

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PALO ALTO NETWORKS, INC.,
Petitioner,

v.

BT AMERICAS INC.,
Patent Owner.

IPR2023-00889
Patent 7,895,641 B2

Before EASTHOM, *Administrative Patent Judge*.

EASTHOM, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5(a)
Motion to Strike
Granted-in-Part

The Board held a single-judge teleconference with the parties on July 1, 2024 requested by Patent Owner via email.¹ During the teleconference, Patent Owner requested authorization to file a motion to accept Exhibits 2021–2027 filed with its Sur-Reply (Paper 22). In the alternative, Patent Owner argued that Exhibits 2021–2027 submitted with its Sur-Reply are proper, and if Petitioner seeks to strike them, the Board can authorize Petitioner to file a motion to strike Exhibits 2021–2027 with an opposition thereto filed by Patent Owner. Patent Owner contended that Exhibits 2021–2027 properly respond to new arguments and evidence submitted with Petitioner’s Reply. Petitioner’s arguments during the teleconference constitute a motion to strike and Patent Owner’s arguments constitute an opposition thereto.

Petitioner argued, *inter alia*, that 37 C.F.R. § 42.23(b) and the Consolidated Trial Practice Guide (Nov. 2019) (“CTPG”) forbid the Sur-reply Exhibits.² See 37 C.F.R. § 42.23(b) (“A sur-reply may only respond to arguments raised in the corresponding reply and may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness.”); CTPG 73–75 (“While replies and sur-replies can help crystalize issues for decision, a reply or sur-reply that raises a new issue or belatedly presents evidence may not be considered.”). Accordingly, Petitioner urged the Board to strike Exhibits 2022–2027 as improper under Rule 42.23(b) and the CTPG.

Exhibit 2021 is joint claim construction brief filed by the parties in related district court litigation, in which the parties construed claim terms at

¹ Two panel members were unavailable at the times requested by the parties.

² Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>

issue here (claim terms in a parent patent to the challenged patent, which is a continuation of the parent). Patent Owner argued that the Board should be apprised of arguments from claim construction briefing (Ex. 2021) filed by Petitioner's litigation counsel in the district court litigation, because according to Patent Owner, the Reply applies improper claim constructions for certain claim terms in dispute as evidenced by Petitioner's claim position in the joint claim construction brief (Ex. 2021).

Petitioner contended that the Reply does not contradict the joint claim construction brief and that Patent Owner could have cross-examined Petitioner's declarant, Dr. Jeffay, regarding his opinion relative to the claim joint claim construction brief and his Reply Declaration (Ex. 1040). Petitioner noted that Patent Owner opted not to cross-examine Dr. Jeffay with respect to his Reply Declaration. Petitioner, however, conceded that Dr. Jeffay did not opine on the joint claim construction brief in his Reply Declaration.

Because Exhibit 2021 relates to a joint claim construction brief and shows recent claim construction positions of the parties as to claim terms in dispute here, it may provide useful context here. The joint claim construction brief is not strictly evidence, but rather a public court document with representations by the parties that the Board may consider (especially after a party timely raises it) even without a submission by one of the parties. Even if one considers the joint claim construction brief to be evidence under 37 C.F.R. 42.23(b), 37 C.F.R. § 42.5(b) provides discretion to waive the requirement of no new evidence accompanying a sur-reply under 37 C.F.R.

42.23(b) as to Exhibit 2021.³ Petitioner conceded that it views the joint claim construction brief as much less prejudicial than Exhibits 2022–2028.

Aside from the joint claim construction brief (Ex. 1012), the other Sur-reply Exhibits include a Sur-Reply Declaration by Patent Owner’s declarant, Dr. Lee (Ex. 2022), and Exhibits that Dr. Lee relies upon and cites in his Sur-Reply Declaration (Exs. 2023–2038).⁴ Patent Owner contends that Exhibits 2022–2028 respond to new motivations and characterizations present in the Reply, at least some of which contradict arguments in the Petition at page 19 with respect to motivation for modifying filters in Durham. Petitioner argued that the Reply does not contradict or shift its original motivations outlined in the Petition and urged the Board to strike the Exhibits as prejudicial and in violation of 37 C.F.R. 42.23(b).

Petitioner acknowledged that if the Board subsequently finds that (1) the complained-about Reply arguments with respect to motivation are improper and (2) the Sur-reply does not provide sufficient opportunity for Patent Owner to respond absent the Exhibits, then the Board will not consider the Reply arguments. *See* CTPG 80 (“A motion to strike may be appropriate when a party believes the Board should disregard arguments or late-filed evidence in its entirety, whereas further briefing may be more appropriate when the party wishes to address the proper weight the Board should give to the arguments or evidence. In most cases, the Board is

³ The joint claim construction brief indicates the parties filed it in the district court on May 29, 2024. *See* Ex. 2021. Patent Owner filed it with its Sur-reply on June 24, 2024.

⁴ During the teleconference, Patent Owner agreed with Judge Easthom’s preliminary observation that the Sur-reply does not cite Exhibits 2023–2028, and only cites Dr. Lee’s supplemental declaration (Ex. 2022).

capable of identifying new issues or belatedly presented evidence when weighing the evidence at the close of trial, and disregarding any new issues or belatedly presented evidence that exceeds the proper scope of reply or sur-reply”).

Nevertheless, Petitioner reiterated its position that its Reply arguments are proper and stressed that addressing Exhibits 2022–2028 at an oral argument would prejudice Petitioner due to the time and effort of responding to same, noting that it may have to cross-examine Dr. Lee on his Sur-Reply Declaration (Ex. 2022) and Exhibits 2023–2028 cited therein prior to any oral argument, and that this would incur further cost, effort, and time. Petitioner also noted that Patent Owner waited to file the Exhibits with its Sur-reply on the agreed-upon due date of the Sur-reply without seeking prior permission by the Board.

Under these circumstances, Petitioner shows it is proper at this time to strike Exhibits 2022–2028, where Patent Owner’s counter-arguments are unavailing to waive the requirements of 37 C.F.R. 42.23(b). *See also* CTPG 81 (“When authorized, the Board expects that it will decide a motion to strike as soon as practicable, and preferably before oral hearing, so that the parties need not devote time during the hearing to addressing improper arguments.”). If, at the close of trial, the panel finds that Petitioner’s Reply arguments with respect to the complained-about motivation are improper in the sense that they present a marked shift from the Petition such that the Sur-reply, absent Exhibits 2022–2028, provides insufficient opportunity to respond to the Reply, then the Board will not consider the Reply arguments. If, however, they are proper Reply arguments, then the Board will consider these arguments. *See In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364,

1381 (Fed. Cir. 2016) (“[T]he Board must base its decision on arguments that were advanced by a party, and to which the opposing party was given a chance to respond.”); *Apple Inc. v. Corephotonics, Ltd.*; 81 F.4th 1353 (Fed. Cir. 2023) (stating that in *Magnum Oil*, the Board erred in “determin[ing] that the challenged claims would have been obvious in view of a combination of prior art that differed from that asserted in the petition, . . . a combination that the petitioner had made only conclusory statements to support” where the Board “adopt[ed] an argument that the petitioner had not sufficiently made”) (citing *Magnum Oil*, 829 F.3d at 1377, 80–81).

Therefore, in either situation, the panel will not need to consider Exhibits 2022–2028 filed by Patent Owner to support its Sur-reply to counter the allegedly improper Reply arguments. In addition, in several instances, the Sur-reply cites to Exhibit 2022 to support arguments that appear to have little or nothing to do with Petitioner’s alleged improper new motivation.⁵ Accordingly, Exhibits 2022–2028 are hereby stricken and expunged as improper under 37 C.F.R. 42.23(b).

⁵ See, e.g., PO Resp. 2 (stating that Petitioner “disingenuously quot[es] PO’s expert” (citing Ex. 2022 ¶¶ 7–8 (testifying about issues previously raised as to what Duvall teaches in relation to security and also testifying that Petitioner misstated or misquoted his testimony)), 3 (providing a “see also” cite for Ex. 2022 ¶¶ 9–11 to support arguments about “security-related events”), 4 (arguing Duvall does not relate to security (citing Ex. 2022 ¶¶ 7–11)), 6 (citing Ex. 2022 ¶ 12 to support arguments about whether the Reply is correct regarding known viruses luring users via pornography), 6–7 (citing Ex. 2022 ¶¶ 13–20 to support similar arguments), 10 (citing Ex. 2022 ¶ 24 to support similar arguments), 15 (citing Ex. 2022 ¶¶ 29–31 as to what Duvall teaches as a whole in relation to data in the same stream), 26 (citing Ex. 2022 ¶ 40 to support an argument about nexus), 15 (citing Ex. 2022 ¶¶ 29–31 as to what Duvall teaches as a hole in relation to data in the same stream).

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ORDERED that Petitioner's Motion to Strike is granted-in-part and Exhibits 2022–2028 are stricken and expunged.

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