

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WATSON LABORATORIES, INC.
Petitioner,

v.

UNITED THERAPEUTICS, CORP.
Patent Owner.

Case IPR2017-01621 and IPR2017-01622
Patents 9,358,240 B2 and 9,339,507 B2

Before TONI R. SCHEINER, ERICA A. FRANKLIN, and
DAVID COTTA, *Administrative Patent Judges*.

COTTA, *Administrative Patent Judge*.

DECISION

Denying Patent Owner's Request for Rehearing
37 C.F.R. § 42.71(d)

IPR2017-01621 (Patent 9,358,240 B2)

IPR2017-01622 (Patent 9,339,507 B2)

I. INTRODUCTION

Watson Laboratories, Inc. (“Petitioner” or “Watson”) filed Petitions requesting an *inter partes* review of claims 1–9 of U.S. Patent No. 9,358,240 B2 (Ex. 1001 in IPR2017-01621, “the ’240 patent”) and of claims 1–9 of U.S. Patent No. 9,339,507 (Ex. 1001 in IPR 2017-01622, “the ’507 patent”). IPR2017-01621, Paper 1; IPR 2017-01622, Paper 2. United Therapeutics Corp. (“Patent Owner” or “UTC”) filed Preliminary Responses to the Petitions, opposing institution. IPR2017-01621, Paper 6; IPR2017-01622, Paper 5. On January 11, 2018, after consideration of the Petition and Preliminary Response, we entered a Decision granting institution of *inter partes* review. IPR2017-01621, Paper 10; IPR2017-01622, Paper 9.

On April 24, 2018, the Supreme Court held that a decision to institute under 35 U.S.C. § 314 may not institute on less than all claims challenged in the petition. *SAS Inst., Inc. v. Iancu*, 138 S.Ct. 1348, 1359–1360 (U.S. Apr. 24, 2018). On April 26, 2018, the Office issued Guidance on the Impact of SAS on AIA Trial Proceedings, which states that “if the PTAB institutes a trial, the PTAB will institute on all challenges raised in the petition.” <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>. On April 30, 2018, pursuant to the Supreme Court’s decision in *SAS*, and the Guidance provided by the Office, we issued an order modifying our institution decision to institute on all of the challenged claims and all of the grounds presented in the Petition. IPR2017-01621, Paper 42; IPR2017-01622, Paper 43. On May 14, 2018, Patent Owner filed a Request for Rehearing (“Req. Reh’g”) seeking reconsideration of our Decision to modify our institution decision to institute on all challenged claims and all challenged grounds. IPR2017-01621, Paper

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45; IPR2017-01622, Paper 46. For the reasons that follow, we deny Petitioner's Request.

I. ANALYSIS

When reconsidering a decision on institution, we review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may be found if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P'ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000). The party requesting rehearing has the burden of showing the decision should be modified, which includes specifically identifying all matters the party believes we misapprehended or overlooked. 37 C.F.R. § 42.71(d).

Patent Owner's Request for Rehearing asserts that the SAS does not require the Board to institute on every ground presented in a petition. Patent Owner explains:

the question presented to the [SAS] Court and the statute at issue in SAS, 35 U.S.C. § 318(a), states only that “the [Board] shall 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).” *Id.* at 1361 (emphasis added). SAS and the statute do not mandate the Board to institute on additional grounds when a final written decision would necessarily be reached on all the challenged claims under the original Decision.

Req. Reh'g 3. Patent Owner then argues that since the ground on which we originally instituted review included all of the challenged claims, there was

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no need to modify our institution decision to include the two grounds on which we originally declined to institute. We are not persuaded.

Our decision to modify our original institution decision to include all challenged grounds was based not just on *SAS*, but also on Office policy, as reflected in the April 26, 2018, Guidance on the Impact of *SAS* on AIA Trial Proceedings. The Federal Circuit has recently embraced the approach set forth in the Guidance, explaining:

Equal treatment of claims and grounds for institution purposes has pervasive support in *SAS*. Although 35 U.S.C. § 318(a), the primary statutory ground of decision, speaks only of deciding all challenged and added “claim[s],” the Supreme Court spoke more broadly when considering other aspects of the statutory regime, and it did so repeatedly. The Court wrote that “the petitioner is master of its complaint and normally entitled to judgment on all of the claims it raises.” *SAS*, 138 S.Ct. at 1355. It said that § 312 contemplates a review “guided by a petition describing ‘each claim challenged’ and ‘the grounds on which the challenge to each claim is based,’” and it added that the Director does not “get[] to define the contours of the proceeding.” *Id.* The Court also said that § 314’s language “indicates a binary choice—either institute review or don’t.” *Id.* It further reasoned that “[n]othing suggests the Director enjoys a license to depart from the petition and institute a *different* inter partes review of his own design” and that “Congress didn’t choose to pursue” a statute that “allows the Director to institute proceedings on a claim-by-claim and ground-by-ground basis” as in *ex parte* reexamination. *Id.* at 1356 (emphasis in original). And the Court concluded that “the petitioner’s petition, not the Director’s discretion, is supposed to guide the life of the litigation,” *id.*, and the “petitioner’s contentions ... define the scope of the litigation all the way from institution through to conclusion,” *id.* at 1357.

We read those and other similar portions of the *SAS* opinion as interpreting the statute to require a simple yes-or-no institution choice respecting a petition, embracing all challenges included

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in the petition, and we have seen no basis for a contrary understanding of the statute in light of *SAS*.

PGS Geophysical AS v. Iancu, ___ F.3d ___, 2018 WL 2727663, *3–4 (Fed. Cir. June 7, 2018). Accordingly, we are not persuaded by Patent Owner’s argument that we should decline to institute on all challenged claims because *SAS* does not require it.

Patent Owner further argues that “[e]ven if *SAS* can be interpreted as requiring institution on each prior art ground, the statute permits review ‘only on the basis of *prior art* consisting of patents and printed publications.’” Req. Reh’g. 4 (citing 35 U.S.C. § 311(b)). Patent Owner then asserts that Grounds 2 and 3 fail to meet this statutory requirement because they rely on documents that do not constitute prior art. We have addressed the deficiencies regarding those grounds in the Institution Decision. Our determination to proceed on all grounds is based upon the policy set forth in the above-mentioned Office Guidance, in view of *SAS*, along with our determination that Petitioner has shown a reasonable likelihood that it would prevail in showing the unpatentability of at least one claim in the petition. Regarding that determination, Patent Owner has not persuaded us that we have misapprehended or overlooked any matters. *See* 37 C.F.R. § 42.71(d).

III. CONCLUSION

For the foregoing reasons, we conclude that Patent Owner has not shown that the Board abused its discretion in ordering institution on all grounds. *See* 37 C.F.R. § 42.71(d).

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