

Axonics, Inc. v. Medtronic, Inc. Nos. 2022-1532, 2022-1533, (Fed. Cir. August 7, 2023)

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This case addresses the ability of a petitioner in an IPR to present new evidence in a reply brief, particularly where the patent owner proposes a new claim construction in its patent owner response.

Background

Medtronic, Inc. (“Medtronic”) owns multiple patents relating to transcutaneous (i.e. through the skin) charging of implanted medical devices. These patents seek to improve the efficiency of such transcutaneous chargers by varying output power with current passing through the implanted device.

Axonics, Inc. (“Axonics”) filed IPR petitions challenging claims in Medtronic’s patents. The parties agreed that one claim from one of the petitions was representative. This representative claim includes the following two clauses (emphasis added):

wherein said external power source automatically varies its power output based on a value associated with said current passing through said internal power source;

wherein said external power source automatically varies its power output based on a measured current associated with said current passing through said internal power source.

Axonics did not explicitly propose an express construction of any term in the petition comprising the representative claim, but adopted a “one-input” construction in the claim charts it submitted with the petition. Under the **one-input construction**, the first clause’s “value associated with said current” is simply narrowed by the second clause’s “measured current associated with said current.” Notably, the one-input construction would be satisfied by a prior art embodiment showing only one input value.

Medtronic addressed Axonics’ one-input construction in its preliminary patent owner response, taking the position that, even under the one-input construction, the prior art cited by Axonics did not disclose the clauses at issue. The PTAB rejected Medtronic’s position and granted institution under the one-input construction. The PTAB also noted Medtronic’s acquiescence to Axonics’ framing.

After the institution decision, Medtronic filed its patent owner response, this time arguing validity under a “two-input” construction. Under the **two-input construction**, the first clause’s “value associated with said current” and the second clause’s “measured current associated with said current” refer to separate measurements. In effect, the two-input construction requires a prior art embodiment to show two separate input values, one input for the “value” clause, and a second input for the “measured current” clause.

In reply, Axonics’ submitted arguments, supplemental expert declarations, and citations to show that the previously cited prior art embodiments also disclosed the clauses at issue under the two-input construction.

The PTAB issued a final written decision adopting the two-input construction and refusing to consider Axonic’s reply arguments and evidence under the two-input construction because Axionics did not include them in the original petition.

Axonics appealed the PTAB’s refusal to consider Axonics’ reply arguments and evidence under the two-input construction to the Federal Circuit.

Issue(s)

Did the PTAB err in refusing to consider Axonics’ reply arguments and evidence under the two-input construction, where the two-input construction was presented for the first time in Medtronic’s patent owner response?

Holding(s)

The Federal Circuit held that the PTAB erred in refusing to consider Axonics’ reply arguments and evidence under the two-input construction. The Federal Circuit vacated the PTAB’s decisions in both IPRs and remanded for the PTAB to consider: (1) Axonics’ arguments and evidence under the two-input claim construction, and (2) any request to present new evidence brought by Medtronic in its sur-reply.

Where a patent owner offers a new claim construction for the first time in a response after the institution decision, a petitioner may, in a reply brief, introduce new arguments and evidence under the newly proposed claim construction.

More generally, under *Ericsson Inc. v. Intellectual Ventures I LLC*, 901 F.3d 1374 (Fed. Cir. 2018), *Hamilton Beach Brands, Inc. v. f’real Foods LLC*, 908 F.3d 1328 (Fed. Cir. 2018), and *Qualcomm Inc. v. Intel Corp.*, 6 F.4th 1256, 1263 (Fed. Cir. 2021), a petitioner s entitled to respond to new claim construction arguments made after institution by a patent owner or adopted after institution by the Board sua sponte. Both parties are entitled to respond to a new construction adopted after institution by the PTAB sua sponte.

Reasoning

The PTAB’s rules (see 37 C.F.R. §42.23(b)) and previous Federal Circuit decisions provide that “the petitioner in an IPR proceeding may introduce new evidence after the petition stage if the evidence is a legitimate reply to evidence introduced by the patent owner.” *Apple Inc. v. Andrea Electronics Corp.*, 949 F.3d 697, 706–07 (Fed. Cir. 2020).

To disallow arguments and evidence from petitioners regarding a new claim construction, wherein the new claim construction was first proposed by the patent owner in its final response would: 1) require a petitioner to describe all possible or reasonable claim constructions and present invalidity theories under those constructions in the petition, and 2) create an opportunity for patent owners to sandbag petitioners by sitting on their strongest claim construction arguments until after institution. Outcome 1) is unacceptable because there's no rule calling for such strict requirements on petitioners. Outcome 2) is unacceptable because it would allow patent owners to avoid reaching the merits of the patent owner's strongest claim construction arguments.

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