



THINK FORWARD

USPTO Announces Proposed Second Round of AIA Rule Changes

By [John Freeman](#), [Rashad Morgan](#)

August 20, 2015

On August 19, 2015, the U.S. Patent and Trademark Office (PTO) announced a second round of proposed changes to the rules for America Invents Act (AIA) proceedings based on comments and feedback the PTO has received in the past year. As PTO Director Michelle K. Lee states in her Director's Forum blog, "today's proposed rules represent the next step in making improvements to these proceedings." The proposed rules would implement the following key changes: allowing patent owners to submit a broader scope of evidence with a preliminary response; imposing enhanced certification requirements, akin to FRCP Rule 11; and clarifying that the broadest reasonable interpretation (BRI) standard applies in all cases except for patents that will expire during the proceedings. The proposed rules package also addresses several other topics and provides PTO commentary explaining why no rules changes are proposed for certain topics, as is discussed in more detail below.

Patent Owner's Preliminary Response

The PTO proposes amending its rules to allow the patent owner to file new testimonial evidence with its preliminary response. The proposed rules expressly provide that no right of cross-examination of a declarant exists before institution so as to meet the three-month statutory deadline for issuing a decision on institution. The PTO proposes, however, amending the rules to provide that any factual dispute that is material to the institution decision will be resolved in favor of the petitioner for purposes of making a determination about whether to institute. These proposed rules, on balance, are intended to preserve the petitioner's right to challenge statements made by the patent owner's declarant.

Rule 11-Type Certification

The PTO proposes amending 37 CFR § 42.11, which prescribes the duty of candor owed to the Office, to impose on all papers filed with the Board requirements that closely mirror Rule 11 of the Federal Rules of Civil Procedure. The amendment will maintain the existing language of the duty of candor while adding three paragraphs regarding the Rule 11-type certification. Unlike Rule 11, the proposed rules do not include a provision for monetary sanctions.

The PTO did not previously seek comment on the addition of a Rule 11-type certification, but received general comments that it believes this proposed rule addresses. In response to comments received about attorneys authoring expert reports and the filing unsupported expert reports, the PTO states that authority of the PTO to sanction a party for misconduct is robust and the proposed Rule 11-type certification would be applicable against both practitioners and parties. Responding to a comment received regarding fairness, the PTO also touts the Rule 11-type certification as a way to police the actions of counsel, as well as parties, in AIA proceedings.

Claim Construction Standard: The proposed rules would retain the BRI standard and clarify that it applies in all cases except for patents that will expire during the proceedings. The current rules apply

the BRI standard to any “unexpired patent” but do not specify a time by which the patent must expire for the PTAB to apply a *Phillips* construction.

The PTO also addresses several comments received on claim construction, including those that advocated for the *Phillips* standard for unexpired and expired patents alike. The PTO’s response to these comments cites to the Federal Circuit’s recent *Cuozzo* decision finding that the BRI approach is consistent with legislative intent and reasonable under the PTO’s rulemaking.

Patent Owner’s Motions to Amend

On this highly debated topic, the PTO does not include any proposed rules changes and instead notes its development of motion-to-amend practice through Board decisions. For example, the PTO cites to the *MasterImage 3D* decision (IPR2015-0040, July 15, 2015, Paper 42) which clarifies that a patent owner must argue for the patentability of the proposed substitute claims over the prior art of record, including any art provided in light of a patent owner’s duty of candor and any other prior art or arguments supplied by the petitioner.

Regarding the burden to show patentability, the PTO notes that “the ultimate burden of persuasion on patent owner’s motion to amend remains best situated with the patent owner, to ensure that there is a clear representation on the record that the proposed substitute claims are patentable, given that there is no opportunity for separate examination of these newly proposed substitute claims in these adjudicatory-style AIA proceedings.”

Additional Discovery and Obviousness

In seeking prior comments, the PTO had asked “Under what circumstances should the Board permit the discovery of evidence of non-obviousness held by the Petitioner, for example, evidence of commercial success for a product of the Petitioner?” After considering comments received, the PTO states that “...it believes the Garmin factors currently provide appropriate and sufficient guidance for how to handle requests for additional discovery, which the PTO will continue to decide on a case-by-case basis.” Accordingly, no rule changes are proposed regarding additional discovery and obviousness. With respect to patent owner requests for additional discovery regarding the petitioner’s product in support of a commercial success non-obviousness argument, the PTO indicates that some showing of nexus is required between the claimed invention and the information being sought through discovery. However, the PTO stops short of requiring a conclusive showing that the challenged claims read on the petitioner’s product, that the product was commercially successful, and that the alleged success resulted from the patented feature.

Real Party In Interest

There are no proposed rule changes on this topic. Instead, the PTO plans to revise the Trial Practice Guide to provide guidance on raising a challenge regarding a real party-in-interest identified by a party. The PTO will later provide guidance on issues such as timing of a challenge, providing proof of real party-in-interest, and correction the identification of a real party-in-interest. The PTO understands that due to the intense fact dependent nature of determining the real party-in-interest there is no bright line test to its determination and so there may be situations where additional discovery on this issue is necessary in the interest of justice.

On a related issue, the PTO states that the petitioner bears the burden of producing evidence of standing as well as the burden of persuasion on the issue.

Multiple Proceedings

Regarding the coordination of multiple PTO proceedings related to the same patent, such as a reissue, a reexamination and an AIA trial, the PTO notes that the Board will continue to exercise its discretion on a case-by-case basis as to whether a particular proceeding should be stayed, transferred, consolidated or terminated. The Board’s decision in a particular case will be based on optimizing efficiencies and promoting a fair result. For example, situations may arise where the timing of a patent owner’s preliminary response may be altered by the Board. The PTO sees no need for rules to be implemented that define the factors the Board will take into account when making a decision. Instead, the PTO

asserts that evolving case law generated through the rulings of the Board will be a sufficient way to ensure consistency of its decisions regarding multiple proceedings.

The PTO does not see a need for a rule change that would require a second petitioner to identify repetitive challenges. The Board has ample information to determine whether repetitive challenges exist, especially when a petitioner is required to identify related or similar proceedings.

Extension of One Year Period to Issue a Final Determination

The PTO sees no reason to revise the rules to provide for specific circumstances under which “good cause” may be shown by a party to extend the term of the trial beyond one year. The PTO intends to continue striving to meet the one-year statutory time period for trial so as to preserve one of the core advantages of trial before the Board of being speedier at reaching a decision than a district court. The PTO will also revise the Trial Practice Guide to provide a non-exclusive set of examples of when an extension may be warranted.

Oral Hearing

In response to comments received on permitting live testimony at oral hearings and changes to the format of oral hearings, the PTO proposes amending 37 CFR § 42.70 to require that demonstrative exhibits be served two days earlier than under the current rules, namely seven business days before oral argument.

The PTO confirms that it is currently planning to upgrade its ability to hold hearings in regional offices. Furthermore, the PTO states that it will strongly encourage panel members assigned to several related cases be present for all the sessions.

General Topics

The PTO proposes amending 37 CFR § 42.24 to implement a word count limitation, instead of page limitations, for petitions, patent owner preliminary responses, patent owner response, and petitioner’s replies as follows:

- (i) Petition requesting inter partes review: 14,000 words;
- (ii) Petition requesting post-grant review: 18,700 words;
- (iii) Petition requesting covered business method patent review: 18,700 words; and
- (iv) Petition requesting derivation proceeding: 14,000 words.

In its response to comments received on this topic, the PTO emphasizes that this change will allow the PTO to gain administrative efficiencies, such as eliminating the need for petitions to be reviewed to determine if any claim charts contain argument. Thus, the PTO suggests that this change will streamline administrative review of the petitions and reduce the number of non-compliant petitions that require correction. The PTO does not indicate that these changes are intended to expand or shorten page limits. However, as a practical matter, this change will likely allow parties to insert more figures and flow charts that have little or no effect on the word count.

The PTO also provides responses to several issues raised in the received comments, including use of confidential information, increased page limits for the petitioner’s reply, deposition practice, and PTO outreach. The PTO explains that the current rules provide a mechanism for a party to seek protection of confidential information from public disclosure by providing for motions to seal and the filing of a proposed protective order. The PTO further notes that rules were recently issued to increase the page limit of the petitioner’s reply to twenty-five pages.

Next Steps for Proposed Rules

The public comment period for this second set of rule changes will end on October 19, 2015 and the PTO expects to finalize the rules by the end of 2015. The PTO previously announced its first round of “quick fixes” in March of 2015 and expects to shortly publish a third set of proposed rules changes related to staffing of PTAB panels and the institution phase of proceedings.

