

The PTAB's Proposed Rule Changes (August 20, 2015)

Patent owners can include expert testimony with a preliminary response.

The Patent Office (Office) conducted a nationwide listening tour in April and May of 2014 to gauge the effectiveness of the rules governing post-grant proceedings (inter partes reviews (IPRs), post-grant reviews (PGRs) and covered business method patent reviews (CBMs)) at the Patent Trial and Appeal Board (PTAB). In June 2014, the Office published a Federal Register Notice asking for public feedback regarding the post-grant proceedings. On May 19, 2015, the Office issued a first set of rule changes¹ implementing ministerial changes. On August 20, 2015, the Office published a second set of more substantive proposed rule changes² to address issues and public comments that were raised in response to the Federal Register Notice. The Office also discussed various other issues, but did not propose any related rule changes. The Office is currently accepting public comments on the proposed rule changes, until October 19, 2015. The proposed rules will likely take effect sometime between late 2015 and early 2016.

Proposed Rule Changes

The Office proposed various rule changes related to the patent owner's preliminary response, claim construction standards, word counts for documents and several other issues. Below is a summary of the proposed rule changes.

- ***Patent Owner's Preliminary Response:*** The Office proposes allowing a patent owner to file new testimonial evidence (e.g., expert declaration) with its preliminary response.
 - However, in order to meet the three-month statutory deadline for issuing institution decisions, a petitioner would not be allowed to cross-examine a patent owner's declarant prior to institution.
 - A petitioner would not be allowed to file a reply to the preliminary response as a matter of right. However, the petitioner would be afforded an opportunity to seek leave to file a reply brief to respond to a preliminary response that presents testimonial evidence.
 - Any factual disputes that are material to the institution decision would be resolved in favor of a petitioner solely for institution determination.
 - This is by far the most significant of the proposed rule changes. Patent owners have raised concerns that they have been disadvantaged by the inability to provide declarations from experts prior to institution. The new rule may level the playing field. At the same time, the new rules require any factual dispute material to institution to be resolved in favor of the petitioner, which may also help petitioners.

- **Claim Construction Standard:** The Office proposes using a *Philips*-type claim construction standard (“plain and ordinary meaning”) for patents that will expire prior to the issuance of a file decision. The broadest reasonable interpretation (BRI) would apply otherwise to all other unexpired patents.
- **Word Counts Rather than Page Counts:** The Office proposes using word counts (instead of page limits) for petitions, preliminary responses, patent owner’s responses and petitioner’s reply briefs as follows:
 - Petition, Preliminary Response, Patent Owner’s Response: 14,000 words for IPRs and 18,700 words for PGRs and CBMs
 - Reply: 5,600 words
- **Rule 11-Type Certification Requirement:** The Office proposes adding a Rule 11-type certification for all papers filed with the Board, as well as a provision for sanctions for noncompliance that would apply to practitioners and the parties.
- **Oral Hearings:** The Office proposes that the rule for oral hearings be modified to require an exchange of demonstratives seven business days before the final hearing date (previously five business days). The Board will continue to consider requests for live testimony (although only one such motion has been granted).
- **Protective Order:** The Office will revise its model protective order in the Office Trial Practice Guide to place the burden on the designating party to show good cause to seal “confidential” information.
- **Proposed Pilot Program:** The Office proposed having a single administrative patent judge (APJ) make the initial determination of whether to institute a post-grant proceeding, and then assign two additional APJs to the proceeding if trial is instituted.

Other Issues Discussed

The Office also discussed the following issues, but did not propose any rule changes.

- **Patent Owner’s Motion to Amend:** The Office clarified that a patent owner must argue for the patentability of any proposed substitute claims over the prior art of record. The Office also noted that a patent owner may file a motion to amend before it files a patent owner’s response. Finally, the Office stated that the parties may request a conference call with the panel to request cancelling claims before the issuance of a final written decision (typically, when a patent owner concedes unpatentability of claims and files a non-contingent motion to amend, the conceded claims are only cancelled in the Board’s final written decision).
- **Additional Discovery:** The Office clarified that the PTAB will continue to use the *Garmin* factors³ when deciding whether to grant a request for additional discovery. However, the Office noted that the *Garmin* factors are not exhaustive and that the parties are permitted to present arguments using different factors. The Office also noted that the moving party should present a threshold amount of evidence tending to show beyond speculation that something useful will be discovered.
- **Discovery of Evidence of Non-Obviousness:** The Office noted that the *Garmin* factors also apply to discovery of evidence of non-obviousness. The Office stated that a conclusive showing of a nexus between the claimed invention and the information sought through discovery is not required. A patent owner must, however, provide some showing of a nexus to ensure that additional discovery is necessary in the interest of justice.

- **Real Party-in-Interest:** The Office emphasized that, in general, a patent owner can raise a challenge regarding the real party-in-interest or privity requirement at any time during a proceeding.
- **Multiple Proceedings:** The Office stated that the current rules provide a workable framework for the PTAB to manage multiple proceedings that involve the same patent claims. The PTAB currently employs a case-by-case analysis.
- **No Extension of the One-Year Period to Issue a Final Determination:** The Board will continue to strive to meet the one-year statutory time period for post-grant proceedings.

Conclusion

Although many of the proposed rule changes will not substantively impact PTAB proceedings, the proposed rule allowing patent owners to include expert testimony with a preliminary response could serve to level the playing field for patent owners in the pre-institution stage of the proceedings.

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Endnotes

- ¹ Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 28561 (May 19, 2015) available at <http://www.uspto.gov/sites/default/files/documents/80fr28561.pdf>
- ² Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board; Proposed Rules, 80 Fed. Reg. 50719 (Aug. 20, 2015) available at <http://www.gpo.gov/fdsys/pkg/FR-2015-08-20/pdf/2015-20227.pdf>
- ³ See Message from Administrative Patent Judges Jacqueline Bonilla and Sheridan Snedden: Routine and Additional Discovery in AIA Trial Proceedings: What Is the Difference? (Sept. 30, 2014), available at http://www.uspto.gov/blog/aia/entry/message_from_administrative_patent_judges (listing and discussing *Garmin* factors)