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Axinn IP Update: Federal Circuit Confirms That AAPA Cannot Be the Basis for IPRs, But Leaves the "Basis" Determination Question Open

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PRACTICE AREAS

Intellectual Property

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Axinn Update

In a precedential decision, the Federal Circuit held on February 1, 2022, that descriptions of prior art in a challenged patent—so-called applicant admitted prior art (AAPA)—cannot form the basis for an *inter partes review* (IPR), but may be used in an IPR for other purposes. *Qualcomm Inc. v. Apple Inc.*, No. 2020-1558, 2022 WL 288013, at *6 (Fed. Cir. Feb. 1, 2022).

The appeal stemmed from a final written decision issued prior to the USPTO's August 18, 2020 guidance on the use of AAPA. *Qualcomm*, 2022 WL 288013, at *4. In the underlying petition, Apple asserted two grounds of invalidity under 35 U.S.C. § 103, one of which was based on the combination of AAPA and a prior art publication. *Id.* at *3. Qualcomm conceded that this AAPA-based combination teaches each element of the challenged claims, but challenged the use of AAPA. *Id.* The Board concluded that AAPA could be used as the basis for an IPR petition and determined that the AAPA-based combination rendered the challenged claims obvious. *Id.*

The appeal focused on whether AAPA constitutes "prior art consisting of patents or printed publications" under 35 U.S.C. § 311(b) such that it may form "the basis of a ground" in an IPR petition. *Id.* at *4. The Federal Circuit concluded that AAPA is excluded from the scope of § 311(b) by observing that both the Supreme Court and the Federal Circuit have consistently understood the "patents and printed publications" referenced in this section to themselves be prior art. *Id.* at *4. In other words, patents and printed publications that were not prior art themselves, but describing what was known in the art, are not included by § 311(b). *Id.* The Federal Circuit recognized that this understanding is also consistent with prior judicial interpretations of identical language—"prior art consisting of patents or printed publications"—in a similar statute, 35 U.S.C. § 301(a), as excluding patents which themselves are not prior art. *Id.*

The court recognized, however, that AAPA is not "categorically excluded" from an IPR. *Id.* at *5. In particular, "as a patentee's admission about the scope and content of the prior art provides a factual foundation as to what a skilled artisan would have known at the time of invention," AAPA may be used "for establishing background knowledge possessed by a person of ordinary skill in the art" or "furnishing a motivation to combine." *Id.* at *6.

The Federal Circuit stopped short of finding Apple's reliance on AAPA impermissible in this case, noting that the Board did not address this issue during the IPR. *Id.* Instead, the Federal Circuit followed the USPTO's recommendation to remand the case to the PTAB, which can address in the first instance whether AAPA improperly formed the "basis" of the Apple's challenge. *Id.* Consequently, the Federal Circuit left unresolved the issue of what constitutes impermissible reliance on AAPA in an IPR, and left open the possibility that AAPA may be used to supply a missing limitation in an obvious combination without relying on the AAPA as the "basis" of the IPR.

The court's decision is yet another example emphasizing the need for precision in IPR petitions. Following the decision in *Qualcomm*, Petitioners need to be cognizant of the extent to which they rely on AAPA and other non-prior art evidence to support a patentability challenge. Despite serving a distinct purpose in IPRs, as the Federal Circuit in *Qualcomm* recognized, non-prior art evidence that plays a large role in a petition may be seen as improperly forming the "basis" of the challenge in violation of § 311(b).

Axinn is continuing to monitor the case closely and will provide further updates on notable developments.

*At the time of this writing, Alexandria Moriarty's admission to the New York bar is pending.