

Federal Circuit Patent Bulletin: *Synopsys, Inc. v. Lee*

February 10, 2016

"[T]he final order of the [Patent Trial and Appeal] Board need not address every claim raised in the petition for [inter partes] review."

On February 10, 2016, in *Synopsys, Inc. v. Lee*, the U.S. Court of Appeals for the Federal Circuit (Newman, Dyk,* Wallach) affirmed the U.S. Patent & Trademark Office (PTO) Patent Trial and Appeal Board decision in an *inter partes* review that claims 5, 8, and 9 (but not claims 1 and 28) of U.S. Patent No. 6,240,376, which related to methods of tracing bugs, *i.e.*, errors in coding, in the design of computer chips, were invalid for anticipation. The Federal Circuit stated:

Synopsys first contends that the final decision of the Board erroneously failed to address every claim raised in the petition for *inter partes* review. [I]nter partes review proceeds in two stages. In the first stage, the Board, acting on behalf of the Director, reviews the petition for *inter partes* review and any patent owner preliminary response to decide whether "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." The PTO has adopted a regulation allowing the Board to initiate *inter partes* review "on all or some of the challenged claims." At the second stage, the Board conducts the *inter partes* review and then issues a final decision with respect to "any patent claim challenged by the petitioner." The decision of the Board to institute *inter partes* review cannot be appealed. . . .

Synopsys argues that, because § 318(a) directs the Board to issue a final written decision with respect to "any patent claim challenged by the petitioner," the Board's final decision must address every claim raised in the petition. However, the statute cannot be read to impose such a requirement. First, the text makes clear that the claims that the Board must address in the final decision are different than the claims raised in the petition. Congress explicitly chose to use a different phrase when describing claims raised in the petition for *inter partes* review in § 314(a) and claims on which *inter partes* review has been instituted in § 318(a). Section 314 (a) specifies that Board may not institute *inter partes* review unless "the information presented in the petition . . . and any response filed . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." However, in describing the final written decision, Congress stated that the Board must issue a final written decision with respect to any "claim challenged by the petitioner." When Congress chooses to use two different words or phrases, this typically suggests that the two were deemed to have two different meanings. In addition, the conditional phrase "[i]f

an inter partes review is instituted” in § 318(a) also strongly suggests that the “challenged” claims referenced are the claims for which inter partes review was instituted, not every claim challenged in the petition. Thus, the text of § 318(a) demonstrates that the Board need only issue a final written decision with respect to claims on which inter partes review has been initiated and which are challenged by the petitioner after the institution stage.

Second, the statute would make very little sense if it required the Board to issue final decisions addressing patent claims for which inter partes review had not been initiated, as Synopsys admitted at oral argument. After inter partes review is initiated, the patent owner files a full response to the petition. In addition, both parties may submit information to supplement the record by taking discovery, submitting affidavits, and by submitting expert declarations. Parties may present their cases to the Board in an oral hearing. All of these various mechanisms allow the Board to issue a final decision based on a full record rather than just on the limited record in the initial petition and the patent owner’s preliminary response. It would make no sense to interpret § 318 in a way that would require the Board to issue a final determination on validity of patent claims without the benefit of this additional argument and record.

At the same time, the statute is quite clear that the PTO can choose whether to institute inter partes review on a claim-by-claim basis. In deciding when to institute IPR, the statute requires a claim-by-claim inquiry to determine whether “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” Unless at least one of the claims satisfies this inquiry, the Board cannot institute. The statute strongly implies that the initiation decision be made on a claim-by-claim basis and that the Board can pick and choose among the claims in the decision to institute. In fact, nothing in § 314 requires institution of inter partes review under any circumstance. . . . In summary, we find no statutory requirement that the Board’s final decision address every claim raised in a petition for inter partes review. Section 318(a) only requires the Board to address claims as to which review was granted. . . .

According to Synopsys, [the prior art reference] Gregory implicitly or inherently discloses the “execution status.” Synopsys relies on one sentence out of the Board decision and takes it out of context. . . . The Board did not require explicit disclosure in Gregory. Second, Synopsys argues that the Board improperly required it to present expert testimony. . . . In the context of inter partes reviews, “Board members, because of expertise, may more often find it easier to understand and soundly explain the teachings and suggestions of prior art without expert assistance,” but “[w]hat the Board can find without an expert depends on the prior art involved in a particular case.” Certainly, “[n]o rule requires a Petition to be accompanied by any declaration, let alone one from an expert guiding the Board as to how it should read prior art.” At the same time, the Board is not precluded from finding that the technology in a particular case is sufficiently complex that expert testimony is essential for a petitioner to meet his burden of proving unpatentability. In this particular case, the technology involved is highly complex. The invention of the ’376 patent deals with testing the design of microchips, a process that even Synopsys describes as an “extremely complicated task.”

But we need not decide whether the Board here correctly required expert testimony. The Board here did not, in fact, require expert testimony. The Board simply noted that Mentor provided expert testimony whereas Synopsys did not, which the Board gave “substantial weight.” We see no error in this approach. . . .

Even if we were to accept Synopsys's assertion that "tempout" "can indicate which statement was executed," a signal that may, under some circumstances, indicate an execution status does not meet the limitation in this case. The point of the invention is to enable designers to more easily debug the source code based on testing of the optimized circuits. Developers could not do this if the instrumentation signal were indicative of execution status only some of the time. Thus, accordingly, the Board construed "execution status" as "information regarding whether a particular [source code] instruction has been performed," pointing specifically to a passage in the '376 patent discussing determining "the execution status of every branch" of code. In the case of this invention, partially accurate information is tantamount to no information. "The mere fact that a certain thing may result from a given set of circumstances is not sufficient" to show anticipation where the claim, as here, requires more. The Board's finding of non-anticipation in this respect is supported by substantial evidence.