. CDX Diagnostics, Inc. et al. \(Paper 6, Sept 12\)](#)

The petitioner requested institution of an *inter partes* review of U.S. Patent No. 6,258,044. According to the PTAB, the petitioner did not dispute that it was served with a complaint alleging infringement of the '044 patent soon after a complaint was filed on April 19, 2012. In the district court case, the petitioner moved to dismiss the complaint for lack of standing. Although the district court granted the motion to dismiss and ordered the action dismissed without prejudice, the action was stayed pending a bankruptcy proceeding, according to the PTAB. After bankruptcy, stay, transfer and consolidation issues were addressed, the case was pending in the Central District of California.

The petitioner argued its IPR petition was timely because it was not filed more than a year after being served with a “non-jurisdictionally deficient” complaint. Because suit was dismissed without prejudice, service of that complaint was nullified and did not trigger the time bar, according to the petitioner. The PTAB disagreed, finding that in view of the pending suit, the parties are not left in the same legal position as if the original action had never been filed, distinguishing *Macauto USA v. Bos GmbH*, Case IPR2012-00004 (PTAB 2013). The PTAB also distinguished *InVue Sec. Prods. Inc. v. Merch. Techs., Inc.*, Case IPR2013-00122 (PTAB 2013), because that case dealt with the dismissal of a declaratory judgment action for invalidity under 35 U.S.C. § 315(a), not the effect of dismissal of an infringement action under § 315(b).

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**PTAB Rejects “Unusual” Inventor
Testimony That His Own Invention
Was Not Reduced to Practice and
Finds His Claims Not Unpatentable**

J. Pieter van Es

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PTAB Rejects “Unusual” Inventor Testimony That His Own Invention Was Not Reduced To Practice and Finds His Claims Not Unpatentable

By J. Pieter van Es

September 17, 2014 – In a final written decision, the PTAB found the petitioner failed to prove challenged claims unpatentable and rejected “unusual” inventor testimony about reduction to practice that was opposite the typical situation where inventor testimony is offered to establish an early invention date.

[IPR2013-00131 – Dynamic Drinkware LLC v. National Graphics, Inc. \(Paper 42, Sept. 12\)](#)

The patent owner did not attempt to distinguish the allegedly anticipatory art, but instead argued that it did not qualify as prior art. The PTAB agreed, finding that the petitioner failed to prove that the alleged prior art reference, a patent, was entitled to an earlier provisional application filing date, and that the patent owner established reduction to practice prior to the alleged prior art’s actual filing date.

According to the PTAB, the petition was deficient in establishing the earlier priority date of the alleged prior art because it only provided a chart comparing the priority provisional application to the challenged claims, but it did not also compare the asserted prior art patent to its priority provisional application. The Board appeared to require the petitioner to explicitly compare the challenged claims to subject matter common to both the asserted patent and its priority provisional application “to demonstrate that those portions were carried over from the provisional.” In not doing so, the PTAB found the petitioner failed to carry its burden to prove the effective date of the alleged prior art.

The PTAB also found that the patent owner swore behind the prior art patent’s actual filing date based on an earlier reduction to practice. Interestingly, the petitioner submitted a declaration of

the inventor in support of its position that the invention was not reduced to practice, which the PTAB noted is “unusual” as “normally” inventor testimony is proffered for the opposite position — to establish the earliest invention date. The inventor testified that he now worked for a company “related to” the petitioner. Discounting the inventor’s testimony because his “current interests are aligned against his patent,” the PTAB credited a notebook entry from the inventor and other testimony in concluding that the invention was reduced to practice prior to the filing date of the non-provisional application. The PTAB also conducted at the hearing a “visual inspection” of a sample that it concluded was reduced to practice.

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**PTAB Continues to Deny IPR
Petitions, Based on Arguments
Incorporated by Reference**

Michael S. CuvIELLO

Banner & Witcoff PTAB Highlights

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PTAB Continues to Deny IPR Petitions, Based on Arguments Incorporated By Reference

By [Michael S. CuvIELlo](#)

September 22, 2014 – For the second time in a month (see our previous PTAB Highlight regarding IPR2014-00491 [here](#)), the PTAB has refused to consider arguments incorporated by reference into an IPR petition.

[IPR 2014-00454 – Cisco Systems, Inc. v. C-Cation Technologies, LLC \(Paper 12\)](#)

In this decision denying institution of an *inter partes* review, the PTAB held that the practice of using footnotes in the IPR petition to cite large portions of an expert declaration without sufficient explanation of those portions amounted to impermissible incorporation by reference. The Board cited several examples of incorporation by reference, including: a seven-page invalidity argument of claim 1 in the petition incorporating 17 pages of the expert declaration, the petition claim charts incorporating other claim charts in the expert declaration, and conclusory statements in the petition being supported only by footnote references to the expert declaration.

The PTAB panel of judges in this decision applied nearly identical reasoning as applied by a different panel of judges in the previous [IPR2014-00491](#). The Board in this case explained: “In the Petition before us, incorporation by reference of numerous arguments from Dr. Roy’s 250-page Declaration into the Petition serves to circumvent the page limits imposed on petitions for inter partes review, while imposing on our time by asking us to sift through over 250 pages of Dr. Roy’s Declaration (including numerous pages of claim charts) to locate the specific arguments corresponding to the numerous paragraphs cited to support Petitioner’s assertions.”

Without the incorporated expert declaration, the Board refused to institute the *inter partes* review, finding that the petition did not: “(1) specify sufficiently where each element of the

claims is found in the applied references, and (2) include a detailed explanation of the significance of the quotations and citations from the applied references. See 37 C.F.R. §§ 42.104(b)(4), 42.22(a)(2).”

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**PTAB Permits Entry of Declaration
Testimony in an IPR Without
Opposing Party's Opportunity
To Cross-Exam**

Michael S. CuvIELLO

Banner & Witcoff PTAB Highlights

September 22, 2014

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PTAB Permits Entry of Declaration Testimony in an IPR Without Opposing Party's Opportunity to Cross-Exam

By [Michael S. CuvIELlo](#)

September 22, 2014 – In a Conduct of the Proceeding Order and Decision Denying Patent Owner's Motion for Additional Discovery, the PTAB addresses the situation of proffered declaration testimony that was not prepared for the purposes of the *inter partes* review, but instead for an unrelated proceeding.

[IPR2013-00576 – Mexichem Amanco Holdings S.A. de C.V. v. Honeywell International, Inc. \(Papers 31 and 36\)](#)

With its reply to the patent owner's preliminary response, the petitioner submitted an expert declaration from a re-exam proceeding of a patent related to the patent in the IPR through a number of continuation-in-part applications. The patent owner filed a motion to cross-examine the declarant by deposition, which the Board denied.

According to the PTAB, the cross-examination of the declarant is treated as "additional discovery" governed under rule 37 C.F.R. § 42.51(b)(2) rather than routine discovery governed under 37 C.F.R. § 42.51(b)(1)(ii). As additional discovery, the PTAB noted that the patent owner must meet the higher standard of showing that the cross-examination is "necessary in the interest of justice," and that the PTAB would apply a set of factors first outlined in *Garmin Int'l Inc. et al. v. Cuzzo Speed Techs. LLC*, Case IPR2012-00001, Paper 26, slip op. at 6-7 (PTAB March 5, 2013).

While the Board found that some *Garmin* factors weighed in favor of the patent owner, the PTAB denied the motion based substantially on *Garmin*'s fifth factor that the request would be overly burdensome, due to the declarant residing in Japan. Though the Board would not compel

the petitioner to produce the declarant, it stated that the declaration would be given “little to no weight,” unless the petitioner provided the patent owner a fair opportunity to challenge the declarant’s testimony.

Left unaddressed by the Board is how its order comports with the applicability of the Federal Rules of Evidence under 37 C.F.R. §42.62, including Rule 801 against the admissibility of hearsay and Rule 807 providing the residual exception to the hearsay rule.

****Disclosure:** Banner & Witcoff attorneys Joseph Berghammer and Joseph Skerpon are counsel for the patent owner in this *inter partes* review.

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**PTAB Denies Institution of *Inter Partes*
Review of Design Patent, Noting 35 U.S.C.
171 is Not Proper Basis for IPR**

Michael S. CuvIELLO

Banner & Witcoff PTAB Highlights

September 22, 2014

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PTAB Denies Institution of *Inter Partes* Review of Design Patent, Noting 35 U.S.C. 171 is Not a Proper Basis for IPR

By [Michael S. CuvIELLO](#)

September 22, 2014 – In its decision denying institution of two IPRs, the PTAB outlines how allegedly functional elements of a design patent claim are addressed in an IPR obviousness analysis.

[IPR2014-00542](#) and [IPR2014-00555](#) – Dorman Products, Inc. v. PACCAR, Inc. (Papers [10](#) and [10](#))

At issue were claims in design patents D526,429S and D525,731S, each directed to the ornamental design of a truck headlamp. In both cases, the petitioner argued that certain features such as facets and a curved bezel of embodiments of the claims result from functional or mechanical considerations and therefore do not form part of the claims. In response, the patent owner argued, and the PTAB agreed, that whether or not such elements are functional, they must be considered and construed as part of the visual impression created by the patented design as a whole.

The PTAB noted that the petitioner conflated invalidity based on functionality under 35 U.S.C. § 171 with invalidity based on obviousness under 35 U.S.C. 103. Under section 171, an ornamental design of an article of manufacture may not be patented if the design is “primarily functional” rather than “primarily ornamental.” According to the petitioner’s line of reasoning, any illustrated feature considered to be “primarily functional” would be excluded from the scope of the claim (under section 171), and thus, the petitioner would not be required to show that allegedly functional feature anticipated or obvious.

The PTAB disagreed with this reasoning, stating that IPRs are limited to invalidity just under sections 102 and 103 (and based only on patents or printed publications). As such, determining whether certain claimed features should be disregarded as functional under section 171 (prior to performing the obviousness analysis under section 103) is beyond the scope of the proceedings. Accordingly, the Board concluded that the “allegedly functional elements identified by petitioner ... must be considered in an obviousness analysis of the visual impression created by the patented design as a whole.” The Board further held that when including these allegedly functional elements in its analysis, the petitioner failed to show a reasonable likelihood of prevailing in either case.

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**PTAB Provides Guidance for Meeting
Burden to Show Written Description
for Substitute Claim**

John P. Iwanicki

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September 24, 2014