

PTAB Practice Guide Changes Will Aid Patent Owners

By **Ryan Davis**

Law360 (August 14, 2018, 8:50 PM EDT) -- Patent owners will have a better opportunity to make their arguments in America Invents Act reviews under new changes to the Patent Trial and Appeal Board's Trial Practice Guide, a move attorneys say seems to be a response to criticism that the reviews are slanted against patentees.

The U.S. Patent and Trademark Office unveiled an update to the guide on Friday, which stated for the first time that patent owners will be able to file a "sur-reply" brief as a matter of right, without seeking the PTAB's permission.

In practice, that will provide patent owners with a more robust opportunity to present their arguments than they have had in the past, and effectively gives them the "last word" in the filings before oral hearings in their cases, attorneys say.

Six years after AIA reviews became available, the USPTO is "recalibrating how these proceedings are run," said Deborah Sterling of Sterne Kessler Goldstein & Fox PLLC.

"The board seems to be moving in a more patent-owner friendly way," she said, adding that "based on the changes they're making, it seems the board has decided they've been more petitioner-friendly and they're trying to swing the pendulum back."

The ability to file an additional paper "will certainly help patent owners" even if it may not make a drastic difference in the outcome of cases, said Scott McKeown of Ropes & Gray LLP. The change seems to be a way for the USPTO to show that it is addressing complaints that "patent owners are not getting a fair shake," he added.

"It's a clear signal that the office has heard the criticism and is working on changes that favor patent owners," he said.

In AIA proceedings like inter partes reviews, the party challenging the patent lays out its arguments for why the patent is invalid in a petition, and the patent owner files a response brief defending the patent. That is followed by a reply from the petitioner, and in many cases up to now, that was where the briefing ended.

Following a petitioner's reply, a patent owner had the ability to file a paper known as a "motion for observations" that was limited to addressing the cross-examination testimony of the petitioner's reply

witnesses. But that filing came with significant constraints that meant it was of limited use for patent owners seeking to strengthen their position late in the briefing, attorneys say.

The motion for observations had a strict format and could only be written as a series of short paragraphs about what happened in the cross-examination, such as pointing out inconsistencies in the witness' testimony.

Over the past year, the board had allowed sur-replies to be filed when a patent owner made a request, but now permission will not be needed. The practice guide update says the new sur-reply brief practice "essentially replaces the previous practice of filing observations," and attorneys say it will allow patent owners to make more compelling cases.

"The sur-reply is not constrained in the same way," Sterling said. "It's a more effective way of presenting arguments than a motion for observations on cross-examination."

The motion for observations was essentially an index of potentially contradictory statements made by an expert than a formal brief, and may not have been all that effective at persuading PTAB judges, McKeown said.

"Certainly, you'd rather have a more traditional brief," he said. "Now you can tell the full story."

The board's decision to allow sur-replies to be filed as a matter of right is a win for patent owners because it will allow them to "have the last at-bat and frame the facts and the law in the most favorable way," said Gregory Morris of Honigman Miller Schwartz and Cohn LLP.

He noted that the updated practice guide also states that, during oral hearings, the board may allow patent owners to make a "sur-rebuttal" to petitioners at the ends of hearings, letting patentees speak last there as well.

"An opponent may mischaracterize a prior art reference or selectively quote from a deposition transcript, and without a sur-rebuttal, there is no easy way to correct it," he said. "Being able to have the last word is a big deal."

Another aspect of the updated practice guide that could benefit patent owners is a statement that the board can decide to deny petitions seeking review of patents if granting them could affect "the efficient administration of the office, and the ability of the office to timely complete proceedings."

In the wake of U.S. Supreme Court ruling that the PTAB must issue final written decisions on all the grounds in a petition when it institutes review, that statement could be seen as sending a message to petitioners that overly complex petitions that make numerous arguments are at risk of being denied, said Dion Bregman of Morgan Lewis & Bockius LLP.

"If you read between the lines a little bit, what they're saying is, 'Don't think that as a petitioner you can put in one strong ground and 10 weak ones and get institution on all of them,'" he said.

Other recent changes at the PTAB also tend to favor patent owners, including new opportunities to amend patent claims during AIA reviews as a result of an en banc Federal Circuit decision and a recent proposal by the USPTO to change the claim construction standard for the reviews to one patent owners have long sought.

"One can't help but notice that the rules are shifting to favor the patent owner, e.g., making it easier to deny petitions (which are not appealable), making it easier to amend, giving the patent owner the last word, etc.," Bregman said.

The USPTO and Director Andrei Iancu appear to be aiming to show that they recognize there are concerns from patent owners about how many patents are being invalidated by the PTAB and a sense that the system favors petitioners, McKeown said.

With bills recently introduced in Congress aimed at making drastic changes to the PTAB, including abolishing it completely, the USPTO's recent move could be an attempt to send a message that the office is capable of handling the issue without legislation, he said.

"The director is making it his mission to bring balance to what feels like an unbalanced system," he said. "This update is a reflection of that, and I think we'll see more in the weeks and months ahead."

--Editing by Katherine Rautenberg.

Correction: An earlier version of this article incorrectly characterized the impact of some recent changes at the PTAB. The error has been corrected.