

PTAB Strategies and Insights

August 2018



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The *PTAB Strategies and Insights* newsletter provides timely updates and insights into how best to handle proceedings at the USPTO. It is designed to increase return on investment for all stakeholders looking at the entire patent life cycle in a global portfolio.

This month, we cover three topics in depth:

- High burden on Petitioner's initial case in chief
- Highlights of updates to trial practice guide
- CAFC En Banc – Voluntary Dismissal does not stop 315(b) bar clock from ticking

We welcome feedback and suggestions about this newsletter to ensure we are meeting the needs and expectations of our readers. If you have topics you wish to see explored within an issue of the newsletter, please reach out to me.

To view our past issues, as well as other firm newsletters, please click [here](#).

Thank you.

Best regards,
Jason

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PETITIONERS MUST HAVE PREMONITION TO WIN

By: [Jay L. Bird](#) and [Jason D. Eisenberg](#)

Measure twice cut once – the same can be said of the Petition in American Invents Act (“AIA”) proceedings. Time and again the Board and Federal Circuit[i] have used the Administrative Procedure Act[ii] (“APA”) – guaranteeing parties receive timely notice and opportunity to be heard[iii] – to hold Petitioner to the arguments and evidence found in the Petition for any issues could have been foreseen, disregarding the Petitioner’s Reply.

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SUMMARY OF TRIAL PRACTICE GUIDE UPDATES

By: [Jason A. Fitzsimmons](#), [Daniel S. Block](#), and Rebekah Holtz

On August 10, 2018, the United States Patent and Trademark Office published a Federal Register notice announcing updates to the [Office Patent Trial Practice Guide \(TPG\)](#). The TPG was first published in August 2012 to provide guidance to the public about standard procedures the Patent Trial and Appeal Board (“Board”) follows during AIA trials, as well as to promote consistency of procedure among Board panels. The recent TPG updates are intended to reflect refinements of the Board’s practices over time and to elaborate on certain aspects of the Board’s procedures.

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DISMISSALS WITHOUT

PREJUDICE START 315(b) CLOCK

By: [Jason D. Eisenberg](#)

Sitting En Banc, the CAFC in *Click-to-Call v. Ingenio* held that complaints dismissed without prejudice can still trigger the time-bar of 35 U.S.C. 315(b). The Court took the case en banc sua sponte because two panels reached opposite conclusions. Judges Louri and Dyk (on the conflicting panel) wrote in dissent. So if your civil action has been voluntarily dismissed, the time-bar is still running.



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PETITIONERS MUST HAVE PREMONITION TO WIN

By: [Jay L. Bird](#) and [Jason D. Eisenberg](#)

Measure twice cut once – the same can be said of the Petition in American Invents Act (“AIA”) proceedings. Time and again the Board and Federal Circuit^[i] have used the Administrative Procedure Act^[ii] (“APA”) – guaranteeing parties receive timely notice and opportunity to be heard^[iii] – to hold Petitioner to the arguments and evidence found in the Petition for any issues could have been foreseen, disregarding the Petitioner’s Reply. So Petitioner’s need to pre-rebut any expected Patent Owner arguments in the Petition, or at least the Declaration filed with the Petition. Without going through this additional step of determining the weaknesses of the positions and potential Patent Owner arguments at the time of filing the Petition, Petitioners may be stuck with a record that fails to make out a prima facie case of obviousness – and will lose.

Even so, Patent Owner’s cannot rely on the PTAB and Federal Circuit to maintain fairness. Federal Circuit decisions have indicated that the due process guarantees afforded to Patent Owners, particularly after the Petitioner has filed its Reply, is often limited and may be easily waived.^[iv] Some of these decisions have even led practitioners to suggest that, in some circumstances, later supplementation of arguments and evidence in an otherwise weak Petition may be appropriate for Petitioners.^[v] For example, if a Petitioner failed to make out its prima facie case of invalidity (“case-in-chief”) in its Petition and a trial is instituted, then the Petitioner may, in its Reply, cure these deficiencies that were raised in a Patent Owner Response so long as the Patent Owner is afforded an opportunity to respond.^[vi] But given the limited options available to a Patent Owner to respond to a Petitioner’s Reply and the expedited nature of the AIA proceedings,^[vii] allowing a Petitioner to make out its case-in-chief after the Patent Owner has already filed its Response would undoubtedly put the Patent Owner at a severe disadvantage.

Fortunately, in parallel with the due process decisions, the Federal Circuit has also made clear that a Petitioner’s case-in-chief must be made in the Petition even if the Patent Owner is

afforded opportunities to respond after the Petitioner has filed its Reply. For example, in *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd*, after Patent Owner pointed out several weaknesses in the Petition, Petitioner presented new arguments and evidence for the first time in its reply.^[viii] The Board found that the Petitioner’s Reply exceeded the proper scope as required by the rules and thus, declined to consider the Petitioner’s Reply and accompanying evidence.^[ix] In affirming the Board’s decision not to consider the Petitioner’s Reply, the Federal Circuit concluded that the Petitioner failed to make out its prima facie case of obviousness, which it should have done in its Petition rather than its Reply.^[x] In reaching this conclusion, the Federal Circuit specifically noted that “[i]t is of the utmost importance that [P]etitioners in the IPR proceedings adhere to the requirement that the initial [P]etition identify ‘with particularity’ the ‘evidence that supports the grounds for the challenge to each claim.’ 35 U.S.C. § 312(a)(3).”^[xi] And as further explained by the Federal Circuit, “[u]nlike district court litigation—where parties have greater freedom to revise and develop their arguments over time and in response to newly discovered material—the expedited nature of IPRs bring with it an obligation for [P]etitioners to make their case in their [P]etition to institute.”^[xii]

Similarly, in *Wasica Fin. GmbH v. Cont’l Auto. Sys., Inc.*, after Patent Owner pointed out several weaknesses in the Petition, Petitioner presented several new arguments and evidence as to why the claims would have been obvious in its Reply.^[xiii] Unpersuaded by Petitioner’s shift of positions between its Petition and its Reply, the Board found that the Petitioner has failed to establish its prima case of obviousness in its Petition.^[xiv] On appeal, Petitioner argued that the Board should not have restricted its arguments to the Petition.^[xv] Instead, the Board should have considered Petitioner’s reply because the introduction of new evidence in the course of trial is to be expected in such proceedings so long as the Patent Owner is given notice and opportunity to respond under the APA (for which they were).^[xvi] But the Federal Circuit remained unpersuaded by the Petitioner’s attempt to cure the Petitioner’s deficiencies and reiterated its earlier explanation in *Illumina* that the Petitioner must make out its case-in-chief in their Petition.^[xvii] But here, “[r]ather than explaining how its original [P]etition was correct, [the Petitioner’s] subsequent arguments amount to an entirely new theory of prima facie obviousness absent from the [P]etition”^[xviii] In affirming the Board’s decision not to entertain Petitioner’s new arguments and evidence in its Reply, the Federal Circuit further explained that “[s]hifting arguments in this fashion is foreclosed by statute, our precedent, and Board guidelines.”^[xix]

Consistent with the above decisions, the Patent Office has also recently issued an update to its [2012 Office Patent Trial Practice Guide](#). In particular, the [Office Patent Trial Practice Guide August 2018 Update](#) explicitly states that “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.”^[xx] Thus, a Petitioner’s Reply cannot raise “new theories or arguments necessary to make out [P]etitioner’s case-in-chief for the unpatentability of an original or proposed substitute claim, such as a newly raised rationale to combine the prior art references that was not expressed in the [P]etition.”^[xxi] Nor would it be proper “for the [P]etitioner to introduce new evidence in its [R]eply (including new expert testimony) that could have been presented in a prior filing, for example newly cited prior art references intended to ‘gap-fill’ by teaching a claim element that was not present in the prior art presented with the [P]etition.”^[xxii]

So what does all this mean for petitioners and patent owners in AIA proceedings?

For Petitioners, the best arguments and evidence to make out its case-in-chief must be set forth in the Petition. Later supplementation, particularly those that would introduce new arguments and evidence run the risk of having them excluded from consideration by the Board.

As for Patent Owners, be particularly mindful of changes in arguments and evidence between the initial Petition and the subsequent Petitioner's Reply as they may indicate a failure of the Petitioner's case-in-chief. With the recent update in the Office Patent Trial Practice Guide that allow Patent Owners to file sur-replies instead of motion for observations, [xxiii] explanation of a Petitioner's change in position should be emphasized in a sur-reply so that any new arguments and accompanying evidence made in a Petitioner's case-in Reply may be excluded from consideration by the Board.

[i] *Dell Inc. v. Accelaron, LLC*, 884 F.3d 1364, 1368 (Fed. Cir. 2018); *EmeraChem Holdings, LLC v. Volkswagen Grp. of Am., Inc.*, 859 F.3d 1341, 1348 (Fed. Cir. 2017); *Novartis AG v. Torrent Pharamceuticals*, 853 F.3d 1316, 1324 (Fed. Cir. 2017); *In re NuVasive, Inc.*, 841 F.3d 966 (Fed. Cir. 2016); *Dell Inc. v. Accelaron, LLC*, 818 F.3d 1293 (Fed. Cir. 2016); *SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1351 (Fed. Cir. 2016); *Genzyme Therapeutic Products Limited Partnership v. Biomarin Pharmaceutical Inc.*, 825 F.3d 1360, 1367 (Fed. Cir. 2016); *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064 (Fed. Cir. 2015).

[ii] U.S. Const. amend. V, XIV; 5 U.S.C.A. § 554 (West)

[iii] 5 U.S.C.A. § 554 (West)

[iv] *In re NuVasive, Inc.*, 841 F.3d 966 (Fed. Cir. 2016)(holding that despite Petitioner's failure to make a clear where a particular limitation is disclosed in the prior art, a citation of the text discussing the relevant figure of the prior art and a reference to that particular limitation of the claims, were sufficient to satisfy Patent Owner's due process notice requirements); *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064 (Fed. Cir. 2015)(holding that Patent Owner was not denied meaning opportunity to respond to the Petitioner's new reply expert declaration, when the Patent Owner failed to seek to file a sur-reply, or take action that may be inconsistent with regulations and/or request the Board to waive regulations that Patent Owner believed would have prevented it from adequately responding to the new reply expert declaration)

[v] Matt L. Cutler, "5 Lessons From Rare Fed. Circ. Ruling On Inter Partes Review," Law360 (November 13, 2015)(available at <https://www.law360.com/articles/726708/5-lessons-from-rare-fed-circ-ruling-on-inter-partes-review>)(“It was originally thought, by many, that the petitioner was required to put the evidence it intended to rely upon in the petition, but this decision makes clear that later supplementation is appropriate, if carefully crafted. For example, if a petition fails to set forth a prima facie argument of obviousness, and the patent owner points out that fact in its response, the door is opened for petitioner to garner new testimony to fill the hole.”).

[vi] *Id.*; see also *Wasica Fin. GmbH v. Cont'l Auto. Sys., Inc.*, Cross-Appellants., 2016 WL 4411385 (C.A.Fed.), 16 (Cross-Appellant Reply Brief)(arguing that the Board erred for failing to consider new arguments and evidence in the Petitioner's Reply because the Patent Owner had meaningful opportunity under APA to respond to these new arguments and evidence pursuant to *Belden Inc. v. Berk-Tek LLC*).

[vii] Prior to a recent update to the Office Patent Trial Practice Guide, Patent Owners were limited to a fifteen page motion for observations that were typically due one month from the filing date of the Petitioner's Reply. See e.g., *Medtronic, Inc. v. NuVasive Inc.*, IPR2013-00506, paper 37, at *2-5 (P.T.A.B., Oct. 15, 2014). The Board also imposed a strict form that each observation must follow before their consideration. *Id.* Except for a deposition transcript of any reply witnesses, no other evidence may be submitted with the motion for observations. *Vivint, Inc. v. Alarm.com Inc.*, IPR2015-01977, paper 37, (P.T.A.B., Oct. 26, 2016) Additionally or alternatively, Patent Owner may request authorization to file a sur-reply, which are typically limited to five pages and cannot include any evidence. *LG Electronics, Inc. v. ATI Technologies*

ULC, IPR 2015-00325, Paper 37 at *4-5 (P.T.A.B., Dec. 15, 2015).

[viii] 821 F.3d 1359, 1367, 1369-70 (Fed. Cir. 2016).

[ix] *Id.* at 1367.

[x] *Id.* at 1369-70.

[xi] *Id.*

[xii] *Id.*

[xiii] 853 F.3d 1272, 1286 (Fed. Cir. 2017).

[xiv] *Id.* at 1278, 1286-87.

[xv] *Wasica Fin. GmbH v. Cont'l Auto. Sys., Inc.*, Cross-Appellants., 2016 WL 4411385 (C.A.Fed.), 16-17 (Cross-Appellant Reply Brief)

[xvi] *Id.*

[xvii] *Wasica Fin. GmbH*, 853 F.3d at 1286-87 (citing *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*)

[xviii] *Id.*

[xix] *Id.* (internal citations omitted)

[xx] Office Patent Trial Practice Guide, August 2018 Update, 83 Fed. Reg. 29,989 (Aug. 13, 2018); Trial Practice Guide Update (August 2018) (available at https://www.uspto.gov/sites/default/files/documents/2018_Revised_Trial_Practice_Guide.pdf)

[xxi] *Id.* at **14-15.

[xxii] *Id.*

[xxiii] *Id.*

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SUMMARY OF TRIAL PRACTICE GUIDE UPDATES

By: [Jason A. Fitzsimmons](#), [Daniel S. Block](#), and Rebekah Holtz

On August 10, 2018, the United States Patent and Trademark Office published a Federal Register notice announcing updates to the [Office Patent Trial Practice Guide \(TPG\)](#). The TPG was first published in August 2012 to provide guidance to the public about standard procedures the Patent Trial and Appeal Board (“Board”) follows during AIA trials, as well as to promote consistency of procedure among Board panels. The recent TPG updates are intended to reflect refinements of the Board’s practices over time and to elaborate on certain aspects of the Board’s procedures.

Significantly, the recent updates (1) state that sur-replies to principal briefs are permitted as a matter of right, (2) provide for a pre-hearing conference call for early issue resolution, and (3) provide details about oral hearing procedures, including the use of live testimony and sur-rebuttal.

The update also includes revised guidance on expert testimony, considerations in determining whether to institute a trial, the distinction between motions to exclude and motions to strike, and word count and page limits.

Some of the noteworthy updates are highlighted below. Additionally, the Office indicated that further updates to the TPG may be released in the future, as this update revised only certain sections of the TPG.

Sur-replies (revised section II.I)

Highlights

- Permits sur-replies to principal briefs as a matter of right and indicates that sur-replies

will be authorized by the scheduling order entered at institution.

- Allows the patent owner to file a sur-reply in response to the petitioner's reply to patent owner's response, replacing the previous practice in which patent owners filed observations on cross-examination testimony.
- Allows a petitioner to file a sur-reply in response to the patent owner's reply to opposition to amendment.
- Explains that sur-replies (a) may not be accompanied by new evidence, other than deposition transcripts of the cross-examination of any reply witness, and (b) should only respond to arguments made in reply briefs, comment on reply declaration testimony, or point to cross-examination testimony.
- Provides that the patent owner may address the institution decision in its sur-reply brief if necessary to respond to the petitioner's reply. Likewise, the petitioner may also address the institution decision in its reply.
- Specifies that sur-replies to motions are not generally permitted but may be authorized on a case-by-case basis.

Comments

This change is significant because the patent owner will now have the "last word" in its sur-reply to the petitioner's reply. It is also important that the petitioner may address the institution decision, which may indicate that the Board at least initially found grounds in the petition unpersuasive, yet instituted trial on all grounds in view of *SAS*. If the patent owner did not discuss these issues, it may have been argued that addressing them in the petitioner's reply exceeds the scope of responding to the patent owner's response. The Board is also clear that new evidence should not be introduced in replies or sur-replies, but that it is appropriate to "submit directly responsive rebuttal evidence" in support of a submission. Because the Board intends to authorize sur-replies by the scheduling order entered at institution, a party wishing to submit a sur-reply in a pending proceeding may still need to request authorization to do so.

Pre-hearing conference call (revised section II.M)

Highlights

- Provides for a pre-hearing conference call to be held at either party's request.
- Explains that the purpose of a pre-hearing conference is to afford the parties the opportunity to preview, but not argue, the issues to be discussed at the oral hearing and to seek the Board's guidance as to particular issues that the panel would like addressed.
- Discusses other uses for a pre-hearing conference call, including:
 - discussing and deciding motions to exclude with respect to a limited number of exhibits;
 - discussing and deciding motions to strike; and
 - discussing and deciding unresolved issues with demonstrative exhibits.
- Indicates that the Board will preferably rule on pending motions and limited numbers of objections and disputed exhibits during the pre-hearing conference or at least before the oral hearing.

Comments

This new procedure may help parties identify which issues are of greatest interest to the Board. It may also narrow the issues, for example, by having the Board decide certain evidentiary issues that may then not need to be discussed at the hearing.

Oral hearing (revised section II.M)

Highlights

- Specifies that the Board generally expects to provide an hour of argument per side for a single proceeding but that a party may request more or less time depending on the circumstances of the case.
- Absent special circumstances, a petitioner will not be permitted to reserve for rebuttal more than half the total time allotted for argument.
- Permits the Board to grant a patent owner the opportunity to present a brief sur-rebuttal, if requested.

Comments

The opportunity for sur-rebuttal mirrors the addition of the patent owner sur-reply brief. In most cases, the patent owner should request this opportunity, as it allows for the “last word” at the oral hearing.

Considerations in determining whether to institute a review (revised section II.D.2)

Highlights

- In deciding whether to institute the trial, the Board considers:
 - whether or not a party has satisfied the relevant statutory institution standard;
 - whether various considerations related to “follow-on” petitions, including those set forth in *General Plastic*, warrant the exercise of the Director’s discretion to decline to institute review under 35 U.S.C. §§ 314(a) and 324(a); and
 - whether various considerations, including those set forth in *Becton Dickinson*, warrant the exercise of the Director’s discretion to decline to institute review under 35 U.S.C. § 325(d) because the same or substantially the same prior art or arguments were previously presented to the Office.
- In addition to the *General Plastic* factors, events in other proceedings related to the same patent, either at the Office, in district courts, or the ITC, may favor denying a petition.
- In addition to the *Becton Dickinson* factors, materially changed circumstances or facts and evidence of which the Office was not aware during its previous consideration of the asserted art or arguments may be relevant.

Comments

The previous version of TPG Section II.D.2 mentioned only § 325(d), without significant detail explaining how it would be applied. The revised version lists seven non-exclusive factors from *General Plastic* and six non-exclusive factors from *Becton Dickinson* that the Board will consider in determining whether to institute trial. Petitioners should consider preemptively addressing applicable factors in the petition, while patent owners should raise these issues in the preliminary response, as the Board is clearly mindful of these options for denying institution. Given the mandate to institute on all challenged claims and all grounds in view of *SAS*, the Board may use these tools more frequently where it finds substantial portions of a petition are insufficient.

Use of expert testimony (new section I.G)

Highlights

- Specifies that expert testimony may be submitted with the petition, preliminary response, and at other appropriate stages in a proceeding as ordered or allowed by the panel overseeing the trial.
- Describes a number of situations in which expert testimony may be helpful to the Board (e.g., explaining the technology, establishing the level of ordinary skill in the art, and whether there would have been a reason to combine teachings of certain references).
- Provides that a person must be “qualified in the pertinent art” in order to testify as an expert, but acknowledges that there need not be a “perfect match” between the expert’s experience and the relevant field and a person may not even need to be a person of ordinary skill in the art.
- Warns that parties that incorporate expert testimony by reference in their petitions, motions, or replies without providing explanation of such testimony risk having the testimony not considered by the Board.

Comments

This is an entirely new section of the TPG, which suggests it is an issue the Board encounters frequently and felt the need to clarify. The examples of uses for expert testimony support the express conclusion that “expert testimony may explain ‘patents and printed publications,’ but is not a substitute for disclosure in a prior art reference itself.”

The distinction between motions to exclude and motions to strike (revised section II.K)

Highlights

- Reiterates that a party may file a motion to exclude evidence if it wishes to preserve objections to the admissibility (not sufficiency) of the evidence.
- Specifies that a party may request authorization to file a motion to strike if it believes that a brief filed by the opposing party raises new issues, is accompanied by belatedly presented evidence, or otherwise exceeds the proper scope of reply or sur-reply. Alternatively, the party may request authorization for further merits briefing to address newly-raised arguments or evidence.
- Characterizes striking the entirety or a portion of a party’s brief as an exceptional remedy that will be granted rarely.

Comments

Although the Board notes that striking a brief or portion thereof is “an exceptional remedy,” the addition of the procedural steps and reasons for granting a motion to strike to the TPG indicate that the Board may be receptive in certain circumstances. Importantly, authorization to file a motion to strike should be requested within one week of the allegedly improper submission.

Word count and page limits (revised section II.A.3)

Highlights

- Sets forth word count limits for certain submissions and page limits for others.
- Specifies that a party may rely on the word count of the word-processing system used to prepare a paper when making the required certification stating the number of words in the paper.
- Describes possible violations and abuses and how they should be addressed.

Comments

The word count and page limits reflect the revisions to 37 C.F.R. § 42.24 that became effective May 2, 2016.

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