

# Seyfarth PTAB Blog



## A legal look at Patent Trial and Appeal Board decisions and trends

### IPR NOT INSTITUTED OVER DUPLICATIVE PRIOR ART

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Challenges of patents in *Inter Partes* Reviews (IPRs) at the Patent Trial and Appeal Board (PTAB) must be based on anticipation or obviousness over printed prior art (35 U.S.C. § 311(b)). However, it is important that the petitioners carefully choose the proper prior art to be relied on before filing the petitions. This post discusses a decision of the PTAB to deny institution of an IPR because the petition relied on duplicative prior art. The case is *Nu Mark LLC v. Fontem Holdings 1, B.V.* (Case IPR2016-01309; Decision Denying Institution entered December 15, 2016) concerning Patent No. 8,863,752 B2 (“the ‘752 patent”). At the end of this post, strategies to avoid the denial of IPR institution in a similar situation or to deal with the denial will be discussed.

The ‘752 patent concerns electronic cigarettes. A petition was filed to institute an IPR for some of the claims of the ‘752 patent on the grounds that the challenged claims were obvious over two prior art references, Brooks I (US 4,947,874) and Whittemore (US 2,057,353). The claims were directed toward an atomizer assembly for an electronic cigarette, and are summarized below without reproduction of every claim element for brevity sake. The claimed atomizer assembly for an electronic cigarette comprises

- a housing containing an atomizer in contact with a liquid storage;
- a screw thread electrode on one end of the housing;
- a through-hole centered on the screw thread electrode; and
- a flow passageway from the atomizer to an outlet.

Whether to institute an IPR is at the discretion of the PTAB under 35 U.S.C. § 314(a), and the PTAB’s discretion is guided by the statute, “the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office” (35 U.S.C. § 325(d)). In order to better understand the issues decided by the PTAB in its denial of IPR institution in this case, it is helpful to briefly describe the prosecution history of the ‘752 patent.

During the prosecution of the ‘752 patent, an Information Disclosure Statement (IDS) was filed citing Whittemore, Brooks II (U.S. Patent No. 4,947,875) and EP publication No. 0 358 002 A2 (the “EP publication”). Whittemore was cited by the

Examiner as anticipating some of the pending claims. The Examiner also indicated that some other claims contained allowable subject matter because Whittemore does not disclose “the screw thread electrode having a through hole substantially aligned with the atomizer” and that a liquid storage is inserted to an end of the atomizer assembly while the screw thread electrode is on another end. The application was later allowed after adding the structural features not taught by Whittemore as claim limitations.

The petition relied on Brooks I and Whittemore as the published prior art. The Petitioner argued Brooks I teaches or suggests all the limitations of the challenged claims except for a threaded connection, and Whittemore teaches the threaded connection. As a result, the Petitioner contended that the challenged claims would have been obvious over Brooks I in view of Whittemore. The Patent Owner countered by arguing that Brooks I is cumulative to Brooks II and the EP publication, and so Brooks I’s disclosures were already considered by the Examiner during the prosecution. The Petitioner argued that Brooks I was not considered by the Examiner during the prosecution, and Brooks II was not used in any office actions even though Brooks II was cited on the face of the ‘752 patent.

There is no question that Whittemore was considered by the Examiner. The issue to be decided by the PTAB was whether the disclosures of Brooks I, relied upon by the Petitioner, were considered by the Examiner via the disclosures of Brooks II and the EP publication during the prosecution of the ‘752 patent. The PTAB determined that the EP publication claims priority to Brooks I, contains the same drawings of Brooks I, and has largely identical disclosures as that of Brooks I. The PTAB also determined that Brooks II and Brooks I contain the same drawings. As pointed out by the Patent Owner, Brooks II discloses all the structural features disclosed by Brooks I relied upon by the Petitioner. The PTAB concluded that Brooks I, relied upon by the Petitioner, has disclosures “the same or substantially the same as the disclosures in the EP publication” and Brooks II.

The next relevant determination was whether the EP publication and Brooks II were considered by the Examiner. During the prosecution, the Examiner did mark on the IDS citing the EP publication and Brooks II that these prior art references were considered. The EP publication and Brooks II were of record when the Office Action rejected some of the claims. The Examiner indicated that the EP publication and Brooks II do not disclose the features of “a screw thread electrode on one end of the atomizer assembly housing, with a screw thread electrode having a through hole on the screw thread electrode.” These features were recited in the challenged claims. Thus, the PTAB determined that the EP publication and Brooks II were indeed considered by the Examiner in relation to the challenged claims.

Coupled with the finding that the disclosures of Brooks I were the same, or substantially the same, as the disclosures of the EP publication and Brooks II, the PTAB determined that the Petitioner used the same or substantially the same prior art and arguments as those previously presented to the Examiner. Consequently, the PTAB had sufficient basis on 35 U.S.C. § 325(d) to not institute an IPR. The PTAB supported its refusal to exercise its discretion to institute an IPR with the following reasons. First, because the disclosure of Brooks I, the primary reference used by the Petitioner, was already considered by the Examiner, the Petitioner was essentially asking the PTAB to second-guess the previous decision of the Office on substantially the same issues. Second, for the Patent Owner to defend the challenged claims over “substantially the same prior art or arguments already considered by the Office” in an IPR would be a burden, and would incur expense. The PTAB was “not persuaded that adjudicating a dispute on an already-considered issue is an efficient use of Board or party resources.” The PTAB therefore denied the petition to institute an IPR.

## Takeaway

This case illustrates the importance of choosing the proper prior art to support a petition for an IPR. The Petitioner should not use prior art disclosures that have already been considered by the Examiner during prosecution, unless supplemented with prior art disclosures not considered by the Examiner. In fighting the petition, the Patent Owner should look for evidence that the petition relies on the same, or substantially the same, prior art or arguments as those previously presented to the Examiner, and if appropriate point out the discretion granted by 35 U.S.C. § 325(d) to the PTAB. The Patent Owner should compare the prior art disclosures relied upon by the Petitioner with the prior art disclosures already considered by the Examiner even if the

Petitioner does not use the same prior art references as the prior art references considered by the Examiner. The Patent Owner should also pay attention to prior art considered by the Examiner regardless whether the prior art was relied upon by the Examiner in any rejections.

An interesting strategical question is what the Petitioner should do next, if the PTAB denies IPR institution when the petition relies on the same, or substantially the same, prior art already considered by the Examiner, and the Examiner has erred in the consideration of the prior art or applied the prior art erroneously. The Petitioner cannot appeal the PTAB decision denying institution to the Court of Appeals of the Federal Circuit because the Supreme Court has held in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S.Ct. 2131 (2016) that PTAB decisions denying institution of IPRs are not appealable as set forth in 35 U.S.C. § 314(d). However, the Petitioner could consider taking the invalidity challenge to a district court. The Petitioner would be allowed to challenge the validity of the patent claims on the same prior art in an infringement suit, if any, or declaratory judgment action, if appropriate, in the district court. This is because the estoppel provision of 35 U.S.C. § 315(e) would not apply due to the fact that there is no final written decision since the PTAB has not instituted the IPR. See *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016).

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