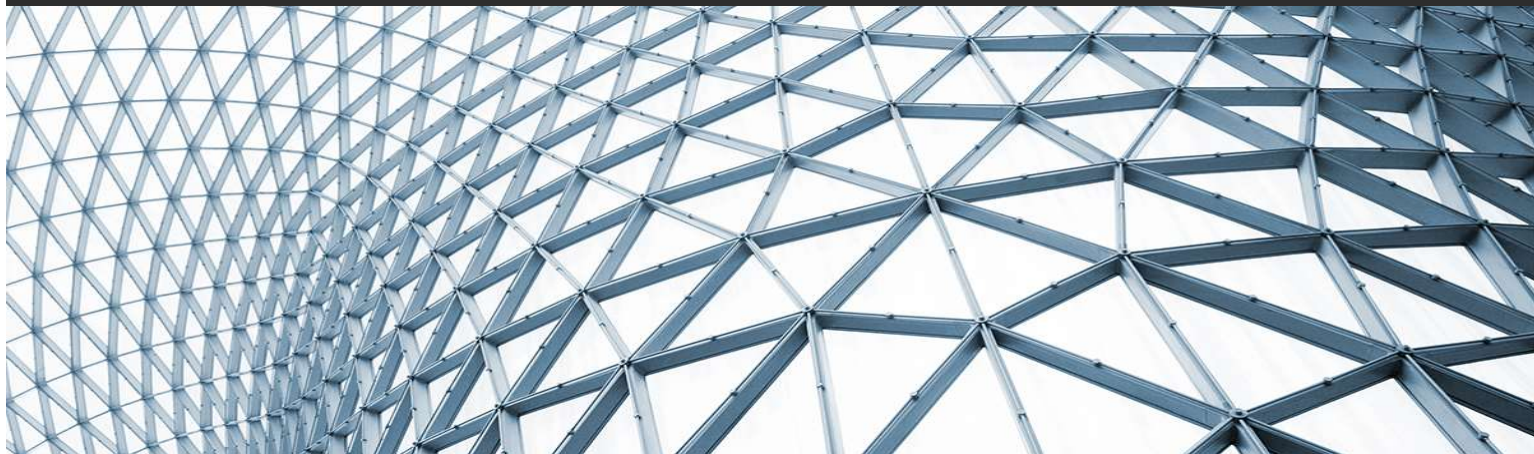


## **Six Years After AIA, Patent Office Releases First Update to Trial Proceedings**



**On Aug. 10, 2018, the USPTO released its first update to the Trial Practice Guide since its initial publication in August of 2012. Practitioners appearing before the Patent Trial and Appeal Board should follow these guidelines as they offer new tools and highlight important caveats.**

**By Barry J. Schindler, James J. DeCarlo, and Smit Kapadia | [September 14, 2018](#) | New Jersey Law Journal**

On Aug. 10, 2018, the USPTO released its first update to the Trial Practice Guide (TPG Update) since its initial publication in August of 2012. Practitioners appearing before the Patent Trial and Appeal Board (PTAB) in an inter partes review (IPR), post grant review (PGR), and covered business method (CBM) proceeding should follow these guidelines as they offer new tools and highlight caveats in what are recognized as rule-intensive proceedings.

In the TPG Update, the USPTO states: “[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.” See U.S. Patent and Trademark Office, Trial Practice Guide Update (August 2018), page 2.

The TPG Update addresses the following areas: (1) expert evidence; (2) non-exclusive factors considered in instituting a review; (3) sur-replies; (4) motions to exclude and motions to strike; and (5) pre-hearing conferences.

### **1. Expert Evidence**

The TPG Update summarizes the use of expert testimony in trial proceedings before the PTAB.

The TPG Update provides examples of the use of expert testimony, such as: to explain the relevant technology to the panel; to establish the level of skill in the art and describe the person of ordinary skill in the art; to describe the teachings of the prior art and how they relate to the patentability of the challenged claims; to address whether there would have been a reason to combine the teachings of references in a certain way, or if there may have been a reasonable expectation of success in doing so; and, where evidence of objective indicia of non-obviousness has been entered into the record, to provide testimony as to how this evidence should be weighed against evidence of unpatentability, or to explain the nature and import of such objective evidence. *Id.* at page 3.

The TPG Update also explains important *limitations* on the use of expert testimony. For example, the TPG Update notes that “expert testimony, however, cannot take the place of a disclosure in a prior art reference, when that disclosure is required as part of the unpatentability analysis” and that “in an obviousness analysis, conclusory assertions from a third party about general knowledge in the art cannot, without supporting evidence of record, supply a limitation that is not evidently and indisputably within the common knowledge of those skilled in the art.” *Id.* at pages 3-4.

Parties are also warned against incorporating expert testimony by reference in their petitions, motions or replies. *Id.* at page 4. Additionally, without providing explanation for relying on expert testimony, parties risk having the testimony not considered by the Board. *Id.*

With the TPG update, both petitioners and patent owners will need to be aware of the PTAB’s scrutiny of uncorroborated testimony, conclusory testimony, and arguments submitted as expert evidence.

## **2. Non-Exclusive Factors Considered in Instituting a Review**

35 U.S.C. §§314(a) and 324(a) provide the director with discretion to deny a petition. *Id.* at page 8. The director’s discretion is informed by 35 U.S.C. §§316(b) and 326(b), which require the director to “consider the effect of any such regulation [under this section] on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.” *Id.* at page 9.

The TPG Update lists non-exclusive factors, which the PTAB will consider in exercising discretion on instituting inter partes review, especially as to “follow-on” petitions challenging the same patent as challenged previously in another IPR, PGR or CBM proceeding. *Id.* at pages 9-10.

However, the TPG Update also notes that the factors “are also not exclusive and are not intended to represent all situations where it may be appropriate to deny a petition.” *Id.* at page 10. “There may be other reasons besides the ‘follow-on’ petition context where the ‘effect ... on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings,’ 35 U.S.C. §316(b), favors denying a petition even though [one or more] claims meet the threshold standards for institution under 35 U.S.C. §§314(a), 324(a).” *Id.*

The TPG Update also discusses additional non-exclusive factors, which the PTAB will consider in determining whether to institute a trial for a petition that raises the same or substantially the same prior art and/or arguments presented previously to the Office during examination, a reexamination proceeding, a reissue proceeding, or in an earlier-filed petition requesting an IPR, PGR, or CBM proceeding. See *Id.* at page 12.

Petitioners and patent owners should carefully consider and preemptively address why each of the non-exclusive factors listed in the TPG Update, as applicable, weighs in favor of, or against, instituting the petition. For example, patent owners should consider arguing the impact of instituting the petition based on the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete the trial proceeding.

### **3. Sur-Replies**

Under the original Trial Practice Guide, following a petitioner's reply, a patent owner could file a motion for observations. The motion for observations was limited to addressing the cross-examination testimony of the petitioner's reply witness.

The TPG Update states that "[s]ur-replies to principal briefs (i.e., to a reply to a patent owner response or to a reply to an opposition to a motion to amend) normally will be authorized by the scheduling order entered at institution." The sur-reply will allow patent owners to "respond to arguments made in reply briefs, comment on reply declaration testimony, or point to cross-examination testimony ... and address the institution decision if necessary to respond to the petitioner's reply." *Id.* at page 14. In effect, the sur-reply will allow the patent owner to have the final word on whether the petitioner has met its burden to show that the challenged claims are unpatentable.

The limited motion for observations arguably constrained a patent owner's ability to reply to arguments presented in the petitioner's reply. The new sur-reply practice arguably favors patent owners by expanding the scope of arguments that a patent owner can present, thereby allowing the patent owner to present a more effective and persuasive case. However, petitioners may also benefit by having advance notice of a patent owner's key arguments prior to the hearing.

### **4. Motions to Exclude and Motions to Strike**

The TPG update clarifies the distinction between motions to exclude and motions to strike. Motions to exclude are used for excluding inadmissible evidence. "A motion to exclude must explain why the evidence is not admissible (e.g., relevance or hearsay) but may not be used to challenge the sufficiency of the evidence to prove a particular fact." *Id.* at page 16. Motions to strike, which require authorization from the PTAB, are used when "a party believes that a brief filed by the opposing party raises new issues, is accompanied by belatedly presented evidence, or otherwise exceeds the proper scope of reply or (the now available) sur-reply." *Id.* at page

### **5. Pre-Hearing Conferences**

In a substantial change from the previous practice, the TPG Update now allows for a prehearing conference which "will be held at either party's request and will generally occur no later than three business days prior to the oral hearing." *Id.* at page 19. "The 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.*

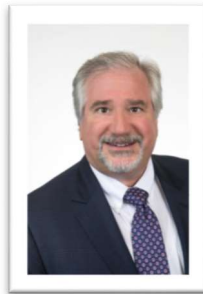
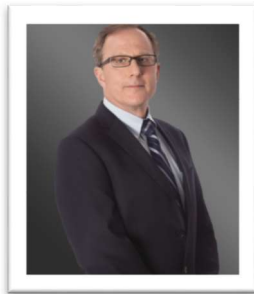
The prehearing conference will allow petitioners and patent owners the opportunity to address issues prior to the oral hearing, thereby allowing the parties to focus their efforts on key arguments and evidence during the oral hearing.

As is clear, the 2018 TPG Update introduces new issues, strategies and tactics to be considered in trials before the PTAB. Careful reading of the PTAB's guidance and adherence to the rules will greatly benefit both patent holders and challengers going forward.

*Reprinted with permission from the September 14, 2018 edition of New Jersey Law Journal © 2018 ALM Media Properties, LLC. All rights reserved. Further duplication without permission is prohibited, contact 1.877.257.3382 or [reprints@alm.com](mailto:reprints@alm.com).*

**About the Authors:**

**Barry J. Schindler**, co-chair of Greenberg Traurig's Global Patent Prosecution Group, and **James J. DeCarlo** are shareholders, and **Smit Kapadia** is an associate, in the firm's Intellectual Property & Technology Practice in Florham Park.



**Barry J. Schindler**    **James J. DeCarlo**    **Smit Kapadia**  
[schindlerb@gtlaw.com](mailto:schindlerb@gtlaw.com)    [decarloj@gtlaw.com](mailto:decarloj@gtlaw.com)    [kapadias@gtlaw.com](mailto:kapadias@gtlaw.com)