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Practice Groups:

Pharma and BioPharma Litigation

Post-Grant Patents

"Waive" That Issue Goodbye: The Importance of Preserving Arguments and Developing a Full Record

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The Federal Circuit recently reminded litigants of the importance of developing a full record in district court and Patent Trial and Appeal Board ("PTAB") proceedings. In *Google Inc. v. SimpleAir*, *Inc.*, the Federal Circuit found Google waived its opportunity to assert its claim construction argument on appeal because it failed to place the PTAB on sufficient notice of the alleged claim construction dispute during the *inter partes* review ("IPR") proceedings.[1]

Background

Google filed an IPR challenging SimpleAir's U.S. Patent No. 8,601,154 (the "'154 Patent").[2] The PTAB found the challenged claims to be not unpatentable because the cited prior art reference did not teach a critical claim limitation under the broadest reasonable interpretation standard.[3]

The PTAB's construction, though under a broader standard, was the same as the construction of the term in three previous district court cases.[4] Google's IPR petition presented the construction applied by the district courts, but it also indicated that the PTAB could adopt something broader.[5] However, Google did not "insist or even request that the PTAB apply a differing construction."[6] Consequently, the PTAB's institution decision adopted the previous construction of the disputed term.[7] Similarly, at the oral hearing, Google made statements "indicating potential disagreement regarding the . . . construction," but in the PTAB's final decision, it still noted the claim constructions were "uncontested."[8]

Federal Circuit's Decision

On appeal, Google claimed that the PTAB's decision to adopt the district courts' previous construction was wrong, and, under the proper construction, Google's cited reference clearly taught the missing limitation.[9] Notably, the court agreed that, under Google's preferred claim construction, the cited reference "would seem to teach" the crucial claim limitation.[10] SimpleAir asserted, however, that Google's proposed claim construction was waived because it failed to properly present it before the PTAB during the IPR proceedings.[11]

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[1] No. 2016-1901, slip op. (Fed. Cir. Mar. 28, 2017).
[2] Slip op. at 2 (The '154 Patent's sole independent claim relates to a method of transmitting data.).
[3] *Id.*
[4] *Id.* at 4–5.
[5] *Id.* at 5.
[6] *Id.* at 6.
[7] *Id.*
[8] *Id.* at 7–8.
[9] *Id.* at 3.
[10] *Id.*
[11] *Id.* at 4.

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Judge Clevenger, writing for the panel, agreed with SimpleAir that Google's "off-the-cuff arguments" did not fairly place the PTAB on notice of the claim construction dispute.[12] Further, the court found "on multiple occasions Google expressly assented to the district court constructions."[13] "'A party's argument should not be a moving target.'"[14] Under such circumstances, said the court, waiver is warranted.[15] This is especially true given that the Office Patent Trial Practice Guide *compels* litigants to develop arguments during the written portion of a trial: A party "*may only present* arguments relied upon in the papers previously submitted."[16]

Looking Forward

The *SimpleAir* decision reminds litigants not only to develop a full record, but to potentially develop alternative arguments and to do so in the papers of an IPR. Particularly for petitioners, who have the last paper (the Reply) in a normal proceeding, new arguments at oral argument carry substantial risk of the PTAB finding waiver. This is even more pressing because the Federal Circuit does not always remand to the tribunal to determine facts in the first instance. Rather, in some instances, the Federal Circuit decides facts and resolves the case on its own initiative.[17] K&L Gates will continue to monitor this and related decisions and send updates regarding developments.

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[12] *Id.* at 8.
[13] *Id.* at 7.
[14] *Id.* at 9 (quoting *Finnigan Corp. v. Int'l Trade Comm'n*, 180 F.3d 1354, 1363 (Fed. Cir. 1999)).
[15] *Id.* at 8 (citing *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1294 n.3 (Fed. Cir. 2015)).
[16] 77 Fed. Reg. 48756, 48768 (emphasis added).
[17] *See, e.g.*, *Pride Mobility Products Corp. v. Permobil, Inc.*, 818 F.3d 1307 (Fed. Cir. 2016) (The Federal Circuit changed claim construction on appeal, went on to find that the prior art did not teach the required element under the proper construction, and reversed the PTAB's cancellation of the claim.).

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