

WHAT QUALIFIES AS A GOOD “GOOD CAUSE” WHEN RESPONDING TO A PATENT OWNER’S PRELIMINARY RESPONSE?



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In an *inter partes* review (IPR) proceeding, the petition challenging the validity of a patent may be followed by a patent owner’s preliminary response (POPR). The petitioner can then, in turn, ask the Patent Trial and Appeal Board (PTAB) for leave to reply—a request that must satisfy “a showing of good cause” under federal regulations, and which, if granted, may open the door for further short filings from both sides before the PTAB issues an institution decision.

We wondered, what are the most effective good causes when a petitioner replies to the POPR? Can the filing of a reply predict the outcome of the institution decision?

This article examines the most common arguments used in petitioners’ replies to POPRs and how they correspond to recent PTAB decisions. In our analysis, we consider how our findings may alter the strategies that IPR practitioners pursue.

WHAT QUALIFIES AS A GOOD “GOOD CAUSE” WHEN RESPONDING TO A PATENT OWNER’S PRELIMINARY RESPONSE?

In an *inter partes* review proceeding, the petitioner first files a petition to challenge the validity of a patent. In response to the petition, the patent owner can file a POPR. Typically, the PTAB then decides whether to institute an IPR trial. In recent years, the rules have provided petitioners with an option to reply to the POPR. But such replies are not available as a matter of right—petitioners must request leave to file from the PTAB.

The PTAB has discretion to either grant or deny the request, depending on whether the request satisfies “a showing of good cause” under 37 C.F.R. § 42.108(c). If the PTAB grants the request, then typically, the petitioner and patent owner both receive authorization to file another brief paper, usually around five pages, before the PTAB issues an institution decision.

To date, it has not been clear what qualifies as “good cause” when a petitioner decides to reply to the POPR. Is the filing of a reply a strong predictor of the institution decision? We analyzed the role of petitioners’ replies to POPRs in recent PTAB proceedings, and our research provides a fresh view on the replies’ impact on corresponding institution decisions. In addition, our findings include updated practice tips for IPR practitioners.

To File or Not to File a Reply to a POPR, That Is the Question

Among the 4,185 IPR petitions filed between January 1, 2018, and November 24, 2020, we identified 382 cases in which a motion for leave to reply to a POPR was filed. These 382 cases were selected based on a search on Docket Navigator™ for all available cases having pleadings labeled “Motion for Leave to File (Petitioner Reply to Preliminary Response).” Next, we classified these cases based on the success or failure of those motions for leave. We also examined the impact of filing a reply to the POPR on institution rates in these cases.

Of the 382 cases in which petitioners sought leave to file a reply to the POPR, the petitioners’ motions were granted in 275 cases (71.8%) and denied in 107 cases (27.9%). Of the 275 cases in which petitioners were allowed to reply, the PTAB instituted trial in 134 of them (48.7%). By contrast, the PTAB instituted trial in 56 of the 107 cases (52.3%) in which it denied leave for a reply. See figure 1 and figure 2 depicting the frequency and success of motions for leave to reply.

FIGURE 1
FREQUENCY OF MOTIONS FOR LEAVE TO REPLY TO A POPR
January 1, 2018–November 24, 2020

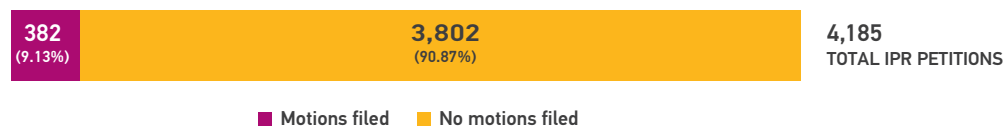
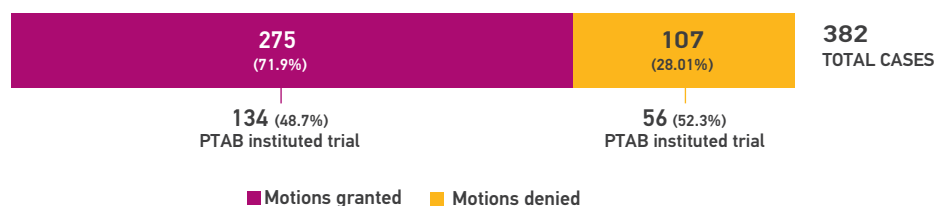


FIGURE 2
SUCCESS RATES IN MOTIONS FOR LEAVE TO REPLY TO A POPR



One might have expected that successfully seeking leave and filing a reply to the POPR would be associated with a higher institution rate. But our data show that the institution rate was nearly 5% lower when a petitioner was granted leave to file a reply. Given that this difference in success rate is not statistically significant, it follows that succeeding or failing in a request to file a reply to a POPR has no clear impact on institution rate.

It is worth noting that the PTAB has issued institution decisions on 2,520 of the 4,185 total petitions filed during our sample period, and of those 2,520 cases, 1,801 cases (71.5%) were instituted, while only 719 (28.5%) were denied. In comparison, among the subset of 382 cases in which the petitioner sought leave to reply to a POPR (100% of which have reached the institution order stage), the PTAB instituted in 190 cases (49.7%).

Although this discrepancy does not prove any causal connection between POPR-reply motions and institution rate, statistically speaking, it does appear that cases in which the petitioner sought leave to file a POPR reply have a lower average institution rate (49.7%) than the overall rate for all cases in the same period (71.5%). One possible reason for this is that these cases involve certain “hot” issues identified in the POPR that are of interest to the PTAB and that petitioners may want to address.

With the preceding in mind, petitioners considering whether to move for such a reply would benefit from insights on what the PTAB has considered as good causes, compared to not-good-enough-causes, when replying to a POPR.

We identified the 10 most common “good causes” given when seeking leave to file a POPR reply, as detailed below.

It appears that cases with POPR-reply motions have a lower average institution rate, 49.7%, than the overall rate for all cases.

THE 10 MOST COMMON BASES FOR MOVING THE PTAB TO AUTHORIZE A REPLY TO A POPR

1 35 U.S.C. § 314(a)

In these cases, the petitioner sought to reply to arguments in the POPR asking the PTAB to deny institution under § 314(a) because the challenged patent was the subject of one or more earlier petitions. *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, No. IPR2016-01357, Paper 19 (P.T.A.B. Sept. 6, 2017).

2 CLAIM CONSTRUCTION

This category refers to situations where the petitioner sought to reply to a patent owner's arguments concerning the interpretation of the challenged claims.

3 35 U.S.C. § 325(d)

In these cases, the petitioner sought to reply to a patent owner's arguments asserting that the same or substantially the same prior art or arguments were previously presented to the U.S. Patent and Trademark Office. In addressing the issue, the PTAB has often analyzed the *Becton, Dickinson* factors: (i) similarity of asserted art compared to prior art referenced in prosecution; (ii) similarity of current arguments to those made during examination; and (iii) whether petitioner provided evidence warranting reconsideration of prior art, arguments, or the examiner's evaluation. *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, No. IPR2017-01586, Paper 8 (P.T.A.B. Dec. 15, 2017).

4 PRIOR ART

This basis refers to situations where the petitioner sought to reply to the patent owner's arguments that attempt to disqualify prior art.

5 RESPONDING TO CHARACTERIZATION OF ARGUMENTS

In these cases, the petitioner sought to reply to the patent owner's alleged mischaracterization of facts or law—often to bolster or reiterate the petitioner's arguments.

6 REAL PARTY IN INTEREST

Here, the petitioner sought to reply to the patent owner's challenge regarding the petition's identification of the real party in interest.

7 INTERVENING DECISION

This basis refers to situations where the petitioner sought to reply to decisions—often precedential—that were cited in or otherwise relevant to the arguments raised in the patent owner's response, but that could not have been addressed earlier because the decision was published after the filing date of the petition.

8 UNKNOWN/UNFORESEEABLE

In these instances, the petitioner sought to reply to the patent owner's arguments or evidence that could not have been anticipated at the time of filing the petition or that came to light after the petition was filed.

9 INVENTION DATE

This category refers to situations where the petitioner sought to reply to the patent owner's assertion of an earlier invention date.

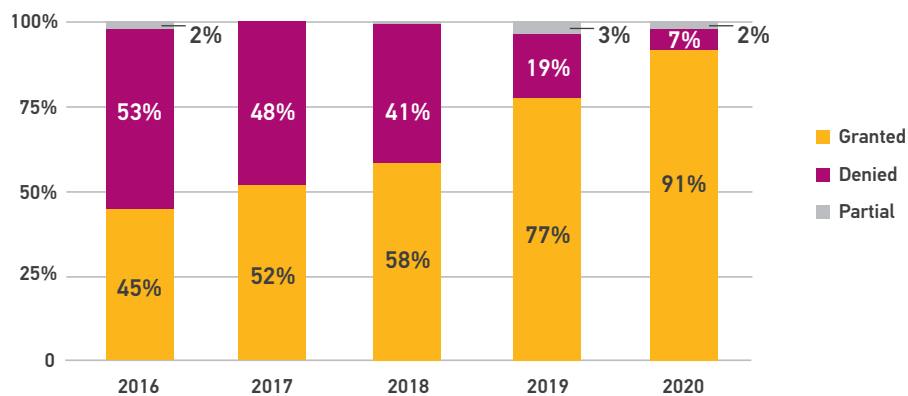
10 35 U.S.C. § 315(a)

This basis means the petitioner sought to reply to the patent owner's arguments concerning § 315(a), specifically whether the petitioner is barred from filing a petition. For example, the POPR may argue that the IPR should not be instituted because a civil action challenging the validity of a claim of the patent has been filed.

The Best “Good Causes” When Replying to a POPR

For wider context in our analysis, we drew upon Docket Navigator data to look at the outcome of decisions on petitioners’ motions to file a reply by year, as illustrated in figure 3. There is a clear year-over-year increase in the percentage of granted requests. The data suggest that the PTAB has grown more willing to grant leave, that petitioners have more effectively focused on grounds most likely to lead to a successful request, or a combination of both.

FIGURE 3
MOTION SUCCESS BY YEAR



We further analyzed the numbers for each good cause basis. Our focus was on cases from 2018 to 2020, a period that indicates an increase in the granted rate. We drilled down to figure out what good causes were most successful.

Petitioners’ success rates have been the highest (75% or above) where the reply seeks to address issues related to 35 U.S.C. § 315(a), Real Party in Interest, 35 U.S.C. § 314(a), Intervening Decision, Prior Art, 35 U.S.C. § 325(d), and Invention Date. The second group of bases that have been reasonably successful (50%–74%) include Claim Construction and Unknown/Unforeseeable issues. In contrast, requests focused on Responding to Characterization of Arguments have been denied more than 60% of the time. The basis outcomes are ranked in figure 4.

There is a growing trend for the PTAB to grant leave to file a reply to a POPR.

FIGURE 4
POPULARITY RANKING OF “GOOD CAUSES”

BASIS FOR SEEKING REPLY	TOTAL INSTANCES	GRANTED	% GRANTED	DENIED	% DENIED
35 U.S.C. § 314(a)	86	76	88.37%	10	11.63%
Claim Construction	86	60	69.77%	26	30.23%
35 U.S.C. § 325(d)	77	60	77.92%	17	22.08%
Prior Art	64	50	78.13%	14	21.87%
Responding to Characterization of Arguments	34	13	38.24%	21	61.76%
Real Party in Interest	29	26	89.66%	3	10.34%
Intervening Decision	28	24	85.71%	4	14.29%
Unknown/Unforeseeable	13	8	61.54%	5	38.46%
Invention Date	8	6	75.00%	2	25.00%
35 U.S.C. § 315(a)	7	7	100.00%	0	0.00%

More specifically, the PTAB authorized replies 88.37% of the time when the petitioner sought to address the patent owner’s § 314(a) arguments, and 77.92% of the time when addressing the patent owner’s § 325(d) arguments. Similarly, the PTAB authorized replies 89.66% of the time when the petitioner sought to address Real Party in Interest issues. Another “hot” topic is the issue of an Intervening Decision, for which the PTAB authorized replies 85.71% of the time.

Conclusion: Practical Impact of Requests to Reply to POPR

There is no statistical evidence supporting any significant effect on institution rates due to success (or failure) in requests to file a reply to a POPR. Nevertheless, when considering whether or how to file a reply, it is recommended to carefully evaluate which issues to raise in view of the actual merits of the case. In light of our findings, we recommend the following practice tips, and look forward to keeping practitioners updated on developments in this area.

Practice Tips

- > **When considering whether or how to file a reply to a POPR, petitioners are encouraged to evaluate the bases discussed in this article in view of the actual merits.**
- > **When filing a reply to a POPR, try to avoid relying on the types of issues that have produced lower success rates, such as Responding to Characterization of Arguments.**
- > **The bases with the highest success rates are:**
 - 35 U.S.C. § 315(a)
 - Real Party in Interest
 - Prior Art
 - 35 U.S.C. § 325(d)
 - 35 U.S.C. § 314(a)
 - Intervening Decision
 - Invention Date

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