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Bob High

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REDUNDANT PRIOR ART REFERENCES AND THEIR PREJUDICIAL EFFECTS ON POST-ISSUANCE REVIEW PETITIONERS

ABSTRACT

The recent passing of the America Invents Act came with the creation of three brand new forms of post-issuance review: inter partes review, post-grant review, and covered business method patent review. Through the first three years, inter partes review has been widely utilized, while covered business method patent review has received considerable attention as well. Part of the reason for their popularity is the statutorily required one-year mandate of issuing a final decision from the date the Patent Trial and Appeal Board elects to institute proceedings. The quick adjudication and minimal discovery that goes into these proceedings makes these proceedings a cost-effective alternative to litigation for third parties.

However, the PTAB has created a procedural tool not explicitly included in either the statutes or regulations. When instituting review of one or more patent claims, the PTAB may allow the proceeding to continue based on certain grounds it deems has a reasonable likelihood of success, while also denying review on other equally favorable grounds of unpatentability, declaring these grounds redundant to those on which the PTAB grants review. In the extreme, this tool makes sense, as the PTAB could not adjudicate the proceeding within one year if it had to make determinations based on hundreds of grounds of patentability; but, the PTAB often uses this to dispose of only one or two grounds of unpatentability that would not significantly burden either the PTAB or the other parties.

The issue with this procedural tool is the costly estoppel effects it could have on the petitioner in the event of an unfavorable decision either at the PTAB or Federal Circuit level. A decision not to institute proceedings is final and non-appealable, which would apply to grounds not instituted due to redundancy. This means that if a petitioner receives an unfavorable decision at the PTAB level, the petitioner is only permitted to appeal based on the non-redundant grounds. Furthermore, if the petitioner receives an unfavorable decision on appeal, it is estopped from asserting those redundant grounds again at the PTAB level or even in concurrent or subsequent litigation.

Because these proceedings are still in their infancy, no appeal regarding these issues has made its way through the Federal Circuit.

One solution to this problem would be for the PTAB to conditionally institute proceedings on all grounds it agrees shows a reasonable likelihood of success, have the petitioner choose what it thinks are the strongest grounds for unpatentability, and continue the proceeding based on those grounds. This would strike the correct balance between promoting efficiency and inexpensive alternatives to litigation and preserving the petitioner's rights on those grounds. Another solution would be to interpret the statute so that determinations of redundancy are appealable to the Federal Circuit, allowing the petitioner to subsequently assert those grounds of unpatentability if it can demonstrate that they are not redundant.

INTRODUCTION

With the recent adoption of the America Invents Act (AIA), Congress set out to improve the quality of the patents in the United States patent system by expanding the ways in which third parties can invalidate patents that should never have issued in the first place. For a patent to issue, the Patent and Trademark Office (PTO) examines the patent application to determine if the application relates to patentable subject matter and is useful, novel, and non-obvious.¹ The application must also adequately disclose what the invention is and contain claims sufficiently definite so that it puts the public on notice of the invention and so that it teaches a person having ordinary skill in that field how to make the invention.² These requirements are designed to promote innovation while at the same time protect information already in the public domain. However, this examination system is not adversarial in nature.³ Due to the PTO's limited time and resources to review patent applications, it is inevitable that some patent applications will issue because the examiner could not find the invalidating prior art.⁴

¹ Leahy-Smith American Invents Act, 35 U.S.C. §§ 101–103, 131 (2012).

² *Id.* § 112; see MANUAL OF PATENT EXAMINING PROCEDURE § 2164.08 (9th ed. Mar. 2014) (stating that the disclosure must be commensurate in scope with the patent claims to enable one skilled in the art to make and use the claimed invention and must be sufficiently clear to put the public on notice of the scope of the invention).

³ See CRAIG A. NARD, THE LAW OF PATENTS 38 (2d. ed. 2014) (discussing that patent prosecution is only between the applicant and the examiner).

⁴ *Id.* at 44.

To help remedy this situation, Congress created new post-issuance proceedings, held before the Patent Trial and Appeal Board (PTAB), which allow third parties to challenge the validity of a patent, even if that third party has not yet been threatened with a lawsuit.⁵ Post-grant review (PGR) and covered business method patent review (CBM review) allow a third party to challenge a patent's validity on any ground, whereas *inter partes* review (IPR) only allows a third party to challenge validity for novelty or non-obviousness reasons.⁶ The AIA, designed to provide a relatively quick and inexpensive alternative to litigation, limits the duration of each of these proceedings.⁷ Through the first two years, these proceedings have been widely utilized, with the results statistically favoring the petitioner thus far.⁸

In an effort to meet its one-year time limit from the date it issues proceedings, the PTAB has created a procedure that, from the perspective of petitioners, is concerning for the future. When the petitioner submits its petition, it may list multiple grounds to invalidate individual patent claims, and each of these grounds may be meritorious.⁹ When this is the case, the PTAB often trims down the material it must review in the post-issuance proceeding by instituting the proceeding based on some of the meritorious grounds but not others, declaring the latter grounds redundant.¹⁰ For the remainder of the proceeding, the redundant grounds cannot be considered.¹¹

This procedure created by the PTAB could lead to substantially unfair outcomes for the petitioner due to the estoppel that attaches in both the current and subsequent proceedings. Upon a final written decision, the challenger is precluded from raising any issues in district court litigation that it raised or could have raised in front of the PTAB.¹² As a result, a finding of redundancy leaves the challenger with only some of its grounds for unpatentability, and the PTAB never considers the challenger's "redundant" grounds.

⁵ Leahy–Smith American Invents Act, 35 U.S.C. §§ 311, 321 (2012).

⁶ *Id.*; Leahy–Smith America Invents Act, Pub. L. No. 112-29, § 18, 125 Stat. 284, 329–30 (2011).

⁷ 35 U.S.C. §§ 316, 326.

⁸ Daniel F. Klodowski & David Seastrunk, *Claim and Case Disposition*, FINNEGAN: AM. INVENTS ACT (October 1, 2015), <http://www.aiablog.com/claim-and-case-disposition>.

⁹ See 35 U.S.C. §§ 312, 326.

¹⁰ See *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, No. CBM2012-00003 (JL), 2012 WL 9494791, at *2 (P.T.A.B. Oct. 25, 2012) (establishing the redundancy doctrine).

¹¹ See 37 C.F.R. § 42.220 (2014) (stating that “[a] patent owner may file a response to the petition addressing any ground for unpatentability not already denied”).

¹² 35 U.S.C. § 315(e).

When taken to the extreme, the PTAB must have some way to avoid reviewing hundreds of potentially valid grounds of invalidity, or else it would have no way of meeting its one-year statutory mandate.¹³ More often, however, the PTAB uses this device to avoid deciding only one or two grounds of unpatentability.¹⁴ The minimal amount of time which the PTAB saves by declaring only one or two grounds of unpatentability redundant does not justify precluding the challenger from asserting those grounds in any subsequent proceedings, whether on appeal or in concurrent district court litigation.¹⁵ This procedure is not in line with the AIA's intended purpose of providing an inexpensive proceeding to invalidate patents that never should have issued in the first place.¹⁶

Ultimately, the PTAB must move away from this procedure. It can eliminate these potentially critical side effects while maintaining its goal of quickly resolving disputes if it simply institutes proceedings on all meritorious grounds and limits the resulting proceeding to grounds it deems non-redundant. This would preserve the petitioner's right to an appeal while making the proceeding as quick and efficient as possible. If the PTAB does not mitigate this issue, the Federal Circuit should step in and either disfavor the procedure or declare redundant grounds appealable. This Comment will (1) give a history of post-issuance proceedings and the background of the AIA; (2) explore the redundancy doctrine and its potential negative effects on third-party requesters; and (3) present proposed solutions to those problems.

I. HISTORY OF POST-ISSUANCE PROCEEDINGS AND THE BACKGROUND OF THE AIA

Patent litigation has recently come to be known for its extremely high litigation costs, highlighted even more during the recent onslaught of patent assertion entity (PAE) cases. PAEs, more negatively referred to as patent

¹³ See *Liberty Mut. Ins. Co.*, 2012 WL 9494791, at *1 (asserting 422 grounds of unpatentability).

¹⁴ See *Oracle Corp. v. Clouding IP, LLC*, No. IPR2013-00088, 2013 WL 5970180, at *3 (P.T.A.B. June 13, 2013) (declining on request for rehearing to institute review on a single redundant obviousness ground when the PTAB instituted review based only on anticipation grounds).

¹⁵ See 35 U.S.C. §§ 315(e), 325(e); *EMC Corp. v. PersonalWeb Techs., LLC.*, No. IPR2013-00083 (JYC), 2013 WL 5970177, at *2 (P.T.A.B. June 5, 2013) (arguing in a request for rehearing that adding only one additional redundant ground would not significantly affect the amount of time required to adjudicate the proceeding).

¹⁶ 157 CONG. REC. S1360-02 (daily ed. Mar. 8, 2011) (statement of Sen. Leahy) (explaining that these new streamlined review proceedings will help improve the quality of patents and be an effective alternative to litigation).

trolls,¹⁷ generally look to acquire “vaguely worded, broadly defined patents” but never actually conduct any business related to the inventions in the patents.¹⁸ Instead, much of their income comes from threatening to sue the companies who may be infringing their patents. Typically PAEs are “more interested in negotiating a license than enforcing [their] patent rights.”¹⁹ PAEs have virtually no discovery costs and their attorneys often work on contingency fee,²⁰ so there is a huge disparity in the costs of litigation between the PAEs and the accused infringers, leaving defendants little leverage for settlements.²¹ With this in mind, Congress set out to improve the pre-AIA *inter partes* reexamination proceedings, seeking to create inexpensive alternatives to litigation that allow accused infringers to challenge a patent’s validity and possibly dispose of the dispute in a timely fashion.²² The PTO’s subsequent regulations have reflected this emphasis.²³ Through the first few years of these post-issuance reviews, the reforms have been largely effective, as petitioners have been successful more often than not.²⁴

To better understand how the PTAB has developed this practice of declaring grounds of unpatentability redundant, it is first important to understand how post-issuance proceedings have developed since their creation. While initially intended to be an alternative to litigation, the post-issuance administrative proceedings available to third parties prior to the AIA had not lived up to their purpose. Ex parte reexaminations did not allow third-party participation beyond the initial filing of the petition.²⁵ While *inter partes* reexaminations allowed for ongoing third-party participation, these

¹⁷ Representative Smith referred to patent trolls as “those entities that vacuum up patents by the hundreds or thousands and whose only innovations occur in the courtroom.” 157 CONG. REC. H4485–86 (daily ed. June 23, 2011) (Statement of Rep. Smith).

¹⁸ Ashli Weiss, *An Insight into the Apparel Industry’s Patent Troll Problem*, 6 HASTINGS SCI. & TECH. L.J. 121, 127 (2014) (student-written article).

¹⁹ *Overstock.com, Inc. v. Furnace Brook, LLC*, 420 F. Supp. 2d 1217, 1222 (D. Utah 2005).

²⁰ Mark A. Lemley & A. Douglas Melamed, *Missing the Forest for the Trolls*, 113 COLUM. L. REV. 2117, 2162–63 (Dec. 2013).

²¹ Ahmed J. Davis & Karolina Jesien, *The Balance of Power in Patent Law: Moving Towards Effectiveness in Addressing Patent Troll Concerns*, 22 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 835, 837–38 (2012).

²² Leahy–Smith American Invents Act, 35 U.S.C. § 316 (2012); H.R. REP. NO. 112-98, pt. 1, at 85 (2011).

²³ 37 C.F.R. § 42.1 (2014).

²⁴ Klodowski & Seastrunk, *supra* note 8.

²⁵ J. Steven Baughman, *Reexamining Reexaminations: A Fresh Look at the Ex Parte and Inter Partes Mechanisms for Reviewing Issued Patents*, 89 J. PAT. & TRADEMARK OFF. SOC’Y 349, 352 (2007).

proceedings were often very lengthy, lasting upwards of two to three years.²⁶ As a result, neither achieved popularity.²⁷ Congress set out to address many of the issues with these pre-AIA post-issuance proceedings as it drafted the new laws. This Part will (1) outline the history of administrative proceedings in front of the PTO generally; (2) explain the shortcomings of *inter partes* reexaminations, leading to the creation of new proceedings under the AIA; and (3) go into depth on the new post-issuance proceedings created by the AIA.

A. Reissuance and Reexamination

After the PTO grants a patent, its role regarding that patent is not necessarily over. Multiple administrative proceedings are available to both the patent owner and third parties to either correct issues not caught during the first examination, or invalidate the patent altogether. The oldest of such proceedings is the reissuance proceeding, which provides the patent owner an opportunity to correct mistakes made.²⁸ The other is the reexamination, which, prior to the AIA, allowed a third party to challenge the validity of a patent if there was a substantial question not previously raised during the patent's examination.²⁹ This section will provide a history and basic overview of administrative procedures that existed prior to the AIA to understand how the AIA post-issuance review procedures evolved into what they are today.

Congress first codified the power to reissue a defective patent in 1832, which the courts progressively broadened, culminating in the 1952 Patent Act.³⁰ Patent reissuance allows the patent owner to submit an application for reissue to cure any errors relating to “a defective specification or drawing” or “claiming more or less than [the patentee] had a right to claim in the patent” that deem the patent inoperative or invalid.³¹ If the newly-amended patent application corrects the errors, the PTO reissues the patent for the remainder of

²⁶ Andrei Iancu, Ben Haber & Elizabeth Iglesias, *Challenging Validity of Issued Patents Before the PTO: Inter Partes Reexam Now or Inter Partes Review Later?*, 94 J. PAT. & TRADEMARK OFF. SOC'Y 148, 156 (2012).

²⁷ Mark Colsilvio & Jonathan R.K. Stroud, *Unraveling the USPTO's Tangled Web: An Empirical Analysis of the Complex World of Post-Issuance Patent Proceedings*, 21 J. INTELL. PROP. L. 33, 51 (2013) (noting that after starting slow, requests for reexaminations were on the rise prior to the AIA).

²⁸ Leahy-Smith American Invents Act, 35 U.S.C. § 251 (2012).

²⁹ Patent Act of 1952, 35 U.S.C. § 304 (2006).

³⁰ Patent Act of 1952, ch. 950, 66 Stat. 792; Scott E. Kamholz, *The Proscription Against Broadening Claims in Reissue and Reexamination: Conflict Between the Federal Circuit and the Board of Patent Appeals and Interferences*, 88 J. PAT. & TRADEMARK OFF. SOC'Y 124, 126–28 (2006).

³¹ 35 U.S.C. § 251(a).

the term upon the payment of a fee.³² This even allows the patent owner to enlarge the scope of the claims of the original patent if the application for reissue is submitted within two years of the grant of the original patent.³³ However, the broadened scope is limited to matter included in the original application because “[n]o new matter shall be introduced into the application for reissue.”³⁴

The Federal Circuit has justified reissue patents by stating that “[r]eissue is remedial in nature and is based on fundamental principles of equity and fairness.”³⁵ Along the same principles, reissue patent claims that are not “substantially identical with the original patent” do not create causes of action for conduct arising prior to the reissue of the patent.³⁶ Courts may even grant third parties the right to continue practicing the patented invention after the grant of the reissue patent if “substantial preparation was made before the grant of the reissue” or, in the context of process patents, “under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue.”³⁷

While reissuance applications made it easy for patent owners to fix errors not caught by the PTO during examination, prior to 1980, district court litigation was the only mechanism available to third parties to invalidate a patent.³⁸ Critics viewed this as a waste of time, money, and judicial resources because of the often-lengthy duration of litigation.³⁹ As a response, Congress passed the Bayh–Dole Act of 1980, which provided for the creation of the first reexamination proceeding: *ex parte* reexamination.⁴⁰ In contrast to reissuance, “the purpose of reexamination is not to correct errors in patents, but rather to provide a reassessment of existing claims in light of newly discovered prior art or new interpretations of ‘old’ prior art.”⁴¹ *Ex parte* reexamination proceedings allowed a third party to challenge a patent’s validity based on prior art not previously considered.⁴² However, upon initiation of an *ex parte* reexamination

³² *Id.*

³³ *Id.* § 251(d).

³⁴ *Id.* § 251(a).

³⁵ *Ball Corp. v. United States*, 729 F.2d 1429, 1439 n.28 (Fed. Cir. 1984).

³⁶ 35 U.S.C. § 252.

³⁷ *Id.*

³⁸ *Kamholz*, *supra* note 30, at 129–30.

³⁹ *Id.* at 130.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Baughman*, *supra* note 25, at 351.

proceeding, the third-party challenger played a very small role in the outcome, as the proceeding continued on an *ex parte* basis.⁴³ Congress further expanded the available reexamination procedures in 1999 to create the *inter partes* reexamination, a new kind of reexamination proceeding which allowed active participation by third parties.⁴⁴

One of the primary purposes of creating administrative reexamination of patents was to provide “an effective and efficient alternative to often costly and protracted district court litigation.”⁴⁵ Due to certain limitations in the reexamination procedures, however, these administrative proceedings were proving to be “a less viable alternative to litigation for evaluating patent validity than Congress intended.”⁴⁶ These limitations included the limited role of third parties in the original *ex parte* reexamination, the inability to appeal the Board’s decision,⁴⁷ and the often costly and lengthy duration of the proceedings, frequently “taking several years to complete.”⁴⁸ Additionally, the *inter partes* reexaminations were first handled by a PTO examiner, whose decision was then appealable to the Board of Patent Appeals and Interferences (BPAI), the precursor to the current PTAB.⁴⁹ This two-tiered review procedure within the PTO in part caused lengthy resolutions of administrative reviews.⁵⁰

Congress set out to address these concerns in the AIA. According to the PTO, “The purpose of the AIA and [the PTO rules] is to establish a more

⁴³ *Id.* at 352.

⁴⁴ *Id.*

⁴⁵ H.R. REP. NO. 112-98, pt. 1, at 45 (2011). “The reexam proceedings are a cheaper, quicker, better alternative to resolve questions of patentability than costly litigation in Federal court, which can run into the millions of dollars and last for years.” 157 CONG. REC. H4495 (daily ed. June 23, 2011) (statement of Rep. Smith).

⁴⁶ H.R. REP. NO. 112-98, pt. 1, at 45 (2011).

⁴⁷ Patent Act of 1952, 35 U.S.C. § 134 (2006) (effective 2002–2012) A third-party requester in an *ex parte* reexamination proceeding had no right to appeal to the Board of Patent Appeals and Interferences (BPAI) and could not participate if the patent owner appealed a decision to the BPAI; a third-party requester in an *inter partes* reexamination had the right to appeal to the BPAI from the primary examiner’s decision. *Id.* Originally, the third-party requester had no right to appeal the Board’s decision, but a 2002 amendment gave the third-party requester the right to appeal to the Federal Circuit. 35 U.S.C. § 141 (effective 2002–2012).

⁴⁸ H.R. REP. NO. 112-98, pt. 1, at 45 (2011). Other limitations cited by the House Committee Report included the inability to challenge a patent’s validity based on § 102 prior use or prior offers for sale, § 101 subject matter eligibility or utility, or § 112 indefiniteness. *Id.* However, these limitations continue for IPRs today under the America Invents Act. *See* Leahy–Smith American Invents Act, 35 U.S.C. § 311(b) (2012).

⁴⁹ *Va. Innovation Scis., Inc. v. Samsung Elecs. Co., Ltd.*, 983 F. Supp. 2d 713, 752 (E.D. Va. 2014). The BPAI was the predecessor to today’s PTAB. MANUAL OF PATENT EXAMINING PROCEDURE, *supra* note 2, § 1201.

⁵⁰ Jonathan Tamimi, *Breaking Bad Patents: The Formula for Quick, Inexpensive Resolution of Patent Validity*, 29 BERKELEY TECH. L.J. 587, 589–90 (2014).

efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”⁵¹ From the outset, each case is handled by the PTAB, which is comprised of three trained administrative law judges.⁵² The PTAB is statutorily mandated to complete its review and issue its final determination within one year of instituting an IPR.⁵³ Congress further permitted the PTO to create regulations that “consider . . . the ability of the Office to timely complete proceedings instituted under this chapter.”⁵⁴ Congress’s focus in reforming the patent system was on improving these proceedings so that potentially invalid patents could not be used to extract costly royalties from companies when litigating was cost prohibitive.⁵⁵

B. *Inter Partes Reexamination*

Until the passing of the AIA, *inter partes* reexaminations were the only administrative procedures that allowed a third party active participation in challenging a patent’s validity based on prior art. The proceedings were often lengthy, provided only limited participation by the third-party,⁵⁶ and until recently allowed limited appellate review.⁵⁷ Thus, third parties often elected instead to litigate in district courts.⁵⁸ The AIA eliminated the *inter partes* reexamination and replaced it with new administrative proceedings.⁵⁹ This section will outline the deficiencies in *inter partes* reexaminations and the estoppel provisions that accompanied these proceedings.

Third parties could challenge a patent’s validity through an *inter partes* reexamination based on patents or printed publications that the requester believed raised a substantial question of patentability.⁶⁰ However, these proceedings never achieved much popularity due to the length of the

⁵¹ Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680 (Aug. 14, 2012). “The America Invents Act . . . will establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs, while making sure no party’s access to court is denied.” 157 CONG. REC. S1360–02 (daily ed. Mar. 8, 2011) (statement of Sen. Leahy).

⁵² *Va. Innovation Scis., Inc.*, 983 F. Supp. 2d at 752.

⁵³ 35 U.S.C. § 316(a)(11).

⁵⁴ *Id.* § 316(b).

⁵⁵ See 157 CONG. REC. H4482–83 (daily ed. June 23, 2011) (statement of Rep. Smith).

⁵⁶ Iancu et al., *supra* note 26, at 149–56.

⁵⁷ Tamimi, *supra* note 50, at 589.

⁵⁸ H.R. REP. NO. 112-98, pt. 1, at 45 (2011).

⁵⁹ Iancu et al., *supra* note 26, at 148.

⁶⁰ Patent Act of 1952, 35 U.S.C. §§ 301, 311 (2006).

proceedings.⁶¹ Requests for *inter partes* reexaminations had no word limit and could extend to several hundred pages.⁶² To meet the minimum threshold to institute proceedings, a requester only had to show a substantial new question of invalidity, compared to the increased “reasonable likelihood” of success standard in IPRs.⁶³ There was no statutory time limit to complete the reexamination proceeding.⁶⁴ Reexaminations often took between two and three years to complete.⁶⁵ Because a patent examiner conducted the initial reexamination proceeding, the parties had to appeal to the BPAI, the precursor to the PTAB, prior to appealing to the Federal Circuit.⁶⁶ These shortfalls caused substantial backlogs in the PTO, making *inter partes* reexaminations a less attractive alternative to litigation.⁶⁷

The pre-AIA Patent Act included two different estoppel provisions for *inter partes* reexaminations.⁶⁸ The first precluded petitioners from asserting in a subsequent civil action “the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the inter partes reexamination proceedings.”⁶⁹ This provision only applied if the *inter partes* reexamination resulted in a final order.⁷⁰ Similarly, the second estoppel provision stated that when a party failed to prove invalidity in either a prior civil action or *inter partes* reexamination resulting in a final decision, that party and its privies are precluded from requesting an *inter partes* reexamination “on the basis of issues which that party or its privies raised or could have raised in such civil action or inter partes reexamination.”⁷¹ A decision not to institute proceedings did not trigger these estoppel provisions.⁷²

⁶¹ See Iancu et al., *supra* note 26.

⁶² *Id.* at 153.

⁶³ *Id.* at 150.

⁶⁴ *Id.* at 156.

⁶⁵ *Id.*

⁶⁶ *Id.* at 160; Andrei Iancu & Ben Haber, *Post-Issuance Proceedings in the America Invents Act*, 93 J. PAT. & TRADEMARK OFF. SOC’Y 476, 477 (2011).

⁶⁷ See Tamimi, *supra* note 50.

⁶⁸ Patent Act of 1952, 35 U.S.C. §§ 315(c), 317(b) (2006).

⁶⁹ *Id.* § 315(c).

⁷⁰ *Id.*

⁷¹ *Id.* § 317(b).

⁷² *Vestcom Int’l, Inc. v. Grandville Printing Co.*, No. IPR2013-00031, 2013 WL 5970150, at *1, *8 (P.T.A.B. Apr. 1, 2013) (refusing to apply estoppel to invalidity grounds asserted in an *inter partes* reexamination when the PTO declined to institute reexamination proceedings).

Estoppel applied “not when examination is completed but only after all appeal rights have been exhausted.”⁷³ This included appeals up through the Federal Circuit.⁷⁴ Estoppel now attaches much more quickly in AIA post-issuance proceedings—as soon as the final written decision is issued.⁷⁵

Both previous estoppel provisions for *inter partes* reexaminations were relatively weak compared to the current IPR estoppel provisions. First, a party could defeat either *inter partes* reexamination estoppel provision if it could show that the assertion of invalidity was “based on newly discovered prior art unavailable” to the petitioner and PTO at the time of the *inter partes* reexamination proceedings.⁷⁶ Second, because estoppel only applied once all appeals were exhausted, a third-party requester had “significant time before it face[d] the consequences of estoppel.”⁷⁷ Third, the estoppel provision applying to subsequent district court litigation applied only to the requester of the *inter partes* reexamination, leaving open the possibility for those privy to the requester or other real parties in interest to challenge the patent’s validity based on the same grounds in district court.⁷⁸ The new AIA estoppel provisions eliminate these gaps.⁷⁹

C. Post-Grant Review Proceedings Under the AIA

The new post-issuance proceedings have become a widely utilized form of challenging a patent’s validity since they became available September 16, 2012. The total number of *inter partes* reexamination requests filed between November 29, 1999 and September 30, 2013 was 1,919.⁸⁰ The total number of IPR petitions between September 16, 2012 and August 7, 2014 was 1,585.⁸¹ In less than two years, the number of IPR petitions almost eclipsed the number of *inter partes* reexamination proceedings for a nearly fourteen-year period. These numbers should be applauded. The PTAB has been able to resolve disputes much more quickly and inexpensively than a federal district court ever

⁷³ *Bettcher Indus., Inc. v. Bunzl USA, Inc.*, 661 F.3d 629, 642–43 (Fed. Cir. 2011).

⁷⁴ *Id.*

⁷⁵ Leahy–Smith American Invents Act, 35 U.S.C. § 315(e) (2012).

⁷⁶ Patent Act of 1952, 35 U.S.C. §§ 315(c), 317(b) (2006).

⁷⁷ Iancu et al., *supra* note 26, at 151.

⁷⁸ 35 U.S.C. § 315(c).

⁷⁹ See *supra* Part I.C.

⁸⁰ U.S. PATENT & TRADEMARK OFFICE, *INTER PARTE* REEXAMINATION FILING DATA—SEPTEMBER 30, 2013, http://www.uspto.gov/patents/stats/inter_parte_historical_stats_roll_up_EOY2013.pdf.

⁸¹ U.S. PATENT & TRADEMARK OFFICE, PATENT TRIAL AND APPEAL BOARD AIA PROGRESS 1 (Aug. 7, 2014), http://www.uspto.gov/ip/boards/bpai/stats/aia_statistics_08_07_2014.pdf.

could. Because the results thus far have tended to favor petitioners,⁸² the PTAB's popularity is only growing, as accused infringers elect to petition to review a patent's validity instead of having the same issues adjudicated in a federal district court.⁸³ As soon as the PTAB final decisions work their way up to the Federal Circuit, the PTAB's redundancy doctrine will likely force the Federal Circuit to decide whether it is a permissible use of the PTAB's discretion to not hear certain issues. To understand why this is so, this section provides an overview of the new post-issuance proceedings—*inter partes* review, post-grant review, and covered business method patent review.

Under the AIA, any third party, including one not threatened with a lawsuit,⁸⁴ may petition the PTO to review the patentability of any type of patent in an IPR on the basis of either novelty⁸⁵ or non-obviousness,⁸⁶ as long as that petition is filed a certain amount of time after the patent issues.⁸⁷ This review proceeding became available to petitioners on September 16, 2012.⁸⁸ Trials are heard before the PTAB, but the PTAB is not authorized to consider all forms of prior art⁸⁹ that would ordinarily be available in a district court proceeding. Instead, the PTAB may only consider “prior art consisting of patents or printed publications.”⁹⁰ The PTAB is precluded from considering any potentially invalidating commercial offers for sale, prior uses, or anything else “otherwise available to the public” that is available for novelty and non-obviousness challenges in district courts.⁹¹ This type of review is available

⁸² As of October 1, 2015, only 18.27% of instituted claims have survived an IPR and only 4.35% of instituted business method patent claims have survived a CBM review. Klodowski & Seastrunk, *supra* note 8.

⁸³ *Id.*

⁸⁴ *Consumer Watchdog v. Wis. Alumni Res. Found.*, 753 F.3d 1258, 1261 (Fed. Cir. 2014) (noting that Article III standing is a requirement to appeal to the Federal Circuit).

⁸⁵ *Leahy-Smith America Invents Act*, 35 U.S.C. § 102 (2012).

⁸⁶ *Id.* § 103.

⁸⁷ A petition for an *inter partes* review must be filed on the later of either “(1) the date that is 9 months after the grant of a patent; or (2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.” *Id.* 311(c).

⁸⁸ Yasser El-Gamal, Ehab M. Samuel & Peter D. Siddoway, *The New Battlefield: One Year of Inter Partes Review Under the America Invents Act*, 42 *AIPLA Q.J.* 39, 41 (2014). The first Final Written Decision was released by the PTAB on November 13, 2013. *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, No. IPR2012-00001, 2013 WL 6355081 (P.T.A.B. Nov. 13, 2013).

⁸⁹ The definition of prior art is governed by 35 U.S.C. § 102. Prior art consists of patents, printed publications, public uses of the invention, offers for sale of the invention, and disclosures “otherwise available to the public before the effective filing date of the claimed invention.” *Leahy-Smith America Invents Act*, 35 U.S.C. § 102 (2012). The AIA removed all geographic limitations on prior art, which used to be restricted to the United States with respect to public uses and offers for sale. *Patent Act of 1952*, 35 U.S.C. § 102(a)–(b) (2006).

⁹⁰ 35 U.S.C. § 311(b).

⁹¹ *Id.* §§ 102–103.

for any subject matter and for any patent filed before and after the AIA took effect, which currently accounts for almost all issued patents.⁹² As such, this is the most popular form of post-issuance review.⁹³

The grounds for invalidity that a third party may assert in a post-grant review proceeding are much broader than the grounds available in IPRs. A third party may challenge the validity of one or more patent claims in a PGR based on any requirement for patentability, such as subject-matter eligibility, utility, novelty, non-obviousness, or sufficient § 112 disclosure and claiming of the invention.⁹⁴ However, the third party must petition the PTO to review the patent within nine months after the patent issues or reissues.⁹⁵ PGRs are only available to patents that were filed after March 16, 2013;⁹⁶ there have been no PGRs instituted to date due to the lack of patents that qualify.⁹⁷

While the permitted grounds for challenging the validity of a patent are broad in a CBM, the types of patents eligible for CBM review are narrow. A covered business method patent is “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service,” unless the invention is a technological invention.⁹⁸ In CBMs, a third party may not petition the PTO to review a patent unless the third party “has been sued for infringement of the patent or has been charged with infringement under that patent.”⁹⁹ The CBM patent can be challenged at any time after nine months from the date the patent issues.¹⁰⁰ CBM patents that were filed both before and after March 16, 2013 can be challenged on any of the grounds

⁹² 35 U.S.C. 311; El-Gamal, et al., *supra* note 88, at 42–43.

⁹³ U.S. PATENT & TRADEMARK OFFICE, PATENT TRIAL AND APPEAL BOARD STATISTICS 2 (July 31, 2015), <http://www.uspto.gov/sites/default/files/documents/2015-07-31%20PTAB.PDF> (noting that from September 12, 2012 to July 31, 2015, 3,277 IPR Petitions, 386 CBMs, and 10 PGRs were filed); Klodowski & Seastrunk, *supra* note 8.

⁹⁴ 35 U.S.C. § 321(b). The AIA kept the requirement that the best mode must be disclosed somewhere in the patent under § 112, but this is no longer a ground for which a patent may be invalidated. *Id.* § 282(b)(3)(A).

⁹⁵ *Id.* § 321(c).

⁹⁶ Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,687 (Aug. 14, 2012).

⁹⁷ Leahy–Smith America Invents Act, Pub. L. No. 112-29, § 6(f)(2), 125 Stat. 284, 311 (2011).

⁹⁸ 37 C.F.R. § 42.301(a) (2014). In determining whether an invention is a technological invention, the PTAB looks on a case-by-case basis to “whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art” and whether it “solves a technical problem using a technical solution.” *Id.* § 42.301(b).

⁹⁹ Leahy–Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1)(B), 125 Stat. 284, 330 (2011).

¹⁰⁰ 37 C.F.R. § 42.303.

available for PGRs, except that the eligible prior art varies depending on whether the patent was filed in the first-to-invent system or first-to-file system.¹⁰¹ The PTAB originally created the redundancy doctrine in a CBM review and soon after applied it in the context of an IPR as well.¹⁰²

These post-issuance proceedings differ from district court litigation in that they provide for limited discovery and the patent owner is entitled to propose amendments to the patent.¹⁰³ The discovery procedures are geared towards streamlining the proceedings.¹⁰⁴ The parties are entitled to routine discovery, which includes “(1) [p]roduction of any exhibit cited in a paper or testimony; (2) the cross-examination of the other sides [sic] declarants; and (3) relevant information that is inconsistent with a position advanced during the proceeding.”¹⁰⁵ The parties may also agree to additional discovery or move for additional discovery, which requires a demonstration that “such additional discovery is in the interests of justice.”¹⁰⁶ Unlike in a district court proceeding, the patent owner may move to amend one or more of its patent claims, if it thinks it can distinguish its patent from the prior art.¹⁰⁷ However, these attempts have been mostly futile to this point, with motions to amend being granted only about 6% of the time.¹⁰⁸

¹⁰¹ A petitioner in a CBM review who challenges a patent filed in the first-to-invent system based on novelty or non-obviousness may support that ground with pre-AIA § 102(a) prior art or prior art that “discloses the invention more than 1 year before the date of the application for patent in the United States” and “would be described by [pre-AIA] section 102(a) . . . if the disclosure had been made by another before the invention thereof by the applicant for patent.” Leahy–Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1)(C), 125 Stat. 284, 330 (2011).

¹⁰² See *infra* Part II.B.

¹⁰³ The limited discovery in IPRs is greater than in *inter partes* reexaminations, which provided for no discovery. Iancu et al., *supra* note 26, at 149.

¹⁰⁴ Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48761 (Aug. 14, 2012). “Limited discovery lowers the cost, minimizes the complexity, and shortens the period required for dispute resolution.” *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, No. IPR2012-00001, 2013 WL 2023626, at *2–3 (P.T.A.B. Mar. 5, 2013) (order denying motion for additional discovery).

¹⁰⁵ Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48761 (Aug. 14, 2012).

¹⁰⁶ 37 C.F.R. § 42.51 (2014). Factors important in demonstrating that additional discovery is necessary include (1) that it is “more than a possibility and mere allegation”; (2) whether the additional discovery relates to the opposing party’s “litigation positions and the underlying basis for those positions”; (3) the “ability to generate equivalent information by other means”; (4) whether instructions are “easily understandable”; and (5) whether the requests are “overly burdensome”—including “financial burden, burden on human resources, and burden on meeting the time schedule of [IPR].” Decision on Motion for Additional Discovery 37 C.F.R. §§ 42.40 and 42.51(b)(2) at 6–7, *Garmin Int’l, Inc.*, 2013 WL 2023626, 2013 WL 8696520 (capitalization omitted) (denying motion for additional discovery).

¹⁰⁷ Leahy–Smith America Invents Act, 35 U.S.C. § 316(d) (2012).

¹⁰⁸ Klodowski & Seastrunk, *supra* note 8.

Not every petition submitted for review to the PTAB is entitled to continue to an invalidity proceeding; only petitions with a certain level of merit may continue. The PTAB has different standards it must evaluate in making its decision to institute proceedings depending on the type of administrative proceeding. The PTAB may not institute an IPR unless the petitioner demonstrates that “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”¹⁰⁹ This statute only specifies the guidelines for when the PTAB may not institute an IPR. The PTO has gone a step further; under its authority to set the standards for showing sufficient grounds to institute an IPR,¹¹⁰ it has given the PTAB discretion on which claims and on which grounds it institutes proceedings.¹¹¹ For both PGRs and CBM reviews, the PTAB cannot institute proceedings unless it decides that “the petition supporting the ground would, if un rebutted, demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable,” which takes into account the patent owner’s preliminary response.¹¹² The PTO gave the same discretion for instituting proceedings to the PTAB for PGR and CBM review as it did for IPR.¹¹³

In making its decision to institute, the PTAB relies on the petition itself and the patent owner’s preliminary response.¹¹⁴ The petitioner is required to state specifically each claim that is being challenged, whether the claim is being challenged under § 102 or § 103, the prior art references that invalidate the claim, and the portions of the prior art references that apply to the patent claim.¹¹⁵ In light of the PTAB’s requirement to construe patent claims with their “broadest reasonable construction in light of the specification of the patent in which it appears,”¹¹⁶ a petitioner has a greater chance of showing a “reasonable likelihood” of success¹¹⁷ than it would in the context of district court litigation, where courts presume the patent to be valid and give patent claims their ordinary meaning from the perspective of a person having ordinary

¹⁰⁹ 35 U.S.C. § 314.

¹¹⁰ *Id.* § 316(a)(2).

¹¹¹ The PTAB “may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.” 37 C.F.R. § 42.108(a) (2014).

¹¹² *Id.* § 42.208.

¹¹³ *Id.*

¹¹⁴ 35 U.S.C. §§ 312–313.

¹¹⁵ *Id.* § 312(a).

¹¹⁶ 37 C.F.R. § 42.100 (2014).

¹¹⁷ 35 U.S.C. § 314(a).

skill in the art.¹¹⁸ In general, this broader approach to claim construction results in finding that more prior art references speak to the claim limitations in the patent at issue.¹¹⁹ If the PTAB decides to institute review of one or more patent claims, it specifically states the grounds for invalidity serving as the basis for its decision to institute and denies any remaining grounds.¹²⁰ The PTAB “may deny some or all grounds for unpatentability for some or all of the challenged claims.”¹²¹ These procedures are all designed to streamline the adjudication and to “secure the just, speedy, and inexpensive resolution of every proceeding.”¹²²

Neither party may appeal a PTAB decision during a post-issuance review proceeding until a final decision has been issued by the PTAB, and the determination of whether to institute an IPR is “final and nonappealable.”¹²³ Upon a final written decision, all appeals are directed to the Federal Circuit.¹²⁴ This

eliminates intermediate administrative appeals of inter partes proceedings to the BPAI, instead allowing parties to only appeal directly to the Federal Circuit. By reducing two levels of appeal to just one, this change . . . substantially accelerate[s] the resolution of inter partes cases.¹²⁵

In considering whether to file a petition for review under any of the post-issuance proceedings, the third party must account for potential estoppel effects: an adverse decision in an administrative proceeding could lead to the

¹¹⁸ *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–13 (Fed. Cir. 2005) (en banc).

¹¹⁹ The primary justification for this broader claim construction standard is that, “[s]ince patent owners have the opportunity to amend their claims during IPR, [post-grant review], and [covered business method] trials, unlike in district court proceedings, they are able to resolve ambiguities and overbreadth through this interpretive approach, producing clear and defensible patents and the lowest cost point in the system.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48764 (Aug. 14, 2012). See generally Dawn-Marie Bey & Christopher A. Cotropia, *The Unreasonableness of the Patent Office’s “Broadest Reasonable Interpretation” Standard*, 37 AIPLA Q.J. 285 (2009) (exploring the validity of the broadest reasonable interpretation standard).

¹²⁰ 37 C.F.R. §§ 42.108(b), 42.208(b) (2014).

¹²¹ *Id.*

¹²² *Id.* § 42.1(b).

¹²³ This was confirmed on the petitioner’s side in *St. Jude Medical, Cardiology Division, Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375 (Fed. Cir. 2014) (holding that immediate review from denial to institute proceedings is not available), and on the patent owner’s side in *In re Procter & Gamble Co.*, 749 F.3d 1376, 1378–79 (Fed. Cir. 2014) (holding that immediate review of a decision to institute IPR proceedings is not available).

¹²⁴ Leahy–Smith America Invents Act, 35 U.S.C. § 319 (2012).

¹²⁵ 157 CONG. REC. S1376 (Mar. 8, 2011) (statement of Sen. Kyl).

petitioner later being estopped from asserting that ground or any other ground it reasonably could have raised in the proceeding.¹²⁶ Under the new AIA regime, the PTAB may not institute proceedings if the “petitioner or real party in interest” has already “filed a civil action challenging the validity of a claim of the patent” or “is estopped from challenging the claims on the grounds identified in the petition.”¹²⁷ After the conclusion of the proceeding, the petitioner or the real party in interest is barred from asserting “any ground that the petitioner raised or reasonably could have raised during that [IPR],” not just in subsequent proceedings in front of the PTO, but also in a district court action or in a proceeding before the International Trade Commission.¹²⁸ Estoppel attaches once the PTAB issues its final written decision.¹²⁹

II. THE PTAB’S REDUNDANCY DOCTRINE AND ITS PROBLEMS

The PTAB has created a procedure, not explicitly provided for in the statutes or regulations that it employs, which promotes quick adjudication over a thorough review of the possible grounds for unpatentability. The PTAB will often institute an IPR on certain proposed grounds for invalidity, but not others, declaring certain references redundant or cumulative¹³⁰ to those already considered by the PTO.¹³¹ The petitioner “bears the burden of demonstrating why the grounds asserted in the petition are not cumulative to one another.”¹³² The PTAB has one year from instituting the IPR to issue its final written decision, so the PTAB declares prior art references cumulative as a way to

¹²⁶ 35 U.S.C. § 315(e).

¹²⁷ 37 C.F.R. § 42.101 (2014); *see* *Anova Food, LLC v. Sandau*, No. IPR2013-00114, 2013 WL 5947705, at *8 (P.T.A.B. Sept. 13, 2013) (precluding the petitioner from challenging the patent claims because the petitioner held itself out as one continuous entity with another entity that already filed a civil action challenging the validity of the claim).

¹²⁸ 35 U.S.C. § 315(e)(2).

¹²⁹ *Va. Innovation Scis., Inc. v. Samsung Elecs. Co.*, 983 F. Supp. 2d 713, 753 (E.D. Va. 2014) (“[T]he preclusive effect of a PTAB final determination is triggered when the PTAB issues its final written decision—regardless of whether an appeal is taken to the Federal Circuit.”).

¹³⁰ *E.g.*, *Arctic Cat, Inc. v. Polaris Indus., Inc.*, No. IPR2014-01427, 2015 WL 636455, at *7 (P.T.A.B. Feb. 13, 2015). The PTAB uses the words redundant and cumulative interchangeably. *Id.*

¹³¹ *Schrader-Bridgeport Int’l, Inc. v. Cont’l Auto. Sys. US, Inc.*, No. IPR2013-00014, 2013 WL 5970136 (P.T.A.B. Apr. 10, 2013) (denying request for rehearing because the grounds of patentability for which the petitioner argued should be granted were cumulative to the references on which the petition was granted); *see* 37 C.F.R. § 1.56(b) (2014) (stating that information “cumulative to information already of record or being made of record” is not material to patentability); *MANUAL OF PATENT EXAMINING PROCEDURE*, *supra* note 2, § 2258.01 (defining a repetitive cumulative reference as “one that substantially reiterates verbatim the teachings of a reference that was either previously relied upon or discussed in a prior Office proceeding even though the title or the citation of the reference may be different”).

¹³² *Intellectual Ventures Mgmt., LLC v. Xilinx, Inc.*, No. IPR2012-00019, at *10 (Feb. 12, 2013).

limit the amount of references and grounds for invalidity that it must consider.¹³³ This Part will (1) explain what cumulative and redundant prior art is generally; (2) describe how the PTAB's use of the redundancy doctrine inappropriately simplifies cases; and (3) discuss how the redundancy doctrine causes estoppel to unfairly attach to grounds of patentability not considered by the PTO.

A. Redundant/Cumulative Prior Art Generally

The idea of cumulative prior art existed prior to the AIA. Under the PTO's regulations, information that is "cumulative to information already of record or being made of record in the application" is immaterial to patentability.¹³⁴ When submitting an application for a patent, the applicant does not breach its duty to disclose all information known to be material if that prior art reference is cumulative to others already submitted.¹³⁵ It is a practical doctrine that, in simple situations, simplifies the record for the patent applicant, the PTO, and all other interested parties. This doctrine also prevents patent applicants from hiding material prior art under a long list of prior art references by overloading the record.¹³⁶ However, determining whether prior art is cumulative is not always simple.¹³⁷ "[W]hen a question of materiality is close, a patent applicant should err on the side of disclosure."¹³⁸

Prior to the AIA, the primary context in which cumulative prior art arose was in allegations of inequitable conduct.¹³⁹ When filing a patent application, an applicant has a duty to disclose all material prior art.¹⁴⁰ If it breached this duty, it could be found liable for inequitable conduct.¹⁴¹ However, "even where an applicant fails to disclose an otherwise material prior art reference, that

¹³³ 37 C.F.R. § 42.100 (2014); see *Illumina, Inc. v. Trs. of Columbia Univ.*, No. IPR2013-00011, 2013 WL 5970134 (P.T.A.B. May 10, 2013) (holding that "considering multiple rejections for the same unpatentability issue would unnecessarily consume the time and resources of all parties involved").

¹³⁴ 37 C.F.R. § 1.56.

¹³⁵ *Id.*

¹³⁶ Shashank Upadhye, *Liar Liar Pants on Fire: Towards a Narrow Construction for Inequitable Conduct as Applied to the Prosecution of Medical Device and Drug Patent Applications*, 72 *UMKC L. REV.* 669, 716 (2004).

¹³⁷ See *id.* at 727 tbl.1 (listing a number of Federal Circuit cases involving inequitable conduct and cumulative prior art).

¹³⁸ *LNP Eng'g Plastics, Inc. v. Miller Waste Mills, Inc.*, 275 F.3d 1347, 1361 (Fed. Cir. 2001).

¹³⁹ 4 ROBERT A. MATTHEWS, JR., *ANNOTATED PATENT DIGEST* § 27:46 (2015) (citing cases discussing cumulative prior art in the context of inequitable conduct).

¹⁴⁰ 37 C.F.R. § 1.56.

¹⁴¹ *Regents of the Univ. of Cal. v. Eli Lilly & Co.*, 119 F.3d 1559, 1574 (Fed. Cir. 1997).

failure will not support a finding of inequitable conduct if the reference is ‘simply cumulative to other references.’”¹⁴² The Federal Circuit defined cumulative references as a reference that “teaches no more than what a reasonable examiner would consider to be taught by the prior art already before the PTO.”¹⁴³

Cumulative prior art also applied in the context of *inter partes* reexaminations, in which requesters could not use cumulative prior art references to demonstrate a substantial new question of invalidity.¹⁴⁴ Here, cumulative prior art was anything “already considered by the PTO in the original prosecution or in prior reexaminations.”¹⁴⁵

Redundant prior art did not arise until the PTAB created it to simplify post-issuance reviews under the AIA. The basic concept of redundant prior art is the same as cumulative prior art, except that it most often refers to prior art references asserted during the current proceeding.¹⁴⁶ The PTAB justifies its usage under its requirements to “secure the just, speedy, and inexpensive resolution of every proceeding.”¹⁴⁷ However, the biggest difference between the usage of cumulative prior art doctrine in *inter partes* reexaminations prior to the AIA and the use of redundant prior art doctrine in post-issuance proceedings is that the redundant prior art has never before been considered by the PTO.

B. The PTAB Uses Redundant Prior Art to Inappropriately Simplify Cases

The first PTAB decision under the new AIA regime that found certain grounds cumulative, referred to in the order as “redundant grounds,” was in the context of a covered business method patent proceeding.¹⁴⁸ The petition asserted 422 grounds of unpatentability against a total of twenty patent

¹⁴² *Id.* at 1574–75 (citing *Scripps Clinic & Research Found. v. Genetech, Inc.*, 927 F.2d 1565, 1582 (Fed. Cir. 1991)).

¹⁴³ *Id.* at 1575.

¹⁴⁴ Robert Greene Sterne et al., *Reexamination Practice with Concurrent District Court Litigation or Section 337 USITC Investigations*, 11 SEDONA CONF. J. 1, 12 (2010).

¹⁴⁵ *Id.* at 26.

¹⁴⁶ See *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, No. CBM2012-00003 (JL), 2012 WL 9494791 (P.T.A.B. Oct. 25, 2012) (establishing the redundancy doctrine).

¹⁴⁷ 37 C.F.R. § 42.1(b) (2014); see *EMC Corp. v. PersonalWeb Techs., LLC*, No. IPR2013-00083, 2013 WL 5970177, at *2 (June 5, 2013).

¹⁴⁸ *Liberty Mut. Ins. Co.*, 2012 WL 9494791, at *1–2.

claims.¹⁴⁹ The PTAB identified two types of redundancy: (1) horizontally redundant references, which involve “a plurality of prior art references applied not in combination to complement each other but as distinct and separate alternatives”; and (2) vertically redundant references, which involve “a plurality of prior art applied both in partial combination and in full combination.”¹⁵⁰ For example, if prior art references A, B, and C could individually invalidate a patent claim as either anticipated or obvious, the three references would be horizontally redundant, and the PTAB would institute review based on only one of the proposed grounds. If prior art reference A would invalidate a patent claim as obvious, then combining prior art references A and B for an obviousness challenge would be considered vertically redundant, and the PTAB would again institute review based only on one of the proposed grounds. For either form of redundancy, the PTAB wants petitioners to assert only the strongest ground, or, if they are all equally persuasive, assert only one rather than burden the PTAB and the patent owner with every ground.¹⁵¹ For each ground to be considered, the petitioner must “reasonably articulate[] why each ground has strength and weakness relative to the other.”¹⁵²

Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co. provides an excellent example of these redundancy principles.¹⁵³ In *Liberty Mutual*, the PTAB found both horizontal and vertical redundancy in the grounds of unpatentability submitted by the petitioner.¹⁵⁴ The petitioner challenged a claim pertaining to a wireless transmitter on obviousness grounds.¹⁵⁵ Three references were found to be horizontally redundant with respect to the wireless-transmitter feature because the petitioner did not articulate any relative strength or weakness between the three references.¹⁵⁶ As a result, the PTAB ordered the petitioner to choose only one of the three

¹⁴⁹ *Id.* at *1. “[N]umerous redundant grounds would place a significant burden on the Patent Owner and the Board, and would cause unnecessary delays.” *Id.*

¹⁵⁰ *Id.* at *2. References are horizontally redundant when they “provide essentially the same teaching to meet the same claim limitation” without explanation why one more closely satisfies the claim limitations than the other. *Id.* References are vertically redundant when “fewer references than the entire combination are sufficient to render a claim obvious,” or “the entire combination is relied on to render the same claim obvious.” *Id.*

¹⁵¹ *Id.* at *2, *7.

¹⁵² *Id.* at *7.

¹⁵³ *Id.*

¹⁵⁴ *Id.* at *2–7.

¹⁵⁵ *Id.* at *2.

¹⁵⁶ *Id.* at *4.

obviousness grounds for the PTAB to consider.¹⁵⁷ Similarly, the petitioner brought obviousness challenges against other claims based on an array of base references, and then asserted additional obviousness challenges with the same base array, but adding one additional reference to the array.¹⁵⁸ Again, the PTAB ordered the petitioner to choose which group of references the PTAB should consider for its obviousness challenge.¹⁵⁹

Since this decision, the PTAB has applied the concept of redundancy in the context of IPRs as well.¹⁶⁰ However, as explored later in this Comment, the PTAB has expanded its use of redundancy beyond what it dictated in *Liberty Mutual*.¹⁶¹ It also now expects the petitioner to choose between redundant grounds before the petition is filed.¹⁶² If the petitioner has not done so, the PTAB now chooses for the petitioner.¹⁶³

In the extreme case, such as when the petitioner asserts hundreds of grounds of unpatentability, allowing the PTAB to deny review of certain grounds of unpatentability may be necessary to ensure “the just, speedy, and inexpensive resolution of every proceeding.”¹⁶⁴ However, narrowing the proceeding by declaring certain grounds redundant to others could have potential prejudicial effects on the petitioner as the case moves forward. The result creates an unfair asymmetry between the patent owner and the petitioner in the IPR proceeding and prevents the petitioner from ever having its argument heard on that ground, whether in an IPR proceeding, concurrent district court litigation, or on appeal.

When petitioners submit multiple prior art references to establish independent grounds of unpatentability in a post-issuance proceeding, such as those based on anticipation or obviousness, it is rare that each of these grounds is completely identical to one another.¹⁶⁵ The PTAB itself admits this.¹⁶⁶

¹⁵⁷ *Id.*

¹⁵⁸ *Id.* at *7.

¹⁵⁹ *Id.* at *8.

¹⁶⁰ See *Oracle Corp. v. Clouding IP, LLC*, No. IPR2013-00088, 2013 WL 5970180 (P.T.A.B. June 13, 2013).

¹⁶¹ See *id.* at *3 (declaring the asserted obviousness grounds of unpatentability redundant to the asserted anticipation grounds).

¹⁶² *Larose Indus., LLC v. Capriola Corp.*, No. IPR2013-00120 (JTA), 2013 WL 5947706 (July 22, 2013).

¹⁶³ *Id.*

¹⁶⁴ 37 C.F.R. § 42.1 (2014).

¹⁶⁵ *Oracle Corp.*, 2013 WL 5970180, at *1.

¹⁶⁶ “[I]t is rarely the case that the disclosures of different prior art references will be literally identical.” *Id.* “[A] repetitive reference which cannot be considered by the Office during reexamination will be a rare

Despite this admission, the PTAB frequently employs the redundancy doctrine during CBMs and IPRs as a way to cut down the length of the proceeding.¹⁶⁷ Every time the PTAB does this, it risks adversely affecting the petitioner—the party whom these procedures were intended to protect¹⁶⁸—because, under the plain language of the statute, the petitioner then does not have the opportunity to argue that ground of unpatentability during the remainder of the proceeding, on appeal, or during concurrent litigation.¹⁶⁹ This concern is highlighted by the amount of requests for rehearing submitted by petitioners based on a denial of the redundant grounds.¹⁷⁰

Once the PTAB institutes an IPR on certain grounds, but declines to consider these redundant references, the petitioner may not be able to refer to these cumulative references for the remainder of the IPR (although this is not yet entirely clear).¹⁷¹ The petitioner must prove by a preponderance of the

occurrence since most references teach additional information or present information in a different way than other references, even though the references might address the same general subject matter.” MANUAL OF PATENT EXAMINING PROCEDURE, *supra* note 2, § 2258.01(B)(3).

¹⁶⁷ See *Oracle Corp.*, 2013 WL 5970180, at *1–2 (declining on request for rehearing to institute review on a single redundant obviousness ground when the PTAB instituted review based only on anticipation grounds).

¹⁶⁸ 157 CONG. REC. H4480, 4481–82 (daily ed. June 23, 2011) (statement of Rep. Smith).

¹⁶⁹ See Leahy–Smith America Invents Act, 35 U.S.C. §§ 315(e), 325(e) (2012).

¹⁷⁰ See, e.g., *EMC Corp. v. PersonalWeb Techs., LLC*, No. IPR2013-00083, 2013 WL 5970177, at *1 (P.T.A.B. June 5, 2013) (declining to authorize redundant grounds of unpatentability and hold those grounds in abeyance).

¹⁷¹ 35 U.S.C. § 315(e)(1) (“The petitioner in an [IPR] of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or *maintain* a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that [IPR].” (emphasis added)); see 37 C.F.R. § 42.220 (2014) (stating that the patent owner may file a response addressing any ground for unpatentability not already denied); Ralph Loren & Gabriel McCool, *PTAB Use of Redundancy May Have Unfair Estoppel Effect*, LAW360 (Mar. 21, 2014), <http://www.law360.com/articles/516272/ptab-use-of-redundancy-may-have-unfair-estoppel-effect> (arguing that this estoppel provision precludes the petition “from further raising those same grounds in the same . . . proceeding”). However, in light of the statute specifying a final written decision under § 318(a) and of Federal Circuit cases interpreting similar language from the pre-AIA statute, it is unclear whether a petitioner would in fact be estopped from asserting the rejected grounds in the same proceeding. See *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.* 749 F.3d 1373, 1375 (Fed. Cir. 2014) (holding that the PTAB’s decision to deny institution of IPR proceeding was not appealable to the Federal Circuit because it was not a final written decision under § 318(a), and the statute specifically says it is final and not appealable); *Bettcher Indus., Inc. v. Bunzi USA, Inc.*, 661 F.3d 629, 643–48 (Fed. Cir. 2011) (interpreting “finally determined” in pre-AIA estoppel statute to mean that estoppel “applies only after all appeal rights are exhausted, including appeals of [the Federal Circuit]”). For a discussion on the estoppel effects in an IPR of unpatentability grounds asserted in pre-AIA *inter partes* reexamination, see *Vestcom International, Inc. v. Grandville Printing Co.*, No. IPR2013-00031, 2013 WL 5970150, at *8–10 (P.T.A.B. Apr. 1, 2013) (holding that grounds asserted in a petition for *inter partes* reexamination proceeding, which were denied review, did not estop the same party from asserting identical grounds of unpatentability in an IPR).

evidence that the claims are invalid based on grounds specified in the institution of the IPR.¹⁷² Thus, if the PTAB institutes an IPR based on certain grounds but not on others, the petitioner may be estopped from presenting anything before the court that related to the grounds that were denied.

This is an issue for multiple reasons. The patent owner may refer to the cumulative art and assert any defenses related to the cumulative art. Very rarely does a petitioner submit two references that are completely identical in every way. The patent owner can evaluate the cumulative art and determine if anything distinguishes it from the references on which the IPR proceeding is based, such as if the cumulative art teaches away certain aspects of the claim limitations.¹⁷³ If the patent owner can demonstrate that a cumulative prior art reference teaches away the claim limitations, then the patent owner can show that the patent is not obvious under 35 U.S.C. § 103, and the petitioner may not even be able to argue to the contrary. Additionally, the patent owner might attempt to amend its patent claims in an effort to distinguish its patent claims from the prior art and thus avoid a finding of unpatentability.¹⁷⁴ If the PTAB does not permit the petitioner to refer to prior art outside the scope of the grounds instituted for review, the petitioner may be severely disadvantaged in attempting to prevent the patent owner from amending its claims. The petitioner cannot possibly anticipate how the patent owner will respond to the grounds of unpatentability instituted by the PTAB.¹⁷⁵ It is thus unreasonable for the PTAB to expect the petitioner to determine the relative merits of each ground for unpatentability and select one at the outset of the proceeding. Going forward, if the PTAB continues to use the redundancy doctrine, it should make clear that either both parties or neither party may refer to the redundant prior art.

One example of this issue that has already occurred relates to the patent owner's ability to exclude a non-redundant prior art reference from the

¹⁷² 35 U.S.C. § 316(e).

¹⁷³ A patent owner can argue that a prior art reference teaches away certain aspects of its invention to defend the patent against an obviousness challenge. *See* W.L. Gore & Assocs., Inc. v. Garlock, Inc., 721 F.2d 1540 (1983). A prior art reference teaches away certain aspects of the invention if the reference essentially says not to incorporate a certain aspect into the invention, when in fact the invention does incorporate that aspect. *Id.* at 1550. This is strong evidence that a patent claim is non-obvious, because the patent owner tried something that the prior art said not to try. *Id.* at 1552.

¹⁷⁴ 35 U.S.C. § 316(d).

¹⁷⁵ Berk-Tek LLC v. Belden Techs., Inc., No. IPR2013-00057, 2013 WL 5947699, at *3 (May 14, 2013) (admitting it is unreasonable for the petitioner to anticipate the patent owner's argument, but denying the request for rehearing because the petitioner did not articulate meaningful distinctions between the grounds).

proceeding through a defense not available to the redundant prior art reference.¹⁷⁶ In *Ranbaxy Laboratories Ltd. v. Vertex Pharmaceuticals, Inc.*, the petitioner asserted four grounds challenging the validity of twelve patent claims based on prior art references Roy and Roy II, both of which were patents. Although the PTAB found that the petitioner established a reasonable likelihood of prevailing on all four grounds, the PTAB instituted an IPR only on the two grounds based on Roy, finding that the denied grounds were “redundant” and “the substantive arguments [were] cumulative.”¹⁷⁷ However, the PTAB overlooked the possibility that the patent owner could remove Roy as prior art under pre-AIA 35 U.S.C. § 103(c) by proving through a joint research agreement common ownership between the subject matter and the claimed invention at the time of the invention.¹⁷⁸ If the cumulative reference, Roy II, which was based on § 102(a) and would not be susceptible to this defense, was allowed in as part of the review, this prejudice would be avoided.¹⁷⁹ In this case, the petitioner was able to alleviate this adverse effect by filing a request for rehearing pursuant to 37 C.F.R. § 42.71(d).¹⁸⁰ However, a petitioner only has up to fourteen days to file a request for a rehearing when the PTAB institutes an IPR on at least one of the asserted grounds of unpatentability.¹⁸¹ Given that petitioners are only entitled to limited discovery to begin with, and are not entitled to any discovery prior to the institution of an IPR, a possible oversight such as this may not be caught in time by the petitioner.¹⁸²

Another problem associated with this rule is that determinations on whether to institute an IPR are “final and nonappealable.”¹⁸³ This makes it difficult for

¹⁷⁶ *Ranbaxy Labs. Ltd. v. Vertex Pharm., Inc.*, No. IPR2013-00024 (SGL), 2013 WL 5970171 (P.T.A.B. Mar. 5, 2013).

¹⁷⁷ *Id.* at *10.

¹⁷⁸ *See id.*

Subject matter developed by another person, which qualifies as prior art only under one or more subsections (e), (f), and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the claimed invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Patent Act of 1952, 35 U.S.C. § 103(c)(1) (2006).

¹⁷⁹ *Ranbaxy Request for Rehearing Pursuant to 37 C.F.R. § 42.71(d)*, *Ranbaxy Labs. Ltd.*, 2013 WL 5970171 (No. IPR2013-00024), 2013 WL 5376987.

¹⁸⁰ *Id.*

¹⁸¹ 37 C.F.R. § 42.71(d)(1) (2014).

¹⁸² *Id.* § 42.51.

¹⁸³ Leahy–Smith America Invents Act, 35 U.S.C. § 314 (2012).

the PTAB to revisit redundant grounds in the same proceeding, if necessary.¹⁸⁴ It is not entirely clear how the PTAB would go about doing this, procedurally. Because the PTAB never instituted proceedings based on those redundant grounds, it would likely have to issue another order instituting proceedings based on those redundant grounds, and then allow for another discovery period. This option may only be available when the PTAB allows grounds based on anticipation to continue and declares all grounds based on obviousness redundant of those anticipation grounds.¹⁸⁵ The issues surrounding revisiting redundant prior art, if the PTAB allows it at all, call into question the timing associated with making a determination that a prior art reference is redundant. All final written decisions of the PTAB may be appealed to the Federal Circuit for review.¹⁸⁶ As such, the petitioner may appeal an adverse final written decision to the Federal Circuit where PTAB rulings are reviewed *de novo* for legal conclusions¹⁸⁷ and reviewed for substantial evidence for factual determinations.¹⁸⁸ But when a valid ground for instituting an IPR is denied because the PTAB declares that prior art cumulative to other grounds, the petitioner loses its ability to appeal on that ground.¹⁸⁹

The Federal Circuit, in *In re Cuozzo Speed Technologies*,¹⁹⁰ has recently adopted this stance on a similar issue in an appeal from a final written decision in an IPR. On appeal, the court dealt with an issue related to the institution of

¹⁸⁴ Oracle Corp. v. Clouding IP, LLC, No. IPR2013-00088, 2013 WL 5970180, at *2 (P.T.A.B. June 13, 2013) (stating that if the patent owner succeeded in rebutting the anticipation ground of unpatentability, “it would become necessary and prudent to adjudicate the non-instituted obviousness ground in the instant proceeding”). *But see* Larose Indus., LLC v. Capriola Corp., No. IPR2013-00120, 2013 WL 5947706 (P.T.A.B. July 22, 2013) (stating that separating the proceeding into two phases would “thereby introduce unnecessary delay and inefficiency”).

¹⁸⁵ See Oracle Corp., 2013 WL 5970180, at *2 (stating that if the patent owner succeeded in rebutting the anticipation ground of unpatentability, “it would become necessary and prudent to adjudicate the non-instituted obviousness ground in the instant proceeding”).

¹⁸⁶ 35 U.S.C. § 141.

¹⁸⁷ See Flo Healthcare Sols., LLC v. Kappos, 697 F.3d 1367, 1381 (Fed. Cir. 2012) (holding that “the court gives objective, *de novo* review to rulings of patent law, whatever their source”).

¹⁸⁸ Dickinson v. Zurko, 527 U.S. 150, 152 (1999).

¹⁸⁹ See *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375 (Fed. Cir. 2014). In *St. Jude Medical*, the patent owner sued the petitioner for patent infringement in district court. *Id.* Based on the stipulations of the parties, the court dismissed the action. *Id.* The petitioner later filed a petition for IPR more than a year after the commencement of the patent infringement proceedings. *Id.* The PTAB declined to institute an IPR, and the petitioner appealed to the Federal Circuit. *Id.* The Federal Circuit held that it lacked jurisdiction to hear the appeal because a non-institution decision “is not a final written decision of the Board under section 318(a), and the statutory provisions addressing *inter partes* review contain no authorization to appeal a non-institution decision to this court.” *Id.*

¹⁹⁰ 793 F.3d 1268 (Fed. Cir. 2015).

an IPR proceeding.¹⁹¹ The patent owner argued that the cancellation of his patent claims was due to an error at the institution stage because the PTAB relied on prior art not contained in the petition. The owner also argued that he was entitled to an appeal on this issue because the PTAB issued a final written decision.¹⁹² The Federal Circuit held that it lacked jurisdiction to review the PTAB's decision to institute proceedings under § 314(d).¹⁹³ While not entirely the same issue, this implies that the PTAB's interpretation of the statutes and regulations do not allow the petitioner to have any grounds reviewed that were declared redundant at the institution stage. From a pure statutory construction perspective, this makes sense. Otherwise, § 314(d) would be superfluous in light of the fact that appeals are not permitted until the PTAB issues a final written decision under § 318(a).¹⁹⁴

It is easier to justify this consequence when the loss of right to an appeal comes in the form of a denial to institute proceedings from all grounds related to certain claims. Presumably in this instance, these grounds were denied because the petitioner could not show a reasonable likelihood of success. Additionally, a denial on these grounds has most likely not triggered collateral estoppel with respect to any concurrent or subsequent district court litigation because there was no final written decision.¹⁹⁵

Arguably, the PTAB is impermissibly precluding the petitioners from seeking review on these grounds as well, as long as it elects to institute the IPR on some grounds. The statute requires the PTAB to “issue a final written decision with respect to the patentability of *any patent claim challenged by the petitioner* and any new claim added under section 316(d)” as long as an IPR is instituted and not dismissed.¹⁹⁶ One reasonable interpretation of this statute is that, if the PTAB elects to institute an IPR, it must address the patentability of each and every claim challenged in the original petition. At least one petitioner has attempted to make this argument at the district court level, but that case was dismissed due to lack of jurisdiction to hear interlocutory appeals from the PTAB.¹⁹⁷ However, even under this somewhat broad interpretation of the

¹⁹¹ *Id.* at 1271.

¹⁹² *Id.* at 1273.

¹⁹³ *Id.*

¹⁹⁴ Leahy–Smith America Invents Act, 35 U.S.C. § 319 (2012).

¹⁹⁵ *See id.* § 315(e)(2).

¹⁹⁶ *Id.* § 318(a) (emphasis added).

¹⁹⁷ *Synopsys, Inc. v. Lee*, No. 1:14cv674 (JCC/IDD), 2014 WL 5092291, at *1 (E.D. Va. Oct. 9 2014); *id.* at *6 n.6 (noting that the plain dictionary meaning of “any” includes “one, some, every, or all without specification”).

statute (requiring the PTAB to address all challenged patent claims), the statute is still silent about what is required when multiple grounds speak to the same patent claim.¹⁹⁸ Thus, the statute may mandate that the PTAB address grounds relating to the patentability of patent claims that were not instituted for review, yet not require the PTAB to address grounds recognized as having a reasonable likelihood of success.

This possible negative effect could greatly prejudice the petitioner: the petitioner may be forced to assert a ground of unpatentability that turns out to be weaker than grounds declared redundant. The PTAB may declare a prior art reference cumulative for the purposes of the IPR, but that does not necessarily mean the cumulative reference is identical in every way to references on which the PTAB institutes the IPR.¹⁹⁹ Indeed, the petitioner asserts multiple grounds of unpatentability not to try and burden the PTAB, but because it perceives different strengths and weaknesses between the prior art references, whether that difference refers to specific technological disclosure in the reference, or a factual difference, such as a different date of publication.²⁰⁰ It could be that petitioner would win an appeal based on the cumulative references, which are not appealable, but not on the appealable references.

The PTAB could potentially mitigate this risk if it continued with the procedures it applied during *Liberty Mutual*, in which the petitioner was allowed to choose which “redundant” ground of invalidity the PTAB would consider.²⁰¹ The PTAB has moved away from this, however, not giving the petitioner any choice in the matter.²⁰² For example, in *Larose Industries, LLC v. Cariola Corp.*,²⁰³ the petitioner argued for a request for rehearing because the PTAB declared certain grounds for unpatentability redundant.²⁰⁴ The petitioner preferred the redundant ground to the non-redundant ground because the patent owner could try to antedate the non-redundant prior art reference

¹⁹⁸ See 35 U.S.C. § 318(a).

¹⁹⁹ Oracle Corp. v. Clouding IP, LLC, No. IPR2013-00088, 2013 WL 5970180, at *1 (P.T.A.B. June 13, 2013).

²⁰⁰ EMC Corp. v. PersonalWeb Techs., LLC., No. IPR2013-00083 (JYC), 2013 WL 5970177, at *2 (P.T.A.B. June 5, 2013).

²⁰¹ Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co., No. CBM2012-00003 (JL), 2012 WL 9494791, at *7 (P.T.A.B. Oct. 25, 2012).

²⁰² For an example of an IPR in which redundancy prevented the petitioner from asserting an obviousness ground, see *Osram GmbH v. Schubert*, No. IPR2013-00459, 2014 WL 2528617, at *12 (P.T.A.B. Jan. 27, 2014).

²⁰³ No. IPR2013-00120 (JTA), 2013 WL 5947706 (P.T.A.B. July 22, 2013).

²⁰⁴ *Id.* at *2.

and thus remove it as prior art.²⁰⁵ However, the PTAB found the argument unpersuasive, stating that it should not alter the decision to institute proceedings “based on what the parties ‘may’ argue in the future or so that Petitioner may be in a better position to prevail.”²⁰⁶

It is easy to think of extreme examples in which it would be bad policy to completely strip away the PTAB’s discretion in declaring prior art references cumulative. If the petitioner sets forth hundreds of grounds based on hundreds of prior art references, which all have a reasonable likelihood of invalidating the patent, it would be next to impossible for the PTAB to review the patentability of the claims based on the prior art references and still meet its one-year deadline for issuing a final written decision.²⁰⁷ The PTAB has clarified that it has complete discretion regarding which grounds of unpatentability are allowed to proceed.²⁰⁸ However, many instances in which the PTAB declines for redundancy reasons to institute proceedings result in only a small number of grounds being denied.²⁰⁹ In these situations, it may be in the best interest of the petitioner to have all of its arguments heard in light of the minimal time saved in resolving the proceedings.

The redundancy doctrine has not stopped petitioners from attempting to get all of their arguments heard. Instead of simply selecting their best prior art references, some petitioners are filing multiple IPRs on the same claims, including different prior references in each.²¹⁰ This option allows petitioners to spend more time on its original petition, which the PTO rules limit to sixty pages for IPRs,²¹¹ explaining the importance of each patentability ground. It also increases the workload of the patent owner and the PTAB, requiring them to respond and make a decision on each petition.²¹²

²⁰⁵ *Id.* Because this proceeding was based on a patent filed before the AIA took effect, a patent owner could avoid potentially invalidating prior art references by showing that the inventor conceived the invention prior to the date of prior art publication as long as the inventor was diligent in reducing the invention to practice. Patent Act of 1952, 35 U.S.C. § 102(g) (2006).

²⁰⁶ *Larose*, 2013 WL 5947706, at *2.

²⁰⁷ 37 C.F.R. § 42.1 (2014).

²⁰⁸ *Oracle Corp. v. Clouding IP, LLC*, IPR2013-00088, 2013 WL 5970180, at *3 (P.T.A.B. June 13, 2013) (“There is no magical number that defines the floor in determining redundancy.”).

²⁰⁹ *See, e.g., id.* at *1 (declining on request for rehearing to institute one additional ground of unpatentability declared redundant at the institution stage).

²¹⁰ *See, e.g., Samsung Elecs. Co. Ltd. v. Home Semiconductor, Inc.*, IPR2015-00467, 2015 WL 3826663 (P.T.A.B. June 17, 2015); *Samsung Elecs. Co. Ltd. v. Home Semiconductor, Inc.*, IPR2015-00466, 2015 WL 3826662 (P.T.A.B. June 17, 2015).

²¹¹ 37 C.F.R. § 42.24(a) (2014).

²¹² For example, in *Medtronic, Inc. v. Nuvasive, Inc.*, the petitioner filed seven different IPR petitions challenging four different patents. IPR2014-00087, 2014 WL 1410365 (P.T.A.B. Apr. 8, 2014); IPR2014-

Because the IPR procedures are still very young, these issues have not yet surfaced in the Federal Circuit, but time will tell whether the focus on speedy resolution of proceedings rather than a thorough review of the asserted grounds of unpatentability will ultimately lead to prejudicial decisions that favor the patent owner. The PTAB must be careful not to create policies that discourage the use of post-grant proceedings such as IPRs.

C. The Cumulative Prior Art Rule Risks Unfairly Triggering Estoppel Against Petitioners

The driving force behind this newly created redundancy doctrine is the emphasis on quick and efficient adjudication of patent validity issues.²¹³ For post-issuance proceedings to achieve that purpose, the PTAB must not use the redundancy doctrine to force petitioners to give up potentially valid grounds of unpatentability to obtain the benefits that post-issuance proceedings provide. The main reason why the redundancy doctrine is so concerning is the likely estoppel effects that attach in case of an adverse judgment against the petitioner. In district court proceedings, a party may ordinarily appeal any adverse decision by the court to the Federal Circuit.²¹⁴ However, in post-issuance proceedings, the Federal Circuit may only hear an appeal from a final written decision of the PTAB.²¹⁵ This dynamic must inform the third party's decision on whether to file a petition in front of the PTAB because a petitioner may end up estopped from ever having a potentially valid ground of unpatentability heard in any proceeding beyond the PTAB's decision to institute proceedings.²¹⁶

The estoppel provision in the IPR statute specifies that, upon “a final written decision under section 318(a),” the petitioner cannot assert in the district court or subsequent appeals “that the claim is invalid on any ground that the petitioner *raised or reasonably could have raised* during that IPR.”²¹⁷

00081, 2014 WL 1410364 (P.T.A.B. Apr. 8, 2014); IPR2014-00076, 2014 WL 1410363 (P.T.A.B. Apr. 8, 2014); IPR2014-00075, 2014 WL 1410375 (P.T.A.B. Apr. 8, 2014); IPR2014-00074, 2014 WL 1410361 (P.T.A.B. Apr. 8, 2014); IPR2014-00073, 2014 WL 1410360 (P.T.A.B. Apr. 8, 2014); IPR2014-00035, 2014 WL 1410357 (P.T.A.B. Apr. 8, 2014).

²¹³ See *supra* Part I.C.

²¹⁴ 28 U.S.C. § 1295(a) (2012).

²¹⁵ 35 U.S.C. § 319.

²¹⁶ *Id.* §§ 315(e), 325(e).

²¹⁷ 35 U.S.C. § 315(e)(2) (emphasis added). “The plain language of an IPR ‘that results in a final written decision’ within § 315(e)(2) suggests that estoppel applies once there is a final written decision and not before that time.” *Pers. Audio LLC v. Togi Entm’t, Inc.*, No. 14-mc-80025 RS (NC), 2014 WL 1318921, at *2 (N.D. Cal. 2014) (discussing the merits of granting a stay of litigation).

Presumably, this would include not only the grounds that were decided after the institution of the IPR, but also any grounds that the petitioner asserted but were denied review because they were cumulative to other grounds granted by the PTAB. The plain language of the statute supports this interpretation, as it does not refer to grounds instituted, but instead to grounds raised.²¹⁸ The likely result is that this provision estops the petitioner from asserting grounds of unpatentability which neither the PTO nor a district court has ever considered, leading to potentially unfair outcomes for the petitioner.

The manner in which estoppel attaches in post-issuance reviews is in tension with the PTAB's redundancy doctrine. Because the petitioner must assert every ground for which the PTAB could invalidate the patent claims or else risk being estopped from asserting those grounds in a later proceeding, the petitioner is encouraged to assert every potential ground of unpatentability.²¹⁹ However, the PTAB's redundancy doctrine requires petitioners to refrain from asserting any ground which the PTAB would deem redundant.²²⁰ Thus, if a petitioner does not assert the ground of unpatentability, estoppel may apply in later proceedings, and if a petitioner does assert the ground of unpatentability, the same may be true.

A possible hypothetical demonstrates how prejudice could arise when collateral estoppel attaches to the grounds found cumulative by the PTAB. Person A, a patent owner, sues person B in district court for patent infringement. Person B files a petition to institute an IPR with the PTO, asserting multiple grounds for unpatentability, including those based on anticipation and obviousness. The PTAB institutes the IPR based only on the anticipation grounds, finding that the obviousness grounds are cumulative to the anticipation grounds.²²¹ The PTAB then issues its final written decision, holding that the petitioner has not upheld its burden of demonstrating by a preponderance of the evidence that the claims are invalid.²²² At this point,

²¹⁸ 35 U.S.C. § 315(e).

²¹⁹ *Id.*

²²⁰ *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00003 (JL), 2012 WL 9494791, at *7 (P.T.A.B. Oct. 25, 2012).

²²¹ This scenario, in which the PTAB grants the petition based on the anticipation grounds, but finds that the obviousness grounds are redundant has happened at least twice. See *Osrsm GmbH v. Schubert*, No. IPR2013-00459, 2014 WL 2528617, at *12 (P.T.A.B. Jan. 27, 2014) (finding “the asserted grounds of unpatentability . . . redundant in light of the . . . grounds of unpatentability on the basis of which” the PTAB instituted review); see also *Motorola Mobility LLC, v. Intellectual Ventures I LLC*, No. IPR2014-00500, 2014 WL 4593407, at *13 (P.T.A.B. Sept. 10, 2014) (same).

²²² This scenario has happened at least once. See *Osrsm GmbH*, 2015 WL 296585, at *1.

person B has lost the ability to challenge the validity of the patent based on obviousness.

Person B then gets to appeal the decision of the PTAB based only on the anticipation grounds to the Federal Circuit.²²³ If the Federal Circuit affirms the decision of the PTAB, person B is out of options. Despite a showing that he had a reasonable likelihood of invalidating the patent based on multiple anticipation and obviousness grounds, person B was able to put forth arguments related only to some of its anticipation grounds. The other grounds, held to be cumulative, were not argued before the PTAB or the Federal Circuit. Person B is also now estopped from asserting those grounds of invalidity in the pending infringement suit in district court.²²⁴

Now consider the same facts, but this time the PTAB, after instituting proceedings on the anticipation grounds but not the obviousness grounds, holds in favor of the petitioner and invalidates some or all of the patent claims. The patent owner then gets to appeal that adverse decision to the Federal Circuit.²²⁵ While the Federal Circuit gives some deference under the substantial evidence standard to factual determinations made in the PTAB's final written decision,²²⁶ it reviews legal determinations de novo, making it easier to reverse PTAB decisions.²²⁷ However, it cannot review any of the cumulative grounds at the institution stage at all.²²⁸ If the Federal Circuit ultimately reverses the PTAB decision because the patent is not anticipated by the prior art, the petitioner is once again foreclosed from ever having its obviousness grounds heard by a court. The PTAB's decision to limit the grounds for patentability at the institution stage may have saved time during the post-issuance proceeding, but it prevented the Federal Circuit from considering those grounds on appeal and most likely estopped the petitioner from asserting that ground in concurrent or subsequent litigation.

This once again brings up another strange dynamic associated with the estoppel provision: in this limited scenario, the petitioner would have actually been better off if the PTAB declined to institute proceedings altogether rather

²²³ See *supra* note 215 and accompanying text.

²²⁴ See *supra* note 169 and accompanying text.

²²⁵ See *supra* note 215 and accompanying text.

²²⁶ *Dickinson v. Zurko*, 527 U.S. 150, 164–65 (1999).

²²⁷ *Flo Healthcare Sols., LLC. v. Kappos*, 697 F.3d 1367, 1381 (Fed. Cir. 2012). “Whether a claimed invention is unpatentable as obvious under § 103 is a question of law based on underlying findings of fact.” *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000).

²²⁸ See Leahy–Smith America Invents Act, 35 U.S.C. § 314(d) (2012).

than only partially instituting proceedings because estoppel does not attach to grounds asserted before the PTAB when a final written decision is not reached. This makes little sense. A ground for invalidity unlikely to succeed should not be eligible for reconsideration in concurrent or subsequent district court litigation when one that is reasonably likely to succeed may not.

III. PROPOSED SOLUTIONS

When considered in light of the purposes of the AIA post-issuance proceedings, the estoppel resulting from the redundancy doctrine negatively affects the petitioner in the context of the post-issuance proceeding and the patent litigation structure as a whole. If estoppel applies to the redundant grounds for invalidity, the petitioner has lost the right to challenge the patent based on grounds that the PTAB agreed were meritorious in both the post-issuance proceeding, on appeal, and in subsequent litigation.²²⁹ If estoppel does not apply to the redundant grounds for invalidity, that substantially impairs one of the primary purposes of post-issuance proceedings—to provide a relatively cheap and quick alternative to patent litigation. This Part analyzes the pros and cons of two proposed solutions: (1) instituting all meritorious grounds, but continuing the proceeding based only on those the PTAB declares non-redundant; and (2) interpreting the IPR statute so that grounds of unpatentability outright denied are final, but redundant grounds are appealable in the event of an adverse decision.

To avoid the loss of a petitioner's right to appeal on a redundant ground, the PTAB could institute an IPR based on all grounds that show a reasonable likelihood of unpatentability and then declare some of the grounds cumulative in a subsequent order. This continues to promote the PTO's philosophy that administrative proceedings should be quick and efficient,²³⁰ while at the same time preserving the petitioner's right to appeal on that ground. Given the rate at which patents have been invalidated through the first two years of these proceedings, this issue is unlikely to arise often.²³¹ When it does, one open question would be what the Federal Circuit would do if it reversed the PTAB? Given that limited discovery is permitted in post-issuance proceedings,²³² one possibility is that the Federal Circuit could review the redundant prior art references to determine if they compelled remanding the case back down to the

²²⁹ See *supra* Part II.C.

²³⁰ 37 C.F.R. § 42.1 (2014).

²³¹ Klodowski & Seastrunk, *supra* note 8.

²³² 35 U.S.C. §§ 316(a)(5), 326(a)(5).

PTAB to reconsider the petitioner's claim on the redundant grounds. Another possibility is that the Federal Circuit could consider the merits of the redundant grounds itself and issue a decision.

The PTAB has repeatedly declined to pursue either proposed solution, usually arguing that instituting proceedings on all potentially meritorious grounds would interfere with its duty to “secure the just, speedy, and inexpensive resolution of every proceeding.”²³³ In *EMC Corp. v. PersonalWeb Technologies*, the PTAB declined to simply institute the proceeding on all meritorious grounds, deciding instead to continue based only on the grounds it declared non-redundant.²³⁴ Its reasoning behind this was that “such a serial procedure would introduce unnecessary, significant delays and inefficiencies.”²³⁵ The only situation in which this would cause delays is when the petitioner wins at the PTAB, but loses based on the instituted grounds on appeal to the Federal Circuit.²³⁶ In this situation, “the final written determination most likely would not be issued within one year after the date of institution” because it would require “a second deposition of the same witnesses, a second patent owner's response, and a second reply.”²³⁷ Not only is this an extremely questionable interpretation of the statutory provisions, it also perfectly demonstrates how the PTAB has become far too concerned with how quickly it can dispose of cases instead of the petitioner's ability to challenge patents.

It is hard to reconcile the PTAB's interpretation of when it must issue its final written decision with the language and purpose of the statute. The PTAB is essentially saying that if the Federal Circuit reverses a PTAB decision, the PTAB would not be able to issue a second, final written decision within one year from the original date at which it instituted proceedings.²³⁸ But if this were the case, it certainly would apply to every single post-issuance proceeding that gets reversed on appeal. The Federal Circuit decided the first appeal from a final written decision of a post-issuance proceeding after more than two years of AIA post-issuance proceedings.²³⁹ It would be impossible to

²³³ 37 C.F.R. § 42.1(b) (2014); see *EMC Corp. v. PersonalWeb Techs., LLC*, IPR 2013-00083 (JYC), 2013 WL 5970177, at *2 (P.T.A.B. June 5, 2013).

²³⁴ 2013 WL 5970177, at *1.

²³⁵ *Id.* at *3.

²³⁶ *Id.*

²³⁷ *Id.*

²³⁸ *Id.*

²³⁹ *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271 (Fed. Cir. 2015), *withdrawn on reh'g in* 793 F.3d 1268 (Fed. Cir. 2015).

meet this deadline, redundant grounds or not. Forcing the parties to take a second set of depositions and write new briefs would not make a difference on this matter.

If the PTAB is instead saying that a new one-year clock starts from the time the Federal Circuit remands the case, it is still unclear how conditionally instituting proceedings based on every meritorious ground would frustrate the PTAB's one-year requirement.²⁴⁰ For one thing, the required discovery would be less burdensome in a proceeding on remand than in a newly initiated proceeding because the parties have already completed most of it. Second, the claim construction part of the proceeding would already be complete, and there would be no need to repeat this step. If the PTAB can adjudicate a newly initiated post-issuance proceeding within one year, it makes no sense why the PTAB could not complete a remanded post-issuance proceeding within one year as well.

The only plausible interpretation of the statute that would correspond with how the PTAB addressed the issue is one based only on a procedural technicality that would either cause more work for the PTAB or significantly prejudice the petitioner.²⁴¹ The PTAB may be saying that because it has already issued a final written decision for all the grounds of unpatentability, even though that final written decision turned out to be wrong, it has satisfied its statutory one-year mandate. At this point, one of two things may occur: (1) the petitioner would be allowed to start over and resubmit a petition for an IPR based only on the redundant grounds; or (2) the petitioner would be estopped from ever asserting the redundant grounds again. The first possibility is unlikely. If the PTAB's incorrect final written decision allows the PTAB to say it has met its one-year adjudication requirement, then it also estops the petitioner from filing a second petition based on the redundant grounds for unpatentability, because that petition would be based on a ground the petitioner "raised or reasonably could have raised" during the original post-issuance review.²⁴² But if this were the case, the PTAB would be creating more work for itself by having to restart the whole process, including the petition for review, additional responses from the parties, and the discovery to go along with it—assuming the petitioner could still articulate a reasonable likelihood of success based on the previously declared-redundant grounds.

²⁴⁰ *EMC Corp.*, 2013 WL 5970177, at *3.

²⁴¹ *In re Cuozzo Speed Techs.*, 778 F.3d at 1287.

²⁴² Leahy–Smith America Invents Act, 35 U.S.C. § 315(e) (2012).

A second solution would be to interpret § 314 in such a way that outright denials to institute proceedings are final and not appealable, but denials for redundancy become appealable upon the final written decision of the PTAB. The proper construction here would interpret “final and nonappealable” to refer only to when the PTAB states that the petitioner has not met its likelihood of success burden.²⁴³ However, any grounds that the PTAB determines demonstrate a likelihood of success should be appealable due to the lack of statutory authority given to the PTAB to deny such grounds of unpatentability.²⁴⁴

An advantage to this structure is that the PTAB would not have any problems meeting its one-year deadline for issuing a final written decision because the PTAB’s proceeding would remain largely unchanged. On appeal the petitioner would have to prove that the PTAB erred in declaring certain grounds redundant. The Federal Circuit is experienced in making these determinations, as it has been doing so in the context of inequitable conduct for some time.²⁴⁵ This structure would achieve the optimal balance between quick resolution of post-issuance proceedings, minimal effects on the docket of the Federal Circuit, and thorough review of proposed grounds for invalidity.

One disadvantage to these solutions is that they could cause wasteful delays in the proceedings. It would be much quicker for the parties to adjudicate the proceedings on all meritorious grounds at the same time if the Federal Circuit ultimately reverses the PTAB’s redundancy decisions, allowing the petitioner to try again. However, if the rate of claim cancellation continues at its current level,²⁴⁶ the time saved by simplifying proceedings in the aggregate is likely to exceed the time wasted when the Federal Circuit reverses a redundancy decision. Thus, these solutions promote the rights of third-party requesters and the thorough review of patents, while risking minimal effects to the integrity of the post-issuance review system.

In any case, the PTAB should scale back its use of the redundancy doctrine and use it closer to its intended purpose outlined in *Liberty Mutual*.²⁴⁷ As the number of grounds declared redundant decreases, especially when the PTAB

²⁴³ *Id.* § 314(d).

²⁴⁴ *Id.* § 314(a) (stating only when the PTAB may not institute proceedings).

²⁴⁵ *See, e.g.,* *Regents of the Univ. of Cal. v. Eli Lilly & Co.*, 119 F.3d 1559, 1574–75 (Fed. Cir. 1997).

²⁴⁶ Klodowski & Seastrunk, *supra* note 8.

²⁴⁷ *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, No. CBM2012-00003 (JL), 2012 WL 9494791 (P.T.A.B. Oct. 25, 2012).

eliminates only one or two grounds,²⁴⁸ the chance that the redundancy decision gets reversed on appeal, thus increasing the length of the proceeding, outweighs the minimal benefits in marginally simplifying the case. At a minimum, the PTAB should favor inclusion of all potentially meritorious grounds, rather than placing the burden on the petitioner to demonstrate that prior art is not redundant.²⁴⁹ Both the lack of explicit statutory authority for the redundancy doctrine and the nature of prior art references to teach or disclose information differently bolster this policy.²⁵⁰ The PTAB should instead preserve the redundancy doctrine for prior art references that are nearly identical to one another or for when the number of meritorious grounds impairs the PTAB's ability to meet its one-year statutory requirement.²⁵¹

CONCLUSION

The redundancy doctrine creates an unfair asymmetry between the petitioner and the patent owner that is heightened even more with respect to the estoppel that attaches to appeals and subsequent litigation. This kind of asymmetry should not be permitted in light of the AIA's overall purpose: to provide a quick and inexpensive alternative to litigation. One of the driving forces that inspired the creation of these post-issuance proceedings was the public concern of unnecessary litigation caused by PAEs.²⁵² Congress was more concerned about protecting the accused infringer from costly litigation and eliminating low-quality patents from the patent system than it was about protecting the patent owner from attacks on their patents.²⁵³ As long as the accused infringer has the means, desire, and reasonable grounds to do so, the accused infringer should be permitted to challenge the patent's validity on any of those reasonable grounds.

²⁴⁸ See *Oracle Corp. v. Clouding IP, LLC*, No. IPR2013-00088, 2013 WL 5970180, at *2 (P.T.A.B. June 13, 2013) (declining on request for rehearing to institute review on a single redundant obviousness ground when the PTAB instituted review based only on anticipation grounds).

²⁴⁹ *Intellectual Ventures Mgmt., LLC v. Xilinx, Inc.*, No. IPR2012-00019, 2013 WL 8149388, at *10 (P.T.A.B. Feb. 12, 2013).

²⁵⁰ MANUAL OF PATENT EXAMINING PROCEDURE, *supra* note 2, § 2258.01.

²⁵¹ Leahy-Smith America Invents Act, 35 U.S.C. § 316 (2012).

²⁵² See *supra* Part I.

²⁵³ See Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680 (Aug. 14, 2012) (“The purpose of the AIA and [the PTO rules] is to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”).

Two proposed solutions would help eliminate the asymmetry created with the redundancy doctrine. The PTAB could institute proceedings based on every ground of unpatentability that shows a reasonable likelihood of success, but continue the proceeding based only on grounds it deems non-redundant. This would preserve the petitioner's right to appeal on those grounds and allow the petitioner to use those redundant references to rebut evidence put forth by the patent owner, if necessary. Another solution would be to construe 35 U.S.C. § 314, which states that denied grounds of unpatentability are not appealable,²⁵⁴ such that redundant grounds of unpatentability do not fall under this category. This would allow the petitioner to appeal based on these redundant grounds and the Federal Circuit to reference this prior art in making its determination. However, until the PTAB changes its policies for declaring possibly invalidating prior art redundant, the petitioner must evaluate its repertoire of invalidity grounds and make a determination if it wants to risk being estopped from asserting certain grounds of invalidity before those grounds are ever determined on the merits.²⁵⁵ In certain circumstances, the petitioner might be better off arguing its case in a district court proceeding, rather than a post-issuance proceeding.

BOB HIGH*

²⁵⁴ 35 U.S.C. § 314(d).

²⁵⁵ At the current rate of invalidity, it is still probably in the best interest of the petitioner to bring its invalidity arguments in an IPR, although each case will require its own specific determination based on the specific facts. Klodowski & Seastrunk, *supra* note 8.

* J.D. Candidate Class of 2016, Emory University School of Law; Articles Editor, *Emory Law Journal*; Advisory Board Coordinator, *Emory Intellectual Property Society*. I owe a great deal of gratitude to Professor Timothy R. Holbrook for his guidance on this project as my comment advisor and for his willingness to help me pursue a career in intellectual property. I would also like to thank Thad Kodish, who helped turn my attention to the PTAB's use of the redundancy doctrine. Many thanks to those who spent time reviewing my drafts and to the editors who helped prepare my draft for publication, especially Matt Johnson, Matt Bailey, and Ryan Pulley. I would also like to thank my family members and Niki Knippenberg, who helped encourage me throughout this process.