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with Arnold & Porter PTAB Practitioner
Paul Margulies

How would you describe your practice?

I advise clients and help them to resolve all sorts of business-critical issues relating to IP. A majority of my practice focuses on patent litigation in district court, which often goes hand in hand with matters before the PTAB. With a background in computer science, I frequently work with technology companies on matters pertaining to hardware and software. However, I enjoy delving into technologies of all types and regularly engage on medical device and biotech matters as well.

How long have you been practicing in front of the USPTO and in front of the PTAB?

My first exposure to the USPTO came early in my career, when I supported patent prosecution work focused on computer technology that I found interesting. However, as a litigator, my more recent experience has been at the PTAB. I began working on matters before the PTAB, mostly behind the scenes, shortly after *inter partes* reviews (IPRs) were established because they became an important part of strategy for practically every patent litigation.

Why were you interested in practicing before the PTAB, and how did you get involved in the practice?

The PTAB launched with great promise, but also significant uncertainty about how it would impact patent litigation. Whether it lived up to the initial

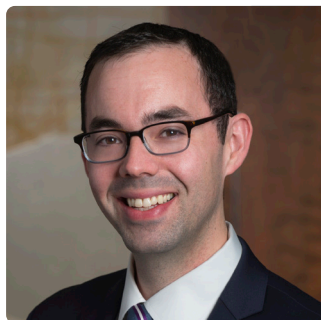
promise is subject to debate. However, what quickly became clear is that PTAB practice is critical to our clients as they defend against patent assertions and enforce their own patents. As a district court practitioner, I first became involved with IPRs through advising on filing strategy, ensuring consistency of positions in district court and at the PTAB, and providing input to petitions. My involvement since then has grown, and I draft petitions, conduct depositions, and even have been brought in after an adverse decision to handle IPR appeals to the Federal Circuit.

What do you enjoy about practicing at Arnold & Porter?

The camaraderie and collaboration of my colleagues. The intellectual property group, and the firm more broadly, has so many accomplished lawyers with a wide variety of experiences. When a new issue or strategy question arises, the firm's attorneys serve as an invaluable resource that I can harness to benefit my clients. They are also a great group of people to grab a drink with after work!

What do you like to do in your spare time?

I love to spend time with my kids and help them pursue their varying interests. Lately, that involves playing a lot of baseball, brushing up on chess strategy, and building with Magna-Tiles. I also enjoy playing tennis and riding my bike through Rock Creek Park.



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with Arnold & Porter PTAB Practitioner

Lindsey Staubach

How would you describe your practice?

My practice up until now has been mostly in the patent litigation arena, but in a variety of forums including PTAB, district court, and ITC. I've worked across a variety of subject matters including high-tech, mechanical devices, and apparel. I've also recently begun to dabble in trademarks, and would like to welcome more of that work into my practice.

How long have you been practicing in front of the USPTO and in front of the PTAB?

I'm one of the lucky ones who was able to waive into the patent bar after working as an examiner at the PTO for a certain period of time, and I've been practicing before the PTAB since day one as an associate.

Why were you interested in practicing before the PTAB, and how did you get involved in the practice?

I live for variety. I think PTAB work is an excellent way to round out a practice, and to get unique opportunities not provided in District Court litigation.

The expedited nature of IPRs provides a better chance of seeing a case through to trial.

What do you enjoy about practicing at Arnold & Porter?

I lateraled here just over a year ago, and I'm so happy that I did. I have found a great community at Arnold & Porter, and it's such a pleasure to work with helpful, fun, and brilliant lawyers. I'm also a huge proponent of pro bono, so I appreciate all of the interesting pro bono opportunities available here. Next up will be a criminal defense matter in D.C. Superior Court!

What do you like to do in your spare time?

I like to spend time with my family, travel, do anything water-related, play and watch tennis, and binge watch terrible relationship shows (shout out to all of the LiB, Ultimatum, and MAFS fans).



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IPR Involving *Fintiv* Analysis: *Volvo Penta of the Americas, LLC v. Brunswick Corp.*, IPR2022-01366, IPR2022-01367, IPR2022-01368, IPR2022-01369 & IPR2022-01424, Paper No. 15 (PTAB May 2, 2023)

In February 2023, the Board [denied institution](#) of multiple *inter partes* review (IPR) challenges by petitioner Volvo Penta to patents owned by Brunswick Corp. In its decisions, the Board panel explained that it lacked statutory authority to institute trial because certain claims of the challenged patents had previously been determined to be invalid as directed to patent ineligible subject matter under 35 U.S.C. § 101 by a federal district court. The panel further determined that the *Fintiv* factors did not apply because it considered the ineligibility finding by the district court to be a final adjudication, notwithstanding that appeal of the district court decision was pending.

On May 2, 2023, Director Vidal (Director) *sua sponte* issued a decision on Director review of the panel's decisions denying institution. The Director disagreed with the panel's conclusions that the Board lacked statutory authority to institute, and that *Fintiv* did not apply given the procedural posture of the district court case. Specifically, the Director found that the district court decision was not a final adjudication, so that institution was not precluded under § 311(b), and application of the *Fintiv* factors remained appropriate.

The Director vacated the Board's decisions and remanded the cases for further analysis based on the *Fintiv* factors and the Director's *Fintiv* guidance, which can include an assessment of whether the cases present compelling merits.

Federal Circuit Precedential Decision: Board's Allegedly Incorrect Claim Construction Was Harmless Error Because Patent Owner Failed To Demonstrate That the Board Actually Relied — Or Even Might Have Relied — On the Incorrect Construction in Its Unpatentability Determination. *Bot M8 LLC v. Sony Interactive Entertainment LLC*, No. 2022-1291 (Fed. Cir. May 9, 2023).

In *Bot M8 LLC v. Sony Interactive Entertainment LLC*, No. 2022-1291 (Fed. Cir. May 9, 2023), the Federal Circuit affirmed the Board's unpatentability determination and found that any error in the Board's claim construction was harmless.

The Board issued a final written decision finding that the challenged claims of a patent directed to a gaming machine were unpatentable. On appeal, patent owner argued that the Board's decision rested on a faulty claim construction; namely, that the Board should have found that the relevant claim language precluded writing any portion of a game program to a motherboard before authenticating the game program. The Federal Circuit assumed for the sake of argument that patent owner's claim construction was correct. Nevertheless, the Federal Circuit found that the Board's allegedly incorrect claim construction was harmless error.

As a threshold matter, the Federal Circuit noted that review under the Administrative Procedure Act (APA) is subject to a harmless-error rule, and that it was patent owner's burden — as the challenging party — to show the harmfulness of the alleged error. Applying these standards, the court found that patent owner failed to demonstrate that the Board "actually relied — or even might have relied — on a construction" contrary to that proposed by patent owner. Rather, "[b]y all indications," the Board did not need to rely on the allegedly incorrect construction for its unpatentability finding, because it found that the prior art at issue "disclose[d] writing only *non-game-program* data to the motherboard before authenticating the game program." (emphasis in original).

Because the court found that any error in the Board's claim construction was harmless, it affirmed the final written decision under the substantial evidence standard of review.

Federal Circuit Precedential Decision: Federal Circuit Clarifies the Analogous Art Test Asks Whether the Prior Art Reference Is Analogous to the Challenged Patent, Not Whether It Is Analogous to the Other Prior Art to Which It Is Being Combined. *Sanofi-Aventis Deutschland GmbH v. Mylan Pharms. Inc.*, No. 2021-1981 (Fed. Cir. May 9, 2023)

In *Sanofi-Aventis Deutschland GmbH v. Mylan Pharms. Inc.*, No. 2021-1981 (Fed. Cir. May 9, 2023), the Federal Circuit reversed the Board's Final Written Decision finding all challenged claims unpatentable, and found that petitioner had failed to bear its burden in proving unpatentability where petitioner had argued that a prior art patent was analogous art to another asserted prior art reference, and not to the challenged patent.

In its *inter partes* review, petitioner challenged all claims of a patent directed to a drug delivery device over a combination of three references that included two references relating to drug delivery devices and one prior art patent "concerned with a clutch bearing [in automobiles]." Patent owner argued that the third prior art patent (the automotive reference) was not analogous art to the challenged patent. The Board ultimately found that the challenged patent was unpatentable over the combination of all three references, and that the prior art automotive patent constituted analogous art to the challenged patent.

On appeal by patent owner, the Federal Circuit found that petitioner did not carry its burden in proving unpatentability, and the Board's factual findings regarding analogous art were not supported by substantial evidence. The Federal Circuit noted the two part test for analogous art: "(1) whether the art is from the same field of endeavor, regardless of the problem addressed and, (2) if the reference is not within the field of the inventor's endeavor, whether the reference still is reasonably pertinent to the particular problem with which the inventor is involved." The Federal Circuit further explained that patent challengers "must compare the reference to the challenged patent" because "the purpose of the analogous art test [] is to examine whether a reference can be considered as prior art to the challenged patent in the first place." While the adjudicator must consider the "purposes of both the invention and the prior art," the "purpose of the 'prior art' **must be evaluated with reference** to the inventor's purported invention disclosed within the challenged patent."

Under these standards, the Federal Circuit found that neither petitioner nor the Board had adequately explained the rationale behind the combination of the references, that petitioner's conclusory statements were insufficient to satisfy its burden, and that petitioner did not make the analogous art argument that the Board relied upon in its Final Written Decision. The Federal Circuit further noted that, while "[a] petitioner is not required to anticipate and raise analogous art arguments in its petition," petitioner failed to respond to arguments about analogous art in its reply or at oral argument. Consequently, the Federal Circuit found that the Board's unpatentability determination was not supported by substantial evidence, and reversed the Final Written Decision.

Patent Trial and Appeal Board Granted Motion for Sanctions: *Spectrum Solutions LLC v. Longhorn Vaccines & Diagnostics, LLC*, IPR2021-00847, Paper 107 (May 3, 2023).

In *Spectrum Solutions LLC v. Longhorn Vaccines & Diagnostics, LLC* (IPR2021-00847, Paper 107 (May 3, 2023)), the Board imposed the sanctions of adverse judgement as to all challenged claims and denial of motions to amend after finding that patent owner failed to meet its duty of candor and fair dealing in its actions before the Board. Specifically, the Board found that patent owner had "selectively and improperly withheld material results [from its biological testing] that were inconsistent with its arguments and the patentability of both original and proposed substitute claims."

Petitioner sought *inter partes* review (IPR) on six patents directed to compositions for collection of biological specimens. In its preliminary response, patent owner advanced claim construction positions related to certain properties of the claimed compositions — specifically, the abilities of the compositions to kill pathogens and not degrade nucleic acids — that were preliminarily rejected by the Board in its institution decisions. Following institution, patent owner “repeat[ed] many of its claim construction arguments” and further submitted that it had “undertaken testing of a sample composition prepared according to [an example of an asserted prior art reference]” which “testing showed that [the sample composition]” did not meet the limitations of the challenged claims under its proposed claim constructions. The Board found in its sanctions decision, however, that patent owner unjustifiably withheld other testing results that would have been relevant to patentability when applying the Board’s preliminary claim construction as set forth in the institution decisions.

The Board’s sanctions decision cited the “intentional failure of Patent Owner to serve or inform the Board of relevant information that is inconsistent with a position advanced by Patent Owner” and patent owner’s proffer of evidence that was “intentionally misleading both because it omits results contrary to Patent Owner’s general position and it omits standard testing protocols.” The decision further criticized patent owner for selecting the particular results to provide to the Board, and for representing to the Board that there was no other relevant testing. The Board noted that individuals involved in proceedings before the Board “have a duty of candor and good faith to the Office during the course of a proceeding” per 37 C.F.R. § 42.11(a), and a duty of disclosure to the Office pursuant to 37 C.F.R. § 11.106(c) and § 11.303(e). The Board additionally cited 37 C.F.R. § 1.56, emphasizing the duty to disclose all information known to be material to patentability, particularly when such information is “not cumulative to information already of record or being made of record in the application, and ... (2) [i]t refutes, or is inconsistent with, a position the applicant takes in: ... (ii) [a]sserting an argument of patentability.” The Board further cited 37 C.F.R. § 42.12 in support of its authority to impose sanctions.

The Board also rejected patent owner’s argument that the allegedly withheld test results were protected by the attorney work product doctrine. The Board found that there was no reasonable basis to withhold factual information as work product, and further noted that “[a] party should not take a position that is contrary to any fact known to the party, without disclosing that fact, even if it could otherwise withhold the information as not being material to patentability, or being privileged, because taking such a position while shielding the factual information from the Board violates the duty of candor and good faith to the Office.” The Board stated that “even if Patent Owner had misunderstood that the report was privileged as attorney work product and thus that patent owner was not obligated to serve petitioner, this does not explain its failure to file the material with the Board, as a party may file an exhibit under seal as ‘Filing Party and Board Only’ in the Board’s electronic filing system,” which “would have allowed Patent Owner to comply with its duty of candor and good faith to the Office and shielded the information while the Board determined what was material to patentability and was otherwise privileged.”

The Board granted sanctions of adverse judgment as to all challenged claims and denial of patent owner’s revised motions to amend. The Board declined to award attorneys’ fees, finding that the sanction of adverse judgment created sufficient deterrence.

Grant of Director Review Regarding Inclusion of Real Parties in Interest: Unified Patents, LLC v. MemoryWeb, LLC, IPR2021-01413, Paper 76 (May 22, 2023)

On May 22, 2023, the Director granted Director Review, vacated-in-part the Final Written Decision, and vacated the Board Order identifying real parties in interest (RPIs) in *Unified Patents, LLC v. Memoryweb, LLC*. Prior to institution, patent owner and petitioner briefed whether certain third parties should have been named as RPIs. The Board declined to address whether the third parties should have been named as RPIs because “even if either were, it would not create a time bar or estoppel under 35 U.S.C. § 315.” The Board instituted

inter partes review. After institution, patent owner again asserted that the third parties should have been named as RPIs, and alternatively argued that they should be estopped from challenging the validity of certain claims in IPRs that the respective third parties subsequently filed. Following briefing and a confidential hearing, the Board identified the third parties as RPIs “[b]ecause the issue of Section 315(e) estoppel has been put before us [as relevant to the subsequent IPR challenges filed ...], and we now have a complete factual record available to fully address the RPI question, and to avoid unnecessary prejudice to Patent Owner.”

The Director disagreed with the Board’s course of action, noting that “it best serves the Office’s interests in cost and efficiency to not resolve an RPI issue when ‘it would not create a time bar or estoppel under 35 U.S.C. § 315.’” The Director noted that the Board “can and should” make a determination on RPI when the determination may impact the underlying proceeding, such as with a time bar. However, the Director found that the Board should not have done so in this case as neither a time bar nor estoppel applied in the underlying proceeding, and therefore there was no need for a determination to resolve the proceeding.

USPTO Proposals

A. USPTO Proposal to Create Design Patent Bar

The USPTO issued a [notice of proposed rulemaking](#) on May 16, 2023 to create a separate design patent practitioner bar whereby admitted design patent practitioners would practice in design patent proceedings only. Applicants to the design patent bar would be required to take the current patent bar examination, but the scientific and technical requirements for eligibility would be modified. Applicants should have a bachelor’s, master’s, or doctorate of philosophy degree in any of the following areas from an accredited college or university: industrial design, product design, architecture, applied arts, graphic design, fine/studio arts, or art teacher education, or a degree equivalent to one of the listed degrees. Written comments to the proposal must be received by August 14, 2023.

B. USPTO Proposal to Amend Pilot Program

The USPTO issued a [request for comments](#) (RCE) regarding the Motion to Amend (MTA) Pilot Program and related rules regarding allocation of burdens of persuasion on motions to amend. The RCE generally seeks comment on whether the MTA Pilot Program’s procedures should be made permanent, and if any modifications would be beneficial. Additionally, the RCE asks if the Board should have broader authority to raise *sua sponte* grounds in the Motion to Amend process and if the *sua sponte* grounds require a clarification as to which party bears the burden of persuasion. To address these issues, the RCE poses a number of questions regarding the pilot program and burdens of persuasion in motions to amend. Written comments must be received by July 24, 2023.

C. USPTO Issues Notice on Fee Changes

The USPTO issued a [notice on changes](#) in fees to be implemented on or around January 2025. The fee changes include:

- **Across-the-board 5% increase** in most patent-related fees
- **5% increase** on top of the across-the-board increase to **filing, search, and examination fees**
- **Fee increases for applicant-provided citations** in the record exceeding 50, 100, and 200 references, with an applicant exceeding all three thresholds paying all three fees
- **Tiered fees for continuing applications** for filings more than three years and more than seven years after the earliest benefit date

- **Increased fees on applicants filing** first and second **RCEs**, with a newly added tier and fee to third and subsequent RCEs
- Changing the fee scale for filing a **terminal disclaimer** from a flat fee to a **sliding scale fee** that increases after certain milestones, such as a final action or appeal
- An average **decrease in fees for extension of time** for **provisional applications** by 81%

Public hearing on the fee changes was held May 18, 2023.

Events and Speaking Engagements

Upcoming Federal Circuit Bar Association Bench and Bar Conference

The Federal Circuit Bar Association's Bench and Bar Conference is celebrating its 25th anniversary this summer. This conference brings together judges on the Court of Appeals for the Federal Circuit with adjudicators whose decisions are appealed to the Federal Circuit, government policy makers, and top private practitioners to discuss important issues confronting the Federal Circuit community.

Arnold and Porter is an FCBA Leaders Circle Sponsor. During the Bench and Bar Conference, Arnold & Porter partner Abigail Struthers will be presenting on a panel on June 30, titled "Claim Construction — Do We Need Phillips 2.0?" The next day (July 1), Arnold & Porter partner Jessica Kaiser will be moderating the PTAB panel.

The June 28-July 1 conference is at the Broadmoor in Colorado Springs. More details and registration information can be found [here](#).

Questions/Comments?

Contact a member of our Editorial Committee



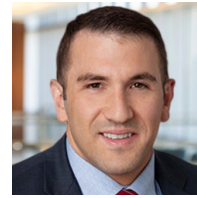
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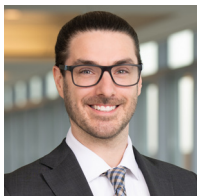
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