

## Indefiniteness Is Evolving In Post-Grant Proceedings

By **Deborah Sterling and Yunjun Guo**

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One of the most significant changes made by the America Invents Act is the establishment of three post-grant proceedings: inter partes review, covered business method review and post-grant review. Unlike IPR, in which a patent may be challenged only on the basis of patents and printed publications,[1], patents subject to a CBM or PGR may be challenged on any statutory basis of invalidity.[2] Among the over 600 CBM and PGR challenges brought to the Patent Trial and Appeal Board to date, indefiniteness is perhaps the weapon that petitioners wield least.

This article analyzes the number of CBM and PGR petitions filed, instituted and decided on the ground of indefiniteness from 2013 to 2017, and notes some emerging trends. We also discuss the different standards of indefiniteness applied by the PTAB and courts, and how that difference has generated some uncertainty when parties are simultaneously addressing the same patent challenges in district court and the PTAB.

### CBM and PGR Petitions Filed With Indefiniteness Challenges

The charts below summarize the total number of CBM and PGR petitions and the number of each type of proceeding filed with indefiniteness challenges from fiscal year 2013 to FY 2017 (not including pre-institution settlements). The PTAB received a total of 533 CBM petitions from 2013 to 2017.[3] Because PGR is only applicable to patents that are examined under the AIA's first-inventor-to-file system,[4] very few PGR petitions were filed during the first few years after the AIA was enacted. However, as more patents come out of AIA examination, we see a concurrent rise in PGR filings year over year. Indeed, PGR filings in 2017 almost doubled those in 2016, which, in turn, doubled those in 2015.[5] On the other hand, the number of CBM filings continues to drop.[6] Based on these opposite growing trends, it is very likely that we will start to see more PGRs filed in 2018 than CBMs.

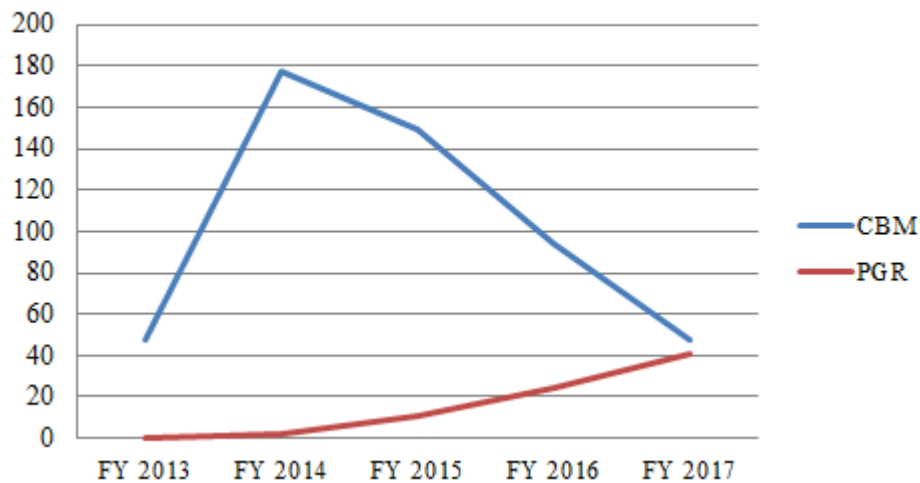


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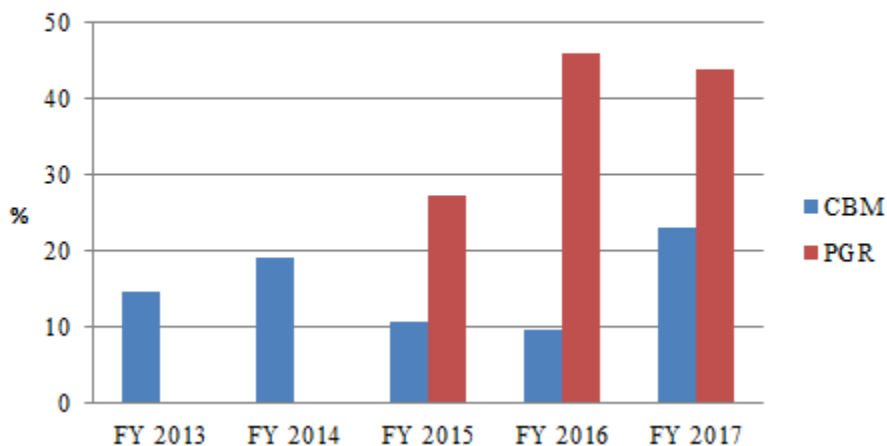


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**Number of CBM and PGR Petitions Filed Each Year**



**Percentage of CBM and PGR Petitions Filed with Indefiniteness Challenges Each Year**



While the first CBM filed raised an indefiniteness challenge[7] on average, only 15 percent of CBMs filed overall have presented challenges based on indefiniteness. On the other hand, indefiniteness has been more frequently utilized in PGRs: almost 40 percent of PGR petitions included indefiniteness as one of the challenging grounds.

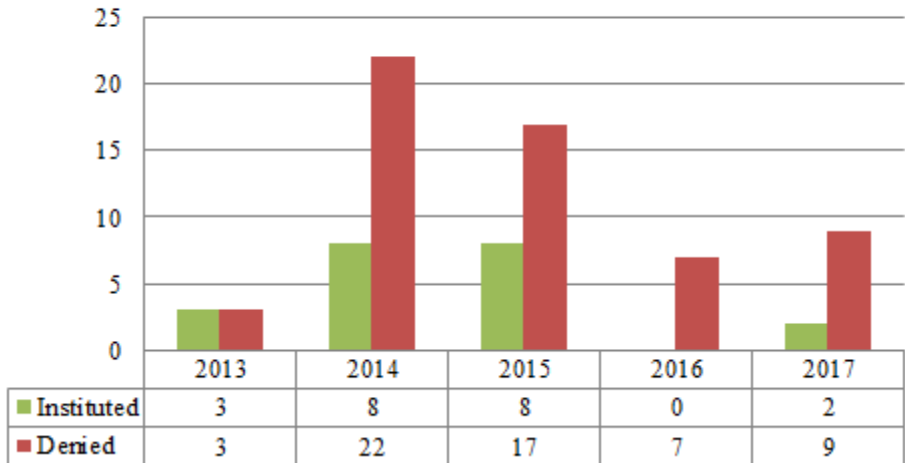
**Institution Statistics of Indefiniteness Challenges in the PTAB**

The average institution rate of all post grant proceedings in the PTAB maintained a constantly declining trend from 2013 to 2017, with the average rate dropping from 83 percent in FY 2013 to 63 percent in FY 2017.[8] The institution rate of indefiniteness in CBMs and PGRs were both at all times lower than the average institution rate, plateauing around 30 percent in 2014, with only moderate fluctuations since.

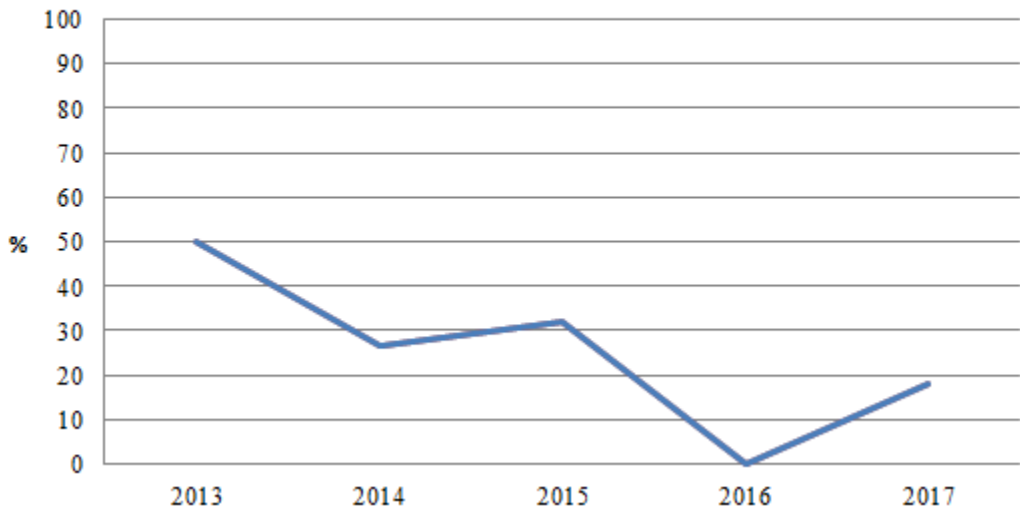
Parsing out indefiniteness institution decisions in CBMs versus PGRs shows an overall declining trend in

institution rate of an indefiniteness challenge in CBMs, versus a more steady trend of a 40 percent institution rate in PGRs.

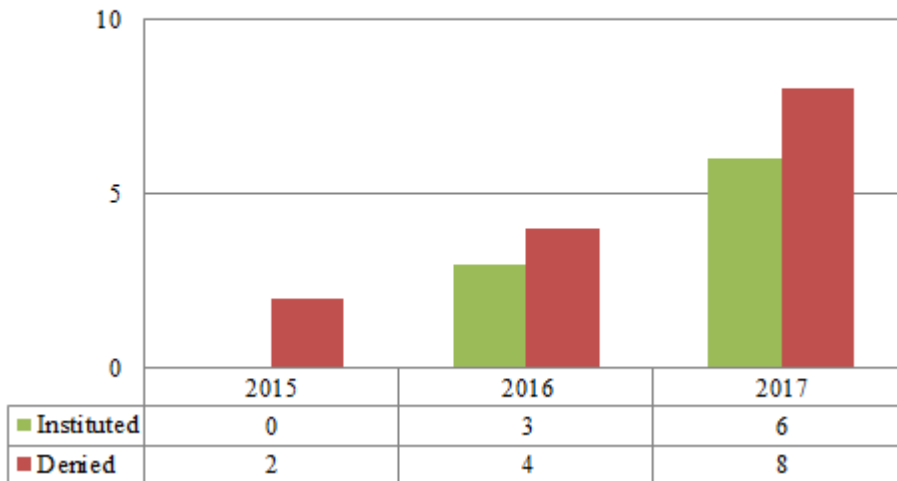
**Number of CBMs Instituted and Denied on the Ground of Indefiniteness Each Year**



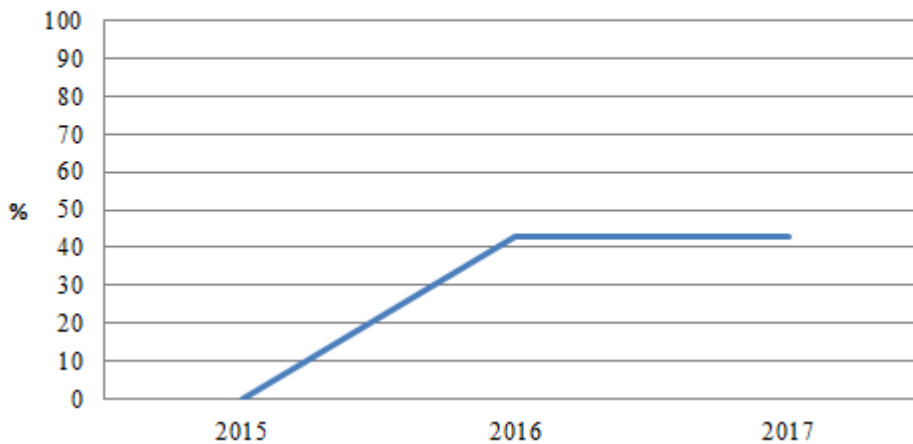
**Trendline of Institution Rate of Indefiniteness in CBM Proceedings**



**Number of PGRs Instituted and Denied on the Ground of Indefiniteness Each Year**



**Trendline of Institution Rate of Indefiniteness in PGR Proceedings**



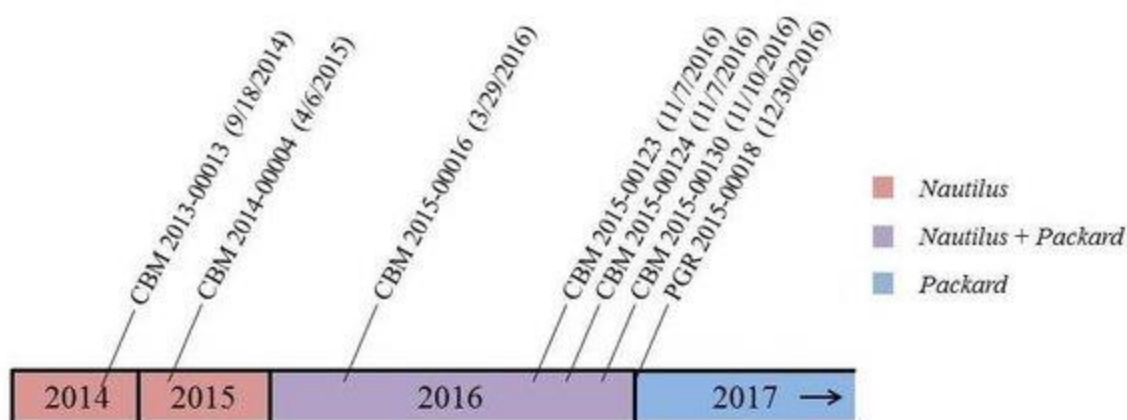
**Final Written Decisions Regarding Indefiniteness in the PTAB**

Even though the institution rate of indefiniteness challenges appears to be lower than the average institution rate of all post grant proceedings, an emerging trend seems to be that once a proceeding is instituted on indefiniteness, it is likely that the PTAB will find the challenged claims unpatentable. Remarkably, 10 of the 11 final written decisions to date that address indefiniteness canceled all instituted claims as indefinite.

Type of Proceeding	Final Decision Date	Trial Number	Number of Claims Instituted on Indefiniteness	Number of Claims Cancelled for Indefiniteness
CBM	2014	CBM2013-00013	7	7
		CBM2013-00027	23	23
	2015	CBM2014-00004	2	0
		CBM2014-00140	1	1
		CBM2014-00148	1	1
		CBM2015-00016	1	1
	2016	CBM2015-00071	10	10
		CBM2015-00123	3	3
		CBM2015-00124	1	1
		CBM2015-00130	1	1
PGR	2016	PGR2015-00018	12	12

### The Evolving Standard of Indefiniteness Applied by the PTAB

Courts apply the “reasonable certainty” standard of indefiniteness set by the U.S. Supreme Court in *Nautilus Inc. v. Biosig Instruments Inc.* [9] Under *Nautilus*, a claim is indefinite if, when read in light of the patent disclosure, the claim fails to inform those skilled in the art of the scope of the invention with reasonable certainty.[10] On the other hand, the Federal Circuit in *In re Packard* recently affirmed the U.S. Patent and Trademark Office’s long-standing *Miyazaki* standard[11] for pre-issuance patent applications. [12] Under *Packard*, a claim is indefinite when it contains words or phrases whose meaning is unclear.[13] If a claim is amenable to two plausible interpretations, it is deemed unclear and therefore indefinite.[14] Following a somewhat mixed application of *Nautilus* and *Packard*, the PTAB has now confirmed that *Packard* is also the relevant standard for post-grant proceedings.



In its earlier CBM final written decisions, the PTAB applied only the Nautilus standard.[15] And it is noteworthy that the only case in which the instituted claims have survived an indefiniteness scrutiny was analyzed under Nautilus.[16] But starting in 2016, the PTAB's decisions reflect an analysis that was somewhat of a mixture of the Nautilus and Packard standards.[17] On the last day of 2016, the PTAB issued the first final written decision in a PGR based on indefiniteness, *Telebrands Corp. v. Tinnus Enterprise LLC*, in which the PTAB explicitly stated that it was not mandated to apply Nautilus. According to the PTAB, Packard was a more appropriate standard because in post-grant proceedings the PTAB applies broadest reasonable interpretation for claim construction, and the patentees have the ability to amend claims.[18]

### **The Contrary Decision of *Telebrands v. Tinnus***

The application of different standards of indefiniteness by the PTAB and the courts has already generated some uncertainty. While *Telebrands* was challenging Tinnus' patent before the PTAB, it was also appealing the grant of a preliminary injunction by the Eastern District of Texas to the Federal Circuit.

At the district court, *Telebrands* argued that Tinnus was not likely to prevail on the merits because (among other reasons) the claims were obvious and the term "substantially filled" rendered the claims indefinite. The court, applying a Nautilus standard rejected *Telebrand's* indefiniteness argument and entered a preliminary injunction.[19]

In the parallel proceeding, the PTAB instituted PGR, finding the claims likely to be indefinite and obvious on the same grounds that *Telebrands* raised in district court.[20] The PTAB subsequently issued a final written decision finding that same claims asserted in the district court were unpatentable as indefinite.[21]

The Federal Circuit affirmed the district court's findings, notwithstanding the PTAB's contrary decision. Indeed, the court largely ignored the PTAB's findings, stating:

We are aware that the PTAB issued a Final Written Decision on December 30, 2016, concluding that the claims of the '066 patent are indefinite. The PTAB's decision is not binding on this court, and based on the record before us and the applicable standard of review, it does not persuade us that the district court abused its discretion in granting the preliminary injunction. The parties are, of course, free to ask the district court to reconsider its preliminary injunction in light of the PTAB's Decision.[22]

While the procedural postures are different between the decisions, they still left Tinnus in an uncertain position — its claims appear to pass the Nautilus test, but not the Packard test. Not surprisingly, Tinnus has appealed the PTAB's final written decision, and the Federal Circuit's forthcoming decision will be interesting. In the meantime, this situation illustrates that different legal standards applied by the PTAB may make it an easier forum in which to demonstrate unpatentability than district court, even if both proceedings involve substantially the same issue. However, the converse also applies; a PTAB decision that is adverse to the patentee may not necessarily provide the same shield for a defendant/petitioner in district court.

### **Conclusion**

While indefiniteness may not have been a popular argument in post-grant proceedings to date, it starts to

show its importance with more PGRs being filed. By analyzing the data from the past five years, we gain a deeper understanding of how indefiniteness challenges have been treated by the PTAB. The institution rate of indefiniteness challenges is so far lower than the average institution rate of all AIA proceedings. However, in 10 of the 11 indefiniteness challenges that received a final written decision, the PTAB has canceled all instituted claims. Lastly, the difference in the Nautilus and Packard standards applied by the courts and PTAB, respectively, may put patent owners and challengers on a different footing in different fora.

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[1] 35 U.S.C. §311(b).

[2] 35 U.S.C. § 321(b).

[3] Id.

[4] 35 U.S.C. §321note(1)(b).

[5] Supra, see [4].

[6] Id.

[7] Supra, see [4].

[8] <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/statistics/aia-trial-statistics>

[9] *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S.Ct. 2120, 2123 (2014)

[10] Id.

[11] *Ex Parte Kenichi Miyazaki*, 2008 WL 5105055 (November 19, 2008)

[12] *In re Packard*, 751 F.3d 1307, 1310 (Fed. Cir. 2014).

[13] Id.

[14] *Miyazaki* at \*5.

[15] *SAP America, Inc. v. Lakshmi Arunachalam*, CBM2013-00013, Paper 61, at 19-20 (September 18, 2014); *Google Inc. v. Unwired Planet, LLC*, CBM2014-00004, Paper 32, at 11-14 (April 6, 2015).

[16] Google Inc. v. Unwired Planet, LLC, CBM2014-00004, Paper 32, at 11-14 (April 6, 2015).

[17] Apple Inc. v. Smartflash LLC, CBM2015-00016, Paper 56, at 22 (March 29, 2016); Apple Inc. v. Smartflash LLC, CBM2015-00123, Paper 31, at 29-30 (November 7, 2016); Apple Inc. v. Smartflash LLC, CBM2015-00124, Paper 31, at 29-30 (November 7, 2016); Apple Inc. v. Smartflash LLC, CBM2015-00130, Paper 33, at 32-33 (November 10, 2016).

[18] Telebrands Corp. v. Tinnus Enterprise, LLC, PGR2015-00018, paper 75, at 16-18. (December 30, 2016).

[19] Tinnus Enterprises, LLC v. Telebrands Corp., 2015 WL 11089480, at \*2 (E.D.Tex., 2015).

[20] Telebrands Corp. v. Tinnus Enterprise, LLC, PGR2015-00018, paper 7, at 34. (January 4, 2016).

[21] Telebrands Corp. v. Tinnus Enterprise, LLC, PGR2015-00018, paper 75, at 27. (December 30, 2016).

[22] Tinnus Enterprises, LLC v. Telebrands Corporation, 846 F.3d 1190, Footnote 7 (Fed. Cir. 2017).