UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICRO LABS LIMITED AND MICRO LABS USA INC.
Petitioners,

v.

SANTEN PHARMACEUTICAL CO., LTD. AND ASAHI GLASS CO., LTD.
Patent Owners.

Case IPR2017-01434
U.S. Patent No. 5,886,035

PATENT OWNERS' REPLY IN FURTHER SUPPORT OF THEIR MOTION TO EXCLUDE EVIDENCE

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Patent Owners Santen Pharmaceutical Co., Ltd. and Asahi Glass Co., Ltd. (together, "Patent Owners") submit this Reply in further support of their Motion to Exclude Evidence (Paper No. 32) ("Motion").

I. Petitioners' Incorporation by Reference Is Improper

Petitioners' attempt to label the 102 pages of Reply expert testimony as proper "evidence" and not improper "argument" is specious. *See* Opp'n at 1. Notably, Petitioners do not meaningfully dispute that their Reply is replete with conclusory arguments with citations to large portions of the expert declarations. *See id*. at 4-10. Petitioners merely argue (incorrectly) that such practice is permitted. But as the Board has repeatedly held, reliance on expert declarations to support conclusory statements in a Petition or Reply amounts to incorporation by reference and is prohibited.

The Board's informative decision in *Cisco* is directly on point. *Cisco Sys., Inc.v. C-Cation Techs., LLC*, IPR2014-00454, Paper 12 (PTAB Aug. 29, 2014) (informative). There, petitioner followed a conclusory paragraph in its petition with a citation to "one and a half pages" of its expert's declaration "indicating the combinations would have been 'well within the ordinary creativity of a person of ordinary skill in the art' and providing reasons why one would have combined the teachings of the references." *Id*. at 9. The Board found such reliance improper and expressly held that the "practice of citing the Declaration to support conclusory

statements that are not otherwise supported in the Petition [] amounts to incorporation by reference" in violation of 37 C.F.R. § 42.6(a)(3).[1] *Id*. Indeed, PTAB's Trial Practice Guide Update issued this month expressly cites to *Cisco* and warns that "parties that incorporate expert testimony by reference in their . . . replies without providing explanation of such testimony risk having the testimony not considered by the Board." Trial Practice Guide Update at 4.

Numerous decisions have reached the same conclusion. *See e.g., S.S. Steiner, Inc. v. John I Haas, Inc.*, IPR2014-01490, Paper 7 at 16 (P.T.A.B. Mar. 16, 2015) (holding petitioner's reliance "on large portions of Dr. Leedle's Declaration to support otherwise conclusory statements" amounted to improper incorporation by reference); *Apple Inc. v. ContentGuard Holdings, Inc.*, IPR2015-00452, Paper 9 at 9 (P.T.A.B. July 13, 2015) ("Arguments and information that are not presented and developed in the Petition, and instead are incorporated by reference to the Sherman Declaration, are not entitled to consideration."); *DirectTV, LLC, v. Qurio*

[1] Petitioners' attempts to distinguish *Cisco* and *Conopco* fall flat. Opp'n at 3-4. *Cisco* is clearly on point for the reasons above. *Conopco* makes no distinction between expert "evidence" and "argument." The Board specifically held that it would not consider "information presented in a supporting declaration, but not discussed in a petition[.]" *Conopco, Inc. v. Procter & Gamble Co.*, IPR2013-00510, Paper 9 at 8 (P.T.A.B. Feb. 12, 2014) (emphasis added).

Holdings, Inc., IPR2015-02006, Paper 6 at 10 (P.T.A.B. Apr. 4, 2016) ("The Petition's practice of citing multiple pages of the Dr. Lavian Declaration to support conclusory statements and to expand its thin analysis . . . amounts to incorporation by reference—which is impermissible under our rules.").

Tellingly, Petitioners' sole support for their "evidence" and "argument" distinction consists of a single decision from 2013. *See Research in Motion Corp. v. Multimedia Ideas LLC*, IPR 2013-00036, Paper 15 (P.T.A.B. Mar. 18, 2013). That decision in no way stands for the sweeping proposition that a petitioner is permitted to rely on swathes of argumentative expert opinions not found in the Reply. Indeed, the opposite is true. The Board specifically held: "The factual portions of the declaration, if identified with sufficient specificity, must be considered, and argumentative portions, together with the unidentified factual portions, need not be considered." *Id*. at 7 (emphasis added). Petitioners strategically omitted that language in quoting the Board, no doubt because they deemed it unhelpful to their position. Moreover, as discussed above, more recent Board decisions, including the informative decision by the Board in *Cisco*, have unequivocally held that reliance on expert testimony to support otherwise conclusory statements in substantive papers is not permitted.[2]

[2] Petitioners are wrong that Patent Owners' objections failed to comply with Rule 42.64(b)(1). Opp'n at 1-2. It is undisputed that Patent Owners timely objected,

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