

## PTO Issues New Final Rules for PTAB Proceedings (March 31, 2016)

### *New rules give more options to patent owners and petitioners in pre-institution phase.*

On March 31, 2016, the Patent and Trademark Office (PTO) issued new final rules to govern practice before the Patent Trial and Appeal Board (PTAB). The new rules will apply to all future and ongoing AIA trials as of May 2, 2016. Among the many changes, the new rules allow patent owners to submit an expert declaration with the preliminary response and also allow petitioners to seek leave to file a reply to the preliminary response.

### **New Final Rules**

The new rules are detailed in a 71-page [Federal Register Notice](#) and largely adopt the rules the PTO proposed in August 2015 that were the subject of a prior [Client Alert](#). Below is a summary of some of the changes.

- **Patent Owner Preliminary Response:** Patent owners may now include new testimonial evidence (*i.e.*, an expert declaration) with their preliminary response to a petition to institute a proceeding. This addresses concerns that patent owners are disadvantaged in the pre-institution phase by previous rules that limited the evidence that could be presented with their preliminary response.
  - The potential benefit to patent owners, however, is unclear. As the PTO noted, “if a genuine issue of material fact is created by testimonial evidence, the issue will be resolved in favor of petitioner solely for institution purposes, so that petitioner will have an opportunity to cross-examine the declarant during trial.”
  - The new rules also allow petitioners to seek leave to file a reply to the preliminary response. Any such request must make a showing of good cause.
- **Rule 11-Type Certification:** All papers filed in a PTAB proceeding must include a Rule 11-type certification. This imposes a requirement on PTAB practitioners akin to Rule 11 in federal district court, under which attorneys can be sanctioned for conducting an inadequate prefiling investigation.
  - The PTO described this rule as “preventative in nature,” explaining: “Although the office does not expect, based on past experience, that the procedures in [this rule] will be used often, the deterrent effect of having such a rule has been recognized.”

- **Claim Construction Standard:** The new rules clarify that the PTAB will use the claim construction standard used by district courts for patents that will expire during a proceeding (and thus cannot be amended) while confirming the use of broadest reasonable interpretation for all other patents. Further, either party can request that the PTAB use the district court claim construction standard for patents that will expire within 18 months of the petition.
- **Word Count:** The new rules replace current page limits with a word count limit for major briefings, *i.e.*, petitions, patent owner preliminary responses, patent owner responses and petitioner's replies. The new limits are: 14,000 words (for briefings with a 60-page limit); 18,700 words (80-page limit); and 5,600 words (25-page limit).

Finally, after receiving negative responses, the PTO decided not to implement a proposed pilot program under which a single judge, rather than three-judge panel, would decide whether to institute *inter partes* review.

## Conclusion

The new final rules take effect on May 2, 2016 and will apply to all future and ongoing PTAB proceedings. The rules pertaining to the pre-institution phase are likely to be the most important. For patent owners, while the rule allowing them to include expert testimony with a preliminary response could serve to level the playing field in the pre-institution phase, the PTO made clear that issues of material fact will be resolved in favor of the petitioner. Further, petitioners will be able to seek leave to file a reply to a preliminary response, which may be a valuable weapon in the right proceeding.

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