

## PTAB Denies 2Wire IPR Petitions

Article By:

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TQ Delta LLC sued Pace Americas, Inc. for patent infringement in the U.S. District Court for the District of Delaware in November 2013. ***TQ Delta LLC v. 2Wire Inc.***, Case no. 1:13-cv-01835-RGA. The complaint was amended to name defendants Pace PLC, Pace Americas, LLC and 2Wire, Inc. in January 2014. TQ Delta ultimately alleged infringement by the defendants of 24 patents it owned. These patents relate to digital subscriber line (“DSL”) technology, including for example asymmetric digital subscriber line (“ADSL”) technology and very-high-bit-rate digital subscriber line (“VDSL”) technology.

On November 7, 2014, 2Wire, Inc. filed six *inter partes* review (IPR) petitions to challenge certain claims of six different patents owned by TQ Delta LLC that were asserted in the suit. (IPR2015-00239 to -00243 and -00247.) Each IPR petition included a declaration by a technical expert and numerous exhibits. TQ Delta filed Preliminary Patent Owner Responses to each IPR petition.

On May 29, 2015, the Board denied all six IPR petitions. Why?

Each IPR petition was reviewed on its own merits, but in general the Board found that the Petitioner failed to prove its claims of obviousness:

A patent claim, however, “is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art.” *Id.* at 418. “Rather, obviousness requires the additional showing that a person of ordinary skill at the time of the invention would have selected and combined those prior art elements in the normal course of research and development to yield the claimed invention.” *Unigene Labs., Inc. v. Apotex, Inc.*, 655 F.3d 1352, 1360 (Fed. Cir. 2011). [. . .] Further, an assertion of obviousness “cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *Id.* (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)).

Petitioner does not explain sufficiently in the Petition why a person of ordinary skill in the art would have had reason to combine the teachings of [the prior art] to achieve the method of [the challenged claims]. Petitioner merely alleges that the claims would have been “obvious” in view of the three items of prior art, and describes how [certain prior art documents] allegedly teach various aspects of the claims. . . .

(See, for example, Decision Denying Institution of Inter Partes Review, IPR2015-00240, Paper 18, pp. 8-9.)

Additionally, the Board found that the Petitioner merely stated conclusory results of the asserted combination, but did not proffer a rationale to modify the components of the prior art documents:

Petitioner's first statement that it "would have been obvious" to combine [certain prior art references] is conclusory and does not demonstrate a reason to combine. See *KSR*, 550 U.S. at 417–18; *Unigene*, 655 F.3d at 1360; *In re Chaganti*, 554 F. App'x 917, 922 (Fed. Cir. 2014) ("It is not enough to say that there would have been a reason to combine two references because to do so would 'have been obvious to one of ordinary skill.' Such circular reasoning is not sufficient—more is needed to sustain an obviousness rejection." (citation omitted)).

(*Id* at 9.)

Moreover, the Board explained that the Petition must state these things explicitly, and cannot merely incorporate arguments from the expert declaration to draw its conclusions of obviousness. The Board found that the expert's analysis was not reflected in the Petition, and relied on that to explain its decision to deny institution. (*Id* at 11-12.)

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One of the takeaways from this is that post-grant practitioners have to carefully consider how to best present their case to the Board. Technical cases may involve a great deal of complex information, which must be organized and presented within the very limited pages afforded by the trial rules. And, depending on the facts of each case, a Petitioner may not get a second chance to challenge the patent before the Board.

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