

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BASF SE,
Petitioner,

v.

FRESENIUS MEDICAL CARE HOLDINGS, INC.,
Patent Owner.

Case IPR2018-00283
Patent 9,353,220 B2

Before JO-ANNE M. KOKOSKI, CHRISTOPHER M. KAISER, and
JEFFREY W. ABRAHAM, *Administrative Patent Judges*.

ABRAHAM, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

BASF SE (“Petitioner”) filed a Petition seeking *inter partes* review of claims 1–19 of U.S. Patent No. 9,353,220 B2 (Ex. 1001, “the ’220 patent”). Paper 2 (“Pet.”). Fresenius Medical Care Holdings, Inc. (“Patent Owner”) filed a Patent Owner Preliminary Response to the Petition. Paper 6 (“Prelim. Resp.”).

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314. Under the circumstances of this case, for the reasons explained below, we exercise our discretion under 35 U.S.C. § 314(a) to not institute *inter partes* review of the challenged claims.

II. BACKGROUND

A. *Related Proceedings*

Petitioner previously challenged claims 1–19 of the ’220 Patent in IPR2017-001948 (“the 1948 IPR”). Pet. 1; Paper 5, 1. On March 12, 2018, we instituted an *inter partes* review of claims 1–15 and 19, but not claims 16–18. IPR2017-01948, Paper 13. On April 30, 2018, after the Supreme Court’s decision in *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018), we modified our institution decision in the 1948 IPR to include review of all challenged claims and all grounds raised in the Petition. Paper 17, 2.

B. *The ’220 Patent*

The ’220 patent, titled “Process for Making Polyarylethers and Use in Membrane Preparation,” issued on May 31, 2016. Ex. 1001, at [54], [45]. The ’220 patent is directed to methods for making polyarylethers without the use of azeotropic cosolvents. *Id.* at [57], 1:6–8.

The ’220 patent explains that commercially used polyarylethers prepared in dipolar aprotic solvents form water as a reaction byproduct. *Id.*

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at 1:11–16. Because water is a poison to these reactions, azeotropic co-solvents have been used to remove the water azeotropically during polymerization. *Id.* at 1:14–18. The '220 patent states that “[i]n general, these polyarylethers have to be isolated from the solvents, and are marketed either as pellets or powders. An end-user, such as a membrane manufacturer, redissolves these polymers in an appropriate solvent to make membranes out of solution of the redissolved polymers.” *Id.* at 1:18–23.

The '220 patent teaches that “[t]he absence of azeotropic cosolvents in the polyarylether reactor solution eases solvent recovery requirements” and “permits the direct use of such reactor solutions in the preparation of membranes and coatings without the need to isolate the polymer product from the azeotrope solvent or other solvent before product preparation.” *Id.* at 4:22–29. The '220 patent discloses a process for preparing a polyarylether comprising (1) reacting polyarylether-forming reactants in a reactor solution comprising polar aprotic solvent(s) and the polyarylether forming reactants, (2) maintaining the desired reaction temperature of the polar aprotic solvent(s), (3) removing water in the absence of azeotrope forming cosolvent(s), and (4) optionally adding fresh polar aprotic solvent to the reactor solution in a substantially equal amount to the polar aprotic solvent removed from the reactor solution during the reaction. *Id.* at 4:48–57.

C. Challenged Claims

Petitioner challenges claims 1–19 of the '220 patent. Independent claim 1 is illustrative, and is reproduced below:

1. A process for preparation of at least one polyarylether comprising reacting polyarylether forming reactants in a reactor solution, said reaction solution comprising at least one polar aprotic solvent and the polyarylether forming

reactants with removing of water in the absence of azeotrope forming cosolvent and adding fresh polar aprotic solvent to the reactor solution in substantially equal amount to any polar aprotic solvent removed from the reactor solution during the reacting, wherein the polar aprotic solvent is dimethylacetamide, N-methylpyrrolidone, dimethylsulfoxide, diphenylsulfone, or any combinations thereof.

Id. at 27:26–36. Claim 19, the only other independent claim challenged, is substantially similar to claim 1 and further requires that the claimed process “is conducted with a stoichiometric excess of one of the two polyarylether forming reactants such that the final product contains substantially less of the stoichiometrically deficient reactant and the reaction is self-terminating.” *Id.* at 28:39–54.

D. The Asserted Grounds

Petitioner asserts the following grounds of unpatentability:

References	Statutory Basis	Claim(s) Challenged
Li ¹ and Weber II ²	§ 103	1–15 and 19
Li, Weber II, Weber III, ³ and Chen ⁴	§ 103	16 and 17
Li, Weber II, and Chen	§ 103	18

¹ Li et al., *Poly(arylene ether sulfone) Statistical Copolymers Bearing Perfluoroalkylsulfonic Acid Moieties*, MACROMOLECULES 44, 694–702 (2011) (“Li,” Ex. 1004). We referred to this as Li I in the 1948 IPR.

² Weber et al., U.S. Pub. No. 2013/0324648 A1, published Dec. 5, 2013 (Weber II,” Ex. 1005).

³ Weber et al., U.S. Pub. No. 2010/0197859 A1, published Aug. 5, 2010 (“Weber III,” Ex. 1006).

⁴ Chen et al., Chinese Patent Application Pub. No. CN 1631941A, published June 29, 2005 (“Chen,” Ex. 1007).

Petitioner also relies on the declaration of Robson F. Storey, Ph.D. (“the Storey Declaration,” Ex. 1003).

III. ANALYSIS

A. *Procedural History*

On August 30, 2017, Petitioner filed a petition in the 1948 IPR requesting an *inter partes* review of claims 1–19 of the ’220 patent based on several grounds involving multiple references, including five different grounds involving Li and two different grounds involving Chen. IPR2017-01948, Paper 1, 5–6. As noted above, on March 12, 2018, we instituted an *inter partes* review of claims 1–15 and 19 of the ’220 patent. Paper 13, 29. We were not persuaded, however, by Petitioner’s arguments regarding claims 16–18. *Id.* We, therefore, did not institute an *inter partes* review of claims 16–18. *Id.*

On April 30, 2018, after the Supreme Court’s decision in *SAS Inst.*, we issued an order modifying our institution decision to institute on all of the challenged claims and all of the grounds presented in the 1948 IPR petition. Paper 17.

B. *Application of our Discretion Under 35 U.S.C. § 314*

Institution of *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular circumstances, but not requiring institution under any circumstances); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (explaining that under § 314(a), “the PTO is permitted, but never compelled, to institute an IPR proceeding”). When determining whether to exercise our discretion under § 314(a), we consider the following non-exhaustive factors:

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1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;
4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. the finite resources of the Board; and
7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha, Case IPR2016-01357, slip op. 15–16 (PTAB Sept. 6, 2017) (Paper 19) (precedential) (hereinafter, “*General Plastic*”) (citing *NVIDIA Corp. v. Samsung Elecs. Co.*, Case IPR2016-00134, slip op. 6–7 (PTAB May 4, 2016) (Paper 9)). We address each of these factors in turn, but note that not all the factors need to weigh against institution for us to exercise our discretion under § 314(a).

1. Whether the same petitioner previously filed a petition directed to the same claims of the same patent

It is undisputed that the Petitioner in the present proceeding previously filed a petition in the 1948 IPR directed to the same claims of the same patent. Pet. 1; Prelim. Resp. 2. This factor weighs against institution.

2. Whether at the time of filing of the first petition the Petitioner knew of the prior art asserted in the second petition or should have known of it

As discussed above, Petitioner utilizes two of the same references (Li and Chen) in the first petition and the present Petition. *See* Section III.A, *supra*. Petitioner points out that Weber II and Weber III were not cited in the first petition, and states that Weber II and Weber III are “not expressly related to Weber I [(cited in the first petition)] under 35 U.S.C. § 119, 120 or 371 and provide[] substantially different teachings with regard to the subject matter claimed in the ’220 patent.” Pet. 5, 7.

Patent Owner argues that Petitioner at least should have known of Weber II and Weber III at the time of filing the first petition because each reference is assigned, on its face, to Petitioner. Prelim. Resp. 43. As a result, Patent Owner contends “Petitioner cannot argue that the additional references cited in its follow-on petition could not have been found earlier by diligent searching.” *Id.*

Based on our review of the present record, Patent Owner is correct that Weber II and Weber III each list “BASF SE” as the assignee on the face of each patent. Ex. 1005, at [73]; Ex. 1006, at [73]. We note further that both references, Weber II, issued on December 5, 2013 (Ex. 1005, at [43]), and Weber III, issued on August 5, 2010 (Ex. 1006, at [43]), were issued several years before Petitioner filed the petition in the 1948 IPR (December

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11, 2017). In view of this, we find that Petitioner should have known of Weber II and Weber III at the time of filing the first petition.

Furthermore, here, as in *General Plastic*, “the record is devoid of any explanation why Petitioner could not have found the newly asserted prior art in any earlier search(es) through the exercise of reasonable diligence.”

General Plastic, Paper 19, 20.

Accordingly, this factor weighs against institution.

3. *Whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review in the first petition*

There is no dispute that at the time of filing the present Petition (December 11, 2017), Petitioner had not received Patent Owner’s preliminary response (filed December 18, 2017) or our decision on whether to institute review in the first petition (entered March 12, 2018).

Patent Owner contends that this is the only factor that “would arguably favor consideration of the present Petition,” but asserts that “the timing of Petitioner’s follow-on filing suggests that Petitioner was aware of and was attempting to avoid running afoul” of this factor. Prelim. Resp. 42.

Absent any evidence on the record to substantiate Patent Owner’s theory regarding Petitioner’s attempt to “avoid running afoul” of this factor, the timing of Petitioner’s filing of the second petition in relation to Patent Owner’s Preliminary Response and our Decision on Institution weighs in favor of institution.

4. *The length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition*
5. *Whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent*

In view of our determination above that Petitioner knew of Li and Chen, and should have known of Weber II and Weber III, at the time it filed the first petition, more than three months had elapsed between the time Petitioner learned of the prior art asserted in the second petition and the filing of the second petition. Patent Owner correctly points out that Petitioner “fails to provide any justification for the follow-on petition or the nearly three and a half months delay between filings.” Prelim. Resp. 44

Under the present circumstances, these factors weigh against institution.

6. *The finite resources of the Board*
7. *The requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review*

We conclude that these factors do not weigh significantly for or against exercising our discretion.

C. Conclusion

In view of the considerations noted above, we determine a majority of the *General Plastic* factors weigh against institution in this case.

Accordingly, we exercise our discretion to deny institution under 35 U.S.C. § 314(a).

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I. ORDER

For the reasons given, it is hereby

ORDERED that the Petition is *denied* as to all challenged claims of the '220 patent, and no trial is instituted.

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PETITIONER:

Greg Gardella
ggardella@gardellagrace.com

Kirsten GRÜNEBERG
kg@gandmpatent.com

Eric Myers
em@gandmpatent.com

PATENT OWNER:

Thomas Engellenner
engellennert@pepperlaw.com

Reza Mollaaghababa
mollaaghababar@pepperlaw.com

Andrew Schultz
schultza@pepperlaw.com