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Samsung v. Prisua – Fed. Cir. Tries to Eliminate IPR Catch-22

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The Fed. Cir. panel decision in <u>Samsung Elec. Amer., Inc. v. Prisua Engineering Corp.</u>, Appeal No. 2019-1169, 2019-1260 (Fed. Cir., Feb. 4, 2020) flew under my blogging radar for some time, but since Prisua petitioned for rehearing en banc on March 5th, I haven't been able to get the decision out of my IP head. The panel decision is an attempt to resolve an inherent Catch-22 situation in which the Board ("PTAB") ruled that it could not evaluate the obviousness or anticipation all of the challenged claims in Prisua's U.S. Pat. No. 8,650.519, because the PTAB could not construe the claims.

The lengthy claims were directed to "an interactive media apparatus" reciting at least four components that permitted e.g., replacing the face of a cartoon character with a face of the user's choosing, such as that of the President. The dilemma presented by the claim is that it recited affirmative processing steps, wherein a data entry device is "operated by a user" to select material from the video data stream. Well-settled – at least until now – law, has held that a single claim which claims both an apparatus and the method steps of using the apparatus is indefinite under s. 112(2). A case oft-cited here is IPXL Holdings, L.L.C. v. Amazon.Com, Inc., 430 F.3d 1377 (2005). The claim in question read:

"The system of Claim 2 [including an input means] wherein the predicted transaction information comprises both a transaction type and transaction parameters associated with that transaction type, and the user uses that input means to either change the predicted transaction information or accept the displayed transaction type and transaction parameters."

(This is basically a claim to one-click shopping online.) The Fed. Cir. held that POSA could not tell if they would infringe upon creating the system or they would not infringe until the user actually uses the input means as recited: "Because [the claim] recites both a system and a method for using that system, it does not apprise a [POSA] of its scope, and it is invalid under section 112, paragraph 2." In Enzo Biochem., Inc. v. Applera Corp. 599 F.3d 1325 (Fed. Cir. 2010), the Fed. Cir. held that "if a claim is indefinite, it cannot be construed. Without a discernable claim construction, an anticipation analysis cannot be performed. This has come to be referred to as "IXPL-type indefiniteness".

By now you can probably see the Catch-25 which the Board and petitioner Samsung faced. The PTAB can only institute IPR if Petitioner can establish a reasonable likelihood of prevailing in showing the claims at issue are invalid "under any of the asserted grounds." But the PTAB can't institute the IPR based on the alleged indefiniteness of the claims and can't cancel claims – with the

possible exception of proposed substitute claims—because they are indefinite. Recognizing these limitations, the PTAB held that Samsung had not established that the claims were unpatentable under 102 or 103, because the PTAB had determined that the claims were IXPL-indefinite and so could go no further.

The result of the statutory limitations on IPR—claims can only be cancelled if obvious or anticipated in view of the art supplied by the petitioner—Samsung was in the unenviable position of having to establish the definiteness of the claims it was trying to invalidate, so that the PTAB could go on to evaluate them under 102 and 103. Priusa argued that it did not agree with the Board's finding of indefiniteness, but in this case "Samsung had failed to prove the claims were definite, [and] the Board should not apply the prior art to the claims."

There is little question that the Fed. Cir. panel sympathized with Samsung but, rather than simply affirming the Board and letting the district court conclude the litigation – which had been stayed late in the game, the panel decided to try an novel fix. I will let the panel speak for itself:

"Even though the validity of the challenged claims may be subject to question for IXPL-type indefiniteness, that is simply another ground on which the claims might be challenged in an appropriate forum (other than the Board)[citing a 1985 Fed. Cir. and a 1968 CCPA decision that invalidated claims as both indefinite and obvious]. It does not necessarily preclude the Board from addressing the patentability of the claims on section 102 and 103 grounds. In the remand proceedings, the Board should determine whether claim 1 and its dependent claims are unpatentable as anticipated based on the instituted grounds."

What is the panel telling the Board to do? It could have remanded and directed the Board to consider whether or not IXCPL indefiniteness is present in fact, in view of the evidence provided by Samsung – remember, the burden of providing a non-IXPL construction remains with Samsung. Perhaps Samsung could argue that the claim term "operated by a user" should be read as "operable by a user", but there's that Catch 22 again. In any case, the Board jumped over the need to construe the claims and flat out ordered the Board to carry out the 102/103 analysis. The panel stated that its decision is limited to IPXL-type indefiniteness, "and does not affect claims that are indefinite for other reasons." As pointed out in the petition for rehearing, the panel has created a subset of 112 indefiniteness that can be ignored during claim construction, at least in IPR's. While the petition for rehearing stated that the remand was "for the Board to consider whether it can apply the prior art to [the claims] despite the Board's position that it cannot construe the claims", as noted above, the panel ordered the Board to apply the art to the claims period. But I don't think that this decision is "End of Story."

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