

## PTAB's 1st Preliminary Reply And Surreply Under New Rules

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The most recent Patent Trial and Appeals Board rule changes, effective May 2, 2016, allow petitioners to seek leave to file a reply to a patent owner preliminary response upon a showing of good cause. Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18750, 18766, 18763 (April 1, 2016); 37 C.F.R. § 42.108 (c) (as amended) (“A petitioner may seek leave to file a reply to the preliminary response” that may be granted upon a “showing of good cause.”).

In *Apple Inc. v. Personalized Media Communications LLC*, Case IPR2016-00755, Paper 8 (PTAB July 14, 2016), the board for the first time granted a request for leave to file a reply. By contrast, in prior cases such as *Xactware Solutions Inc. v. Pictometry International Corporation*, IPR2016-00593 and -00594, Papers 11 and 12 (PTAB July 1, 2016), the board had denied such requests. These cases illustrate some of the factors petitioners should consider when requesting leave to file a preliminary reply.

### **Successful Motion for Leave to File a Preliminary Reply**

The petitioner in *Apple v. Personalized Media* requested leave to file a preliminary reply to address the patent owner’s assertions of priority through a chain of applications, including a continuation-in-part application. *Apple v. Personalized Media*, Slip Op. at 2. The patent owner argued the motion should be denied because the petitioner had the opportunity to address priority in the petition. *Id.* at 3. The panel noted several factors supporting a finding of good cause:

[U]nder the circumstances outlined above, which include priority through a CIP application, prior assertions of priority to the later 1987 CIP application date, a large expansion of material in the later-filed 1987 CIP application (300 columns) relative to the original 1981 application (22 columns), and then, after the Petition, Patent Owner’s new assertions of priority pre-dating the 1987 CIP filing date, Patent Owner bears the burden of going forward to show that the earlier-filed 1981 application supports the challenged claims of its later-filed “DECR 87” claims.

*Id.* at 4. The panel also noted that the petitioner had argued that the designation “DECR 87 group” reasonably signifies 1987 priority status and that the patent owner did not refute the petitioner’s characterization. *Id.*

The panel concluded that a fair reading of the record indicates “at least for purposes of the Petition, Petitioner reasonably could have relied on Patent Owner’s various statements asserting priority to the 1987 date instead of the 1981 date.” *Id.* at 5. The panel explained:



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Assuming for the sake of argument that Patent Owner met its burden of going forward in its Preliminary Response to show priority to the 1981 date such that its effective CIP application antedates some of the prior art references asserted against the challenged claims, good cause exists (i.e., due process, fairness, and efficiency considerations) to afford Petitioner an opportunity to respond to the Preliminary Response in a Preliminary Reply.

Id. The panel also found good cause exists for the patent owner to respond to the petitioner's preliminary reply in a preliminary surreply. Id. The panel granted the parties seven pages each for their replies and gave them each about a week to respond.

### **Unsuccessful Motion for Leave to File a Preliminary Reply**

Prior to *Apple v. Personalized Media*, the board had denied requests for leave to file a preliminary reply. For example, in *Xactware Solutions Inc. v. Pictometry International Corporation*, IPR2016-00593 and -00594, Papers 11 and 12 (PTAB July 1, 2016), the panel denied such a request. The petitioner argued there was good cause for a preliminary reply because the preliminary response had allegedly misstated the facts, the petitioner's positions, and the law relating to, inter alia, the public accessibility of the cited prior art, teachings of the references, and the claim language in several instances. *Xactware v. Pictometry* at 2. The panel denied the request, explaining:

Good cause may exist in certain situations such as where new evidence comes to light after the filing of a petition or a legal argument of first impression is made by the Patent Owner, we are not persuaded that sufficient good cause exists in this case. To the extent that Petitioner seeks to identify new citations or bolster arguments in the Petition, we are not required to allow Petitioner to do so. Additionally, identifying and evaluating statements or misstatements of the facts and law are well within the purview of the Panel of Judges assigned to these proceedings. It may always be the case that a Petitioner is unhappy with how Patent Owner characterizes the facts and law presented in the Petition. Our rules, however, provide for a Petitioner Reply only when good cause exists. Petitioner has not established good cause and as such, we do not authorize the filing of any Replies.

Id. at 3.

### **Takeaways**

These cases illustrate that petitioners should look for ways to frame the patent owner preliminary response as raising new issues that could not have been reasonably addressed in the petition. If the petitioner merely identifies disputes of fact or law raised by the preliminary response, the panel is more likely to deny the request. Petitioners should also look for ways to focus their reply on a single issue or set of issues where there is good cause for a preliminary reply, rather than broadly identifying areas of dispute. Additionally, when deciding whether requesting leave to file a preliminary reply is the right strategy, petitioners should consider that the board may grant the patent owner leave to file a surreply. Thus, even if a

request for leave to file a preliminary reply is granted, there is no guarantee it will give the petitioners the last word on an issue.

Patent owners opposing a request for leave to file a preliminary reply should look for ways to frame the request as merely identifying factual and legal disputes rather than new issues raised by the preliminary response. Additionally, patent owners should look for ways to demonstrate that the petition is merely raising issues that could have and should have been raised in the petition. Patent owners should also consider requesting leave to file a surreply if the request is granted and explaining good cause would exist for a surreply.

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