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PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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In *Inter Partes* Review, Ride the *Phillips* Horse You Came In On

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May 8, 2018 — *Inter partes* reviews (IPR) at the Patent Trial and Appeal Board (PTAB) can now proceed apace, as the U.S. Supreme Court just found them constitutional in *Oil States*.ⁱ As in that case, IPRs permit the PTAB to reconsider and cancel already-issued patent claims in limited circumstances. With constitutionality decided, renewed attention can be paid to the details of IPRs, toward learning how to do them better.

But off, for a minute, to history. It has been said an owner of a horse stable and inn, Thomas Hobson, offered customers a “take it or leave it” choice.ⁱⁱ If they wanted a horse, they could take the one in the stall nearest the door, or none at all. This lack of actual choice came to be called “Hobson’s choice.” If you actually had only one option, meaning no real choice, you faced Hobson’s choice.

Wouldn’t you know it, the PTAB in IPR may now give you a “*Phillips* choice,” that is, a Hobson’s choice. You don’t get one of Hobson’s horses, you get your own horse. But you get the choice to ride the *Phillips* horse you came in on, or none at all.

Proof is in the case *Hologic, Inc. v. Enzo Life Sciences, Inc.*, IPR2018-00019, Paper 17 (April 18, 2018). Hologic filed for IPR against an Enzo patent. The two were also in litigation where Enzo sued Hologic for patent infringement. Enzo’s patent issued in 2001, from an application with an effective filing date in 1984. The “’581 patent” expired four days before the date of Paper 17, the Institution Decision in the IPR. Enzo had filed to get a district court-type claim construction—a *Phillips* construction—which it did get. In the litigation, the parties had exchanged claim construction positions. There, Enzo, the patent owner, had taken positions for broader construction, to get at infringement, and Hologic, the IPR petitioner but also infringement defendant, had taken narrower positions, no doubt to avoid infringement. In this role reversal

from IPR, where validity is the issue and an infringer's case gets better with broader construction, the litigation positions on the term "complex" in this DNA-related case were:

- Enzo: "an entity formed by non-covalent binding."
- Hologic: "multiple nucleic acid strands held together by noncovalent binding between complementary portions."

Filing in IPR, Hologic faced a choice. Should it use its own claim construction positions from litigation? Or should it use those of Enzo, the patent owner? No doubt it reasoned that if it chose the patent owner's positions, no one could or would complain.ⁱⁱⁱ And at least some positions were broader. Hologic chose the patent owner's positions.

Wrong choice! said the PTAB. It refused to institute the IPR.^{iv} The IPR petition was directed at five patent claims. It asserted two grounds of anticipation, and two of obviousness, over a total of four references. In spite of this confined and easy case for PTAB handling, the PTAB reviewed what was required for an IPR. The relevant portion of the Code of Federal Regulations (CFR) required, it said, that a challenger identify how each challenged claim was to be construed, and also how the construed claim was unpatentable. That meant, it said, that Hologic was required to advocate for unpatentability of claims "under a claim construction it considered to be correct," or not [advocate for unpatentability of claims] at all. Case over; institution denied.

Interestingly, one of three PTAB judges dissented. A petition was not required to state a "correct" construction, the dissent said. Hologic faced a Hobson's choice, said the dissent, of adopting as its own, in IPR (and therefore likely in litigation, too), Enzo's claim construction positions from the litigation, or be excluded from IPR.

Lesson from the case: In IPR, as the petitioner, where *Phillips* interpretation may be forced on you, and you have companion litigation positions of your own and the patent owner known to you, with no decision by the court that is correct, you do face a Hobson's choice. Ride into IPR on the "*Phillips* horse" of your own litigation positions on *Phillips*-based claim construction, or expect to ride not at all.

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The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer frequent summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.



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ⁱ *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, No. 16-712 (April 24, 2018). See https://scholar.google.com/scholar_case?case=18307080123131598143&q=oil+states+energy+services+llc&hl=en&as_sdt=4,60

ⁱⁱ https://en.wikipedia.org/wiki/Hobson%27s_choice

ⁱⁱⁱ In litigation, accused infringers may challenge validity by adopting the patent owner's positions for the sake of the validity challenge.

^{iv} Let us remember that institution decisions like this are basically not reviewable in the Federal Circuit.