

## PTAB's Discretion to Deny Institution<sup>1</sup>

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### I. Introduction

After a petition is filed for an *inter partes* review (IPR) or a post-grant review (PGR), the Patent Office is authorized to use its discretion when considering whether to institute a review trial. This paper examines the factors considered by the Patent Trial and Appeal Board (PTAB) for institution of a review proceeding based on a ground involving a reference that the Office has previously considered. This paper also examines the factors considered by the Board when a petitioner files a petition and then files another petition, referred to as follow-on petition, directed to the same patent. The PTAB has designated several of its decisions as being precedential or informative for these circumstances and has identified factors to be considered.

### II. Discretion under 35 U.S.C. §§ 314(a) and 325(d)

The Board's discretion to institute a trial is broadly based on 35 U.S.C. § 314(a), which provides that the "the Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."<sup>2</sup> Congress thus provided that the Director may, but not must, institute a *inter partes* review when a reasonable likelihood has been shown that the petitioner would prevail with respect to at least one claim challenged in the petition. See *Harmonic Inc. v. Avid*

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<sup>2</sup> 35 U.S.C. § 314(a).

*Tech., Inc.*<sup>3</sup>; *Conopco, Inc. v. Proctor & Gamble Co.*<sup>4</sup> (informative). Similarly, the Board has the same discretion for PGR (and covered-business method review) under 35 U.S.C. § 324(a) even when the threshold for institution has been met by a petitioner. *See Travelocity v. Cronos Techs.*<sup>5</sup>

In addition to 35 U.S.C. § 314(a), discretion is more narrowly authorized by 35 U.S.C. § 325(d), somewhat like a species of a genus. Section 325(d) provides: “[i]n determining whether to institute . . . a proceeding . . . , the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”<sup>6</sup> A panel thus first determines whether any of the grounds asserted in a petition present the “same or substantially the same prior art or arguments” as those previously presented to the Office before the panel decides whether to exercise its discretion to grant or deny institution. This threshold applies to considering a ground previously presented during prosecution or in an earlier filed petition or other Office proceedings.

If the Board determines that a petition raises the same or substantially the same prior art or arguments as those previously presented to the Patent Office, then the Board decides whether to exercise its discretion under § 325(d). This analysis “involves a balance between several competing interests.” *Neil Ziegman, N.P.Z., Inc. v. Stephens.*<sup>7</sup> When balancing these competing interests, the Board considers that:

On the one hand, there are the interests in conserving the resources of the Office and granting patent owners repose on issues and prior art that have been considered previously . . . . On the other hand, there are the interests of giving petitioners the opportunity to be heard and correcting any errors by the Office

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<sup>3</sup> *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (Section 314(a) “provides that the Board may, but not must, initiate an *inter partes* review when a petitioner demonstrates a reasonable likelihood of prevailing at trial with respect to at least one challenged patent claim.”).

<sup>4</sup> IPR-00506, Paper 25 at 3–4 (Dec. 10, 2014) (informative) (hereinafter, “*Conopco I*”).

<sup>5</sup> IPR2015-00047, Paper 7 (June 15, 2015).

<sup>6</sup> 35 U.S.C. § 325(d).

<sup>7</sup> IPR2015-01860, Paper 11 at 12–13 (Feb. 24, 2016).

in allowing a patent—in the case of an *inter partes* review—over prior art patents and printed publications.

*Fox Factory, Inc. v. SRAM, LLC*.<sup>8</sup>

### III. Ground Based on Reference Presented in Prosecution

Petitioners should seek to rely on grounds that present an argument not previously considered by the Office. When that is not possible, petitioners should test the ground under a checklist of factors provided in the Board’s decision in *Becton, Dickson and Co. v. B. Braun Melsungen AG*,<sup>9</sup> which has been designated as informative. These *BD* factors reflect the issues addressed in many examples of institutions<sup>10</sup> and

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<sup>8</sup> IPR2016-01876, Paper 8 at 7 (Apr. 3, 2017).

<sup>9</sup> IPR2017-01586, Paper 8 (Dec. 15, 2017) (informative) (hereinafter, *BD*) *see also Juniper Networks, Inc. v. Mobile Telecommnc ’ns Techs., LLC*, IPR2017-00642, Paper 24 (July 27, 2017) (hereinafter, *Juniper Networks*); *Dorco Co. v. Gillette Co.*, IPR2017-00500, Paper 7 at 15–19 (June 21, 2017); and *Palo Alto Networks, Inc. v. Finjan, Inc.*, IPR2015-01999, Paper 7 (Mar. 29, 2016).

<sup>10</sup> *Vizio, Inc. v. Nichia Corp.*, IPR2017-00551, Paper 9 at 7–8 (July 7, 2017) (while references in ground were listed in an information disclosure statement (IDS) and one of cited in the “Background of the Invention,” there was no evidence they were applied against the claims); *Fox Factory* (instituted on one ground because primary reference was new and there was no evidence that examiner considered secondary reference cited in an IDS); *Microsoft Corp. v. Parallel Networks, LLC*, IPR2015-00486, Paper 10 at 14–15 (July 15, 2015) (references in ground were listed in an IDS submitted during *ex parte* reexamination and initialed by examiner but there was no evidence they were not considered); *Black & Decker (U.S.) Inc. v. Christy, Inc.*, IPR2015-00468, Paper 13 at 13 (June 24, 2015) (petition ground and a prosecution rejection were almost identical but petition sufficiently showed the examiner’s decision was based on an erroneous finding); *TRW Automotive US LLC v. Magna Elec. Inc.*, IPR2014-00261, Paper 19 at 12 (June 26, 2014) (primary reference was acknowledged during prosecution and was considered in an interference with a third party as an anticipatory reference but was presented in an obviousness ground in the petition with secondary references that were not merely cumulative).

non-institutions<sup>11</sup> in which a ground is based on a reference considered during prosecution including decisions designated as informative. The informative decisions include *Cultec v. Stormtech*,<sup>12</sup> *Hospira, Inc. v. Genentech, Inc.*,<sup>13</sup> *Kayak Software Corp. v. IBM Corp.*,<sup>14</sup> and *Unified Patents v. Berman*.<sup>15</sup> Parties can expect the Board to routinely apply the six *BD* factors and cite the relevant informative decisions to institute<sup>16</sup> or deny institution.<sup>17</sup>

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<sup>11</sup>*Edwards Lifescis. Corp. v. Boston Sci. Scimed Inc.*, IPR2017-00072, Paper 8 at 9–11 (Apr. 21, 2017) (each ground based on applicant admitted prior art (AAPA) that was relied on during prosecution to reject the claims and other references described by petitioner as ubiquitous in the prior art); *Artic Cat, Inc. v. Polaris Indus. Inc.*, IPR2017-00199, Paper 8 at 6–12 (Apr. 17, 2017) (ref A. was basis of anticipation rejection in prosecution then used in petition grounds with ref. B that was used in an obviousness rejection during prosecution); *Fox Factory* (declined to institute on two grounds because one of the references was considered at length); *Apotex Inc. v. Osi Pharm, Inc.*, IPR2016-01284, Paper 8 at 6–8 (Jan. 9, 2017) (ground denied that was based on anticipation by a reference previously considered by the Office and a district court but obviousness grounds were instituted on based on same reference with other references); *Nu Mark LLC, v. Fontem Holdings I, B.V.*, IPR2016-01309, Paper 11 at 6–13 (Dec. 15, 2016) (institution denied because primary reference was substantially the same as two references submitted in IDS but not relied on during prosecution); *Prism Pharma Co. v. Choongwae Pharma Corp.*, IPR2014-00315, Paper 14, at 6–9, 12–13 (July 8, 2014) (examiner considered a declaration, submitted via an IDS, from a co-inventor of challenged patent and a cofounder of petitioner, that asserted anticipation based on break in priority chain).

<sup>12</sup> IPR2017-00777, Paper 7 (Aug. 22, 2017) (informative).

<sup>13</sup> IPR2017-00739, Paper 16 (July 27, 2017) (informative).

<sup>14</sup> CBM2016-00075, Paper 16 (Dec. 15, 2016) (informative).

<sup>15</sup> IPR2016-01571, Paper 10 (Dec. 14, 2016) (informative).

<sup>16</sup> *Samsung Elec. Co. v. Huawei Techs. Co.*, IPR2017-01472, Paper 13 at 17 (Dec. 11, 2017) (petitioner advanced arguments based on a reference in obviousness grounds that were not previously considered, thus overcoming it being similar or substantially similar to considered art).

<sup>17</sup> *Samsung SDI Co. v. Ube Indus., Inc.*, PGR2017-02115, Paper 8 at 17 (Mar. 12, 2018) (“petitioner relies on substantially the same disclosures . . . in substantially the same manner as the Examiner used [ref. A] in the *ex parte*

The net result of these cases is a warning to petitioners to be cautious and to resist being drawn like a moth to the flame of previously cited art or art that contains essentially the same teachings as those that have already been cited but not discussed or relied upon. In particular, petitioners should not just find new art but should be certain the teachings relied on in each reference, especially a primary reference, have not already been considered by the Office. For example, in two recent cases, the Board denied institution when a primary reference or its equivalent was merely made of record even though the primary reference had not been previously discussed or relied upon to reject any claims.<sup>18</sup>

#### A. Six Non-Exclusive Factors in *BD*

In *BD*, the Board provided a checklist of six factors to be evaluated in determining whether to deny institution under § 325(d) based on prior art or arguments that were previously presented to the Office during prosecution. The six “non-exclusive factors”<sup>19</sup> include:

- 1) Similarities and material differences between asserted art and the prior art involved during examination.
- 2) The cumulative nature of the asserted art and the prior art considered during examination.
- 3) The extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection.

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reexamination”); *Telebrands Corp. v. Tinnus Enter., LLC*, PGR2017-00040, Paper 10 at 15–16 (Feb. 7, 2018) (examiner considered the same or substantially the same references and arguments as well as relevant documents from IPRs for related patents); *R.J. Reynolds Vapor Co. v. Fontem Holdings I B.V.*, IPR2017-01642, Paper 10 at 15–16 (Jan. 16, 2018) (institution denied because primary reference was substantially the same as two references submitted in IDS but not relied on during prosecution); *Hengdian Group DMEGC Magnetics Co. v. Hitachi Metals, Ltd.*, IPR2017-01313, Paper 7 at 16–17 (Nov. 6, 2017) (institution denied because primary reference was cited by examiner even though it was not relied on during prosecution).

<sup>18</sup> *Supra*, n.17.

<sup>19</sup> *BD* at 17–28.

- 4) The extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or the applicant's arguments during examination.
- 5) Whether Petitioner has pointed out sufficiently how the Examiner erred in the evaluation of the asserted prior art.
- 6) The extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.

The Board, in *BD*, did not institute trial on a proposed ground because substantially the same art relied on in the petition had been considered after the filing of a third-party submission. Ref. A and B were considered individually during the prosecution of the challenged patent's parent in separate obviousness rejections. Petitioner relied on ref. A and B', which discloses a device that functions in the same way as the device in ref. B. The Board thus concluded that ref. B' is cumulative.

The same factors were initially explained and considered by the Board in *Juniper Networks*. The Board declined to institute for a ground based on ref. A that had been considered during prosecution but not with respect to the independent claim challenged in the petition. The Board concluded that ref. A was considered during prosecution and was the basis for a rejection of examined claims in the challenged patent. The Board also found there was overlap in the arguments with regard to a limitation and did not identify an error by the examiner. Additionally, the Board noted that the petitioner provided a declaration from an expert giving further explanations of the operation of ref. A but concluded that the petitioner had not presented additional evidence warranting reconsideration. The factors in *Juniper Networks* are instructive, however, the Board indicated that "[e]ach case is evaluated on its own facts."<sup>20</sup>

While the Board is likely to apply the *BD* factors, it may also cite to the informative decisions in which the Board exercised its discretion under 35 U.S.C. § 325(d), including *Cultec*, *Hospira*, *Kayak Software*, and *Unified Patents*. It is thus advisable for a petitioner relying on art or arguments that were previously considered to proactively address the *BD* factors and the other informative decisions.

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<sup>20</sup> *Juniper Networks* at 9.

## **B. Other Informative Decisions on a Reference Presented in Prosecution**

### **1. *Cultec***

The Board, in *Cultec*, did not institute trial because substantially the same art relied on in the petition had been considered after the filing of a third-party submission. In short, the claim chart in the petition was a more expanded version of the third-party submission. Grounds asserted in the IPR petition were based on ref. A as a sole reference under 35 U.S.C. § 103 and as a primary reference in various combinations under 35 U.S.C. § 103. Ref. A was previously submitted via the third-party submission during prosecution. Ref. A was not relied on during prosecution for the application that matured into the challenged patent, but it was used with another reference to reject all of the claims under 35 U.S.C. § 103 in an Office action during prosecution of a sibling application that was handled by the same examiner for the application that matured into the challenged patent. Another reference, ref. B, was also cited in the third-party submission that was subsequently used in combination with ref. A in two grounds in the IPR petition. Ref. B was cited throughout the examination of the application that matured into the challenged patent. Two other secondary references relied on in the petition were considered to teach essentially the same features as references considered during prosecution.

### **2. *Hospira***

Trial was not instituted in *Hospira* because substantially the same argument relied on in the petition had been considered during prosecution of the application that matured into the patent challenged in the IPR petition. Grounds asserted in the IPR petition were based on three references “A,” “B,” and “C” that were each asserted as being anticipatory under 35 U.S.C. § 102. Ref. A was previously considered under 35 U.S.C. § 102(b) during prosecution of the application that matured into the patent challenged in the petition. The claims were amended in light of ref. A, and the examiner concluded that the amended claims had priority to a provisional application. The examiner thus withdrew the rejection under 35 U.S.C. § 102(b). The Board considered the examiner’s priority determination with respect to ref. A dispositive and exercised their discretion not to institute. Because ref. B and ref. C were published later than ref. A, the Board likewise declined to institute for the grounds based on those two references.

### **3. *Kayak Software***

In *Kayak Software*, the challenged patent issued from an application that was prosecuted for 12 years and involved an appeal. The first ground asserted in the petition included a combination of ref. A and B that was already considered during prosecution. The second ground was a combination of ref. A, B, and C. While the exact combination was not considered during prosecution, various two-reference permutations were considered in detail. The Board concluded that instituting on that ground “would exalt form over substance.” A fourth reference, ref. D, had not been previously considered and was relied on for a third ground in the combination of ref. A, B, and D and for a fourth ground in the combination of A, B, C, and D. Because the third and fourth grounds were directed to claims that the examiner was able to reject without any prior art, the Board concluded that any prior art or arguments would be substantially similar to that already presented to and considered by the examiner.

### **4. *Unified Patents***

The Board did not institute trial in *Unified Patents* because substantially the same art relied on in the petition had been considered during prosecution of the application that matured into the patent challenged in the IPR petition. Grounds asserted in the IPR petition were based on ref. A as a sole reference under 35 U.S.C. § 103 and as a primary reference in two combinations under 35 U.S.C. § 103. Ref. A was previously considered under 35 U.S.C. § 102 during prosecution of the application that matured into the patent challenged in the petition but only with respect to the original claims. In response to the Office action, ref. A was distinguished and new claims were added. In an interview summary after the response was filed, the examiner indicated that ref. A had been overcome. The new claims were thus not rejected based on ref. A but ref. A was substantially considered. All of the claims challenged in the petition were among those added as new claims during prosecution. The secondary reference, ref. B, relied on in the petition was considered by the Board to teach substantially the same features as a secondary reference considered during prosecution in combination with ref. A.

### **5. *Impact of Informative Decisions***

If a prior art reference was clearly considered in a substantive way then it is unlikely that a ground based primarily on the reference will result in institution. Additionally, if a previously uncited reference is relied on for a ground that does not present a new argument relative to art that was



considered then institution is also unlikely. In short, the ground needs to present a new issue regarding patentability that was not previously considered.

### **C. Strategies for Previously Considered Art**

It is almost always more productive for a petitioner to rely on grounds in its petition that are based on references not previously considered by the Patent Office. If such art cannot be found and it appears that the Patent Office erred in allowing the patent over the art, then the petitioner should distinguish its facts from the informative decisions and proactively address each factor in *BD*. The petitioner may advantageously emphasize each aspect of a reference relied on in the petition that was not adequately or correctly considered during prosecution.

It is generally even more influential on the Board to rely on arguments that are unique relative to those previously considered. Different prior art references that rely on the same arguments for an assertion of unpatentability will be considered to be repetitive by the Board. When the art is the same or substantially the same, then efforts should be made to highlight unique arguments. For example, a declaration may be effectively used to shine light on aspects of a previously considered reference.<sup>21</sup> In *Taro Pharm. U.S.A., Inc. v. Apotex Tech., Inc.*,<sup>22</sup> the petitioner used a declaration from an expert to establish that a previously considered reference inherently taught a function recited in the claims of the challenged patent. In addition to being used to present additional evidence and facts to explain why previously considered art warrants reconsideration or was incorrectly considered, a declaration may also be used to establish the non-cumulative nature of the asserted art relative to the prior art considered during examination.

## **IV. Multiple Petitions**

Patents are often subjected to challenges by multiple parties. Defendants in a lawsuit often have an expectation of having a chance to be heard at the Board with respect to a challenge despite not participating in a first-filed petition. If a party does not have new art and/or arguments relative to a first-filed petition then it should seek to join the proceedings or sit

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<sup>21</sup> *Tandus Flooring, Inc. v. Interface, Inc.*, IPR2013-00333, Paper 16 (Dec. 9, 2013) (instituted on same art but in light of declaration).

<sup>22</sup> *Taro Pharm. U.S.A., Inc. v. Apotex Tech., Inc.*, IPR2017-01446, Paper 7 (Nov. 28, 2017).

on the sidelines and watch. However, if a party can present some new art and/or arguments, it may find the Board to be more permissive in instituting trial on petitions from different parties<sup>23</sup> relative to follow-on petitions, which are filed by the same party. Follow-on petitions are discussed in more detail in the next section.

### A. PTAB’s Multiple Petitions Study

The Board conducted a study of all review proceedings up to June 30, 2017 and provided its findings in a presentation by Chief Judge Ruschke titled “An Analysis of Multiple Petitions in AIA Trials.”<sup>24</sup> The Multiple Petitions Study covered 7,168 petitions and their associated 4,376 patents, 1,633 patent owners, and 1,423 petitioners.

#### 1. Petitioners Per Patent

The Multiple Petitions Study provided the following data regarding the number of petitioners per patent.

Number of Petitioners Per Patent	Patents	% of Total
1	3711	84.8%
2	424	9.7%
3	132	3.0%
4	59	1.3%
5	28	0.6%
6	17	0.4%
7	2	<0.1%
8	3	<0.1%
Total	4376	100%

The Multiple Petitions Study indicates that about 85% of the patents challenged in a review proceeding are faced by a single petitioner, about 10% are subjected to challenges from

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<sup>23</sup> *Nestle USA Inc. v. Steuben Foods, Inc.*, IPR2014-01235, Paper 12 at 7 (Dec. 22, 2014) (instituted despite significant overlap in grounds from petition by defendant in related litigation); *but see Maxlinear Inc. v. Cresta Tech. Corp.*, IPR2015-00593, Paper 9 at 4–5 (Aug. 14, 2015) (co-defendant had already filed a petition but more importantly the same grounds were asserted).

<sup>24</sup> *An Analysis of Multiple Petitions in AIA Trials*, Oct. 24, 2017 (available at: [https://www.uspto.gov/sites/default/files/documents/Chat\\_with\\_the\\_Chief\\_Boardside\\_Chat\\_Multiple\\_Petition\\_Study\\_20171024.pdf](https://www.uspto.gov/sites/default/files/documents/Chat_with_the_Chief_Boardside_Chat_Multiple_Petition_Study_20171024.pdf)) (hereinafter, “Multiple Petitions Study”).

two petitioners, and the remaining 5% are challenged by three or more petitioners. The percentage of patents challenged by more than one petitioner, 15%, is not insignificant. Patent owners waging campaigns against multiple defendants can expect to face a petition from more than one of the defendants and possibly each defendant. Because the Board is not likely to use its discretion to decline institution just because the patent has already been challenged by another petitioner, a patent owner may be prudent to use caution regarding its assertion of a patent against more than one party.

## 2. Petitions Per Patent

The Multiple Petitions Study provided the following data regarding the number of petitions per patent.

Number of Petitions Per Patent	Patents	% of Total
1	2932	67.0%
2	885	20.2%
3	256	5.9%
4	142	3.20%
5	54	1.2%
6	52	1.20%
7 or more	55	1.30%
Total	4376	100%

The Multiple Petitions Study indicates that 67% of the patents challenged in a review proceeding are faced by a single petition, about 20% are subjected to challenges from two petitions, and the remaining 13% are challenged by three or more petitions. Patent owners, such as pharmaceutical companies, faced with the prospect of a 33% chance that a key patent will be challenged by two or more petitions often characterize this prospect as a lack of quiet title but the same scenario applies in district court litigation.

## 3. Timing for Filing Additional Petition and *General Plastic*

While patent owners still face a scenario in which multiple petitioners have a good chance for institution, the Board has altered the landscape for follow-on petitioners, as explained in the next section, by its decision in *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha* (precedential, seven-judge panel including Chief Admin. J.

Ruschke and Deputy Chief Admin. J. Boalick).<sup>25</sup> One consideration that likely influenced the Board to make it more difficult for follow-on petitioners was the Board’s findings regarding the timing for filing an additional petition as shown below.

Timing of Petition	Patents	% of Total
Single Petition Filed	2932	41%
Multiple Petitions Filed on or near Same Day	2685	38%
Multiple Petitions Filed after Preliminary Response but before Institution Decision	381	5%
Multiple Petitions Filed after Institution Decision	1170	16%
Total	7168	100%

As shown in the table, 16% of the follow-on petitions are filed after the institution decision so that the follow-on petitioner can adjust its positions based on the positions taken by the Board. Additionally, 5% of the follow-on petitions were filed after gaining the benefit of the patent owner’s positions in the preliminary response. As explained below, a petitioner filing a follow-on petition after receiving such information from the Board and a patent owner may now face a hurdle in light of *General Plastic*.

## V. Follow-on Petitions

Follow-on petitions typically offer art that has not been previously considered. For example, if a review trial is instituted for a ground based on ref. A and ref. B but not for a ground based on ref. C and ref. D then a petitioner may consider filing a petition for a follow-on petition based on ref. C, ref. D, and E; preferably based on ref. C and ref. F; and more preferably based entirely on new art. However, if the teachings of the references in a follow-on petition are essentially the same as those in the first petition then additional justification is needed to obtain institution.<sup>26</sup>

<sup>25</sup> IPR2016-01357, Paper 19 (Sept. 6, 2017) (precedential); see also *Conopco I* at 3–4; *Bungie, Inc. v. Acceleration Bay, LLC*, IPR2016-00936, Paper 11 at 9 (July 7, 2016).

<sup>26</sup> See *Intelligent Bio-Sys. v. Illumina*, IPR2013-00324, Paper 19 (Nov. 21, 2013)(hereinafter, “*Intelligent Bio-Sys.*”). See also *Travelocity v. Cronos*, CBM2015-00047, Paper 7 (June 15, 2015) (Petitioner’s comment in first petition that § 103 references individually render claims unpatentable doomed § 102 ground in follow-on petition based on one of the same

Numerous decisions provide examples of the Board's use of discretion to decline institution<sup>27</sup> on a follow-on petition directed at the same patent claims as an earlier instituted petition and in which the Board has instituted on the follow-on petition.<sup>28</sup>

These decisions are instructive but the PTAB has provided a checklist of seven non-exhaustive factors to be evaluated in determining whether to deny institution for a follow-on petition under 35 U.S.C. § 314(a) or § 325(d) in *NVIDIA Corp. v. Samsung Elec. Co.*<sup>29</sup>. These factors were reiterated in *General Plastic*.<sup>30</sup> The Board now routinely applies the

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references. Similarly, assertion of indefiniteness was blocked by comment in first petition criticizing sufficiency of disclosure of claim term.).

<sup>27</sup> See *Intelligent Bio-Sys.* at 5–7 (denying institution of review requested in follow-on petition in light of similar grounds raised in first petition filed by the same petitioner); see also *Medtronic v. NuVasive*, IPR2014-00487, Paper 8 (Sept. 11, 2014) (same); *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, IPR2014-00436, Paper 17, at 3–4, 11–12 (June 19, 2014) (same); *SAS Inst., Inc. v. Complementsoft, LLC*, IPR2013-00581, Paper 15, at 20–23 (Dec. 30, 2013) (same).

<sup>28</sup> *Shenzhen Liown Elec. Co. v. Disney Enter., Inc.*, IPR2015-01658, Paper 7 (Feb. 9, 2016) (same claims challenged with same art and arguments as in first-filed petition but added to list of real party-in-interest parties, a flaw in the first petition); *Silicon Labs, Inc. v. Cresta Tech. Corp.*, IPR2015-00615, Paper 9 (Aug. 14, 2015) (instituted because different claims challenged); *Valeo v. Magna*, IPR2014-01206, Paper 10 (Dec. 23, 2014) (declined to exercise discretion because different art and different arguments were presented).

<sup>29</sup> *NVIDIA Corp. v. Samsung Elec. Co.*, IPR2016-00134, Paper 9 (May 4, 2016).

<sup>30</sup> *General Plastic*, IPR2016-01357, Paper 19 (Sept. 6, 2017) (precedential); see also *Conopco I* at 3–4; *Bungie, Inc. v. Acceleration Bay, LLC*, IPR2016-00936, Paper 11 at 9 (July 7, 2016).

seven factors to institute<sup>31</sup> or deny institution for a follow-on petition.<sup>32</sup>

**A. Seven Non-Exhaustive NVIDIA Factors in *General Plastic***

The seven factors in *General Plastic* are known as the NVIDIA factors because they were first set forth in the NVIDIA case quoted above. The “non-exhaustive” factors include:

- 1) Whether the same petitioner previously filed a petition directed to the same claims of the same patent.
- 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.<sup>33</sup>

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<sup>31</sup> *Sanofi-Aventis U.S. LLC v. Immunex Corp.*, IPR2017-01884, Paper 14 (Feb. 15, 2018) (hereinafter, “*Sanofi-Aventis*”)(third petition was filed using data from tests conducted by experts after a belated discovery that the patent owner had endorsed prior art methods for practicing a claim element in a parallel European Patent Office proceeding); *Fisher & Paykel Healthcare Ltd. v. Resmed Ltd.*, IPR2017-01789, Paper 7 (Jan. 25, 2018) (challenged different claims than in first petition and with an additional reference); *Panduit Corp. v. CCS Tech., Inc.*, IPR2017-01323, Paper 8 (Nov. 8, 2017) (petitioner failed to establish that a reference was a printed publication in its first petition but relied on different references in the follow-on petition).

<sup>32</sup> *NVIDIA Corp. v. Polaris Innovations Ltd.*, IPR2017-01819, Paper 9 (Jan. 30, 2018) (denied institution because follow-on petition was filed after first non-institution decision and without any explanation to justify follow-on petition); *Bestway (USA) Inc. v. Intex Marketing Ltd.*, IPR2017-01655, Paper 9 (Jan. 4, 2018) (follow-on petition with grounds based on two new references was filed after first non-institution decision); *Starbucks Corp. v. Ameranth, Inc.*, CBM2017-00053, Paper 7 (Dec. 4, 2017) (petition denied for grounds unrelated to substantive patentability challenges); *Aruba Networks, Inc. et al. v. Mobile Tele. Tech., LLC*, IPR2017-00637, Paper 27 (July 27, 2017) (follow-on petition grounds tailored based on denial of first-filed petition); *Nautilus Hyosung v. Diebold*, IPR2017-00426, Paper 17 (June 22, 2017) (same).

<sup>33</sup> See *Sanofi-Aventis; Toyota Motor Corp. v. Cellport Sys., Inc.*, IPR2015-01423, Paper 7 at 8 (Oct. 28, 2015)

- 3) Whether at the time of filing the second petition the petitioner already received the patent owner's preliminary response to the first petition or the Board's decision on whether to institute review in the first petition.<sup>34</sup>
- 4) Length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and filing of the second petition.<sup>35</sup>
- 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.
- 7) Requirement of 35 U.S.C. §316(a)(11) to issue a FWD within 1 year from institution decision.

In *General Plastic*, institution was denied after a request for rehearing of denials in five cases. Under the first factor, the Board noted that the same claims of the same patent were at issue in the follow-on petitions as in the first-filed petitions. With respect to the second and third factors, the Board found that all follow-on petitions were filed nine months after the filing of the first-filed petitions, after the patent owner had filed its preliminary responses to the first-filed petitions and the Board had issued its decisions denying institution and decisions denying rehearing of those decisions. For the fourth and fifth factors, the Board found that no meaningful explanation for the delay in filing the follow-on petitions and no explanation why the petitioner could not have found the new art earlier, prior to the filing of the first-filed petitions. Instead, the petitioner stated that it had found new prior art

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(hereinafter, “*Toyota Motor Corp.*”); *Conopco I* at 4 and *Conopco Inc. v. Proctor & Gamble Co.*, IPR2014-00506, Paper 17 at 6 (July 7, 2014).

<sup>34</sup> See *Conopco, Inc. v. Proctor & Gamble Co.*, IPR2014-00628, Paper 21 at 11 (Oct. 20, 2014) (hereinafter, “*Conopco II*”) (discouraging filing of a first petition that holds back prior art for use in later attacks against the same patent if the first petition is denied); *Toyota Motor Corp.*, at 8 (“[T]he opportunity to read Patent Owner’s Preliminary Response in IPR2015-00634, prior to filing the Petition here, is unjust.”).

<sup>35</sup> See *Sanofi-Aventis* (third petition filed eight days after receiving test data related to prior art).

as a result of two later searches, which were commenced after the decisions denying institution. The Board concluded under the sixth factor that its resources would be more fairly expended on initial petitions, rather than follow-on petitions. The seventh factor was not addressed and the Board concluded that six of the seven factors weigh against institution. The Board was particularly perturbed that the petitioner was able to morph its positions through sequential attacks to cure deficiencies identified by the Board in the first-filed petitions.<sup>36</sup>

The Board noted in *General Plastic* that its intent in formulating the factors was to take undue inequities and prejudices to the patent owner into account.<sup>37</sup> The Board further observed that “[m]ultiple, staggered petitions challenging the same patent and same claims raise the potential for abuse. The absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review.”<sup>38</sup>

**1. First NVIDIA Factor: Same Petitioner, Same Claims**

This factor involves a simple comparison of the first-filed petition and the follow-on petition filed by the same petitioner.

**2. Second NVIDIA Factor: Should Have Known of Art**

In all cases, the petitioner should explain whether the newly cited references were known to the petitioner or could have reasonably been known when the petitioner filed the first petition. Petitioners have been encouraged to avoid a denial of a follow-on petition by showing search strategy and results used in first petition and explaining why art available at the time of the original petition was omitted. *Butamax Advanced Biofuels LLC v. Gevo, Inc.*<sup>39</sup> In *Butamax*, the Board criticized the follow-on petition for not contending that the newly cited references were not known or available to it at the time it filed the first petition and the Board characterized the follow-on petition as effectively an attempt to request rehearing of the non-institution decision regarding the first

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<sup>36</sup> *General Plastic* at 12.

<sup>37</sup> *Id.* at 18.

<sup>38</sup> *Id.*

<sup>39</sup> IPR2014-00581, Paper 8 at 12–13 (Oct. 14, 2014).



petition). Absence of such an assertion has been a factor in denying institution. For example, in *Conopco II*, the Board concluded when addressing a follow-on petition based on new art that there is a “reasonable inference that new prior art references raised in the second petition . . . were known to [the petitioner] when it filed the first petition.”<sup>40</sup> The Board further concluded that in such circumstances any other approach “would incentivize petitioners to hold back prior art for successive attacks, should a first petition be denied.”<sup>41</sup> While the petitioner should provide search strategy and results used in the first-filed petition and explain why art available at the time of the first-filed petition was omitted, it may not be sufficient to simply argue that a search firm overlooked a reference.<sup>42</sup>

The availability of the references should also be considered. For example, in *Alere Inc. v. Rembrandt Diagnostics, LP*, the Board found that this factor weighs in favor of non-institution because “[a]lthough it is not evident when Petitioner became aware of [two references], both references were published at least 14 years before the filing date of the first Petition, and Petitioner does not explain why these references could not have reasonably been located and relied upon in the first Petition.”<sup>43</sup>

### **3. Third NVIDIA Factor: Using Roadmap**

The third *NVIDIA* factor is “whether at the time of filing of the second petition the petitioner 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.”<sup>44</sup> This factor is often determinative because the timing may be perceived as enabling the petitioner to adapt its position based on the preliminary response or the institution decision. Petitioners are advised to proactively

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<sup>40</sup> *Conopco II* at 3.

<sup>41</sup> *Id.*

<sup>42</sup> See *Square v. Unwired Planet*, CBM2015-00148, Paper 14 (Dec. 23, 2015) (decision relates to estoppel arising from failure of three reputable search firms to discover a relevant U.S. patent relied on in a follow-on petition. The Board held it was not enough to simply fail to discover a prior art before the first filing as the estoppel is not avoided unless the reference “could not have been discovered earlier and raised.”).

<sup>43</sup> IPR2017-01130, Paper 10 at 8 (Sept. 28, 2017).

<sup>44</sup> *General Plastic* at 9.

address the timing of a follow-on petition and to expect increasing difficulty for a follow-on petition relative to its lateness in the process resulting from a first-filed petition.

The Board has characterized challenges raised in a second petition as “second bites at the apple,” and condemned using “our prior decision as a roadmap to remedy [a] deficient challenge.”<sup>45</sup> In *Butamax*, the Board stated, “Allowing similar, serial challenges to the same patent, by the same petitioner, risks harassment of patent owners and frustration of Congress’s intent in enacting the Leahy-Smith America Invents Act. See H.R. Rep. No. 112-98, pt.1, at 48 (2011) (‘While this amendment is intended to remove current disincentives to current administrative processes, the changes made by it are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation.’).”<sup>46</sup> Petitioners should thus also avoid characterizing a follow-on petition as correcting a deficiency in a first-filed petition.

The Board has also offered other criticisms in decisions not to institute follow-on petitions. New arguments about claim construction are typically perceived as being late. For example, the Board has declined to institute trial when a petitioner offers a claim interpretation in its second petition that it could have offered in its first petition and same art asserted (with respect to different claims).<sup>47</sup>

#### **4. Fourth *NVIDIA* Factor: Time Lapse**

The fourth *NVIDIA* factor to consider is “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.”<sup>48</sup> Petitioners should act as quickly as possible once learning of additional art.

#### **5. Fifth *NVIDIA* Factor: Time Lag Explanation**

The fifth *NVIDIA* factor to consider is “whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims

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<sup>45</sup> *Butamax* at 12–13; see also *Conopco I* at 3–4.

<sup>46</sup> *Butamax* at 13.

<sup>47</sup> See *Jiawei Tech. v. Richmond*, IPR2015-00580, Paper 22 at 5–6 (May 1, 2015).

<sup>48</sup> *General Plastic* at 9.

of the same patent.”<sup>49</sup> Petitioners should proactively explain the time between the filings.

#### **6. Sixth *NVIDIA* Factor: Board’s Finite Resources and One Year Requirement**

The sixth *NVIDIA* factor to consider is “the finite resources of the Board.”<sup>50</sup> The finite resources of the Board should not be used to entertain every possible challenge that a petitioner can afford to file against a patent. In every other adjudicative setting, litigants must cull their arguments and present just their best arguments, not every conceivable argument, and litigants in general do not get second chances to get the outcome they desire. Permitting multiple petitions in many circumstances would incentivize behavior that diverts the Board’s limited resources away from other cases that are more deserving of the Board’s attention.

#### **7. Seventh *NVIDIA* Factor: One Year Requirement**

The seventh *NVIDIA* factor is “the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.”<sup>51</sup> This factor dovetails with the sixth factor regarding the impact on the Board’s finite resources, particularly when considering that the same panel will presumably be tasked with handling the related petitions.

#### **B. Strategies for Follow-on Petitions**

A follow-on petitioner should proactively address each factor in *General Plastic*. If most of the *General Plastic* factors are cleared and there is time before the one-year bar deadline, a petitioner may consider filing a follow-on petition with additional art and preferably with new arguments. However, beware of estoppel if the first IPR petition is partially granted and results in a final written decision from the Board.<sup>52</sup>

### **VI. Conclusion**

The Board has given helpful guidance in its informative decisions with respect to art and arguments that have been previously considered by the Patent Office. The informative decisions confirm observed trends by the Board. The

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<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> *Dell v. ETRI*, IPR2015-00549, Paper 10 (Mar. 26, 2015).

Board's decision in *General Plastic* also confirms trends that have been observed but it provides a framework that makes it significantly easier for the Board to decline to institute. Follow-on petitions will likely significantly decrease. While a small second bite may still be available, petitioners are advised to take a large first bite.

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