

## THE PTAB REVIEW

This issue of *The PTAB Review* begins with a brief summary of changes to America Invents Act (AIA) trials recently proposed in Congress. It then explores a recent Federal Circuit decision rejecting arguments that the Patent Trial and Appeal Board (PTAB) is structurally biased in favor of institution. Next, it provides a cautionary discussion about evidence selection and rules. Finally, it provides an analysis about when a petitioner's case can and cannot be buttressed after the petition is filed.

### Patent Reform Redux

Anyone who is a consistent reader of this publication or who otherwise pays close attention to AIA trials knows a lot has changed over the past five years. In the [June 2021 Issue of \*The PTAB Review\*](#), we discussed the Director's newfound ability to review final written decisions of the board under the U.S. Supreme Court's decision in *Arthrex*, the continuing impact of the PTAB exercising discretion to deny institution of otherwise meritorious petitions based on the status of co-pending district court or ITC trials involving the same patent, and the inability of some petitioners to obtain appellate review of adverse trial decisions because of a lack of Article III standing. Such issues have been a



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topic of serious conversation among practitioners and stakeholders, at the United States Patent and Trademark Office (USPTO), and in [certain district courts](#). Now, bipartisan legislation introduced in Congress would address these topics and others as well.

In late September 2021, Senators Patrick Leahy (D-Vermont) and John Cornyn (R-Texas) introduced S. 2891, the Restoring the America Invents Act. The bill would amend many aspects of PTAB trials. Among other changes, the bill as introduced would address the independence of administrative patent judges (APJs), the scope of AIA trials,

parallel trial proceedings including discretionary denials under *Fintiv*, statutory estoppel, claim amendments (including an examination off-ramp), and standing for appellate review.

#### *APJ Independence*

The bill would require public notice of any changes to the membership of a panel. While the bill would codify the ability of the USPTO Director under the Supreme Court's *Arthrex* decision to review final written decisions, it would require the Director to do so by issuing a separate opinion. The bill also would generally prohibit an officer who has

review, supervisory, or disciplinary authority over an APJ and who is not a member of a given panel from having any *ex parte* communications with the APJ concerning any matter pending before that panel.

#### *Expanding Scope of AIA Trials*

The bill would reverse the Supreme Court's decision in *Return Mail, Inc. v. U.S. Postal Service*, 139 S. Ct. 1853 (2019), by authorizing government entities to file petitions for AIA reviews. It also would expand the scope of *inter partes* reviews (IPRs) to include obviousness-type double patenting and using admitted prior art from the patent specification. The bill would remove statutory bars to institution if the complaint serving as the basis for the bar is dismissed without prejudice and would extend the petition filing deadline against any new or amended claims that issue from a reexamination after the petitioner is served with a complaint.

#### *Discretionary Denial and Parallel Proceedings*

The bill would essentially reverse the board's precedential *Fintiv* decision by requiring the Director to institute a petition satisfying the merits threshold for institution unless the case presented is the same or substantially similar to a case previously considered by the Patent Office. The bill would further give AIA trials precedence over certain district court proceedings by providing a four-factor test for staying an infringement action pending an AIA trial and by

providing immediate interlocutory appeal of that decision with *de novo* review.

#### *Multiple Proceedings and Estoppel*

The bill would preserve the ability of the Director to stay, transfer, consolidate, or terminate other Patent Office proceedings involving the same patent, and would extend that authority to pending applications claiming the benefit of a common filing date to the patent. But the bill also would forbid the Director from extending any statutory deadline based on consolidating proceedings and would forbid the Director from terminating an *inter partes* proceeding in favor of an *ex parte* proceeding. The bill also would create a rebuttable presumption in favor of consolidating related proceedings that are filed reasonably close in time, potentially a response to the board's practice of restricting multiple petitions.

The bill would delay the timing for when AIA statutory estoppel arises until after any appeal has terminated or expired instead of from the day the final written decision is issued. Statutory estoppel would not apply to parties whose appeals are dismissed for lack of Article III standing. The bill also would create a statutory estoppel against patent owners, which would prevent issuance of a claim that is not patentably distinct from a claim that was issued and subsequently found unpatentable or cancelled. The bill would confirm that statutory AIA estoppel provisions apply to joinder petitioners the same as if they were the first petitioner.

The bill also would impose a 60-day time limit on the Director to issue an IPR or PGR certificate and an extendable 120-day time limit from the date of the original decision to decide any request for reconsideration, rehearing, or review.

#### *Burden of Proof and Amendments*

The bill would retain the requirement that the petitioner bears the burden of proving unpatentability of challenged claims but would reverse the Federal Circuit's *Aqua Products* decision by re-imposing a burden of proving patentability on patent owners for any proposed substitute claim. The bill also would require the PTAB to examine the substitute claims or create a so-called "examination off-ramp." The bill would authorize the Director to set fees for this examination.

#### *Appellate Standing*

The bill would purport to impose a requirement that injury-in-fact on appeal be presumed based on statutory IPR estoppel, as well as any other concrete and particularized injury that is fairly traceable to the final written decision and could be redressed through appellate review. The bill provides that any party that a court finds to lack Article III standing is not subject to statutory IPR estoppel.

Although the draft bill touches on many important and contested aspects of AIA trials, only time will tell which, if any, of these provisions ultimately will become law.



## Federal Circuit Concludes PTAB Bonuses Create No Structural Bias



In *Mobility Workx, LLC v. Unified Patents, LLC*,<sup>1</sup> the Federal Circuit rejected the patent owner's argument that a final written decision of the board should be set aside based on alleged structural bias. The patent owner argued that board members have an interest in instituting AIA proceedings to generate fees to fund the agency and ensure future job stability. The patent owner also argued that individual APJs have a personal financial interest in instituting AIA proceedings to earn better performance reviews and bonuses. In an opinion written by Judge Timothy B. Dyk and joined by Judge Alvin A. Schall, the court rejected both arguments.

The Federal Circuit distinguished the PTAB's funding structure from those at issue in Supreme Court cases finding it unconstitutional for the mayor of a town who was in charge of the town's finances to adjudicate offenses that would support the town's finances only if

the offense was found to have occurred.<sup>2</sup> The Federal Circuit concluded that these cases do not apply to the PTAB because APJs are not in charge of USPTO finances and because APJs have a fixed salary regardless of the outcomes of their decisions.<sup>3</sup> Although the Chief APJ and Deputy and Vice Chief APJs participate in AIA proceedings (and one such official was on the panel involving Mobility's patent), the court concluded that Congress, the President, and the USPTO Director control the USPTO's budget such that any connection between merits decisions and PTAB funding is too remote from the PTAB officials to constitute a Due Process Clause violation.<sup>4</sup> Finally, the court noted that it had rejected a similar challenge to the method of funding reexamination requests in 1985.<sup>5</sup>

The court also rejected the argument that APJ salary increases and bonuses are based on institution of AIA proceedings,

thereby creating an impermissible personal financial interest in institution. The court emphasized that APJ performance reviews, which determine promotions and bonuses, are based on the number of decisions made but not on the outcome of those decisions.<sup>6</sup> The court also noted that there is currently a sufficient backlog of *ex parte* appeals that APJs could decide and thereby receive credit for promotions and bonuses such that the APJs have no personal financial incentive to institute AIA proceedings.<sup>7</sup>

The court also rejected arguments that delegating the decision to institute to the same panel of APJs who will decide the case on the merits violates due process and the Administrative Procedures Act (APA), and that AIA proceedings constitute an unlawful taking of property, as barred by existing Federal Circuit precedents.<sup>8</sup> However, the court granted a limited remand under *Arthrex* for the Acting Director to determine whether to review the board's final written decision and for the PTAB to consider Mobility's argument that the USPTO must issue an IPR Certificate confirming the challenged claims or dismissing the petition because the board allegedly failed to reach a final determination within the 12-month statutory period for final determination.<sup>9</sup> The court stated that it will retain jurisdiction over this appeal during this limited remand.<sup>10</sup>

Judge Newman concurred in the *Arthrex* remand but dissented regarding the propriety of having the same PTAB panel decide the merits of a case they decided

<sup>1</sup> 2020-1441 (Fed. Cir. Oct. 13, 2021) (Dyk, Circuit Judge).

<sup>2</sup> Slip op. 9-11, 15.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 11-13.

<sup>5</sup> *Id.* at 14.

<sup>6</sup> *Id.* at 15-16.

<sup>7</sup> *Id.* at 16.

<sup>8</sup> *Id.* at 17-18 (citing *Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023, 1033 (Fed. Cir. 2016); *Celgene Corp v. Peter*, 931 F.3d 1342, 1360 (Fed. Cir. 2019)).

<sup>9</sup> *Id.* at 18-19.

<sup>10</sup> *Id.* at 19.

to institute.<sup>11</sup> Judge Newman argued that the regulations implemented by the Director to delegate institution decisions to the board mean that institution decisions are “a final decision of an inferior officer, without supervision or control or review by a principal officer of the agency.”<sup>12</sup> Judge Newman thus essentially argued that Federal Circuit precedent previously deciding this

question was overruled *sub silentio* by the Supreme Court’s determination in *Arthrex* that APJs are inferior officers and final agency decisions in AIA proceedings must be reviewable by the Director.<sup>13</sup>

Judge Newman also argued that both the AIA and the APA require that a different decisionmaker decide the merits of a petition than decided to institute the

petition.<sup>14</sup> Judge Newman reasoned that APJs could be, or even appear to be, tempted to justify their institution decisions by finding the claims unpatentable in the final decision.<sup>15</sup> The dissent did not address how the desired separation between decisionmakers for institution and final decision would be furthered by giving the Director plenary review of both decisions.

<sup>11</sup> 2020-1441 (Fed. Cir. Oct. 13, 2021) (Newman, Circuit Judge, dissenting), slip op. at 1-2.

<sup>12</sup> *Id.* at 4-6.

<sup>13</sup> *Id.* at 7-8.

<sup>14</sup> *Id.* at 10-14.

<sup>15</sup> *Id.* at 12-13.

## Mind Your Documents

Few decisions are more critical when preparing a petition for IPR than selecting which prior art printed publications to assert against the patent. Choosing a poor disclosure can be fatal to the case. Choosing a great disclosure with dubious prior art status also can lead to failure for petitioners (and success for their opponents). Petitioners often are stuck with the weaknesses of the references they assert. But sometimes evidentiary deficiencies can be overcome during trial.

In *Valve Corp. v. Ironburg Inventions Ltd.*,<sup>16</sup> the Federal Circuit recently vacated a board decision that was based on a petitioner’s evidentiary failure of proof regarding the prior art status of an asserted reference. As discussed in detail below, the court held that the board was obligated to compare the exhibit submitted with the petition to an authenticated document to determine whether the exhibit constituted prior art. More recently, at the oral argument in *Adobe Inc. v. RAH Color Techs. LLC*,<sup>17</sup>



<sup>16</sup> *Valve Corp. v. Ironburg Inventions Ltd.*, 8 F.4th 1364 (Fed. Cir. 2021) (*Valve*) (precedential).

<sup>17</sup> *Adobe Inc. v. RAH Color Techs. LLC*, No. 21-1067 (Fed. Cir. 2021) (*Adobe*).



several Federal Circuit judges explored the limits of this obligation.

#### *Valve at the PTAB:*

In 2010, online gaming magazine writer Dave Burns was asked to review a videogame controller made by the soon-to-be inventor of Ironburg's U.S. Patent No. 9,352,229. On October 20, 2010, Burns posted his review on an Xbox-affiliated website, praising the controller as a stand-out among a sea of modded (i.e., modified) controllers that, in his opinion, "ruin[ed] online games everywhere."<sup>18</sup> The Internet Archive's Wayback Machine archived the review just two days later.<sup>19</sup> Two and a half years later, Ironburg filed a provisional patent application, which would later serve as the earliest claimed priority date for the '229 patent.<sup>20</sup>

In 2017, Valve challenged the '229 patent in an IPR, relying heavily on a copy of Burns's review as a prior art reference.<sup>21</sup> But the exhibit Valve submitted for Burns's review did not boast a 2010 publication date. Instead, it was marked with a date of "2/6/2017" and noted that Burns's review appeared "6 years ago."<sup>22</sup>

After Ironburg challenged the Burns exhibit's prior art status,<sup>23</sup> Valve filed testimony from multiple witnesses to corroborate the asserted 2010 publication date for the Burns review, along with a copy of the Internet

Archive Burns review, which was filed in the prosecution histories of both the '229 patent and an unrelated Ironburg patent previously asserted against Valve.<sup>24</sup> Valve also pointed to the face of the '229 patent, which identifies an October 20, 2010 publication date for the Internet Archive Burns review, as well as an Information Disclosure Statement (IDS) that Ironburg submitted during prosecution of the '229 patent noting a 2010 publication date for the review.<sup>25</sup>

In response, Ironburg argued that Valve's arguments and supporting evidence were untimely and that the IDS date was not an admission of public availability or prior art status.<sup>26</sup> Valve further argued that, even if the exhibit filed by Valve was authentic, it was still not sufficiently proven to be prior art.

The board ultimately sided with Ironburg, holding that the dates on Valve's Burns review exhibit were inadmissible hearsay and refusing to compare Valve's Burns review exhibit with the Internet Archive Burns review. As a result, the board held that Valve failed to meet its burden to show that Valve's Burns review exhibit was publicly available prior art.<sup>27</sup>

#### *Valve at the Federal Circuit:*

On appeal, the Federal Circuit held that the board erred by disregarding Valve's Burns review exhibit. The court began by

dismissing Ironburg's claims that Valve's later-submitted evidence was untimely, stating that a "petitioner may provide evidence of public accessibility of a reference after the petition stage if the patent owner raises a challenge to public accessibility."<sup>28</sup>

Next, the court disagreed with the board's ruling that Valve's exhibits were inadmissible hearsay, explaining that the documents are not hearsay or that they fall within the public records or party-opponent admissions exceptions to the hearsay rule.<sup>29</sup> Notably, Valve's Burns review exhibit was not sourced from a certified patent prosecution history, is not a "public record," and may constitute hearsay within hearsay even if it were found in a public record. Nor were the dates printed on Valve's Burns review exhibit the same dates as those printed on the Internet Archive version. Thus, no admissions had been made by Ironburg about the specific dates in Valve's Burns review exhibit. However, the court evaluated whether the Internet Archive review that did appear in a public record, and for which the court found that Ironburg did "admit" a 2010 publication date, authenticated Valve's Burns review exhibit as prior art.

Federal Rule of Evidence 901 requires that the proponent of an item "must produce evidence sufficient to support a finding that the item is

<sup>18</sup> *Valve Corp.*, IPR2017-01928, Exhibit 1003, 1 (P.T.A.B. 2017).

<sup>19</sup> *See, e.g., Valve Corp.*, IPR2017-01928, Exhibit 1012, 441-46.

<sup>20</sup> *Valve Corp.*, IPR2017-01928, Exhibit 1001, [60].

<sup>21</sup> *Valve Corp.*, IPR2017-01928, Paper 1, 5-6, 27-54; see also *id.*, Exhibit 1003.

<sup>22</sup> *Valve Corp.*, IPR2017-01928, Exhibit 1003, 1.

<sup>23</sup> *Valve Corp.*, IPR2017-01928, Paper 13, 1-2 (objecting to Exhibit 1003 (Burns's Review) for lack of authentication); Paper 14 (Patent Owner Response), 6-10.

<sup>24</sup> *Valve Corp.*, IPR2017-01928, Paper 20, 1-2; see also Exhibit 1011 (First Rempel declaration), ¶¶1-6; Exhibit 1014 (Barcelo declaration), ¶¶1-8; Exhibit 1019 (Second Rempel declaration), ¶¶1, 13; Exhibit 1035 (Burgess declaration), 2; Exhibit 1040, 171-79 (showing the dated Wayback Machine banner on page 172).

<sup>25</sup> *Valve Corp.*, IPR2017-01928, Paper 20 (Reply), 1-2; EX1001, [56]; Exhibit 1012, 280 (noting a date of "2010" in an IDS for "Burns, 'Review: Scuf Xbox 360 Controller,' Xboxer360.com"), 418 (same).

<sup>26</sup> *Valve Corp.*, IPR2017-01928, Paper 21, 1-13; Paper 26, 1-11, 18-19, 25-26.

<sup>27</sup> *Valve Corp.*, IPR2017-01928, Paper 36, 17-20.

<sup>28</sup> *Valve Corp.*, 8 F.4th at 1370-71 n.6 (citing *VidStream LLC v. Twitter, Inc.*, 981 F.3d 1060, 1063 (Fed. Cir. 2020) (*Vidstream*)).

<sup>29</sup> *Id.* (citing FRE 803(8) (public records), 801(d)(2) (opposing party's statement); *Kaempe v. Myers*, 367 F.3d 958, 965 (D.C. Cir. 2004) (holding that document recorded by the USPTO "are public records subject to judicial notice"); *Valve Corp.*, IPR2017-01928, Paper 36, 20 ("Ironburg contends, and we agree, that Valve merely relies on markings on Exhibit 1003 itself, all of which are hearsay to prove the truth of the facts that Valve seeks to prove").

what the proponent claims it is.”<sup>30</sup> This requirement may be satisfied via “comparison with an authenticated specimen by an expert witness or the trier of fact.”<sup>31</sup> The court emphasized that authentication by comparison is “routine,” and highlighted its recent holding in *VidStream*, in which it “specifically held that a comparison between the IPR copies of a reference and a version of the reference proven to be prior art was evidence that the IPR reference was prior art.”<sup>32</sup> The court held that Valve’s Burns review exhibit was authentic because it was “virtually identical” to the Internet Archive Burns review that appeared in the certified prosecution history. The court further noted that the small differences between the various versions of the review, including the “difference in dates does not bear on the subject matter being disclosed, which is identical in each document.”<sup>33</sup> The court then held that the board erred in declining to compare Valve’s Burns review exhibit with the Internet Archive review, explicitly holding that the “Board had an obligation to make the comparison.”<sup>34</sup>

Although the court recognized that the “Board did not determine whether the copies of the Burns article were

printed publications,” the court next evaluated whether a reasonable fact finder could have found they were not printed publications. The court first held that the Internet Archive review was publicly available, noting that a patent examiner found it after a brief search for it in March 2013, which was before the priority date of the patents.<sup>35</sup> The court also relied on the promotional nature of the review, which bolstered the likelihood of public availability.<sup>36</sup> The court also relied on the patent applicant’s IDS submissions during prosecution of the ’229 patent, which IDS submissions characterized “the Burns article as being dated 2010, which is before the critical date of each patent.”<sup>37</sup> Notably, 37 C.F.R. §1.98(b)(5) (2020) requires an applicant to provide the “date” for each publication listed in an IDS, and, ordinarily, such an entry in an IDS is not treated as an admission.<sup>38</sup> Although the board has previously held that a date listed in an IDS “does not establish, by itself, with a reasonable likelihood, that this was the date that the document was ‘publicly accessible,’” the Federal Circuit did not hesitate to rely on IDS dates that are consistent with other related evidence of record to corroborate public availability.<sup>39</sup> The court concluded that there was “overwhelming evidence” that the

Internet Archive review “is prior art, and thus, the Exhibit, which is substantively the same, is also prior art” and that the “Board could not find otherwise.”<sup>40</sup> The court thus reversed and remanded for the board to reconsider Valve’s substantive arguments that rested on Valve’s Burns review exhibit.

#### *The Limits of Valve Explored in Adobe*

Well after the board issued its final written decision in *Valve*, the board made similar decisions about authentication issues in *Adobe, Inc. v. RAH Color Techs. LLC*.<sup>41</sup> Unlike in *Valve*, however, in which comparison of the different versions of the short, image-laden review in question was “not burdensome,”<sup>42</sup> Adobe wanted the board to perform four different comparisons between documents.<sup>43</sup> These documents were also significantly more cumbersome to compare than those in *Valve*. In addition to running over 70 pages long, there were “discernable differences” between the documents. For example, the board noted “most concerningly,” one version of one of the documents had the word “DRAFT” stamped across it.<sup>44</sup>

During oral argument on appeal, Judge Todd M. Hughes noted that “some of the pages are clearly out of order and

<sup>30</sup> *Valve Corp.*, 8 F.4th at 1371-72 (citing FRE 901).

<sup>31</sup> FRE 901(b)(3).

<sup>32</sup> *Valve Corp.*, 8 F.4th at 1371-72 (citing *Vidstream*).

<sup>33</sup> *Id.*

<sup>34</sup> *Id.* at 1372.

<sup>35</sup> *Id.* at 1374-76.

<sup>36</sup> *Id.* at 1373-74.

<sup>37</sup> *Id.* at 1375.

<sup>38</sup> See, e.g., *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 865-66 (Fed. Cir. 2010) (“ResQNet did not convert these manuals into printed publication prior art by including them with the IDS submitted to the PTO.”).

<sup>39</sup> *L-3 Comm’n Holdings, Inc. v. Power Survey, LLC*, IPR2014-00832, Paper 9, 16-17 (P.T.A.B. 2014); see also *Adobe* Oral Arg. (Fed. Cir. Sept. 2, 2021), 32:49-33:19 (Judge Chen noting “per *Valve*, we say that the Board can and should rely on” the date provided when submitting a document under oath during prosecution).

<sup>40</sup> *Valve Corp.*, 8 F.4th at 1372-73, 1376.

<sup>41</sup> *Adobe, Inc. v. RAH Color Techs. LLC*, IPR2019-00628, Paper 125 (P.T.A.B. 2020).

<sup>42</sup> *Valve Corp.*, 8 F.4th at 1372.

<sup>43</sup> See, e.g., *Adobe, Inc.*, IPR2019-00628, Exhibits 1013, 1076-77; *id.*, Exhibits 1014, 1079-80; *Adobe* Oral Arg., 26:43-51 (noting Adobe urged the board to perform four comparisons).

<sup>44</sup> *Adobe, Inc.*, IPR2019-00628, Paper 125, 39-40.; see also *Adobe* Oral Arg., 14:20-15:43 (Judge Dyk noting similar concerns regarding the “DRAFT:DRAFT:DRAFT” notation on Exhibit 1014, which does not appear on Exhibit 1080), 24:52-25:18 (calling the “DRAFT” markings on Exhibit 1014 “troublesome”).

there may be different line breaks.”<sup>45</sup> Judge Hughes also noted that his clerk could not find any substantive differences between the documents in question.<sup>46</sup> And while the judges seemed inclined to require the board to compare the documents on remand, Judge Raymond T. Chen noted concerns with dumping long documents on the board for such an authentication comparison.<sup>47</sup> Overall, the oral argument questions suggest that *Valve* will control, and the board will be required to compare documents even when doing so is burdensome and their authenticating value is potentially dubious.

Although the board has traditionally been reluctant to enforce evidentiary rules in PTAB proceedings, the Federal Circuit’s treatment of board decisions applying those rules as in *Valve* and *Adobe* may only make the board even more reluctant to do so.

### Supplemental Confusion

Many parties and even Federal Circuit opinions have struggled to differentiate between supplemental evidence and supplemental information at the PTAB.<sup>48</sup> Supplemental *evidence* is offered solely to support admissibility of the originally filed evidence and to defeat a motion to exclude that evidence. 37 C.F.R. §42.64(b)(2) provides that the party relying on evidence to which an objection is timely served may respond to the objection by serving supplemental evidence within 10 business days of service of the objection.

In contrast, supplemental *information* is evidence that a party intends to support an argument on the merits. 37 C.F.R. §42.123 governs the filing of supplemental information and requires a party to file a motion to submit supplemental information within one month of institution. If one month has already elapsed, the party must move to submit said information and explain why it could not reasonably have been submitted earlier and why submission is in the interests of justice. *Cf.* 35 U.S.C. §§316(a)(3) and 326(a)(3) (requiring rules permitting submission of supplemental information after the petition is filed).

While a petitioner’s case-in-chief must be made in its petition,<sup>49</sup> evidence may be introduced “after the petition stage if the evidence is a legitimate reply to evidence introduced by the patent owner, or if it is used to document the knowledge that skilled artisans would bring to bear in reading the prior art identified as producing obviousness.”<sup>50</sup>

In the *Valve* case, discussed adjacent, Ironburg timely objected to the admissibility of Valve’s Burns review exhibit under Federal Rules of Evidence (FRE) 901 and 602.<sup>51</sup> Valve did not respond within the deadline for filing supplemental evidence or supplemental information, but instead submitted the Internet Archive review together with its Petitioner’s Reply.<sup>52</sup> While Ironburg objected to Valve’s Reply evidence as untimely, it did not specifically characterize the evidence as untimely supplemental evidence under 37 C.F.R. §42.64(b)(2).<sup>53</sup> Neither the board nor the Federal Circuit expressly considered whether the information should have been stricken for lack of compliance with this rule.

<sup>45</sup> *Adobe* Oral Arg., 41:05-41:33.

<sup>46</sup> *Id.*; see also *id.* at 31:02-31:20 (Judge Chen noting Exhibit “1013 looks pretty identical to me to 1077”), 32:25-32:37 (RAH admitting Exhibits 1013 and 1077 are, in fact, the same).

<sup>47</sup> *Id.* at 19:12-20:18 (questioning the board’s obligation to compare, *e.g.*, 100 pages of a handwritten document that is asserted to be substantively identical to a typed standard), 23:19-23:58 (raising again a concern of pushing hundreds of pages on the board for authentication).

<sup>48</sup> See also *Vidstream* at 1063 (referring to supplemental evidence as “supplemental information”).

<sup>49</sup> Office Patent Trial Practice Guide Update, 83 Fed. Reg. 39,989 (Aug. 13, 2018).

<sup>50</sup> *Ancor Pharm., Inc. v. Iancu*, 889 F.3d 1372, 1380-81 (Fed. Cir. 2018) (internal quotation omitted).

<sup>51</sup> *Valve Corp.*, IPR2017-01928, Paper 13, 1-2.

<sup>52</sup> *Valve Corp.*, IPR2017-01928, Paper 20 (Reply), 1-2.

<sup>53</sup> See *Valve Corp.*, IPR2017-01928, Paper 21, 1-13; Paper 25, 1; Paper 33, 40:17-4:2.



## The Scope of Permissible Reply in AIA Trials



The trial-stage of an instituted AIA proceeding gives the parties an opportunity to further develop and refine the arguments and evidentiary record on which the board will base its final written decision on patentability. After the patent owner has submitted its responsive case to the petition in a patent owner response, the petitioner may submit a reply that “respond[s] to arguments raised in the...patent owner response, or decision on institution.”<sup>54</sup> The reply may be accompanied by rebuttal evidence and new expert testimony, but, as a general guideline, the petitioner “may not submit new evidence or argument in reply that it could have presented earlier, e.g. to make out a prima facie case of unpatentability.”<sup>55</sup> The patent owner, in turn, may respond to the petitioner’s reply in a sur-reply, but the brief “may only respond to arguments raised in the corresponding reply and may not be accompanied by new evidence other than deposition transcripts of

the cross-examination of any reply witness.”<sup>56</sup> With these limits placed on reply briefing, issues often arise as to what constitutes the permissible scope of arguments and evidence submitted with a party’s reply or sur-reply.

In *AMC Multi-Cinema v. Fall Line Patents, LLC*,<sup>57</sup> the Federal Circuit reviewed a board decision that disregarded as untimely certain arguments and evidence presented in a petitioner’s reply. Although a non-precedential decision, *AMC* provides a helpful overview of relevant Federal Circuit case law on the scope of reply briefing and insight as to what the Federal Circuit will view as permissible.

In *AMC*, petitioners had presented a cursory discussion on why a certain claim limitation was disclosed by a prior-art reference, citing to summary passages of the reference and equally cursory expert testimony.<sup>58</sup> At institution, the board found that petitioners had not

established a reasonable likelihood of prevailing on the claim limitation, which patent owner reiterated in its patent owner response.<sup>59</sup> In reply, petitioners cited to new passages directed to the reference’s specific embodiments to explain why the reference disclosed the claim limitation.<sup>60</sup> In its final written decision, the board found that petitioners’ arguments based on the newly cited passages exceeded the proper scope of a reply because they amounted to a contention that the newly cited passages, not the originally cited passages, disclosed the claim limitation.<sup>61</sup>

The Federal Circuit concluded that the board had abused its discretion in disregarding petitioners’ reply arguments and evidence. The court distinguished this case from previous decisions where reply arguments were deemed improper. Improper reply arguments presented an “entirely new rationale” based on “new evidence” to support a motivation to combine prior-art references, relied on previously unidentified portions of a reference to make “a meaningfully distinct contention,” or argued for a specific modification of a reference when the petition argued for a replacement.<sup>62</sup> In contrast, reply arguments were deemed proper where the material “fairly add[ed] confirmation that the initially presented material d[id] in fact support the assertion” made in the petition.<sup>63</sup> In the present case, the court found that petitioners’ reply fell into the latter circumstance, where petitioners were merely “explaining how its original petition was correct.”<sup>64</sup>

<sup>54</sup> 37 C.F.R. § 42.23(b).

<sup>55</sup> Consolidated Trial Practice Guide, 73 (PTAB 2019).

<sup>56</sup> 37 C.F.R. § 42.23(b).

<sup>57</sup> 2021-1051 (Fed. Cir. Sept. 30, 2021).

<sup>58</sup> See *AMC*, slip op. at 2-3, 6-8.

<sup>59</sup> *Id.* at 8-9.

<sup>60</sup> *Id.* at 9-10.

<sup>61</sup> *Id.* at 10-11.

<sup>62</sup> *Id.* at 13-14.

<sup>63</sup> *Id.* at 14.

<sup>64</sup> *Id.* at 19; see also *id.* at 14 (distinguishing between “impermissible new argument or evidence from permissible reinforcement...of a point already made with the required support in the petition”).



The *AMC* decision provides some useful practice points to consider when drafting or responding to a reply. For petitioners, it will be important that a reply first reiterate the assertion made in the petition and the evidence supporting it before further expounding on that assertion with new evidence. This should help provide a basis for showing why the new arguments are merely explaining how its original petition was correct.<sup>65</sup> For patent owners, it will be important to characterize any arguments or supporting evidence as “meaningfully distinct” from the assertions made in the petition, either by explaining how the new material represents a shift in the rationale to combine, presents a modification different than the one

proposed in the petition, or makes a new contention about a reference (e.g., contending the reference renders the limitation obvious when the petition presented argument of express disclosure).

While a petitioner has some latitude on the submission of new evidence in a reply, a patent owner is limited only to the submission of “deposition transcripts of the cross-examination of any reply witness” in a sur-reply. 37 C.F.R. § 42.23(b). A recent board decision illustrates the limitations imposed by this rule. In *Unified Patents, LLC v. Voice Tech Corp.*,<sup>66</sup> the board granted petitioner’s motion to strike exhibits submitted with the patent owner’s

sur-reply. Although the exhibits were responsive to arguments made in the petitioner’s reply, the board agreed with petitioner that the rule against new evidence with a sur-reply prohibited the patent owner’s new exhibits because they were not deposition transcripts of any reply witnesses.<sup>67</sup> This decision demonstrates the board’s inclination to ensure a closed record at the sur-reply stage and, absent extraordinary circumstances, patent owners should expect this rule to be applied consistently by the board. As a result, patent owners may consider using the cross-examination of reply witnesses as a strategic means of introducing evidence intended to support responsive arguments made in a sur-reply.

<sup>65</sup> See *id.* at 18 (noting petitioners’ explanation that the newly cited passages were describing only “particular embodiments” of the general discussion provided in the originally cited passages).

<sup>66</sup> IPR2020-01018, Paper 43 (PTAB Sept. 28, 2021).

<sup>67</sup> See *id.*, Paper 43 at 5.

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