

## Discretionary Denials of Petitions for *Inter Partes* Review at the PTAB

Three recent decisions—designated precedential and informative—provide new guidance regarding discretionary denial of an IPR petition. These recent developments continue to follow the Board’s recent trend of increasing scrutiny of petitions, in particular to so-called “follow-on” petitions. The decisions also confirm that requests for discretionary denial must be made with specificity—generalized statements of the facts underlying the request will not suffice.

### I. Denials Under § 314(a)

Section 314(a) governs institution of IPRs. It does not, however, identify when the Board is **required** to institute, instead only identifying the circumstances in which the director “**may not**” authorize institution. See 35 U.S.C. § 314(a) (stating “[t]he Director may not authorize and *inter partes* review to be instituted unless . . .”); *Cuozzco Speed Techs., LLC v. Lee*, 136 S. Ct. 1231, 2140 (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Offices’ discretion.”). It has employed this authority in denying institution of follow-on petitions. In doing so, the Board weighs a series of factors, referred to as the *General Plastic*<sup>1</sup> factors. The factors include: (1) whether the same Petitioner previously sought review of the same patent claims; (2) whether Petitioner knew of subsequently used prior art at the time of filing the first petition; and (3) whether the Petitioner had received any preliminary response from patent owner to a first petition.<sup>2</sup> The *General Plastic* factors are also sometimes applied when multiple Petitioners challenge the same patent.

The recent precedential<sup>3</sup> decision in *Oticon Medical* provides additional elaboration on the Board’s analysis under § 314(a).<sup>4</sup> In that case Patent Owner argued that discretionary denial was appropriate because the related district court proceeding involved the same issues as the Petition. Patent Owner further alleged that Petitioner improperly and strategically delayed filing its petition so that it could benefit from the review of Patent Owner’s district court invalidity contentions. Patent Owner also alleged that instituting the IPR would be an inefficient use of the Board’s resources, since the district court decision would be issued before the IPR’s conclusion.

The Board rejected Petitioner’s request for discretionary denial. First, the Board noted that the IPR and district court proceeding did not present the same issues, as they relied on different prior art. Thus, while the Board recognized that Petitioner had obtained some benefit in having access to Patent Owner’s response to its invalidity contentions in district court, the Board rejected Patent Owner’s argument that this benefit unduly prejudiced Patent Owner. The Board also rejected Patent Owner’s argument that parallel proceedings would lead to inefficiencies, noting that Patent Owner failed to provide a trial schedule for the district court proceeding, instead simply stating that discovery was well underway. *Id.* at 23-24.

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<sup>1</sup> The Board established these factors in the decision *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (P.T.A.B. Sept. 6, 2017) (precedential).

<sup>2</sup> *General Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01367, Paper 19 (PTAB Sept. 6, 2017).

<sup>3</sup> Board decisions are, by default, not precedential. They must be designated as such. Currently, there are only 92 precedential decisions.

<sup>4</sup> *Oticon Medical AB v. Cochlear Limited*, IPR2019-00975 (PTAB Oct. 16, 2019) (Paper 15) (precedential as to sections II.B and II.C).

Quinn Emanuel has seen recent successes in defeating arguments for discretionary denial pursuant to section 314(a). In IPR Nos. IPR2019-01298, -1404, -1441, -1442, -1635 and -1644, the patent owner argued that the Board should deny Quinn’s petitions based on § 314(a), citing petitions filed by both Quinn and third parties against the patents challenged in these proceedings. However, the Board rejected Patent Owner’s requests in each proceeding. The Board’s decisions followed similar reasoning across the petitions, holding that the *General Plastics* factors weighed in favor of institution, since Petitioners had no “significant relationship” that would cause them to be considered effectively the same petitioner, and finding there was no coordination between the Petitioners. *See, e.g.*, IPR2019-01298, Paper 7 at 17. Likewise, the Board recognized even though Quinn’s petitions were filed after responses were filed in other IPRs on the same patent, they relied on different prior art and arguments, and challenged different claims than those other petitions. *Id.* at 18.

## II. Denials Under § 325(d)

The Board also has discretion under § 325(d) to deny institution when a petition presents “the same or substantially the same prior art or arguments” previously before the Office, whether during prosecution or in another post-grant proceeding.<sup>5</sup>

The PTAB has developed a multi-factor analysis to compare a petition’s arguments to those previously presented to the Office. These factors, known as the *Becton, Dickinson*<sup>6</sup> factors, chiefly consider: (1) asserted art compared to prior art referenced in prosecution; (2) the similarity of current arguments to those made during examination; and (3) whether Petitioner has provided evidence warranting reconsideration of prior art, arguments, or the Examiner’s evaluation.<sup>7</sup> By delineating these factors, the PTAB provided structure to analyze and challenge asserted references under § 325(d).

The Board’s recent precedential decision provides additional guidance as to how it analyzes requests for discretionary denial under § 325(d). In *Advanced Bionics*,<sup>8</sup> the Board explained that when considering a denial under § 325(d) it uses a two-part framework:

- (1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and
- (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.

*Id.* at 8. When considering the first prong, the PTAB considers the prosecution of the patent, and any post-issuance proceedings such as *ex parte* reexams. *Id.* at 7-8. As to the second prong, the PTAB provided examples of “material errors,” including whether the office overlooked a specific teaching of the relevant prior art or an error of law, such as misconstruing a claim term. *Id.* at n. 9. The Board explained that the *Becton Dickinson* factors are used within this framework to provide useful insight into how to apply each prong. *Id.* at 9.

In *Advanced Bionics* the Board ultimately denied institution, holding that under the first factor the same or substantially the same art was presented in the “same manner” as art presented during prosecution. *See, e.g.*,

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<sup>5</sup> 35 U.S.C. § 325(d); *see, e.g.*, *ZTE Corp. v. ContentGuard Holdings, Inc.*, IPR2013-00454, Paper 12, (PTAB Sept. 25, 2013).

<sup>6</sup> These factors are outlined in full in the precedential decision *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017).

<sup>7</sup> *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017).

<sup>8</sup> *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, Paper 6 (PTAB Feb. 13, 2020).

*id.* at 19. As to the second prong, the Board rejected Petitioners' argument that the Examiner erred by failing to consider disclosures in the petition's new references (not considered during prosecution) because the Board held that the Examiner considered the same features in other references presented during prosecution. *Id.* at 21-22.

Another precedential decision, *Oticon Medical*, discussed above with respect to § 314(a), was also designated as precedential for § 325(d). In that case, as discussed above, the Board found that the art cited in the Petition was different and non-cumulative of art considered during prosecution. Accordingly, the Board also rejected Petitioner's request for discretionary denial under § 325(d).

A recently designated informative decision provides additional color to the Board's analysis under § 325(d). In *PUMA North America*, the PTAB held that the first prong of § 325(d) outlined in *Advanced Bionics* was met where Petitioner relied on the same art and substantially the same arguments presented and twice rejected by the Examiner during prosecution.<sup>9</sup> The Board rejected Petitioner's argument that its expert presented additional arguments and evidence, avoiding *Advanced Bionics*' first prong. The Board held that these additional disclosures from the expert declaration were either irrelevant or unsupported by sufficient evidence. Likewise, the Board held that Petitioner failed to show any error by the Examiner. Accordingly, the request for discretionary denial was granted.

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If you have any questions about the issues addressed in this memorandum, or if you would like a copy of any of the materials mentioned in it, please do not hesitate to reach out to:

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<sup>9</sup> *PUMA North America, Inc. v. NIKE, Inc.*, IPR2019-01042 (PTAB Oct. 31, 2019) (Paper 10) (informative).