

August 20, 2015

*Practice Group(s):*

*Patent Office  
Litigation*

*IP Procurement and  
Portfolio  
Management*

*IP Litigation*

## USPTO Announces Second Round of AIA Rule Changes

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### Summary

On August 20, 2015, the Patent and Trademark Office published, in the Federal Register, a set of “Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board” that would amend 37 CFR Part 42. Among the ten topics encompassed by the proposed amendments, two noteworthy changes include: (1) new evidence allowed in Patent Owner’s preliminary response; and (2) briefing length limited by word count rather than page limits. Each topic is discussed in turn below, with our initial practical **TAKEAWAYS** for each respective section.

The period for public comment on the proposed amendments is open until October 19, 2015.

### Practical ramifications of new proposed rule changes:

#### **1. Patent Owner Preliminary Responses**

**TAKEAWAYS:** Patent Owners will start submitting declarations with preliminary responses, which means Petitioners will start to request leave to file preliminary replies and additional evidence. Budgets for work prior to institution will need to increase accordingly.

#### **2. Word Count Dictating Submission Lengths**

**TAKEAWAYS:** Claim charts have become a more viable way to present arguments, although the loss of word count from repeating claim language may not make them worthwhile. In addition, the Office’s comments make it clear that similar claims are likely appropriately treated with brevity to save words, focusing instead on combinations and the first application of art to claims. This change will also allow the parties to focus on making arguments that fit the new word count limit rather than arbitrarily having to pare back arguments because they spill over onto a new page. This should allow the parties to be more efficient in the preparation of briefs.

#### **3. New Rule 11-Type Certification**

**TAKEAWAYS:** For practitioners admitted to AIA proceedings *pro hac vice*, the Rule 11-type certification requirement presumably would impact subsequent requests for *pro hac vice* admission.

#### **4. Claim Construction Standard**

**TAKEAWAYS:** Petitioners will need to determine, prior to the Petition, the expiration date of the patent. If expiration is imminent, Petitioners should perform a full *Phillips*-type claim construction analysis in the Petition. If the expiration date is in dispute, Petitioners should consider arguing under both a Broadest Reasonable Interpretation (“BRI”) and a *Phillips*-type construction.

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### **5. Motions to Amend**

**TAKEAWAYS:** It is possible that the duty of candor may be usable to curtail amendments by submitting art to the Patent Owner even after institution, based on preliminary response arguments and evidence. Petitioners should consider sending communications to Patent Owners enclosing art that addresses arguments raised in the preliminary response.

### **6. Additional Discovery**

**TAKEAWAYS:** It is still of paramount importance that the requested discovery be narrow and very likely to result in relevant, important information, particularly when it pertains to confidential information about the Petitioner's (accused infringer's) success.

### **7. Real Party in Interest**

**TAKEAWAYS:** Real party in interest issues should be fleshed out prior to filing the Petition. As always, make sure to take as conservative an approach as possible with regard to the one-year limit to file.

### **8. Multiple Proceedings**

**TAKEAWAYS:** Petitions filed about patents already the subject of AIA review should explain, in as much detail as possible, the circumstances that warrant instituting an additional review.

### **9. Oral Hearing**

**TAKEAWAYS:** The Board will entertain requests for oral hearing that deviate from the norm in terms of technology requests or oral testimony. These requests should be made in the request for oral hearing. Also, the date for exchange of demonstratives has been moved back to seven (7) business days before oral hearing, giving the parties more time to resolve objections. Objectionable slides will thus likely be more difficult to present in oral hearings.

### **10. Other General Topics (Office-Stated "Catchall")**

**TAKEAWAYS:** It appears likely that the Office will implement a single judge-institution pilot program. While preliminary responses remain optional, the Office is apparently encouraging parties to use them to flesh out issues as early as possible. The Office appears comfortable with the way it is currently managing its docket. Finally, practitioners should be aware that the Office intends to use the Office Patent Trial Practice Guide as a tool for implementing changes to AIA trials, and that any updates to the Office Patent Trial Practice Guide are forthcoming.

## Below are highlights from the Office's proposals for each respective section:

### **1. Patent Owner Preliminary Responses**

The Office proposes amending the rules to allow Patent Owners to submit new testimonial evidence (as opposed to declarations or depositions generated during other proceedings) with preliminary responses. Under the proposal, Petitioners would not have a right of cross-examination before institution due to time constraints. To address the potential inequities, factual disputes would be resolved in favor of the Petitioner for purposes of institution only. The Office also proposes to amend the rules to allow Petitioners to seek leave to file a single reply to a preliminary response, including submitting new testimonial evidence with the preliminary reply.

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### **2. Word Count Dictating Submission Lengths**

The Office adopted word count limits rather than page limits for: (i) Petitions, (ii) preliminary responses; (iii) Patent Owner responses; and (iv) reply briefs. Petitions will no longer need be reviewed to determine whether claim charts contain argument. The Office declined to adjust word count limits based upon the number of claims challenged since the number of grounds most often determines the length of a Petition.

The page limits to word count conversions are:

<b>Relevant Submissions</b>	<b>Pages</b>	<b>Words</b>
Petitions, Preliminary Responses, Patent Owner Responses for IPR and Derivation Proceedings	60	14,000
Petitions, Preliminary Responses, Patent Owner Responses for CBM and PGR Proceedings	80	18,700
Replies to Patent Owner Responses	25	5,600

### **3. New Rule 11-Type Certification**

The Office proposed to amend 37 C.F.R. § 42.11 (regarding the duty of candor) to require a Rule 11-type certification for all papers filed in proceedings before the Office. This proposed amendment would include provisions for sanctions in connection with such papers, which misconduct could be reported to the OED. USPTO Director Michelle Lee stated in her blog that such a requirement would “give the USPTO a more robust means with which to police misconduct.”

### **4. Claim Construction Standard**

The Office adopted the comments favoring the retention of a broadest reasonable interpretation (“BRI”) claim construction standard. The Federal Circuit has affirmed that standard in *In re Cuozzo Speed Techs., LLC* based on the history of that standard in the PTO and the ability to amend claims.<sup>1</sup> Notwithstanding, the Office proposed that a *Phillips*-type claim construction standard is appropriate for patents that will expire before the issuance of a final written decision. The Office found it unworkable to allow a *Phillips*-type construction where Patent Owners elect to forego claim amendments, but solicited comments regarding solutions for where a Patent Owner chooses to forego the right to amend claims in AIA proceedings.

### **5. Motions to Amend**

The Office’s position is that the Patent Owner bears the initial burden to establish a *prima facie* case of patentability over the art of record and any art submitted pursuant to the duty of candor or supplied by the Petitioner. The Patent Owner must also show why the amended claims are equal in scope or narrower than the issued claims in all respects, and that the substitute claims must be narrower than the issued claims in all respects. Once a *prima facie* showing of patentability is made, the burden shifts to the Petitioner to show unpatentability.

Among several comments related to Motions to Amend, the Office:

- Does not intend to seek the assistance of the examining corps with regard to motions to amend.

<sup>1</sup> No. 2014-1301, 2015 WL 4097949, at \*7-8 (Fed. Cir. July 8, 2015)

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- Declined to change the rules regarding the number of substitute claims allowed or the showings required to submit multiple substitute claims.
- Addressed Patent Owner estoppel in response to a comment that 37 C.F.R. § 42.73(d)(3) precludes a Patent Owner from obtaining a claim that could have been made in a motion to amend. The Office noted that the rule does not prohibit such action; instead, it prohibits obtaining a claim that is not patentably distinct from a finally refused or canceled claim.
- Noted that a Patent Owner, who continues to enforce claims it voluntarily cancelled before obtaining a final written decision, may be subject to sanctions in the district court, and may face investigation by the OED, but that the Office would nonetheless not cancel claims before issuance of the final written decision.

### **6. Additional Discovery**

The Office will continue to apply the factors from *Garmin v. Cuozzo*, when considering whether to allow for additional discovery.<sup>2</sup> The Office also noted that the *Garmin* factors are flexible, and that the parties are permitted to present different factors as appropriate on a case-by-case basis. The one-year trial schedule will still be emphasized.

The Office declined an invitation to permit discovery of evidence of non-obviousness (e.g., commercial success) in all cases. The *Garmin* factors will continue to govern requests for discovery of such evidence of non-obviousness on a case-by-case basis. The Office agreed that some showing of a nexus between the claims of the patent and an accused product is necessary in the interest of justice. The Office also declined to adopt a rule to permit interrogatories or document requests in all cases.

### **7. Real Party in Interest**

The Office will allow Patent Owners to bring challenges based on real party in interest at any time during the proceeding, but prefers such challenges to occur early in the proceedings. The challenges will be decided on a case-by-case basis. The Office also declined to require Petitioners to provide, for example, joint defense agreements or the identification of parties participating in the preparation of a Petition. The additional discovery rules will continue to govern proceedings. Clerical errors in identifying real parties in interest may be corrected without affecting the filing date, but allowing Petitioners to correct other errors would violate 35 U.S.C. § 312(a), which requires a Petition to identify all real parties in interest without qualification. The Office also clarified that the burden of proof with regard to standing lies with the Petitioner.

### **8. Multiple Proceedings**

The Office noted that the Board has broad discretion in managing multiple proceedings (AIA trials, reexaminations, and reissues) directed to a single patent. The Board declined to institute a rule requiring Petitioners to self-identify repetitive challenges. Thus, the Office does not propose to amend the rules regarding managing multiple proceedings at this time. The Office will continue to determine whether to stay reexamination proceedings or AIA trials when co-pending proceedings exist on a case-by-case basis taking into consideration the overlap of issues and the stage of the co-pending proceedings to try to avoid duplicative work for the Office. Consolidation and allowing follow-on proceedings will also continue to be decided on a case-by-case basis. It

<sup>2</sup> IPR2012-00001. These factors generally address whether (1) a party possesses more than a possibility/allegation, (2) a party is seeking underlying litigation positions, (3) the equivalent information can be otherwise generated, (4) the requests are facially clear, and (5) the requests are not overly burdensome to answer.

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declined to bind all Petitioners to the outcome of a first-filed Petition, and also declined to apply a “rebuttable presumption” of duplication if overlapping prior art is raised in a second Petition.

### **9. Oral Hearing**

The Office will continue to consider requests for oral hearings on a case-by-case basis, but does not expect that oral testimony is needed in every case where there is conflicting testimony. The format for the presentation of live testimony is left up to the panel.

The Office changed its rules to require the exchange of demonstrative exhibits seven (7) business days before the final hearing date.

The Office is planning to update its ability to hold hearings in regional offices.

In response to a request for a rule that parties be allowed to obtain recesses in oral hearings to, for example, discuss issues with experts, the Office noted that panels will hear requests for recess on a case-by-case basis.

### **10. Other General Topics (Office-Stated “Catchall”)**

- The Office did not adopt any rule change regarding the Board’s discretion to determine issues of unpatentability even after settlement.
- The Office is not going to change its use of partial institution as a docket management tool. It understands the different impacts of using references in different statutory classes, particularly where some references may be sworn behind, and will continue to try to strike an appropriate balance with partial institutions.
- The Office may separately seek comments on a pilot program under which institution decisions will be made by a single Administrative Patent Judge (“APJ”), with two additional APJs being assigned for the trial phase.
- The Office requested further comment on 37 C.F.R. § 42.53(d)(4) regarding deposition practice, that is, reducing the amount of lead time for which a deposition notice is required.
- The Office declined to make preliminary responses mandatory with regard to certain issues (claim construction and antedating), but noted that the new ability to file testimonial evidence (see Section 1) may motivate Patent Owners to address such issues early in the proceedings.
- The Office also noted that it intends to amend the Office Patent Trial Practice Guide in an unspecified way with regard to additional discovery, live testimony, and confidential information. We will provide an update if and when those changes are implemented.

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