

New PTAB Briefing Plan Likely To Get Patent Owner Pushback

By **Ryan Davis**

Law360 (April 26, 2024, 11:16 PM EDT) -- A proposed rule to create a separate round of briefing in Patent Trial and Appeal Board cases about whether the board should use its discretion to deny review may rankle patent owners, attorneys say, since it could effectively restrict their available arguments in many cases.

The U.S. Patent and Trademark Office proposed several new rules for PTAB cases this month. While many would largely codify existing practices, establishing a new briefing process for discretionary denial arguments would be a change that has the potential to alter cases.

The office proposed giving each side a 10-page brief, plus a five-page reply for the patent owner, on discretionary denial issues, such as that the case wouldn't be a worthwhile use of PTAB resources. Attorneys said that since patent owners now have considerably more space to make those arguments if they choose, they are unlikely to embrace the change.

"This is really the subject that looks like it's going to draw a lot of criticism," said Stephen McBride of Carmichael IP PLLC. "The separate briefing is something that I think patent owners are very much going to object to in the comment process. I don't think they're going to like it very much."

Separate briefs would have clear benefits for patent challengers, in effect creating more space for patent invalidity arguments in petitions, but "from the patent owner perspective, I just don't see any value. I see only detriment," said Scott McKeown of Wolf Greenfield & Sacks PC.

"For an agency that's constantly targeted for being anti-patent owner, it just doesn't seem like a smart thing to be doing right now," he said.

What Would Change

The PTAB can choose not to review a patent either because the challenger did not present a strong enough case that it is invalid, or based on several discretionary factors that don't get into the merits of the invalidity arguments.

For instance, the PTAB can use its discretion to deny review if it finds that a district court trial will address invalidity before the board's decision is due, that the patent has already been challenged at the board, or that the petitioner's arguments were previously considered by the USPTO when deciding to issue the patent.

Petitioners currently don't have an automatic right to respond to the patent owner's discretionary arguments, although they are often permitted to do so. Challengers often spend much of their petition, which is limited to 14,000 words in inter partes reviews, or about 70 pages, trying to preempt discretionary arguments the patent owner might make.

Patent owners can then explain why review should be denied in their preliminary response, which is also limited to 14,000 words. Many often focus their filing on discretionary arguments, since that can stop the challenge altogether if accepted. That can be more appealing than pushing back on claims that each one of dozens of patent claims is invalid, and potentially making arguments that could be used against the patent owner in related infringement cases, attorneys said.

The USPTO proposal, which is open for public comments through June 18, calls for having the patent owner file a 10-page request for discretionary denial, one month before the preliminary response is due. The petitioner would then get 10 pages to respond to those arguments, with the patent owner getting a five-page reply.

The office said separate briefs could "allow more fulsome discussion" of discretionary issues and keep them from "encroaching on the parties' word-count limits for briefing on the merits."

Noting concern that separate briefs would benefit petitioners by giving them a right to respond they do not currently have, the USPTO said that would be addressed by limiting the response to the arguments in the request for denial, and letting patent owners file a reply.

McBride said that the proposed "new process is generally beneficial to petitioners," since they would no longer have to anticipate the discretionary denial arguments the patent owner could make, and would be guaranteed a response to the arguments that are actually made.

"For patent owner, though, it's bad on several fronts," he said. Most or all of the 70-page response can now be devoted to potentially several discretionary denial arguments if the patent owner wants, so changing that to a 10-page filing will "significantly cut into your ability to brief the issue," he said.

Under the proposal, patent owners would also lose the ability to argue that the petitioner should not be allowed to respond, McBride said, and "the timing is kind of strange," because the 10-page denial request is due a month before the response brief, even though discretionary and merits issues are sometimes intertwined.

Pros and Cons

For challengers, who now must make their entire case in the petition, waiting to respond to discretionary arguments raised by the patent owner would be a "real advantage, because you gain those extra words back to address the merits," said Jennifer Meyer Chagnon of Sterne Kessler Goldstein & Fox PLLC, a former PTAB judge.

Many patent owners, however, currently choose not to bring up some of the merits arguments in their preliminary phase and focus just on discretionary issues, she said, so a 10-page separate brief "could really limit their ability to do that."

McKeown said he can understand the office's attempt to address criticism from challengers that they

have to spend pages of their petition anticipating and countering denial arguments their opponent might make.

However, "I just don't see why any patent owner would be in favor of this," he said, since the proposal would restrict the space for discretionary arguments, require them to be made sooner than they are now, and give the petitioner a right to reply that they don't currently have.

There may be some incremental value in putting the discretionary issues in separate briefs, but "it's not offset by the mess this would create and the headache for patent owners," McKeown said.

Others said they can see the advantages of moving discretionary issues into separate briefs. Kristi Sawert of Fish & Richardson PC, a former PTAB judge, said it could benefit both sides, since "you're not using your valuable real estate" in either the petition or the response on issues unrelated to the main invalidity case.

The proposal would also eliminate the current step of petitioners asking permission to respond to the patent owner's discretionary arguments, which the board can allow for good cause, she noted. Most such requests are now granted, but "that good cause rule could be inconsistently applied sometimes," she said, so the proposal is "taking away the unpredictability."

Sawert noted that the proposal does include a way for patent owners to get additional space for their discretionary arguments, as it states that the board can allow them to be included in the preliminary response "when the circumstances warrant."

So for patent owners who want to raise several such issues, "one option would be to go to the board to ask to address anything that you can't fit in the 10 pages in your patent owner preliminary response," she said.

Jennifer Bush of Fenwick & West LLP said she hasn't encountered many patent owner responses that dedicate the majority of the pages to discretionary issues, so she didn't think creating a separate 10-page brief would be a major change.

"It's possible that if they were spending the entirety of their preliminary response on it, this then does provide a shorter page length," she said.

Bush noted that when the board now grants requests to file response and reply briefs on discretionary issues, they are usually limited to about five pages, so with the office's proposal that each side is guaranteed to get 10 pages, "maybe they're trying to thread the needle."

Chagnon of Sterne Kessler said that it could be helpful to separate the discretionary issues and have them presented earlier so the PTAB has more time to consider them, so "we'll just have to see what they do with the rules after they get all the comments in."

--Editing by Jay Jackson Jr. and Michael Watanabe.