

# What Is The Proper Breadth Of An IPR Reply?

By **John Alemanni and Michael Morlock** (September 11, 2023)

Parties in inter partes review proceedings often dispute whether a reply to a patent owner's response is truly a response or instead an attempt to introduce new arguments that are not reasonably tied to those set out in the original petition.

In a precedential Aug. 11 decision in *Rembrandt Diagnostics LP v. Aler Inc.*, the U.S. Court of Appeals for the Federal Circuit provided guidance regarding the acceptable breadth of a reply in an inter partes review proceeding.[1]

The *Rembrandt* court provided a detailed analysis of the permissible scope of arguments made by a petitioner in a reply. In particular, the court discussed instances in other cases in which petitioners had gone too far in including new arguments in a reply.

The Federal Circuit contrasted those with instances in which the reply was proper and ultimately concluded that, as in those cases, the new arguments were permissible.

Under the U.S. Patent Trial and Appeal Board's procedures, in a reply, the petitioner may "only respond to arguments raised in the corresponding opposition, patent owner preliminary response, patent owner response, or decision on institution," as per Title 37 of the Code of Federal Regulation, Section 42.23(b).[2] The Federal Circuit reviews the board's compliance with those procedures for an abuse of discretion.[3]

As a threshold matter, the *Rembrandt* court addressed whether the patent owner had waived any argument that the reply made impermissible new arguments. Here, the patent owner in a sur-reply raised a general objection to all new arguments and then asserted that certain specific new arguments were impermissible.

In particular, according to the decision, the patent owner "expressly object[ed] to one obviousness ground ... for allegedly raising new theories without also making the same objection to the grounds at issue here,"[4] and the Federal Circuit found that by making only a general objection, the patent owner had waived its objection to certain new arguments.[5]

The Federal Circuit held that "*Rembrandt's* generic objection is insufficient to constitute a proper objection — especially because *Rembrandt* expressly objected to other allegedly new theories without doing so here."[6]

Despite this finding, the Federal Circuit addressed the substance of the new argument in more detail by comparing it to a series of prior decisions articulating the metes and bounds of appropriate arguments in reply.

The Federal Circuit first addressed the 2016 *Intelligent Bio-Systems Inc. v. Illumina Cambridge Ltd.* decision, in which the petitioner had included an improper new argument in its reply.[7] In *Intelligent Bio-Systems*, the petition argued that a single reference disclosed



John Alemanni



Michael Morlock

a claim limitation.[8]

Subsequently, the petitioner "instead argued in its reply that there was a motivation to combine references to arrive at that limitation." [9] The Federal Circuit found "that petitioner's motivation-to-combine argument was an impermissible 'new theory of invalidity' and affirmed the Board's decision to exclude the reply and accompanying evidence." [10]

The Rembrandt Court also addressed the Federal Circuit's 2015 *Ariosa Diagnostics Inc. v. Verinata Health Inc.* decision. [11] There, the petitioner's assertion in a reply of "previously unidentified prior-art disclosures 'to make a meaningfully distinct contention' was impermissibly raising a new theory of unpatentability." [12]

In particular, the petitioner "attempted to address counterarguments of incompatibility of the references by switching theories to argue that some embodiments do not use [the incompatible feature], citing previously unidentified embodiments of the reference." [13]

The Federal Circuit also addressed prior instances in which the reply, while in some sense broader than the petition, was proper. First, the court addressed its 2018 *Ericsson Inc. v. Intellectual Ventures I LLC* decision. [14]

There, the court found that the argument in reply "merely expand[ed] on a previously argued rationale as to why the prior art disclosures are insubstantially distinct from the challenged claims." [15]

Similar to the 2020 *Apple Inc. v. Andrea Electronics Corp.* decision, [16] the Federal Circuit in Rembrandt "concluded that the petitioner's reply asserted the same 'legal ground' as its petition because it relied on the 'same prior art' to support the 'same legal argument.'" [17]

The Rembrandt court concluded by noting, "the very nature of the reply and sur-reply briefs are to respond (whether to refute, rebut, explain, discredit, and so on) to prior raised arguments within the confines of 37 C.F.R. § 42.23(b)." [18]

Further, "the need to rely on new evidence in response may not arise until a particular point has been raised in the patent owner response or the institution decision, we have held that there is no blanket prohibition against the introduction of new evidence during an IPR." [19]

In this particular case, the patent owner contended that in its reply, the petitioner improperly raised the benefit of cost and time savings as a new argument for modifying a prior art reference. [20] One of the petitioner's motivations to combine in the original petition had been increased efficiency through the reduction of waste by allowing multiple tests to occur at the same time. [21]

The Federal Circuit found a nexus between the reply argument and the original argument regarding efficiency. [22] In particular, there was "a fair extension of its previously raised efficiency argument." [23]

This argument "refutes Rembrandt's assertions that there is no motivation to add multiple test strips or an expectation of success. And by discussing time and cost savings as a form of efficiency, it also properly expands on and is a fair extension of its previously raised efficiency argument." [24]

Thus, the Rembrandt court concluded that the reply arguments "were responsive to the Institution Decision and the patent owner response and so the Board did not err in

considering them." [25]

This case stresses that a petitioner's arguments in its reply must be responsive to the patent owner's response. It further stresses the importance of arguments in the initial petition.

A petitioner who raises multiple motivations to combine or multiple disclosures in prior art references is better positioned to argue that any new analysis in the reply has a nexus to the original grounds and arguments in the petition.

In light of this case, it likely makes sense for the petitioner to describe the nexus in the reply because otherwise the petitioner will be limited to addressing whether an argument is new during the oral hearing.

For patent owners, this case highlights that a blanket objection to new arguments in a reply will not suffice. Rather, the patent owner must identify with specificity all arguments that the patent owner believes extend beyond the arguments presented in the original petition.

This case further helps patent owners to delineate the point at which the petitioner has strayed too far from the petition, e.g., if the argument lacks a nexus back to the original arguments.

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*John Alemanni is a partner and co-chair of the PTAB litigation group at Kilpatrick Townsend & Stockton LLP.*

*Michael Morlock is a partner at the firm.*

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[1] Rembrandt Diagnostics LP v. Alere Inc., Case. No. 21-1796, --- F.4th ---- (Fed. Cir. Aug. 11, 2023).

[2] 37 C.F.R. § 42.23(b).

[3] Rembrandt, 8.

[4] Id. at 9.

[5] Id.

[6] Id.

[7] Intelligent Bio-Sys. Inc. v. Illumina Cambridge Ltd., 821 F.3d 1359, 1369 (Fed. Cir. 2016)

[8] Rembrandt, 10.

[9] Id.

[10] Id.

[11] *Ariosa Diagnostics v. Verinata Health Inc.*, 805 F.3d 1359 (Fed. Cir. 2015).

[12] *Rembrandt*, 11.

[13] Id.

[14] *Ericsson Inc. v. Intell. Ventures I LLC*, 901 F.3d 1374 (Fed. Cir. 2018)

[15] Id. at 1381

[16] *Apple Inc. v. Andrea Electronics Corp.*, 949 F.3d 697, 706 (Fed. Cir. 2020)

[17] *Rembrandt*, 12.

[18] Id.

[19] Id.

[20] Id.

[21] Id. at 12-13.

[22] Id.

[23] Id. at 13.

[24] Id. at 13.

[25] Id. at 15.