

The Post-*SAS/Oil States* PTAB Landscape

Synthesizing the Most Important Emerging Information

MAY 11, 2018

Technical Minds. Legal Muscle.

The Post-SAS/Oil States PTAB Landscape Agenda

- Introduction and Overview of Decisions
- Board Guidance
- Statistical Foundation
- Industry Insights
- Strategic Implications and Options



Introduction and Overview of Decisions

The Post-SAS/Oil States PTAB Landscape

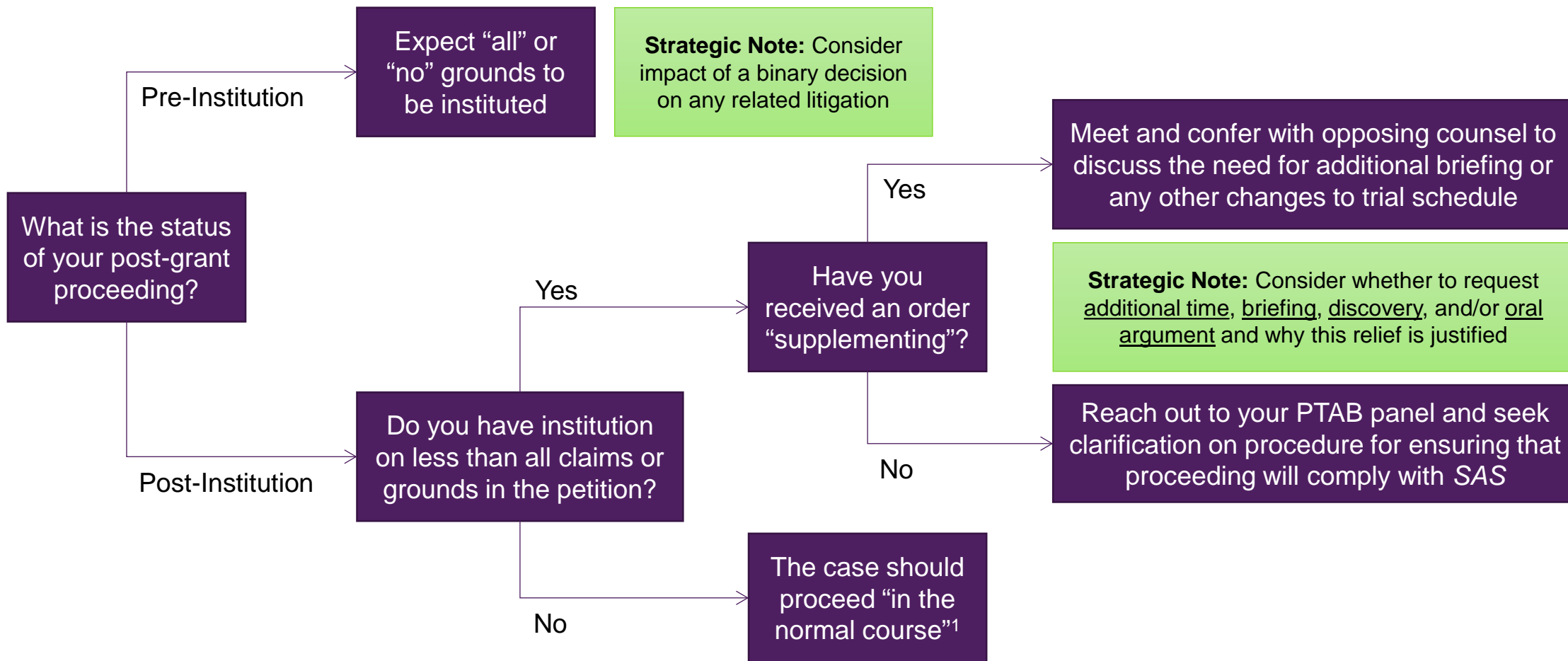
Introduction and Overview of the Decisions

- *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*
 - A majority of 7-2 Supreme Court decision
 - *Inter partes* review is a valid exercise of statutory authority vested in the Patent Trial and Appeal Board
- *SAS Institute Inc. v. Matal*
 - Narrow 5-4 majority decision by the Supreme Court
 - The Patent Office's regulation allowing for partial institution decisions in *inter partes* review is foreclosed by the text of 35 U.S.C. § 318(a)
 - If *inter partes* review is instituted at all—it must be conducted on *all* claims challenged in the petition, and that all such claims must be addressed in any final decision



Board Guidance

Board Guidance: Post-SAS Flow-Chart



<https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>

Board Guidance

PTAB Guidance, Chat with Chief, Director Comments

- **What are your options if you have already received a final decision?**
 - PTAB leadership has indicated that parties in this situation can seek rehearing to address the impact of *SAS*—e.g., waive claims or grounds that were not instituted, have additional grounds addressed.
 - PTAB leadership has also indicated that panels will be “flexible” in terms of extending or waiving the deadlines for rehearing requests.
- **More change is likely coming**
 - Claim Construction – BRI or *Phillips*?

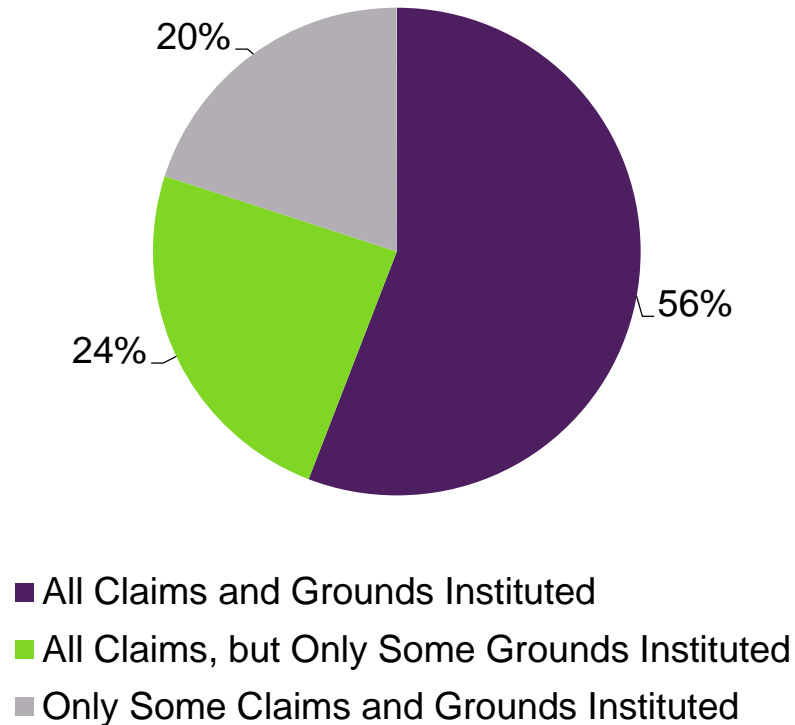


Statistical Foundation

Statistical Foundation

Partial Institutions: Potential Effects of SAS

Instituted Proceedings
as of April 24, 2018



- Based on a Sterne Kessler analysis of 530 randomly selected, pending, instituted proceedings.
- The USPTO estimated that 800 proceedings were instituted and pending at the time of the SAS decision.
- Based on that estimate, roughly 350 proceedings could require modified institution decisions.

Statistical Foundation

Post-SAS Institution Decisions

- 48 institution decisions have issued in the post-SAS environment. 31 of these (65%) were granted. This is in line with previous proceeding institution rates.
- All make mention of SAS, but the language is not standardized across panels.
- Are institution decisions providing less detail? Perhaps a little – but it's probably too early to tell.
 - The 31 institution decisions have averaged **26.5 pages** in length, down slightly from **29.5 pages** in length for a sample of decisions granting institution from Q1 2018.

Statistical Foundation

Supplemental Institution Decisions

- Since April 26 and through May 7, according to Docket Navigator, 230 Supplemental institution decisions have issued.
- For most instituted cases, parties are directed to confer and request a conference call with the Board within one week of the order if additional briefing or adjustments to the schedule are necessary.
- The Board has already extended the Final Written Decision Due Date in at least six proceedings.

Statistical Foundation Supplemental Institution Decisions

- In at least two cases in which briefing had completed, but a FWD had not issued, the Board has modified the schedule. (IPR2017-00433 and IPR2017-00126.)
 - In IPR2017-00126, a Supplemental Scheduling Order added Due Dates 8-13 to the trial. These due dates mirror the original trial, with the exception of Motion to Amend Briefing.
 - Due Date 13 (Supplemental Oral Argument) is set for August 7, and the Board has extended the due date for an FWD by 6 months.
 - In IPR2017-00433, patent owner elected to not file a supplemental POR (but may yet decide to file a motion to amend). Regardless of Patent Owner's decision on a Motion to Amend, Petitioner will be given an opportunity to submit additional briefing.
 - Oral Hearing will be conducted no later than July 20.

Statistical Foundation

Final Written Decisions Since SAS

- There have been 20 FWDs since the SAS decision
 - 9 mention SAS
 - 5 invite requests for rehearing if parties want to brief SAS
 - 2 mention that the parties waived arguments
 - 2 mention that they are SAS compliant
 - 1 because they instituted for all claims/all grounds
 - 1 because they instituted on all claims/all grounds except for claims disclaimed by the patent owner
 - 11 do not mention SAS
 - 10 are SAS compliant
 - Parties waived SAS arguments in the other - it was addressed in a separate order



Industry Insights

Industry Insights

Discussion at Pan-Industry Conferences/Webinars

- Will SAS cause institution rates to rise or fall?
- Will petitions become more focused?
- Should patent owners say more or say less in POPR?
- District Court stays predicted to rise in response to SAS.
- Individual PTAB judges will maintain their independence vis-à-vis how much to put into institution decisions.
- SAS underscores the importance of spotting and preserving issues for appeal.



Strategic Implications and Options

Strategic Implications and Options

Impact of SAS on Pending Federal Circuit Appeals

- Court week was April 30 to May 4
 - Clerk of the Court sent letters to parties
 - Oral arguments
 - Additional briefing
- Issues
 - SAS Scope: All grounds or just all claims
 - Subject matter jurisdiction
 - *Ultra Vires*
 - Waiver
 - What if a party has withdrawn and PTO has intervened?
- Ultimate impact on the Court will depend on how these issues are resolved.

Strategic Implications and Options

Impact of SAS on Pending Post Grant Proceedings

- Highly fact-dependent
- The Board must now address potentially indefinite claims
- SAS provides a basis for a sea change at the Patent Office
- Predictability has gone down in the short run
- The Board is overwhelmed – it's even more important for parties to know their procedural rights
- Ensure that you preserve your appeal rights



Questions?