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PTAB Grants Rehearing of Patent in Delaware Litigation

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On January 13, 2016, the U.S. Patent Trial and Appeal Board (“PTAB”), in a rare¹ move, granted rehearing of its denial to institute *inter partes* review of Greatbatch Ltd.’s (“Greatbatch”) U.S. Patent No. 7,327,553 (“’553 patent”). AVX Corp. and AVX Filters Corp. (“AVX”) filed the challenge against the ‘553 patent on February 6, 2015. The PTAB determined they abused their discretion and overlooked AVX’s analysis of the claim term “laminar delamination gap” of the ‘553 patent in denying institution of *inter partes* review in an August 12, 2015 institution Decision.

On January 26, 2016, a jury trial including the ‘553 patent as one of five patents-in-suit in the U.S. District Court for the District of Delaware (Case No.: 13-cv-00723-LPS) resulted in a \$37.5 million verdict of infringement against AVX in favor of Greatbatch. The jury also determined that the asserted claims of the ‘553 patent were valid over prior art products identified by AVX and the asserted claims of the ‘553 patent were not indefinite, as asserted by AVX. The prior art considered by the jury is different than the prior art considered by the PTAB in the *inter partes* review proceeding.

The ‘553 patent relates to an electromagnetic interference (“EMI”) feedthrough filter assembly that prevents electronic interference with medical devices, such as pacemakers. The feedthrough filter assembly includes a washer and an insulator that define a laminar delamination gap. The laminar delamination gap is used to test hermetic sealing of the medical device prior to use by allowing helium atoms to pass through the laminar delamination gap during helium leak detection testing.

In the *inter partes* review proceeding, the PTAB adopted the same claim construction of the term “laminar delamination gap” that the Delaware District Court adopted: “a very thin space between layers of material allowing passage of helium gas to the outer edges of the capacitor.” The PTAB reasoned in their original institution decision that the prior art, namely U.S. Patent No. 6,349,025 (“Fraleley”), included a “minute opening” in the device but this described a different space than the one the PTAB was interpreting as the laminar delamination gap in Fraley.

In its request for rehearing, AVX submitted an annotated Figure 2 of Fraley which included annotations not submitted with the originally filed *inter partes* review petition. A majority of the PTAB panel was convinced that Annotated Figure 2 depicted the structure described and cited by AVX in the originally filed petition. Annotated Figure 2 showed that the passage which the Petitioner was referring to as the laminar delamination gap in Fraley was the same space that the PTAB acknowledged as a minute opening. In the rehearing Decision, the PTAB held they overlooked AVX’s argument regarding the location of a gas flow passage and that the passage was “minute” or equivalent to the “very thin space” of the construed “laminar delamination gap.” Based on this new understanding of Petitioner’s argument, the PTAB reversed its decision to deny institution of *inter partes* review and scheduled an *inter partes* review trial of the ‘553 patent as anticipated or obvious over Fraley and other references in front of the PTAB. The *inter partes* review was instituted for several of the claims of the ‘553 patent, including the two claims that are asserted in the Delaware District Court and were found valid by the Delaware jury.

The new reality for patent infringement litigation often does and will involve parallel post-grant review proceedings at the PTAB and district court litigation. As illustrated by the Greatbatch v AVX situation, these parallel proceedings also have the potential to produce seemingly contradictory results. Courts and attorneys will have to consider how these parallel proceedings impact overall case strategy.

[1] To date, the PTAB has granted approximately 5% of Requests for Rehearing of Decisions related to institution of Inter Partes Review and Covered Business Method reviews, including several rehearings granted to correct typographical errors in the PTAB's institution decisions.