

# How covid-19 is impacting US district courts and the PTAB

As travel bans and other restrictions have been put in place in the US the court system has responded. But, as Morrison & Foerster's Alex Yap and Nicholas Fung explain, the impact on the PTAB thus far has been relatively limited.

**T**he continued spread of covid-19 in the United States and abroad has forced litigants to postpone depositions, continue hearings and cancel travel that is often necessary to effectively litigate a case. Multiple district courts have now issued guidelines for addressing case disruptions, including postponing trials until further notice.

However, while litigants in district court cases confront the new reality of delays and the inability to conduct routine discovery, the impact of covid-19 is less clear on parties appearing in post-grant proceedings before the PTAB, where discovery is limited and hearings can often be conducted by teleconference or videoconference.

Importantly, the PTAB is required by statute to issue a decision on institution within three months from the filing of a preliminary response and a final written decision within one year after institution of an AIA trial. While the board closed its offices to the public on 16th March, it has continued to maintain all deadlines and has ordered all in-person meetings and oral hearings to be conducted remotely by video conference or teleconference.

The impact of covid-19 on federal district courts has been drastic and readily apparent. Multiple courts have vacated trial dates and have also set forth guidelines for addressing case disruptions caused by the pandemic. The Northern District of California has vacated all jury trials scheduled to commence before 1st May 2020 and has also indicated it will decide all civil matters on the papers, except for those where a hearing is necessary, which will be conducted remotely (see General Order No 72).

The District of Delaware, the busiest district for patent cases, has continued all jury trials scheduled to commence before 30th April and has called for its judges to "apply the principles of flexibility and accommodation to reasonable requests for filing or scheduling adjustments necessitated by reasonable and fact-based travel, health or safety concerns, or advice or directives of public health officials" (see March 18, 2020 Standing Order at 2).

Other courts have not only vacated in-court hearings but have also extended or outright suspended case deadlines. The Eastern District of Washington has not only vacated all hearings scheduled for in-court appearances through 14th April, but also suspended all associated case management deadlines related to those cases (see General Order No. 20-101-1). The Northern District of Illinois has extended all civil case deadlines by 21 days and has stricken all civil case hearings, trials, and settlement conferences scheduled through 3rd April (see Amended General Order 20-0012).

Litigants in federal district courts have also had to navigate the patchwork of travel restrictions and shelter-in-place orders that have upended their ability to conduct effective discovery. Litigants must also prepare for the prospect of conducting depositions by video or postponing the deposition indefinitely should the client insist on an in-person deposition.

A recent dispute between Willis Electric Co Ltd and Polygroup Trading Ltd illustrates the type of disruption that litigants may face.

The parties are currently engaged in a battle over the location of depositions for Polygroup's China-based employees, which Willis Electric had requested occur in the United States due to concerns about its US-based counsel travelling outside of the United States. Notably, the magistrate judge has since issued an order inviting the parties to meet and confer to propose amendments to the case schedule to avoid the risk of exposure to covid-19 from travel or contact with others.

The limited impact of covid-19 on proceedings before the PTAB compared to patent lawsuits in district courts is not surprising given the comparatively limited amount of discovery that occurs in PTAB post-grant proceedings. Parties in PTAB proceedings often only take one deposition involving the opposing party's expert and discovery is otherwise limited as set forth in 37 CFR § 42.51. The PTAB also rarely allows the presentation of live witnesses at hearings. Covid-19-related travel disruptions that would otherwise derail the discovery process in federal district court thus have a much more limited impact on the parties' ability to advance PTAB proceedings to a final written decision.

Importantly, the PTAB is required to issue decisions on institution within three months from the filing of a patent owner's preliminary response and final written decisions within one year of institution. Although the statute allows the deadline for the final written decision to be extended for good cause, any such extension may not exceed six months. This statutory framework may explain why the PTAB continues to maintain its current

deadlines despite the closure of all its offices.

The disruptive impact of covid-19 on patent lawsuits in district courts compared to its comparatively limited effect on post-grant proceedings before the PTAB may cause district court judges to be more receptive to motions to stay pending PTAB proceedings. Such judges, facing the prospect of extended and indeterminate delays to trial dates and disruptions to case schedules, may opt for the opportunity to have the PTAB resolve the parties' patentability dispute within the PTAB's usual timeframe. Defendants in patent infringement lawsuits in district courts similarly may be incentivised to file petitions for review of the patent-in-suit before the PTAB and seek a stay of the district court lawsuit pending the PTAB's review, caused by the implementers' higher expenses and lower volumes. Thus, implementers would almost certainly suffer, not benefit, from pools determining validity.

In the event HEVC Advance has a credible basis for concern about a patent's validity despite the patent office's action, it investigates further. However, unless that investigation's result conclusively proves the patent is invalid, or the patent holder agrees to withdraw the patent from the pool and not assert it against pool licensees, there are legal risks to both pool licensees and pool administrators in withdrawing (or excluding) the patent.

For example, the owner of a patent excluded on the basis of a pool's validity determination would have the right to sue an implementer for infringing that patent, because the implementer would not be covered for that patent by the pool licence. The implementer would then be forced to litigate a patent infringement case for a patent that would otherwise have been included in the pool licence. And while the licensee could raise the validity issue in the infringement litigation (or in a parallel post-grant review), that would only add to the expense and time of defending the claim.

The bottom line is clear: patent pools should not test for validity as they do for essentiality. They should continue to rely on the expertise of government agencies to determine the validity of issued patents and on the expertise of courts and other government authorities that conduct post-grant reviews. Such a balanced approach provides the largest overall benefit of pool licensing to both patent implementers and patent owners alike.