



Professional Perspective

New Patent Law and Trends After *SAS v. Iancu*

Niall A. MacLeod, Kutak Rock LLP

Reproduced with permission. Published June 2020. Copyright © 2020 The Bureau of National Affairs, Inc. 800.372.1033. For further use, please visit: <http://bna.com/copyright-permission-request/>



New Patent Law and Trends After *SAS v. Iancu*

Contributed by [Niall A. MacLeod](#), Kutak Rock LLP

The Supreme Court decision in *SAS v. Iancu* was a simple command to the Patent Trial and Appeal Board (PTAB): in a Decision to Institute an Inter Partes Review, all patent claims being challenged by the petitioner go to IPR trial, or none do. *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018). SAS raised strategic considerations for both IPR petitioners and patent owners including an increased likelihood of discretionary denials of IPR petitions and a greater risk of estoppel. This article reviews trends, strategies, and interesting new law in the aftermath of SAS.

Changes to IPR Practice

Prior to SAS, the PTAB believed it had discretion in deciding which claims to institute an IPR, and which claims to decline for further review. The PTAB often chose a subset of the challenged claims for IPR trial, and rejected others, usually on the grounds that the petitioner had not shown a “reasonable likelihood that the petitioner would prevail” at IPR trial with respect to invalidity. 35 U.S.C. §314(a). See also *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, Case IPR2012-00001 (Jan. 9, 2013).

In some instances, the PTAB denied institution as to patent claims it found indefinite, concluding that application of prior art to an indefinite claim was essentially not possible. See *Oticon Medical AB v. Cochlear Bone Anchored Solutions* (Sept. 5, 2017). This “partial institution” was a distinct possibility in challenges to patents with relatively large numbers of varying claims. Some patent owners, fearing the wholesale invalidation of their claims, responded to Petitions comprehensively in their Preliminary Response, and considered it a victory to have at least some claims denied further IPR review.

In SAS, the Supreme Court told the PTAB that it had exaggerated its discretion in selecting subsets of claims for IPR. To the Supreme Court, the IPR statute clearly requires that the PTAB must “issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.” Citing SAS, the Federal Circuit has since ruled the PTAB also may not select between subsets of asserted grounds of unpatentability, even where instituting on a subset of grounds would be an institution on all challenged claims. *Adidas AG v. Nike, Inc.*, 894 F.3d 1256 (Fed. Cir. 2018). In other words, if the PTAB institutes IPR, it must be on all claims and all grounds in the Petition.

SAS Effects on Institution Decisions

Following SAS, one logical approach for the PTAB would have been to require that PTAB panels search for one claim in a Petition that meets the “reasonable likelihood” standard, and if one such claim is found, the Decision to Institute analysis ends. That would defer additional work on all other claims and grounds in the Petition until the Final Written Decision, or even obviate the need for such work if the parties settle. Simply identifying the broadest challenged claim and determining if review should be instituted, could lead to less expenditure of limited PTAB resources at the Institution stage.

Similarly, each PTAB panel could decide to proceed in that manner, and several have done so. For example, in *GoPro*, the petitioner challenged 22 claims, including four independent claims, on six invalidity grounds. *GoPro, Inc. v. Cellspin Soft, Inc.* (Nov. 21, 2019). The PTAB analyzed only one claim and one ground and then, after properly crediting SAS, granted institution of IPR as to all 22 claims on all six grounds. Going forward, it shouldn't be surprising to see more PTAB panels take advantage of the all-or-nothing rule in SAS, and trend toward shorter Institution Decisions analyzing only a subset of claims.

So far, though, a somewhat surprising number of Institution Decisions continue to analyze all claims in the Petition. See *EnergySource Minerals, LLC v. All American Lithium LLC* (March 17, 2020). These panels perhaps feel the need to provide direction for the parties about to go to IPR trial. See *Club Champion LLC v. True Spec Golf LLC* (Dec. 3, 2019) (analyzing additional claims “[i]n order to provide additional guidance to the parties.”).

As predicted by the SAS dissent, there have been Institution Decisions on claims that the PTAB panel does not believe are likely to be found invalid. For example, in *Cisco System*, the PTAB instituted IPR on all claims and all grounds despite finding as to certain claims that “we have doubts that petitioner has shown a reasonable likelihood of prevailing in its contentions of unpatentability.” *Cisco System, Inc. v. Finjan, Inc.* (June 5, 2018).

These types of decisions raise new strategic decisions, particularly for patent owners. While petitioners are still required to fully set forth “with particularity” all grounds for each challenged claim in the patent, there is no requirement that the patent owner respond to each ground or every challenged claim in their Preliminary Response. In fact, the patent owner is not required to submit a Preliminary Response at all. If a patent owner believes that there are some claims that will very likely meet the “reasonable likelihood” standard for IPR institution, it may make sense to forego any Preliminary Response. The patent owner will not show its cards as to the other challenged claims early on, since barring settlement, the IPR trial appears inevitable.

Increased Discretionary IPR Denials

All things being equal, SAS and its “all or none” approach will undoubtedly increase the PTAB's workload. What has the PTAB done in response? The PTAB may be exercising more discretionary denials of Petitions. The PTAB has always maintained that it has absolute discretion to deny a Petition—even a Petition on one claim and one ground with a reasonable likelihood of being found invalid—if efficiency suggests it should. In discretionarily denying Institution, PTAB panels have often cited NVIDIA's “the finite resources of the Board” factor. *NVIDIA Corp. v. Samsung Elec. Co.*, [Case IPR2016-00134](#) (May 4, 2016).

More such discretionary denials of IPR appear to be driven by the SAS' “all claims and all grounds” rule. For example, in *Blackberry*, the PTAB noted that the petitioner had only shown a reasonable likelihood of succeeding on three of 17 challenged claims. *Blackberry Corp. v. Facebook, Inc.* (March 3, 2020). The PTAB denied institution because “instituting trial, therefore, would not be an efficient use of the Board's time and resources.” This type of Institution denial may be gaining momentum. See *Everstar Merchandise Co., Ltd. v. Willis Electric Co. Ltd.* (Feb. 20, 2020).

The increase in discretionary denials may impact the parties' respective strategies. In drafting Petitions, petitioners may want to avoid asserting relatively weaker grounds, where they would once have been asserted pre-SAS; that practice now can get a Petition denied, whereas before it was only denied in part. The trend toward discretionary denials may also impact the patent owner's decision to file a Preliminary Response. As mentioned above, in some situations, the patent owner may decide to not even file a Preliminary Response, believing that at least one challenged claim will be found to meet the “reasonable likelihood” standard, and since SAS compels an IPR as to all claims, why display all arguments at the Institution stage?

Cases like *Blackberry*, however, suggest patent owners should take a careful look at “reasonable likelihood” with respect to all challenged claims. If the patent owner feels that some percentage appear sufficiently valid, a Preliminary Response as to all claims may be warranted, in the hopes of a discretionary denial of the entire Petition.

Indefinite Claims Post-SAS

Treatment of claims that the PTAB believed indefinite has always presented somewhat tricky issues for the PTAB in IPRs. IPRs are statutorily limited to challenges “only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.” 35 U.S.C. §311(b). In other words, the PTAB has no power to cancel patent claims as indefinite under 35 U.S.C. §112. Claim construction, however, is always an issue when analyzing the validity of a claim as anticipated or obvious.

Pre-SAS, the PTAB would decline to institute the IPR on claims it believed to be indefinite, and proceed to IPR trial with any other challenged claims that met the “reasonable likelihood” standard of being found invalid in view of prior art. Now, SAS says that it is all or none. So, in such situations where there are indefinite claims, the indefinite claims go to IPR trial with the definite ones that also meet the “reasonable likelihood” standard.

The *Intex* case illustrates application of the PTAB's broad institution discretion in IPRs with indefinite claims. In *Intex*, a PTAB panel found that the petitioner had not shown 7 of the 10 claims challenged in the Petition to be “amenable to construction.” The *Intex* panel, however, found no such construction problems—i.e., indefiniteness problems—with the remaining 3 claims being challenged.

But, citing SAS, the PTAB exercised its discretion to deny institution on all challenged claims because “the result following the decision in SAS would be a trial in which petitioner takes the position that seven of the 10 challenged claims are not amenable to construction and in which petitioner stands reasonably likely of showing, at best, only three of 10 challenged claims unpatentable.” *Intex Recreation Corp. v. Team Worldwide Corp.* (May 8, 2019). See also *Nikon Corporation v. ASML*

Netherlands B.V. (June 4, 2018). Going forward, petitioners challenging a patent with many arguably indefinite claims may just choose to challenge those claims in district court litigation, and avoid a possible discretionary denial as to all claims.

But what about situations where the PTAB institutes IPR and the indefinite claims follow along with the definite ones under SAS? The PTAB has made clear that it won't (at least so far), try to apply claims it believes are indefinite to the prior art. The PTAB doesn't, however, find the claims indefinite, but rather finds that the petitioner has not met its burden of showing the claims are unpatentable as anticipated or obvious. See *Intex Recreation Corp. v. Team Worldwide Corp.* (May 8, 2019). The petitioner has spent its hard-earned money and, in a sense, "lost" here.

Many petitioners, however, may be quite happy with such an outcome when they go back to the district court patent litigation often associated with the IPR. While the PTAB's finding that certain claims are indefinite does not carry the force of law, district courts may have doubts about patent claims that the PTAB believes are invalid as indefinite. A petitioner's satisfaction with such a PTAB finding may further turn on whether the estoppel provisions of IPRs apply.

Patent Owner's Reward–Estoppel

Patent owners with claims that survive IPR are rewarded with an estoppel against the petitioner for future attacks on validity in the district court (or the ITC) "on any ground that the petitioner raised or reasonably could have raised" in the IPR. [35 U.S.C. §315\(e\)\(2\)](#). Prior to SAS, there was a relatively lower risk of estoppel, irrespective of indefiniteness issues. For example, prior to SAS, in situations where the PTAB disagreed with the petitioner's invalidity arguments on a subset of claims in the Petition, it would simply not institute IPR as to those claims, and estoppel would not be an issue.

But in our post-SAS world, there is now a substantially higher risk that the PTAB will issue a Final Written Decision adverse to the petitioner, at least with respect to some subset of claims, giving rise to estoppel. Thus, SAS and its all or nothing rule should counsel petitioners to think even more carefully regarding possible adverse outcomes when drafting Petitions.

Now, will estoppel apply in situations where the PTAB decides against petitioner, but on the grounds that the PTAB considered the claims indefinite? After all, in such circumstances, the petitioner did put the patent owner through an IPR process, yet failed to show the patent claims were invalid. In those situations, will the petitioner, armed with an indefiniteness finding from the PTAB, be able to turn back to district court and again raise all the prior art it asserted in the Petition as well? Or, on the flip side, would it be fair to estop the petitioner from asserting the prior art in the Petition, when the PTAB never applied that prior art to the challenged claims?

The IPR estoppel provision states that all a patent owner needs to invoke estoppel is a "final written decision" after which the petitioner may not assert in any civil action that a patent claim "is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review." So a literal reading strongly suggests that after a final written decision, the petitioner is estopped from raising any prior art raised during the IPR. Perhaps the more logical and equitable answer in these circumstances, however, is that because the petitioner was never able to raise the prior art grounds due to the finding of indefiniteness, petitioner should not be estopped from raising those arguments in district court.

The Curious Case of *Samsung v. Prisua*

In *Samsung v. Prisua*, the Federal Circuit may have answered that very question of whether IPR estoppel will apply to claims that the PTAB has found indefinite in a Final Written Decision. *Samsung Electronics America, Inc. v. Prisua Engineering Corp.*, [948 F.3d 1342](#) (Fed. Cir. 2020). The qualifier "may" is used because the Federal Circuit placed the possible answer in footnote 3 of the decision which, of course, keeps open the option of later suggesting it was mere dicta. *Samsung* also did some other relatively strange things that raise interesting issues going forward for indefinite claims in IPRs.

By way of background, in *Samsung*, petitioner Samsung sought IPR on 6 claims (claims 1 and 11 being independent) of Prisua's patent. The PTAB instituted IPR on independent claim 11 in Samsung's Petition, but denied institution of claims 1-4 and 8, finding them indefinite. According to the Institution Decision, independent claim 1 was invalid under the Federal Circuit's holding in *IPXL Holdings, LLC v. Amazon.com, Inc.*, [430 F.3d 1377](#) (Fed. Cir. 2005), because it claimed "more than one subject matter class—an apparatus and method of using that apparatus—[and] we cannot determine the scope of claim 1."

Prior to a Final Written Decision, the Supreme Court decided SAS. The PTAB accordingly modified its Institution Decision to include claims 1-4 and 8, which were previously denied IPR as indefinite. The parties were now in a strange position. Petitioner Samsung, presumably believing it could get more than a non-binding finding of indefiniteness, argued claim 1

and its dependents were, in fact, *definite* and thus prior art could be applied to the claims. Patent owner Prisia was caught between a rock and a hard place obviously wanting definite claims but not wanting prior art applied to them. Prisia hedged its bets and argued that while the PTAB was erroneous about indefiniteness, Samsung had failed to prove the claims were definite.

In its final written decision, the PTAB stood firm and again found claim 1 and its dependents were invalid as indefinite under *IPXL*. Samsung appealed, arguing that the PTAB had the power to cancel claims as indefinite; in the alternative, the claims were not indefinite and Samsung's prior art could be applied to them; and even if the claims were indefinite, it was still possible to apply prior art to them.

As to that first argument, the Federal Circuit held that claims cannot be canceled as indefinite in an IPR. According to the Federal Circuit, indefiniteness is not a ground that is available to petitioners in an IPR. That ruling in *Samsung* was not surprising to most practitioners, as the Federal Circuit had said as much before, albeit in non-precedential opinions. See *Google LLC v. Network-1 Techs., Inc.*, 726 F. App'x 779 (Fed. Cir. 2018). Thus far, however, that ruling appears to be primarily what the *Samsung* case is known for.

But there are some twists and turns in *Samsung* that may be of importance to practitioners, and foreshadow things to come. First, the Federal Circuit seems to have predicted and resolved the IPR estoppel issue with respect to claims found to be indefinite in a Final Written Decision. According to the Federal Circuit in footnote 3 of *Samsung*:

To be clear, in cases in which the Board cannot reach a final decision as to the patentability of certain claims because it cannot ascertain the scope of those claims with reasonable certainty, the petitioner would not be estopped by 35 U.S.C. §315(e) from challenging those claims under sections 102 or 103 in other proceedings.

"[I]n other proceedings" presumably includes patent actions in district courts. But why put this in a footnote? And why preface it with "To be clear" when it is also clear that it can later be called dicta? And why deliver such a seemingly important statement of law, and also a case of first impression, with no analysis whatsoever of the statutory language that arguably compels a different result?

Second, the Federal Circuit affirmed the PTAB finding that claim 1 and its dependents were indefinite under the holding in *IPXL*. But then the Federal Circuit did something really surprising. It remanded the case back to the PTAB and ordered it, despite the finding of indefiniteness of claim 1, to apply the prior art asserted by petitioner Samsung for purposes of determining prior art invalidity. According to the Federal Circuit, the rationale of *IPXL* is that if a claim conflates elements of both an apparatus and a method, it renders the claim indefinite for purposes of determining when infringement occurs. "It does not speak to whether the claim is also invalid for obviousness." Thus, somewhat incredibly, the PTAB was instructed to try and apply prior art to an indefinite claim.

The Federal Circuit again resorted to a footnote to explain itself on this strange ruling. In footnote 5 in *Samsung*, the Federal Circuit tacitly acknowledged what many practitioners would have thought was bedrock law, if not an axiomatic statement—"a claim cannot be both indefinite and anticipated." But the Federal Circuit proceeded to carve out an "*IPXL*-type indefiniteness" exception to that law. And it also said its decision in *Samsung* did not apply to "claims that are indefinite for other reasons."

Prior to the court's decision, many practitioners were probably not aware that there were different "types" of indefinite claims to the extent that they could be categorized as to their different legal effects. To most practitioners, indefinite means indefinite, which means the scope of the claim is ambiguous, and thus the indefinite claim cannot be applied for purposes of infringement, prior art invalidity, or anything else.

The Federal Circuit's logic here is far from compelling. Why, for example, can one *not* determine whether a claim is infringed, which is the rationale behind declaring a claim to be "*IPXL*-type indefinite" to begin with, but one can determine whether it is invalid by applying prior art as the PTAB was instructed to do in *Samsung*? The analyses are identical, except for the temporal aspect. And what exactly is the point of examining the prior art invalidity of an *IPXL*-type indefinite claim that, by definition, can never be infringed to begin with? It seems a superfluous exercise.

Perhaps the Federal Circuit was paving the way for more PTAB panels to apply prior art to challenged claims, despite a finding that the claims suffered from some “type” of indefiniteness? Going forward, there may be cases where the PTAB can drop what it probably assumed was a bright line rule—that you can't apply prior art to an indefinite claim—and actually attempt to apply prior art where some sense or measure of the claim's scope, despite it being indefinite, can be determined. After all, that scenario appears to play out all the time in the Patent Office. Any practitioner who has spent enough time prosecuting patents knows that Patent Examiners routinely issue indefiniteness rejections to pending claims while also rejecting them as anticipated or obvious.

There may not be much stopping the PTAB from taking a cue from *Samsung* and extending it further. The IPR process was set up to make prior art patentability decisions, not to inform both parties that nothing can be done with the claims. In the future, if the PTAB decides that some challenged claims in a Petition are indefinite, but also decides they can somehow still be applied to prior art for purposes of invalidity, is the Federal Circuit going to reverse and say anything differently after *Samsung*? Time will tell.