

AXONICS, INC. v. MEDTRONIC, INC., Appeal Nos. 2022-1532, 2022-1533 (Fed. Cir. August 7, 2023). Before Lourie, Dyk, and Taranto. Appealed from Patent Trial and Appeal Board.

Background:

Medtronic asserted two of its patents directed to transcutaneous charging of implanted medical devices against Axonics. In turn, Axonics petitioned for an *inter partes* review (IPR) before the PTAB, arguing that the claims were anticipated by three prior art references. Although Axonics' petitions did not expressly propose any claim constructions, Axonics impliedly proposed a "one-input" construction, based on its assertions that a "measured current" limitation in the claims merely narrows a "value" limitation in the claims. That is, Axonics argued that the recitation of the external power source automatically varying its power based on a "**measured current**" simply narrows another limitation in the same claim in which automatic variation of the power is based on a "**value**." Based on this implied one-input construction, Axonics argued that the claims do not require a separate measurement, and instead, the prior art disclosure of automatically varying power output according to the implanted device's current satisfies both limitations. The PTAB granted institution of the IPR based on Axonics' showing of a reasonable likelihood of prevailing on its invalidity arguments, that is, in view of the one-input construction.

After institution of the IPR, Medtronic argued, for the first time, in its patent owner response, a new "two-input" construction, thereby asserting that the "value" limitation and the "measured current" limitation require separate inputs. In response, Axonics argued that the prior art references satisfied both the one-input and two-input constructions, and as support for the two-input construction, Axonics cited additional disclosures in the prior art references relating to the same embodiments relied upon in its petition. However, Medtronic argued that it would be prejudicial for the PTAB to consider Axonics' new reply arguments because such arguments were not identified in Axonics' petitions. Agreeing with Medtronic, the PTAB not only adopted the two-input construction, but also declined to consider Axonics' arguments in response to the new claim construction. In particular, the PTAB reasoned that Axonics had adequate opportunity to assess the patents and understand the support for the two-input construction. Thus, because Axonics did not present arguments against the two-input construction in its petitions, the PTAB found Axonics' reply arguments to be improper. Axonics appealed.

Issue/Holding:

Did the PTAB err in refusing to consider Axonics' arguments in reply to a claim construction proposed after the IPR institution decision? Yes, vacated and remanded.

Discussion:

The Federal Circuit disagreed with the PTAB, while noting that the PTAB rules do not address the specific facts of the present case. As such, the Federal Circuit considered various precedential decisions to support its holding that "where a patent owner in an IPR first proposes a claim construction in a patent owner response, a petitioner must be given the opportunity in its reply to argue and present evidence of anticipation or obviousness under the new construction, at least where it relies on the same embodiments for each invalidity ground as were relied on in the petition." Because the PTAB did not give Axonics an opportunity to reply to the newly adopted claim construction, the Federal Circuit vacated the PTAB's decisions and remanded for consideration of Axonics' arguments and evidence under the two-input claim construction.