

Client Alert

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USPTO Publishes Update to PTAB Trial Practice Guide

The U.S. Patent and Trademark Office has published an update to the *Office Patent Trial Practice Guide* for *inter partes* reviews (IPR) and other post-grant proceedings conducted before the Patent Trial and Appeal Board (PTAB). *Trial Practice Guide Update* (August 2018) (“TPG Update”).

The TPG Update includes clarifications of existing PTAB practices as well as the announcement of new practices. It is required reading for counsel who litigate IPRs and other post-grant proceedings before the PTAB, but some of the more noteworthy points are briefly summarized below.

Background

The original *Office Patent Trial Practice Guide* was published in August 2012, shortly before the post-grant proceedings went into effect.

The TPG Update states that “[t]he Office is committed to updating the Practice Guide to take into account stakeholder feedback, lessons learned during the years since the first AIA trial, and the natural evolution of the Board’s practices.” TPG Update at 2. It also states that, “[i]n order to expedite these updates and provide guidance to the public as quickly as possible, the Office has chosen to issue updates to the Practice Guide on a section-by-section, rolling basis, rather than a single omnibus update addressing all aspects of the current Practice Guide.” *Id.* Thus, it appears that we can expect to receive additional updates to the *Office Patent Trial Practice Guide* in the future.

Discretion to Institute

The TPG Update summarizes and discusses the factors the PTAB considers in exercising its discretion whether to institute a trial, based on the statutory framework and previous PTAB decisions that addressed these issues. TPG Update at 8-13.

In particular, the TPG Update discusses the factors the PTAB considers in determining whether to institute a trial for a “follow-on” petition that challenges the same patent previously challenged in an IPR or other post-grant proceeding, as set forth in the PTAB’s *General Plastic* decision. *Id.* at 9-10 (citing *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 15-16 (PTAB Sept. 6, 2017) (precedential)). These factors include, among other things, whether the same petitioner previously filed a petition directed to the same patent claims; whether at the time of filing the first petition the petitioner knew or should have known about the prior art relied on in the second petition; and whether at the time the petitioner filed the second petition it had received the patent owner’s preliminary response or the PTAB’s institution decision in the first proceeding. TPG Update at 9-10.

The TPG Update also discusses the factors the PTAB considers in determining whether to institute a trial for a petition that presents the same or substantially the same prior art or arguments as those previously presented to the Office, under 35 U.S.C. § 325(d), as set forth in the PTAB’s *Becton Dickinson* decision. TPG Update at 11-13 (citing *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 at 17-18 (PTAB Dec. 15, 2017) (informative)). These factors include, among other things, the similarities and material differences between the asserted prior art and the prior art

previously considered; the extent to which the asserted prior art was previously evaluated by the Office; and whether the petitioner has sufficiently explained how the Office erred in evaluating the prior art in the previous proceeding. TPG Update at 12. The TPG Update also makes clear that, although *Becton Dickinson* addressed these factors in the context of prior art previously considered during examination, parties “may wish to analyze similar factors” in cases where the prior art was previously considered in an IPR, PGR, CBM, reexamination, or reissue proceeding. *Id.* at 13.

Thus, the TPG Update reaffirms that the PTAB will carefully scrutinize petitions that challenge a patent previously challenged and/or that rely on prior art previously presented. Counsel preparing such a petition should carefully consider and pre-emptively address the relevant factors in the petition, because there is no guarantee that the PTAB will grant leave to submit a reply to respond to the preliminary response if the patent owner argues that the PTAB should deny institution based on these factors.

Expert Testimony

The TPG Update summarizes and updates the PTAB’s approach to expert testimony, based in part on relevant Federal Circuit decisions. TPG Update at 2-5. In particular, the TPG Update explains that an expert must be qualified in the art but need not be a person of ordinary skill in the art. *Id.* at 3. Moreover, it emphasizes that expert testimony must be supported. *Id.* at 3-5. Further, although expert testimony can explain a prior art disclosure, it cannot substitute for a disclosure that is missing in a prior art reference. *Id.* at 4-5. Finally, expert testimony about the general knowledge in the art must be supported by evidence. *Id.* at 5.

Effective Advocacy

In the section addressing word counts and related matters, the TPG Update repeats in substance the statement in the 2012 *Office Patent Trial Practice Guide* that urged counsel to be clear, organized, and concise in presenting their arguments and evidence. This is sound advice for all legal advocacy, and this statement in the TPG Update is worth quoting in full:

Although parties are given wide latitude in how they present their cases, the Board’s experience is that the presentation of an overwhelming number of issues tends to detract from the argument being presented, and can otherwise cause meritorious issues to be missed or discounted. Thus, parties should avoid submitting a repository of all the information that a judge could possibly consider, and instead focus on concise, well-organized, easy-to-follow arguments supported by readily identifiable evidence of record.

TPG Update at 7. In other words, present only your best arguments, do so in a way that is concise while easy to follow, and support the arguments with evidence.

Patent Owner Surreply

Perhaps the most significant change announced in the TPG Update is that the patent owner “normally will be authorized by the scheduling order entered at institution” to submit a surreply in response to the petitioner reply. TPG Update at 14. The surreply cannot include any new evidence, other than transcripts of the cross-examination of any reply witnesses. *Id.* The page limit for the surreply is 5,600 words, which is the same as the word limit for the reply. *Id.* at 6. In the sample scheduling order included as an appendix to the TPG Update, the deadline for the patent owner surreply is listed as one month after the petitioner reply. *Id.* at 30.

The TPG Update explains that the surreply replaces the previous practice in which the patent owner could submit “observations” on cross-examination testimony of a reply witness. *Id.* at 14. The patent owner surreply should be a better vehicle than observations to respond to the petitioner’s reply arguments and evidence, because observations were limited to summarizing the cited testimony and

succinctly stating why the testimony was relevant to a particular issue, and could not be argumentative.

The opportunity to submit a surreply will benefit patent owners, who will get the last word in writing before the oral hearing. However, the surreply should also help petitioners by providing better notice before the hearing of the patent owner's arguments in response to the reply.

New Argument or Late Evidence

The TPG Update explains that a petitioner reply or patent owner surreply may respond to the patent owner response or petitioner reply, respectively, but cannot include new arguments or evidence that should have been presented previously. TPG Update at 14-15. For example, the TPG Update states that a reply cannot include a new argument necessary to make out a petitioner's case-in-chief, such as a new rationale to combine the prior art or a new prior art reference to fill a gap in the prior art presented in the petition. *Id.* at 15.

Motion to Exclude or Motion to Strike

The TPG Update explains the differences between a motion to exclude and a motion to strike, and clarifies the different circumstances in which each may be appropriate. TPG Update at 16-18.

First, the TPG update explains that a motion to exclude should be directed to excluding evidence as inadmissible under the evidence rules. It should not challenge the sufficiency of the evidence or address the weight it should be given; those arguments should be made in a merits submission. *Id.* at 16. A motion to exclude also should not seek to exclude arguments or evidence that a party contends exceed the proper scope of a reply or surreply; those arguments should be made in a motion to strike (discussed below). *Id.* at 16-17.

The TPG Update also explains that a motion to exclude often becomes moot because "[i]n the Board's experience, consideration of the objected-to evidence is often unnecessary to resolve the patentability of the challenged claims." *Id.* at 17. This statement suggests that, in most cases, counsel should argue (in a merits brief) that the objectionable evidence does not support the opponent's position or should be given little weight.

However, the TPG Update also acknowledges that there may be cases in which the evidence in question is central to the dispute and early resolution of a motion to exclude is warranted. In such cases, the PTAB may grant a request to hold a pre-hearing conference (discussed below) and potentially rule on the motion to exclude as early as during this conference. *Id.* at 17.

Second, the TPG Update explains that a party can seek authorization to file a motion to strike all or part of a submission that raises a new issue, belatedly introduces new evidence, or otherwise exceeds the proper scope of a reply or surreply. Alternatively, a party can seek authorization for an additional submission to respond to the new arguments or late evidence on the merits. *Id.* at 17. However, the TPG Update explains that the PTAB typically is capable of identifying and disregarding new issues or late evidence, and that striking all or part of a submission "is an exceptional remedy that the Board expects will be granted rarely." *Id.* at 17-18. This statement suggests that, in most cases, counsel should seek permission to respond to the merits of any new arguments or evidence.

Pre-Hearing Conference

The TPG Update states that either party may request a pre-hearing conference, to be held before the oral hearing. TPG Update at 19. In the sample scheduling order included as an appendix to the TPG Update, the deadline to request a pre-hearing conference is listed as two weeks before the oral hearing. *Id.* at 30-31. The TPG Update also explains that a pre-hearing conference will generally occur no later than three business days before the oral hearing. *Id.* at 19.

The TPG Update explains that, in addition to addressing any demonstrative exhibit issues and pending motions to exclude or strike, “[t]he purpose of the 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 by the parties.” *Id.* at 19. To the extent a panel provides this insight at a pre-hearing conference, counsel should be better able to address these issues and respond to questions from the panel at the oral hearing.

Oral Hearing

The TPG Update explains that the PTAB ordinarily expects to provide an hour of argument per side at the oral hearing, but that a party may request more or less time. It also encourages the parties to confer and, if possible, to agree upon the time needed for each side. TPG Update at 19.

The TPG Update explains that a petitioner can reserve no more than half of its allotted time for rebuttal at the oral hearing, and that, if requested, the PTAB may permit a patent owner to present a brief surrebuttal to the petitioner’s rebuttal. *Id.* at 20. Together with the patent owner surreply, this willingness to provide a surrebuttal at the hearing suggests that the PTAB is striving to ensure that patent owners have a full opportunity to respond to petitioners’ arguments and evidence.

The TPG Update repeats in substance the statements in the 2012 *Office Patent Trial Practice Guide* that counsel should be judicious in the use of demonstrative exhibits at the oral hearing. In particular, the TPG Update states that “[t]he Board has found that elaborate demonstrative exhibits are more likely to impede than help an oral argument,” and that “[t]he most effective demonstrative exhibits tend to be a few presentation slides and a handout or binder containing the demonstrative exhibits.” TPG Update at 21.

Finally, the TPG Update also discourages objections to demonstrative exhibits, explaining that such objections “should be carefully considered and framed as the Board has not found that such objections are helpful in many cases.” *Id.* at 22.

The PTAB’s comments about demonstrative exhibits underscore the purpose of the oral hearing, which is often like an appeal argument in which counsel spend most of their time answering questions from the judges on the panel, instead of marching through a slide presentation. Counsel preparing for an oral hearing should consider what demonstrative exhibits could be helpful in answering the questions the judges may have.

Conclusion

The TPG Update provides helpful guidance regarding the PTAB’s practices and its expectations of counsel in IPRs and other post-grant proceedings. It is also encouraging that it appears that future updates will be forthcoming. Further guidance should improve the effectiveness and efficiency of post-grant proceedings before the PTAB.

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