

CAFC Affirms PTAB’s Invalidity Decision Vacated Under *Arthrex I* and Reinstated By *Arthrex II*, Despite Joint Request To Dismiss Proceeding *Polaris Innovations Ltd. v. Brent, 2019-1483 (Fed. Cir. Sept. 15, 2022)*

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This week, the Court of Appeals for the Federal Circuit (“CAFC”) affirmed the invalidity of Polaris Innovations Ltd.’s (“Polaris”) previously-invalidated patents, despite previously vacating and remanding the invalidity decisions.

In February of 2017, NVIDIA Corporation (“NVIDIA”) initiated two *inter partes* review (“IPR”) proceedings to challenge validity of two patents owned by Polaris and directed to computer memory: U.S. Patent Nos. 6,532,505 (“the ’505 patent”) and 7,405,993 (“the ’993 patent”). The Patent Trial and Appeal Board (“PTAB”) invalidated the two patents on December 19, 2018, finding all challenged claims unpatentable. During appeal of the decisions to the CAFC, Polaris and NVIDIA settled, resulting in NVIDIA’s withdrawal from the appeals. The Patent Office (“USPTO”) subsequently intervened to defend the PTAB’s decisions. But shortly before appellate argument, the CAFC also declined to rehear *Arthrex Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) (“*Arthrex I*”) en banc, prompting the CAFC to implement its holding in *Arthrex I*. Specifically, *Arthrex I* found that the PTAB judge (“APJ”) appointments were unconstitutional for lack of oversight from the director of the USPTO. As a result, *Arthrex I* also required the CAFC, on remand, to vacate decisions and grant a new hearing with a new panel of APJs. Accordingly, in May 2020, the CAFC also vacated the PTAB’s decisions invalidating the ’505 and ’993 patents and remanded the proceedings to be heard by a new panel of APJs.

However, since *Arthrex I* was subject to potential Supreme Court action, the PTAB suspended its reconsideration of the IPRs. During the suspension, in June of 2020, Polaris and NVIDIA filed a joint motion to terminate the proceedings, in light of Polaris’s and NVIDIA’s settlement. The Supreme Court then vacated the *Arthrex I* decision in 2021, changing the remedy initially required by the CAFC. *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021) (“*Arthrex II*”). *Arthrex II* now (1) vacated any vacatur stemming from *Arthrex I*, and (2) allowed parties to seek director review. Accordingly, per the CAFC, the original PTAB finding of invalidity of the ’505 and ’993 patents became the controlling final written decision. And 35 U.S.C. § 317 provides in relevant part:

An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed.

As the PTAB successfully argued, the now-reinstated decision of invalidity rendered any joint motion to terminate untimely, supporting the PTAB’s denial of the motion. Accordingly, Polaris’s patents ended this week as invalid, ending the inquiry into the validity of its patents, as Polaris sought director review, the relief provided by *Arthrex II*, and was denied. Perhaps this case serves as a lesson to parties to willingly settle earlier, before subjecting the validity of patents to the roller coaster and expense of appellate courts and the relatively short lifespan of patent jurisprudence.