

IPR EVOLUTION: DECISIONS AND DEVELOPMENTS SHAPING *INTER PARTES* REVIEW PRACTICE

Volume II, December 2021



Change has propelled *inter partes* reviews (IPRs) since the process launched at the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board (PTAB) in 2012. In the period since March 2020, when we first published this practice guide, the IPR process has continued to mature and evolve.

Our monitoring, research, and analysis of large collections of quantitative and qualitative data in recent months have borne fruit. The observations and recommendations we share here are meant to position parties and practitioners at the leading edge of IPR practice by identifying noteworthy trends and best practices in IPR proceedings, even while the process—and outcomes—shift.

In this edition of the *IPR Evolution* guide, we offer two in-depth analyses based on IPR statistics, and a third analysis focused on a persistent and thorny issue relevant to every post-grant proceeding.

IN THIS EDITION



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IPR rules require petitioners to identify all “real parties-in-interest” for any given proceeding. Failure to comply can doom a petition to failure. But determining who is a real party-in-interest is often confusing—and frustrating. The 2018 *Applications in Internet Time (AIT)* decision from the Federal Circuit provided some guidance, but at the time, it was unclear how the PTAB would react to that decision.

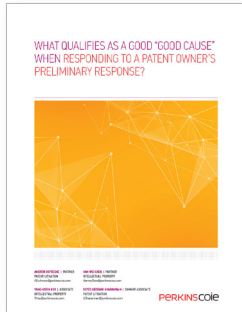
In “REAL PARTIES-IN-INTEREST: GUIDANCE ON WHO IS AN RPI—AND WHO IS NOT—IN POST-GRANT PROCEEDINGS,” we examine PTAB decisions relating to real parties-in-interest, including those issued after the Federal Circuit’s opinion in *AIT*. We identify patterns in how the PTAB decides whether a party is a real party-in-interest, including in tricky contexts involving patent aggregation firms, affiliated business entities, and co-defendants in related litigation. Look for related practice pointers inspired by the analysis.



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The PTAB launched a pilot program in March 2019 that fundamentally changed motion to amend practice in post-grant proceedings. We crunched the numbers on over a year’s worth of data on motions to amend filed after the pilot program went into effect to evaluate whether the program has altered the landscape, and if so, how.

In “THE IMPACT OF THE PTAB’S MOTION TO AMEND PILOT PROGRAM,” we compare statistics on pre-pilot and current filing frequency and success rates. We also consider the data’s implications for drafting or responding to motions to amend and provide guidance to practitioners facing both situations.



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What are the smartest strategies to deploy when seeking permission from the PTAB to file a pre-institution reply to a patent owner's preliminary response? We explore this issue in "WHAT QUALIFIES AS A GOOD 'GOOD CAUSE' WHEN RESPONDING TO A PATENT OWNER'S PRELIMINARY RESPONSE?"

Recent data relating to filing and success rates for pre-institution replies offer interesting insights. Our extensive analysis of successful reply requests from 2018–2020 helps us identify the most effective arguments for showing the "good cause" required to obtain permission to file a pre-institution reply. Discover which arguments worked best.

HAVE QUESTIONS ABOUT OUR FINDINGS?

Wondering which developments at the PTAB could change your odds for success? We aim to keep clients ahead of the evolution of the IPR process, and we welcome your questions and comments on the topics and issues we share here.

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REAL PARTIES-IN-INTEREST: GUIDANCE ON WHO IS AN RPI—AND WHO IS NOT—IN POST-GRANT PROCEEDINGS



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In post-grant review proceedings before the U.S. Patent and Trademark Office's Patent Trial and Appeal Board, practitioners who omit any of the parties with an interest in the matter could face consequences as severe as dismissal of the proceeding. To consider a post-grant proceeding, the Patent Trial and Appeal Board insists all real parties-in-interest be identified.

But the rules determining if a party is a real party-in-interest are far from clear. In this article, we examine caselaw to clear some of the confusion and frustration practitioners encounter when assessing who is—and who is not—a real party-in-interest, and offer practical guidance.

REAL PARTIES-IN-INTEREST: GUIDANCE ON WHO IS AN RPI—AND WHO IS NOT—IN POST-GRANT PROCEEDINGS

In *inter partes* review (IPR) or post-grant review (PGR) proceedings, a petitioner files a petition with the Patent Trial and Appeal Board (PTAB) challenging the patentability of a claimed invention. When setting forth its challenge, the petitioner is required to identify all “real parties-in-interest” (RPIs). Whether or not an entity is an RPI is often a significant question, because such a designation invokes time-bar provisions for filing IPRs. It also may determine whether estoppel will apply. But the applicable legal standards are murky and can cause consternation. Here, we examine the caselaw closely and provide guidance to practitioners to help them avoid RPI pitfalls.

Generally, RPIs are understood as persons who or entities that stand to benefit or gain from a legal action. In the IPR context, the PTAB’s America Invents Act (AIA) Trial Practice Guide, which governs IPR and PGR proceedings, notes that “[t]he core functions of the ‘real party-in-interest’ and ‘privies’ requirements are to assist members of the Board in identifying potential conflicts, and to assure proper application of the statutory estoppel provisions.”^[1] The Trial Practice Guide states that the PTAB is guided by common law principles and that the inquiry is “highly fact-dependent” and often considers whether entities “exercised or could have exercised control.”^[2] Just a few years ago, in *Applications in Internet Time (AIT)*, the U.S. Court of Appeals for the Federal Circuit instructed that “[d]etermining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.”^[3] While the Federal Circuit set forth certain considerations for the PTAB to assess in determining whether a party is an RPI, it used broad and non-limiting language that ultimately creates some uncertainty about whether a party is an RPI.

There are important consequences tied to the RPI designation. For example, under 35 U.S.C. § 315(b), an IPR petition is time-barred if “filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” Additionally, under 35 U.S.C. § 315(e)(1), “[t]he petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonable could have raised during” that IPR. Relatedly, § 315(e)(2) describes a similar estoppel that applies to proceedings in courts or in the U.S. International Trade Commission. Whether entities are RPIs has important implications as to their rights to bring future actions. Given the effects of being designated an RPI, and the common desire for entities to maintain their rights to challenge patents, the question of whether entities are, or are not, RPIs has been addressed by the PTAB, including in view of the Federal Circuit’s recent guidance. RPI challenges

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commonly arise where a petitioner has business relationships with other entities, is a co-defendant in related district court litigation, or is a defensive patent aggregator.

Clients of Patent Aggregators Are Not Automatically RPIs

Defensive patent aggregators are companies that offer services to clients relating to reducing risks created by non-practicing entities. Patent aggregators can use strategies such as acquiring patent licenses and challenging patents in PTAB proceedings. Clients of patent aggregators are subject to the same fact-based inquiry used to assess RPIs in other circumstances. While the PTAB has raised concerns that the defensive patent aggregator business model presents issues related to estoppel and repeated attacks on a patent, which squarely relate to the RPI requirement,[4] the PTAB's Trial Practice Guide states that an entity "does not become a 'real party-in-interest' or a 'privy' of [an] Association simply based on its membership in the Association." [5] As detailed below, however, in a recent precedential PTAB opinion on remand from the Federal Circuit, the PTAB found a client of a defensive patent aggregator to be an RPI with the patent aggregator.

To explain, in *AIT* the Federal Circuit addressed the appropriate standard for assessing whether a client (Salesforce) was an RPI of the patent aggregator (RPX). The Federal Circuit approved "a flexible approach" to RPI issues "with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner." [6] While the Federal Circuit did not set forth definitive factors that are relevant to whether a patent aggregator is an RPI, the court admonished the PTAB for failing to adequately consider factors that may be relevant, such as the following:

- The client's relationship with the patent aggregator;
- The nature of the patent aggregator as an entity;
- Whether the patent aggregator filed the IPR to benefit the client;
- The client's interest in the IPR;
- Whether the patent aggregator acted as the client's attorney-in-fact or agent; and
- Whether the client had apparently authorized the patent aggregator to represent its interests. [7]

The Federal Circuit specified that "Congress intended that the term 'real party in interest' have its expansive common-law meaning." [8] The Federal Circuit then remanded the case, and the PTAB found Salesforce should have been named an RPI. In that decision, the PTAB reasoned that RPX set up its business model in part to file IPRs to benefit its clients, that RPX's client would benefit from the IPRs in question, and that RPX represented its client's interest in filing the IPRs. [9] The PTAB further found that RPX's "Best Practices Guide," which governs how it files IPR petitions, reflects that "RPX intentionally operates its business to circumvent the Board's RPI case law" and "suggest[ed] a 'willful blindness' strategy." [10] Thus, given the facts, the PTAB found Salesforce to be an RPI.

In contrast, however, the PTAB has found (and the Federal Circuit has affirmed) under different facts that a client of a patent aggregator was not an RPI. Indeed, several PTAB decisions have found that defensive patent aggregator, Unified Patents, did not fail to name various clients as RPIs, when facts showed that Unified Patents largely acted independently of its clients when filing IPRs. [11] Thus, it is not simply the

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patent aggregator-client relationship that leads to a finding that a client entity is an RPI, but again, a fact-based inquiry that looks into preexisting relationships, control, and which companies stand to benefit.

Related Business Entities Are Often, But Not Always, Real Parties-In-Interest

Petitioners in IPRs frequently have to address whether their parent, subsidiary, or sister companies are RPIs. While the PTAB has not held that related corporations are RPIs per se, close connections and/or “control” will likely result in entities being RPIs. Indeed, in the corporate-relationship context, an assessment of whether or not entities are RPIs typically involves looking at whether a related company directs or exercises control over the petitioner’s participation in the proceeding.[12] However, *actual* control is not needed; an RPI relationship can exist if a party possesses the “opportunity to control that might reasonably be expected between two formal coparties.”[13] As detailed below, that analysis in the context of parent, subsidiary, and sister corporations can lead to differing results.

- 1. Significant overlap between parent-child companies is usually cause for a real party-in-interest finding.** Generally, while the parent-child relationship alone is insufficient to make a parent company an RPI in a child petitioner’s IPR, when there is significant overlap between the function and leadership of the parent and child entities, the parent is likely to be deemed an RPI. For example, in *Sirius XM Radio v. Fraunhofer-Gesellschaft*, the parent company was considered an RPI in a child petitioner’s IPR when the corporate boundaries were “blurred.” The PTAB held that a parent holding company was an RPI when the petitioner was wholly owned by the parent, the parent had no operations independent of the petitioner, and there was complete overlap in officers and business address.[14,15] In so holding, the PTAB also noted the parent holding company’s statements to the U.S. Securities and Exchange Commission that announced that it was a defendant in other lawsuits, even though it was the subsidiary and not the parent that was the named defendant.[16]

Similarly, in *Radware, Inc. v. F5 Networks, Inc.*, the PTAB held that a parent company wholly owning the IPR petitioner entity was an RPI when the petitioner sold the parent’s products and acted as its authorized representative, the two companies shared common leadership and common legal counsel in related litigation, and employees of the parent company were offered as corporate witnesses for the subsidiary in related litigation.[17]

In contrast, in *Par Pharmaceutical, Inc. v. Jazz Pharmaceutical, Inc.*, the PTAB held that the petitioner’s holding-company parents were not RPIs, despite substantial overlap between the companies. That was because the petitioner—and not the parents—performed the actions accused of infringement in a related district court action.[18] The PTAB reasoned that “[i]f anything, [Petitioner] Par Inc. (rather than any parent) represents its own interests in this IPR proceeding, even though those interests may inure, ultimately, to the benefit of one or more of its parent companies.”[19] It also found persuasive the fact that the parent holding companies did not have their own legal departments or operations that they could use to exert control over the petitioner.[20] Similar to *Par Pharmaceutical*, the PTAB in *LG Electronics, Inc. v. Fundamental Innovation Systems International LLC* did not find the petitioner’s parent company to be an RPI, even though it owned more than 30% of the petitioner company and sometimes conducted joint activities with the petitioner.[21]

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However, “control” is not always dispositive or necessary when entities are intertwined. Indeed, in at least one instance the PTAB has held that related corporate entities are RPIs even when complete ownership is lacking. In particular, in *Toshiba Memory Corporation v. Anza Technology, Inc.*, the PTAB found that a company owning approximately 40% of the petitioner was an RPI, when the patent owner argued that the related company indemnified the petitioner for patent litigation losses (including likely indemnification for infringement of the patent involved in the IPR petition), and the corporate lines were sometimes blurred.[22]

On the whole, a parent corporation of an IPR petitioner, absent additional factors, is likely insufficient to make the parent an RPI. [23] However, if the parent is involved in the petitioner’s business or conducts business through the petitioner, the PTAB is likely to find that the entities are RPIs.

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2. Sister corporations are generally RPIs if they are substantially involved in each other’s business operations.

Like its approach for parent-child corporate relationships, the PTAB generally finds a sister corporation to be an RPI when it is “substantially involved” in a petitioner’s corporation generally (e.g., blurry corporate lines) or in the circumstances relevant to the petition. Of note, in *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.*, the PTAB terminated the petitioner’s IPR when it failed to name parent and sister companies as RPIs, ultimately finding that “at least” the parent is an RPI.[24] The PTAB noted that “corporate blurring” was evident, particularly during contract negotiations when the three companies were casually referred to using an umbrella corporate name[25]—in fact calling the corporate blurring “pervasive.”[26] The PTAB observed that the companies were even referred to as a single unit in correspondence related to the IPR at issue and found that both the parent and sister “had a level of involvement in” the IPR.[27]

But related companies are not always RPIs. For example, in *Nuseed Americas Inc. v. BASF Plant Science GmbH*, the PTAB declined to name two entities as RPIs even though it found that the two entities had a common parent corporation, referred to themselves as “Nuseed,” and shared a common website.[28] The PTAB looked to positions that the entities had taken in a related district court proceeding, where they had not held themselves out as a single entity and had not ignored corporate formalities.[29] In so concluding, the PTAB found that the patent owner had not asserted that the sister entity—which was located in Australia—had an interest in securing freedom to operate in the United States that would render it an RPI.[30] The PTAB similarly has found that other situations involving more removed companies within a petitioner’s corporate structure, without other factors also showing an RPI relationship, do not create RPI relationships.[31]

3. Subsidiaries are likely to be RPIs when a subsidiary has specific involvement or interest in the proceeding.

Consistent with the PTAB’s general test for RPIs, when considering whether subsidiaries are RPIs, the PTAB tends to look at whether a subsidiary has control over the proceedings.

For example, in *Petroleum Geo-Services Inc. v. WesternGeco LLC*, the PTAB found that the petitioner’s subsidiary was not an RPI, even though it had a financial interest in the outcome of the

proceeding. The PTAB reasoned that “[t]he fact that [the subsidiary] may be related to Petitioner and is indicated as having a financial interest in the outcome of litigation, however, does not by itself indicate that [the subsidiary] has any ability to control the present IPR proceeding.”[32] By comparison, in *Medtronic, Inc. v. Robert Bosch Healthcare Systems, Inc.*,[33] the PTAB found a subsidiary to be an RPI where:

- it had an interest in invalidating the patents at issue;
- it had previously filed its own unsuccessful IPRs[34] on the same patents using similar art;
- it used the same legal counsel and expert;
- the petitioner and its subsidiary had communicated about the preparation or filing of the IPR petitions; and
- the subsidiary paid at least some IPR fees.[35]

The PTAB also found it persuasive that in related district court litigation, the subsidiary referred to the group of IPRs filed by itself and Medtronic as its own IPRs.[36]

4. Corporate relationships outside formal related entities can, but do not commonly, result in entities that are real parties-in-interest. In line with *AIT*'s broad language instructing the PTAB to analyze the relationship between petitioners and potential RPIs, company relationships outside of the formal corporate family relationship may nevertheless create RPI relationships. Beyond formal corporate relationships, “the customer-supplier relationship” alone does not indicate parties are RPIs, as the PTAB has stated that “solely because [a related entity] has a preexisting, established relationship with Petitioner and is a clear beneficiary of the Petition” does not automatically make that entity an RPI.[37] However, business partners with contractual relationships have been found to be RPIs when the other party would directly benefit from the petitions and have relationships related to the challenged patents.

Before *AIT*, the PTAB investigated factors such as control or if the IPR was filed at the behest of a supplier or manufacturer to determine whether a company with a corporate relationship with a petitioner, but outside the corporate family of a petitioner, was nevertheless an RPI. [38] After *AIT*, however, the PTAB took a more flexible approach. For example, in *Ventex Co., v. Columbia Sportswear North America, Inc.*, a precedential decision following the Federal Circuit's *AIT* decision, the PTAB found manufacturing and supply partners to be RPIs.[39] The PTAB noted that the Federal Circuit in *AIT* “place[d] distinct emphasis on the circumstances surrounding a ‘client’s interests’” and assessed Ventex’s long-standing relationship with its supplier and mutual interests to determine that the supplier was an RPI.[40] The PTAB was cautious not to overextend *AIT*'s holding to related parties that may generally benefit from an IPR petition's filing, finding that Ventex’s supplier received a direct benefit, at least because the patent owner had accused the supplier of patent infringement.[41]

Likewise, in *Bungie, Inc. v. Worlds Inc.*, on remand from the Federal Circuit, the PTAB found the petitioner's business partner, Activision, was an RPI in light of the parties' relationship. The PTAB

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noted that “Petitioner Bungie and non-party Activision had a preexisting, established relationship related to the challenged patents, that non-party Activision is a clear beneficiary of the filing of the Petitions challenging the same five patents asserted against Activision in the District Court litigation, and that non-party Activision desires review of the challenged patents and would benefit directly from the redress sought in the Petitions.”[42]

Despite the PTAB taking a more flexible approach to RPI designations post-*AIT*, it still recognizes that “customer-supplier relationships, without more, are insufficient to establish the requisite ‘close relationship’ required to find that a party is a real party in interest.”[43] Thus, while the existence of a relationship such as a customer-supplier relationship alone is likely insufficient to create an RPI relationship, that may support an RPI finding when coupled with other facts.

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While Subject to the Same Factual Inquiry Test, Co-Defendants in Related Litigation Are Infrequently Found to Be Real Parties-In-Interest

Unlike related corporate entities and preexisting business relationships, co-defendants in litigation or members of joint defense groups are not likely to be considered RPIs. Before *AIT*, the PTAB explained that “[g]enerally, common interests or activities, including common legal interests and activities, are insufficient without a specific connection to the petition/proceeding at issue.”[44] Indeed, in *Weatherford International, LLC v. Packers Plus Energy Services, Inc.*, the PTAB found that collaborating as co-defendants in a related litigation did not cause co-defendants to be RPIs.[45] The PTAB reasoned that their joint efforts as co-defendants in litigation did not lead to collaboration or an exercise of control in the IPR proceeding.[46] Similarly, in *Petroleum Geo-Services Inc. v. WesternGeco LLC*, the PTAB stated that two co-defendants that “have a desire, and common interest, in invalidating [patent owner’s patents], and have collaborated together, and invoked a common interest privilege with respect to sharing potentially invalidating prior art references, does not persuade us that [the co-defendant] has the ability to control the instant Petition or is directing or funding the present proceeding.”[47]

Relatedly, the PTAB found that a former co-defendant who settled its litigation with the patent owner was not an RPI. In *JP Morgan Chase & Co. v. Maxim Integrated Products, Inc.*, the PTAB found that a petitioner’s former district court co-defendant was not an RPI, even though the parties had previously jointly filed a Covered Business Method (CBM) petition on the same patent at issue in the current CBM, because the former co-defendant had since settled and therefore had no desire to review the petitioned patent.[48]

After *AIT*, the PTAB has continued to find that co-defendants are typically not RPIs, absent other considerations. For example, the PTAB has found that “even if [two parties’] interests, as co-defendants in the district court litigation, generally are aligned in that they have been charged with infringing the same patents (as would normally be true for all co-defendants), the evidence shows that the parties acted independently, and [the petitioner] did not file the Petition at the behest or on behalf of [the alleged

RPI.”[49] The Federal Circuit reached a similar conclusion in a situation where LG filed an IPR petition substantively identical to Facebook’s petition, concurrent with a motion to join Facebook’s petition. In affirming the PTAB’s determination that LG was not an RPI, the Federal Circuit explained that “just because LG expressed an interest in challenging the ’433 patent’s patentability, through its filing of its own IPR petition and joinder motion, does not by itself make LG an RPI to Facebook’s IPR.”[50]

In sum, status as co-defendants, or even collaborators in related litigation, is unlikely to support a finding that the parties are RPIs—despite the Federal Circuit’s recent ruling in *AIT*—absent other factors that *AIT* and the Trial Practice Guide highlight as important.

Key Practice Tips

Determining if an entity is a RPI is a fact-intensive inquiry regardless of whether the relationship is based on formal corporate ties, contractual business agreements, litigation, or participation in a patent aggregator program. Practitioners should consider these tips:

- **Look at the Petitioner’s Relationships.** It is important for practitioners to carefully consider a petitioner’s relationships prior to filing a petition, looking carefully at preexisting relationships, benefits, and control.
- **Be Cautious.** Given the significant uncertainty surrounding RPI determinations, it may be best for a petitioner to err on the side of caution by identifying other entities as potential RPIs while making clear they are not RPIs under the governing legal standards.
- **Avoid Future Conflicts.** Following a cautious path puts the PTAB and patent owner on notice of potential RPIs without conceding they are, in fact, RPIs. This approach can avoid later skirmishes about RPI issues as an IPR or PGR runs its course.

ENDNOTES

- [1] U.S. Pat. & Trademark Off., Pat. Trial & Appeal Bd., *Consolidated Trial Practice Guide* 12 (Nov. 2019), <https://www.uspto.gov/sites/default/files/documents/tgpnov.pdf?MURL=> (hereinafter Trial Practice Guide).
- [2] *Id.* at 13, 16.
- [3] *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (hereinafter *AIT*).
- [4] *RPX Corp. v. Applications in Internet Time, LLC*, No. IPR2015-01750, Paper 128 at 9 (P.T.A.B. Oct. 2, 2020).
- [5] Trial Practice Guide at 17.
- [6] *AIT*, 897 F.3d at 1351.
- [7] *Id.* at 1351-54, 1357.
- [8] *Id.* at 1351.
- [9] *RPX Corp.*, No. IPR2015-01750 at 13-35.
- [10] *Id.* at 18-20 (citation omitted); *id.* at 32 (“That is not to say that arrangements in which an entity would benefit from having another entity file a petition on its behalf—or on the behalf of it and other similarly-situated entities—is impermissible. But all such entities should be named as RPIs to ensure that pertinent statutory time bars and estoppels apply.”); *id.* at 34-35.
- [11] *See, e.g., Unified Pats., Inc. v. Barkan Wireless IP Holdings L.P.*, No. IPR2018-01186, Paper 56 at 7-10 (P.T.A.B. Dec. 4, 2019), *aff’d*, 838 F. App’x 565 (Fed. Cir. 2021) (distinguishing *AIT* because Unified Patents’ clients were not time-barred when the IPR was filed and had filed their own IPR petitions, and there were no communications about the IPR prior to filing); *Unified Pats., Inc. v. Bradium Techs. LLC*, No. IPR2018-00952, Paper 60 at 10-16 (P.T.A.B. Dec. 19, 2019) (rejecting contention that United Patents failed to name RPIs because its clients were not time-barred and there was no evidence of pre-IPR filing communications); *Unified Pats., Inc. v. Carucel Inv., L.P.*, No. IPR2019-01079, Paper 9 at 17-24 (P.T.A.B. Nov. 12, 2019) (same); *Unified Pats., Inc. v. Uniloc 2017 LLC*, No. IPR2017-02148, Paper 74 at 18-24 (P.T.A.B. Apr. 11, 2019) (finding that Unified Patents’ client was not an RPI because the petition did not appear to have been controlled by the client or filed at the behest of the client, when there was no record of communications between the petitioner and its client regarding the IPR proceeding and the client was not itself barred from bringing an IPR); *Unified Pats. LLC v. Uniloc 2017 LLC*, No. IPR2019-00453, Paper 38 at 56-59 (P.T.A.B. July 22, 2020) (finding petitioner’s client was not an RPI because there was insufficient evidence of pre-IPR filing communications between petitioner and its client and no specific evidence the petition was filed at the client’s behest).
- [12] Trial Practice Guide at 16.
- [13] *Id.* (citation omitted).
- [14] *Sirius XM Radio, Inc. v. Fraunhofer-Gesellschaft*, No. IPR2018-00681, Paper 12 at 4-6 (P.T.A.B. Sept. 6, 2018).
- [15] After the PTAB denied institution on failure to name an RPI, the PTAB granted rehearing, allowing the petitioner to amend its mandatory notices to add the parent holding company as an RPI, based on recently designated precedential decisions on that procedural topic. *Sirius*, No. IPR2018-00681, Paper 24 (P.T.A.B. June 25, 2019). The PTAB subsequently denied institution on substantive grounds. *Sirius*, No. IPR2018-00681, Paper 25 (P.T.A.B. Mar. 9, 2021).
- [16] *Sirius*, No. IPR2018-00681, Paper 24 at 5.
- [17] Nos. IPR2017-01185, 2017-01187, Paper 9 at 8-20 (P.T.A.B. Oct. 11, 2017).
- [18] *Par Pharm., Inc. v. Jazz Pharm., Inc.*, No. IPR2015-00546, Paper 25 at 10-19 (P.T.A.B. July 28, 2015).
- [19] *Id.* at 17.
- [20] *Id.* at 18.
- [21] No. 2018-00683, Paper 7 at 4-6 (P.T.A.B. Sept. 27, 2018).
- [22] No. IPR2018-01597, Paper 12 at 9-14 (P.T.A.B. Mar. 12, 2018).
- [23] *See Par Pharm.*, No. IPR2015-00546, Paper 25 at 19 (“[E]vidence that a parent conducts substantially all of its operations through subsidiaries is not persuasive or sufficient evidence by itself to establish an involved and controlling parent corporation representing the unified interests of itself and Petitioner.” (alterations and citations omitted)); *see also D-Link Sys., Inc. v. Chrimar Sys., Inc.*, No. IPR2016-01425, Paper 15 at 6-9 (P.T.A.B. Jan. 17, 2017) (refusing to deem the petitioner’s parent an RPI, simply because the parent owned 97.76% of the petitioner corporation, consolidated financial statements between the two companies, and typically hired the same counsel).
- [24] No. IPR2013-00453, Paper 88 at 2-6, 9-13 (P.T.A.B. Jan. 6, 2015); *see also Corning Optical Commc’ns RF, LLC v. PPC Broadband, Inc.*, No. IPR2014-00736, Paper 59 at 16-19 (P.T.A.B. Aug. 18, 2015) (finding petitioner’s sister company to be an RPI when there was sufficient corporate blurring between the petitioner and the sister company).
- [25] *Atlanta Gas*, No. IPR2013-00453, Paper 88 at 3-4.
- [26] *Id.* at 3 n.2.
- [27] *Id.* at 9.
- [28] No. IPR2017-02176, Paper 16 at 7-8 (P.T.A.B. Apr. 11, 2018).
- [29] *Id.* at 9.
- [30] *Id.* at 11.
- [31] *See, e.g., Toshiba*, No. IPR2018-01597, Paper 12 at 15 (“TAIS is at most simply a cousin corporation of TMC, twice removed.” (emphasis and citation omitted)) (reaffirmed in Final Written Decision, *see Toshiba*, No. IPR2018-01597, Paper 56 at 13-17 (P.T.A.B. Mar. 12, 2020)).
- [32] *Petroleum Geo-Servs. Inc. v. WesternGeco LLC*, No. IPR2014-00687, Paper 100 at 39 (P.T.A.B. Dec. 15, 2015).
- [33] No. IPR2014-00607, Paper 56 (P.T.A.B. Mar. 16, 2015).
- [34] The subsidiary had listed both itself and Medtronic as RPIs in those IPRs. *Id.* at 3-4.
- [35] *Id.* at 9-18.
- [36] *Id.* at 12-13.
- [37] *Merck Sharp & Dohme Corp. v. GlaxoSmithKline Biologicals SA*, No. IPR2018-01229, Paper 13 at 12 (P.T.A.B. Dec. 18, 2018).
- [38] *See, e.g., Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1336-38 (Fed. Cir. 2018); *Intel Corp. v. Alacritech, Inc.*, No. IPR2017-01409, Paper 8 at 12-13 (P.T.A.B. Nov. 21, 2017).
- [39] No. IPR2017-00651, Paper 148 at 9-10 (P.T.A.B. Jan. 24, 2019).
- [40] *Id.* at 6-7 (citation omitted).
- [41] *Id.* at 10.

- [42] *Bungie, Inc. v. Worlds Inc.*, Nos. IPR2015-01264, IPR2015-01319, IPR2015-01321, Paper 64 at 45 (P.T.A.B. Jan. 14, 2020).
- [43] *Toshiba*, No. IPR2018-01597, Paper 56 at 15; *see also Samsung Elecs. Co., v. Seven Networks, LLC*, No. IPR2018-01108, Paper 22 at 11 (P.T.A.B. Nov. 28, 2018) (refusing to deny institution based on failure to name supplier Google as an RPI); *Merck*, No. IPR2018-01229, Paper 13 at 10-13 (finding that a company licensing technology to Merck for development of Merck's vaccine was not an RPI because the company merely licensed its technology to Merck).
- [44] *Weatherford Int'l, LLC v. Packers Plus Energy Servs., Inc.*, No. IPR2016-01514, Paper 23 at 15 (P.T.A.B. Feb. 22, 2017); *see also Commissariat a L'Energie Atomique et aux Energies Alternatives v. Silicon Genesis Corp.*, No. IPR2016-00833, Paper 8 at 7 (P.T.A.B. Sept. 28, 2016) (explaining that the patent owner "fail[ed] to present any support as to why the use of overlapping counsel extends to [the purported RPI's] potential control of this proceeding.").
- [45] *Weatherford*, No. IPR2016-01514, Paper 23 at 12-16; *see also Intel Corp.*, No. IPR2017-01409, Paper 8 at 13 (P.T.A.B. Nov. 21, 2017) ("The other assertions relating to coordinating theories and sharing experts are common activities between cooperating co-defendants and are not suggestive of control of one party over another.").
- [46] *Weatherford*, No. IPR2016-01514, Paper 23 at 13-14.
- [47] No. IPR2014-00687, Paper 100 at 37 (P.T.A.B. Dec. 15, 2015).
- [48] No. CBM2014-00179, Paper 11 at 6-13 (P.T.A.B. Feb. 20, 2015).
- [49] *Samsung*, No. IPR2018-01108, Paper 22 at 12.
- [50] *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018, 1028 (Fed. Cir. 2021).

THE IMPACT OF THE PTAB'S MOTION TO AMEND PILOT PROGRAM



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Motions to amend have been part of America Invents Act trials since their inception. The U.S. Patent and Trademark Office solicited public input on the motion to amend process, which was followed by a study by the Patent Trial and Appeal Board. The study led to changes implemented in a Pilot Program that began in March 2019.

Has the Pilot Program made any difference for parties requesting or opposing claim amendments during America Invents Act trials? In this article, we draw upon original research and data analysis to examine the impact of the Pilot Program on motion to amend practice and its implications for practitioners.

THE IMPACT OF THE PTAB'S MOTION TO AMEND PILOT PROGRAM

In March 2019, the U.S. Patent and Trademark Office (USPTO) published notice of a new pilot program concerning motion to amend (MTA) practice in trial proceedings under the America Invents Act (AIA) before the Patent Trial and Appeal Board (PTAB). Notice of Pilot Program, 84 Fed. Reg. 9497 (Mar. 15, 2019) (the Pilot Program). The Pilot Program changed MTA practice in fundamental ways. The effects of those changes have remained a mystery—until now. We have analyzed MTAs filed since the Pilot Program took effect. In this article, we share our observations on the impact of the program and provide related MTA tips for practitioners.

MTAs: A Brief Background

MTAs have been part of AIA trials since their inception. During an *inter partes* review (IPR), for example, a patent owner can submit an MTA instead of, or in addition to, its post-institution response. A contingent MTA is filed instead of a patent owner's post-institution response, which results in cancelling the original claims. A noncontingent MTA is filed in addition to a patent owner's post-institution response and allows the patent owner to continue to argue in parallel that the original claims are patentable. The deadline for filing an MTA is the same as the deadline for a patent owner's post-institution response.

Relevant statutes and regulations require that an MTA (1) propose a reasonable number of substitute claims; (2) not enlarge the substitute claims; (3) respond to an asserted ground of unpatentability; and (4) not introduce new matter. See 35 U.S.C. § 316(d); 37 C.F.R. § 42.121(a). The petitioner bears the burden of showing that the amended claims are unpatentable and can challenge the claims for several different reasons, including anticipation (35 U.S.C. § 102), obviousness (35 U.S.C. § 103), patent-ineligible subject matter (35 U.S.C. § 101), or issues relating to 35 U.S.C. § 112, such as written description, enablement, or indefiniteness. See *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1315 (Fed. Cir. 2017).

Historically, patent owners have used the MTA process sparingly and, even then, have rarely succeeded in amending claims—with the PTAB granting in whole or in part less than 15% of the motions it decided. The USPTO solicited input from the public on the MTA process by way of Requests for Comment in the Federal Register in June 2014 and August 2015. Public comment largely focused on which party should bear the burden to prove that substitute claims are unpatentable. See 84 Fed. Reg. at 9498–99.

In 2016, the PTAB undertook a study to determine (1) the number of MTAs that had been filed; (2) the subsequent developments for each MTA; (3) the outcome of each MTA (granted, granted in part, denied in part, or denied); and (4) the reasons for each denied MTA. See 84 Fed. Reg. at 9499. After completing the

Historically, patent owners have used the MTA process sparingly and, even then, have rarely succeeded in amending claims.

study, the USPTO published a Request for Comment in October 2018 proposing two major changes to the MTA process, which were ultimately implemented as part of the Pilot Program in March 2019:

1. A patent owner can request “preliminary guidance” from the PTAB when filing an MTA; and
2. A patent owner can file a revised MTA regardless of whether it requests preliminary guidance.

The PTAB explained that the preliminary guidance “typically will be in the form of a short paper . . . that provides preliminary, non-binding guidance from the Board” regarding the MTA and “will focus on the limitations added” in the motion. 84 Fed. Reg. at 9497. Preliminary guidance “will not address the patentability of the originally challenged claims.” *Id.* “With that in mind, the preliminary guidance will provide an initial discussion about whether there is a reasonable likelihood that the [motion] meets [the] statutory and regulatory requirements[.]” *Id.* The guidance will additionally “provide an initial discussion about whether petitioner . . . establishes a reasonable likelihood that the substitute claims are unpatentable.” *Id.*

Our research gathered data on more than 750 IPR proceedings instituted from March 15, 2019, when the Pilot Program took effect, through March 31, 2020.

Analyzing the Pilot Program

More than 18 months have passed since the Pilot Program began, giving us sufficient data to consider how the program has affected MTA practice. Our research included gathering data on the over 750 IPR proceedings instituted between March 15, 2019, when the Pilot Program took effect, and March 31, 2020. We evaluated:

- how often patent owners filed MTAs;
- whether patent owners requested preliminary guidance;
- whether patent owners filed revised MTAs; and
- how MTAs under the Pilot Program fared.

Then we compared these data to information about the MTA process in the period before the Pilot Program, which allowed us to identify how the process might have changed and any emerging trends. The findings of our analysis follow.

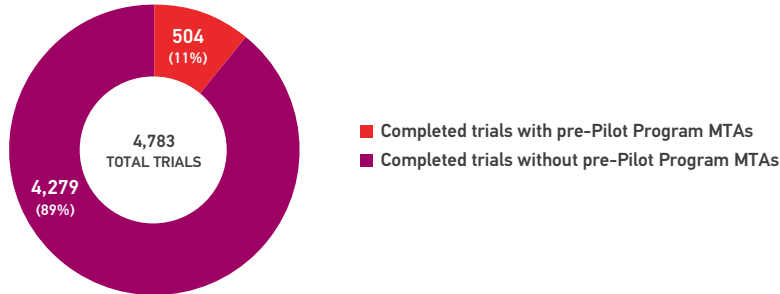
RESEARCH RESULTS

Before the Pilot Program

The PTAB published several studies on the MTA process that provide data about how often patent owners filed motions and how often those motions were granted, among other things. The PTAB’s most recent Motion to Amend Study provides data about pre-Pilot Program MTAs filed through March 15, 2019, when the Pilot Program’s provisions took effect. See USPTO, Patent Trial and Appeal Board Motion to Amend Study: Installment 6 (Update through March 31, 2020) at 3.

Frequency of MTA Filings. Based on PTAB data, 4,783 AIA trials had been completed through March 31, 2020. Those trials include IPRs and other similar forms of patent challenges, such as post-grant reviews. Patent owners filed pre-Pilot Program MTAs in just 504 trials. That data set reflects that patent owners filed MTAs only 11% of the time before the Pilot Program. Figure 1 below depicts these data.

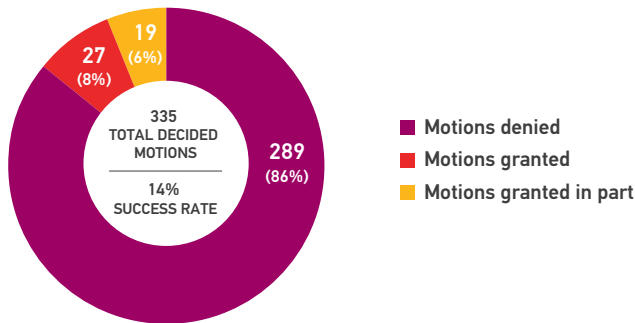
FIGURE 1
PRE-PILOT PROGRAM MTA FILING FREQUENCY



Outcomes for MTAs Decided by the PTAB. In the pre-Pilot Program trials where MTAs were filed, the PTAB decided 335 MTAs that included substitute claims. Other pre-Pilot Program MTAs were withdrawn, were rendered moot, or requested cancelling original claims rather than proposing substitute claims.

Of the 335 decided motions, 289 (86%) were denied. Only 27 (8%) were granted, and another 19 (6%) were granted in part, for an aggregate success rate of 14%. These data are shown in Figure 2 below.

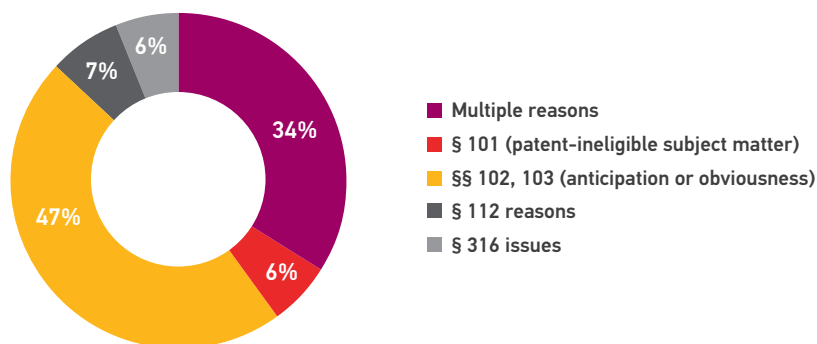
FIGURE 2
SUCCESS RATE FOR PRE-PILOT PROGRAM MTAs



Reasons for MTA Denials. A large majority of pre-Pilot Program MTAs were denied for statutory reasons (92%), such as anticipation under 35 U.S.C. § 102; obviousness under 35 U.S.C. § 103; patent-ineligible subject matter under 35 U.S.C. § 101; lack of written description, lack of enablement, or indefiniteness under 35 U.S.C. § 112; enlarging claim scope in violation of 35 U.S.C. § 316 (adding new matter); or some combination of the foregoing. The remaining 8% were denied for procedural reasons, such as seeking to amend an unchallenged claim or making a nonresponsive amendment. See USPTO, Patent Trial and Appeal Board Motion to Amend Study: Installment 6 (Update through March 31, 2020).

Where the PTAB denied MTAs for statutory reasons, 34% were denied for multiple such reasons, 6% for patent-ineligible subject matter under 35 U.S.C. § 101, 47% on anticipation or obviousness grounds under 35 U.S.C. §§ 102 and 103, 7% for reasons relating to 35 U.S.C. § 112, and 6% for 35 U.S.C. § 316 issues—as depicted in Figure 3 below.

FIGURE 3
STATUTORY REASONS FOR DENIAL FOR PRE-PILOT PROGRAM MTAs



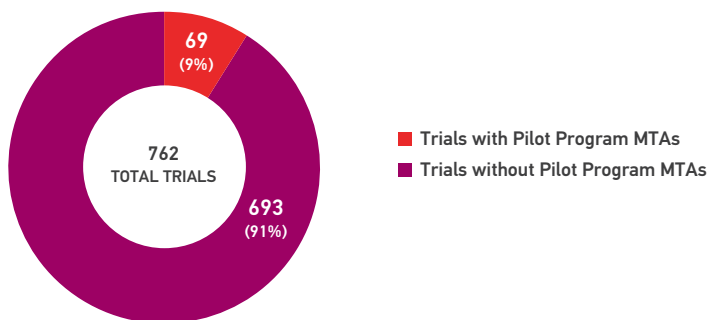
Despite changes imposed by the Pilot Program, patent owners are currently filing MTAs less often than they did before the program began.

Launch of the Pilot Program

In examining the data following the Pilot Program’s launch, we consider this new regime’s influence on how often patent owners file MTAs and how often they are successful in seeking to amend, as well as the reasons the PTAB relies on when denying MTAs.

Frequency of MTA Filings. The present study analyzed 762 PTAB trials instituted after March 15, 2019—but before March 31, 2020. Of those, MTAs were filed in 69 trials (9%), with 51 contingent and 18 noncontingent MTAs. Thus, despite the changes imposed by the Pilot Program, patent owners are currently filing MTAs less often than they did before the Pilot Program began. Figure 4 below illustrates these data.

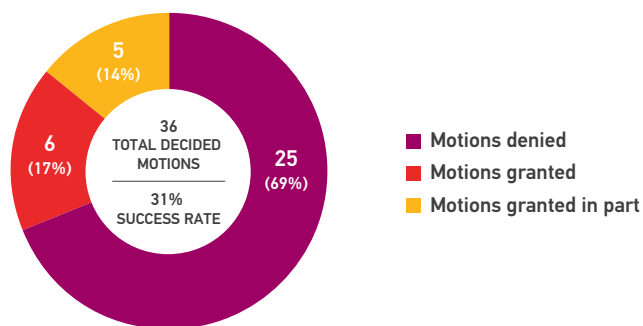
FIGURE 4
MTA FILING FREQUENCY UNDER THE PILOT PROGRAM



Success Rates of Decided Motions Under the Pilot Program. In trials where MTAs were filed under the Pilot Program, 6 motions were granted, 5 were granted in part, 22 have not reached a final decision, and 25 were denied.[1] These data indicate that patent owners are having increased success under the Pilot Program. Indeed, as shown in Figure 5 below, the success rate under the Pilot Program is 31% (11/36), a marked improvement over the 14% success rate for pre-Pilot Program MTAs. While the sample size is currently limited, these data are encouraging for patent owners.

Data indicate that patent owners are having increased success under the Pilot Program.

FIGURE 5
SUCCESS RATE FOR MTAs UNDER THE PILOT PROGRAM



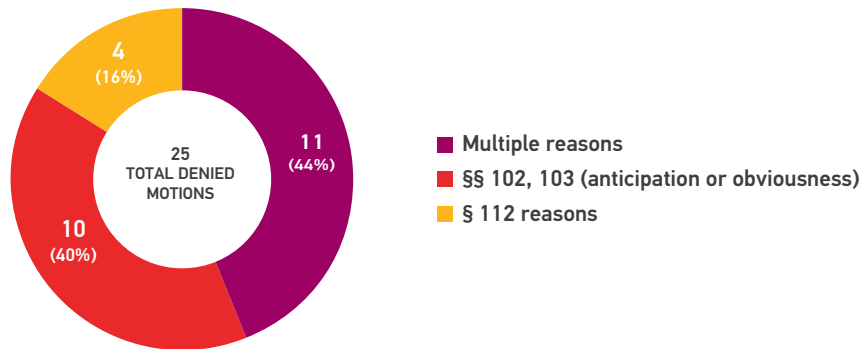
Reasons Why MTAs Fail. In trials where the PTAB denied MTAs under the Pilot Program, all motions were denied for statutory reasons. Of the 25 denied MTAs, 11 were denied for multiple reasons, the most common of which were obviousness (9/11) and lack of written description support for the amended claims (4/11). Of those 11 motions:

- 5 were denied based on anticipation and obviousness;
- 2 were denied based on obviousness and lack of enablement and written description support;
- 1 was denied based on obviousness and indefiniteness;
- 1 was denied based on indefiniteness and enlarging the scope of the original claims;
- 1 was denied based on obviousness and lack of written description support; and
- 1 was denied based on lack of written description support and new matter in the amended claims.

For the remaining 14 denied MTAs under the Pilot Program, 10 were denied based on obviousness grounds, 3 were denied based on lack of written description support for the amended claims, and 1 was denied based on indefiniteness. The data for the 25 denied MTAs are shown in Figure 6 below.

FIGURE 6

STATUTORY REASONS FOR DENIAL FOR MTAs UNDER THE PILOT PROGRAM



Petitioners take note. The PTAB most often denies MTAs for obviousness, lack of written description support, and indefiniteness.

Petitioners should take note that the PTAB most often denies MTAs for obviousness, lack of written description support, and indefiniteness. A petitioner responding to an MTA should give particular attention to whether the substitute claims are subject to attacks based on these arguments. Patent owners, on the other hand, should be careful when preparing amended claims to ensure that they comply with the requirements of 35 U.S.C. § 112, including the written description and definiteness requirements. Obviousness is much more difficult to control for, however.

In the 11 post-Pilot Program trials where the PTAB granted MTAs, either in whole or in part, the petitioner argued that the proposed amended claims were obvious in all 11 trials. Petitioners can, of course, assert multiple arguments in opposing an MTA and arguing that amended claims are unpatentable. Figure 7 below shows the arguments that petitioners made in the 11 trials where patent owners succeeded in amending at least some claims:

FIGURE 7

FAILED ARGUMENTS IN 11 TRIALS WHERE THE PTAB GRANTED MTAs

BASIS FOR ARGUMENT	FRACTION OF TRIALS
Obviousness	11 / 11
Lack of written description	6 / 11
Indefiniteness	6 / 11
Lack of enablement	4 / 11
Amended claims included new matter	2 / 11
Anticipation	1 / 11
Amended claims enlarged the scope of the original claims	1 / 11
Claims directed to nonstatutory subject matter	1 / 11

Patent owners should take heart from these data indicating that the PTAB often grants MTAs despite the fact that petitioners make the same arguments that the PTAB frequently adopts when denying motions. For their part, petitioners must realize that no argument is a sure thing when attempting to defeat an MTA. Each argument in opposing an MTA should be crafted with care to avoid such pitfalls as insufficient motivations to combine references to support obviousness.

Trends in MTA Practice

Our data set provides several more insights regarding MTA practice under the Pilot Program. This information should help guide the strategy for PTAB practitioners that file and respond to MTAs.

Frequency of Patent Owner Requests for Preliminary Guidance. Patent owners requested preliminary guidance in 57 (83%) of the 69 trials where MTAs were filed. This is not a surprise. At first blush, it makes sense that patent owners would seek the PTAB's guidance on proposed amended claims so they can tailor their arguments as necessary in a revised MTA and augment the likelihood of success. In addition, requesting guidance seems like a low-risk proposition because, if the guidance is unfavorable, a patent owner can withdraw its motion at any point, and the PTAB will not address the motion in the final written decision. *See* 84 Fed. Reg. at 9502.

Yet in 17% of the trials subject to the Pilot Program where MTAs were filed, the patent owner elected *not* to request preliminary guidance. There are reasons for pursuing that approach. A patent owner may have no interest in filing a revised MTA because of cost or other considerations. Or perhaps the patent owner would prefer to use uncertainty relating to its motion as settlement leverage. Thus, while most patent owners seek preliminary guidance, there may be reasons not to do so. A patent owner should consider the particulars of its case when making the decision about whether to seek guidance.

The PTAB's Format for Preliminary Guidance. The PTAB has adopted a standard format for its preliminary guidance, which includes two parts. *See, e.g., Becton, Dickinson & Co. v. Baxter Corp. Englewood*, IPR2019-00121, Paper 39 (P.T.A.B. Nov. 14, 2019); *KOA Corp. v. Vishay Dale Elecs., LLC*, IPR2019-00201, Paper 21 (P.T.A.B. Nov. 14, 2019). Under this framework, the preliminary guidance first addresses statutory and regulatory requirements by asking:

1. whether the patent owner proposes a reasonable number of substitute claims;
2. whether the motion responds to a ground of unpatentability involved in the trial;
3. whether the amendment seeks to enlarge the scope of the claims; and
4. whether the amendment seeks to add new subject matter.

The preliminary guidance includes a separate section that specifically analyzes each one of these four fundamental questions regarding the proposed amended claims. Next, in part two, the preliminary guidance asks whether the record—which includes a petitioner's response to the MTA—establishes a reasonable likelihood that the proposed substitute claims are unpatentable based on prior art, a failure to comply with 35 U.S.C. § 112, or any other reason. The PTAB analyzes reasonable likelihood on an

Petitioners must realize that no argument is a sure thing when attempting to defeat an MTA.

While most patent owners seek preliminary guidance, there may be reasons not to do so. Consider the particulars of each case when deciding whether to seek guidance.

argument-by-argument basis. Practitioners should keep this preliminary guidance format in mind when drafting or responding to MTAs. They should tailor their briefing to make it easy for the PTAB to answer the key questions in their favor.

Frequency of Patent Owners Filing Revised Motions. Patent owners filed revised MTAs in 39 (74%) of the 53 trials where preliminary guidance was requested.[2] Guidance from the PTAB often allows patent owners to refine their proposed amended claims before the PTAB renders its final decision on the patentability of those claims. Many patent owners take advantage of that opportunity. We found 14 cases where the patent owner requested preliminary guidance but then elected not to file a revised MTA. In five cases, the parties settled or the patent owner withdrew its motion. In two cases, the PTAB later denied the MTAs based on the reasoning outlined in the preliminary guidance. In two other cases, the preliminary guidance was favorable for the patent owner, and the PTAB eventually granted or granted in part the original MTA. In four cases, despite unfavorable preliminary guidance, the PTAB eventually granted the patent owner's original motion, in whole or in part. The last case is still awaiting a final written decision from the PTAB.

These data show that a patent owner need not file a revised MTA to prevail, even if the PTAB issues unfavorable preliminary guidance. That is, a patent owner can prevail by changing the PTAB's mind instead of spending time and resources to prepare a revised motion. Conversely, petitioners should recognize that the PTAB may issue a final written decision that differs from preliminary guidance favorable to the petitioner after considering a complete record. The guidance is strictly preliminary.

The Pilot Program's Impact

In summary, the Pilot Program has in fact changed MTA practice at the PTAB. While patent owners are filing MTAs slightly less often than they were before the Pilot Program, the success rate for those motions is more than double the pre-Pilot Program rate. Even so, less than one-third of MTAs succeed, which may cause a patent owner to think twice before filing one and consider alternatives, such as seeking a reissue or prosecuting applications related to a challenged patent to obtain different claims.



The success rate for MTAs now is more than twice the pre-Pilot Program rate. Even so, less than one-third of MTAs succeed.



It is also clear from the data that obviousness and 35 U.S.C. § 112 issues are the most common reasons why the PTAB denies MTAs, suggesting that parties should take care to account for them when filing or responding to an MTA. Further, and not surprisingly, patent owners have often requested preliminary guidance and filed revised MTAs, using these new tools provided by the Pilot Program to attempt to bolster their requests for claim amendments, with some modest success. We will continue to monitor outcomes to see whether that success persists.

**Practice
Tips**

- > Patent owners have had modest success in bolstering their requests for claim amendments by using the Pilot Program's tools.
- > A patent owner can prevail by changing the PTAB's mind instead of spending time and resources to prepare a revised motion.
- > If preliminary guidance is unfavorable, a patent owner can withdraw its motion at any point. Conversely, petitioners should recognize that the PTAB's guidance is strictly preliminary.
- > Practitioners should keep the preliminary guidance format in mind when drafting or responding to MTAs, tailoring the briefs to make it easy for the PTAB to answer key questions favorably.
- > Petitioners responding to an MTA should take care to consider arguments based on obviousness, lack of written description, and indefiniteness. Patent owners, on the other hand, should draft proposed substitute claims for an MTA carefully to comply with written description and definiteness requirements.

ENDNOTES

[1] An additional 11 trials with MTAs ended with other outcomes, such as settlement or a patent owner's withdrawal of the motion.

[2] In 4 trials, it remained an open question at the time this article was completed whether a patent owner would file a revised MTA. We have excluded those trials from our analysis.

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

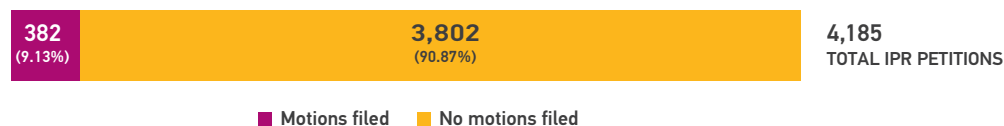
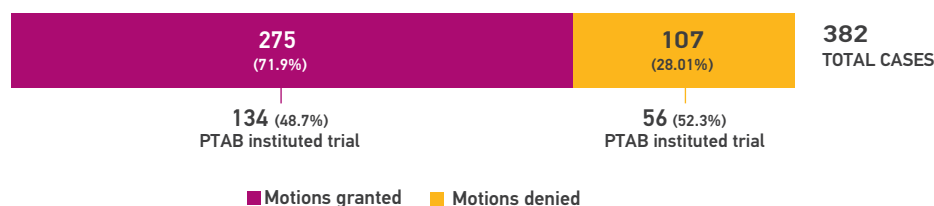


FIGURE 2
SUCCESS RATES IN MOTIONS FOR LEAVE TO REPLY TO A POPR



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.

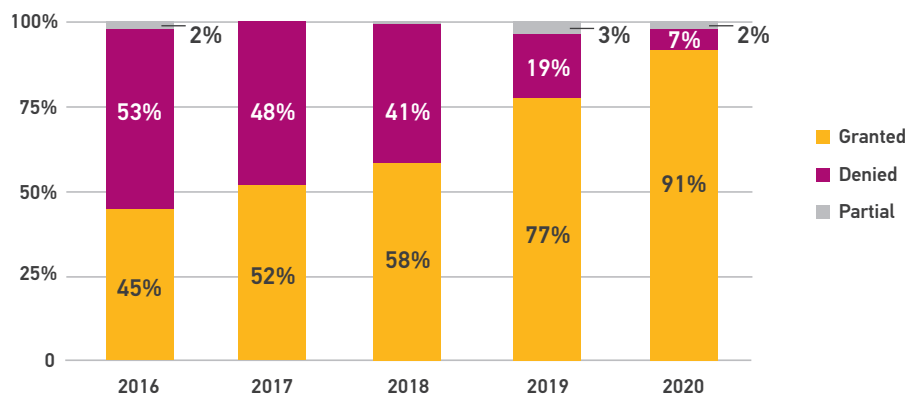
10 35 U.S.C. § 315(a)

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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