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The author describes changes proposed by the PTO in rules governing the AIA-enabled post-grant proceedings and comments that the proposed changes would leave the proceedings intact.

## Summary of PTO's Proposed Rules Changes for AIA Proceedings



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**T**he America Invents Act (AIA) was enacted into law on Sept. 16, 2011, and the U.S. Patent and Trademark Office implemented rules for governing the inter partes review, post-grant review, transitional program for covered business method patents and derivation proceedings in August 2012.<sup>1</sup>

In April and May of 2014, the PTO conducted a listening tour to solicit feedback on how to make the trial proceedings more transparent and effective. The PTO also published a request for comments in the Federal

Register.<sup>2</sup> The request for comments posed several specific questions and one catch-all question to gather feedback from stakeholders on changes that may improve the AIA proceedings.

On Aug. 20, the PTO published proposed rule changes and responses to comments received in response to their request.<sup>3</sup>

The proposed rules have some changes that will likely impact strategies for practitioners. The proposed changes seem to be tailored, even narrowly tailored, to address particular observations from stakeholders and the changes do not appear to be an attempt to make wholesale changes to the AIA review proceedings.

On Aug. 25, the PTO published a request for comments about a pilot program which would have a single administrative patent judge (APJ) make the determination whether to institute a proceeding.<sup>4</sup> If a trial is granted then two additional APJs would be assigned to the proceeding and the final written decision would be authored by three APJs. The office indicated that the purpose of the proposed pilot program is to determine whether the AIA proceedings can be carried out more efficiently so that statutory deadlines can be achieved.

### Comments on Proposed Rules

There are some changes that will interest patent owners and many patent owners may be able to present their cases to the Patent Trial and Appeal Board earlier and attempt to avoid a trial on some or all of the challenged claims.

<sup>1</sup> See 77 Fed. Reg. 48612, 48680 and 48734 (Aug. 14, 2012) (84 PTCJ 653, 8/17/12).

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<sup>2</sup> See 79 Fed. Reg. 36474 (June 27, 2014) (88 PTCJ 663, 7/11/14).

<sup>3</sup> 80 Fed. Reg. 50,720 (Aug. 20, 2015) (90 PTCJ 2976, 8/21/15), at <http://pub.bna.com/ptcj/80FR50720.pdf>.

<sup>4</sup> 80 Fed. Reg. 51450 (Aug. 25, 2015), at <http://pub.bna.com/ptcj/80FR51540.pdf>.

■ **Testimonial Evidence at Preliminary Response:**

The proposed rules include changes to allow a patent owner of a patent subject to an AIA proceeding to provide testimonial evidence and declarations along with its preliminary response. The purpose of the change seems to be two-fold. First, it allows the patent owner to respond with the same kind of evidence submitted with the petition, e.g., a sworn declaration. Second, it permits the PTAB to evaluate the merits of a ground with additional evidence and it can, patent owners hope, provide additional balance to the decision on institution.

The submission of testimony, such as deposition testimony or declarations from other proceedings, is already permitted with the preliminary response so the change is simply that the patent owner would be permitted to prepare a particular testimonial response to the petitioner's declarant. Because neither declarant can be deposed prior to the decision on institution, the PTO has indicated that the Board will resolve conflicting testimony in favor of the petitioner solely for the purposes of making a determination for the decision on institution. Additionally, the petitioner can seek permission to file a reply to the preliminary response, but will not be able to file a reply to the patent owner's preliminary response as of right.

Strategically for the patent owner, submitting testimonial evidence with the preliminary response may focus the issues for a panel in a manner that attorney argument alone could not. For those patent owners who do not engage an expert early in a proceeding, it may provide additional incentive to do so. It would seem advisable for a patent owner to seriously consider filing a declaration with the preliminary response. However, if the preliminary response does not prevent a trial for some challenged claims, the patent owner may be left with few fresh issues to present to the panel in the response after the decision on institution.

■ **Real Party in Interest (RPI) Issues:** The proposed rules indicate that RPI issues can be raised throughout a proceeding. This is more of a clarification than a particular change. The PTO recognizes that it is preferable to address and resolve the RPI issues early in a proceeding. Even so, the office recognizes that it must balance the interests of an efficient proceeding with fairness and so it will continue to permit a patent owner to present RPI issues throughout the proceeding. The PTO recognizes that a delay in raising RPI issues can cause a delay in an entire proceeding. The office attempts to remedy the potential delay by evaluating any requests for additional discovery based, at least in part, whether the patent owner could have raised this earlier.

Strategically, this clarification may be helpful to a patent owner who may only have a limited understanding of the commercial relationships that the petitioner may have with other entities. This is particularly true when parallel litigation has not had sufficient discovery to make a determination of whether there is a real party in interest issue to present to the PTAB or to become the subject of a request for additional discovery. Clearly, a patent owner of a patent which is subject to an AIA review proceeding should evaluate RPI issues early and diligently raise the issue with a panel. Petitioners should be aware of these issues prior to filing to assess their potential impact on a contemplated petition.

There is at least one change that petitioners may consider helpful toward presenting their cases for invalidity.

■ **Change From Page Limit to a Word Count Limit:**

The PTO proposes that the petition, the patent owner response and the reply all be subject to a word count limit and not limited by page. While applying to both the patent owner's papers and the petitioner's papers, the change from a page count to a word count may assist the petitioner in presenting the grounds of unpatentability in an efficient and logical manner. The PTO indicates that the word count limit would eliminate the Board's evaluation of claim charts for compliance with the rules prohibiting argument in the claim charts.

This change may help petitioners and even patent owners with presenting information in a clear manner. No longer will any party have to consider the space implications of including an illustration helpful in describing a particular point. The U.S. Court of Appeals for the Federal Circuit currently uses a word count for briefs and many practitioners are comfortable with word limits for briefs.

One aspect of the proposed changes to the rules that has not received much attention is that the changes are not that substantial. The overall process is, basically, staying the same, sometimes with some clarification on an issue.

■ **Broadest Reasonable Interpretation:** The PTO will retain the Broadest Reasonable Interpretation (BRI) standard as it has since the implementation of the AIA rules. The office believes the Federal Circuit authorized the PTO to maintain BRI for unexpired patents in its *In re Cuozzo Speed Techs., LLC*,<sup>5</sup> decision. It appears that the PTO is trying to address the issue for expired patents—and that circumstance appears to occur frequently enough to merit comment.

This issue will likely be the subject of continued and robust debate among stakeholders and practitioners representing parties before the PTAB. The PTO appears comfortable with the current state and it would appear that any change to the claim construction standard will not originate from the office.

■ **Motion to Amend:** The PTO will maintain the practice as outlined in *Idle Free Systems*,<sup>6</sup> as clarified in *MasterImage 3D v. RealD, Inc.*<sup>7</sup> While there will likely be additional clarifications over time, it doesn't appear that the amendment practice in post-grant proceedings is something that the office will be likely to change substantially in the near future.

■ **Additional Discovery:** The PTO will continue to apply the *Garmin* factors.<sup>8</sup>

<sup>5</sup> 2015 BL 217355, at \*5-9, 115 U.S.P.Q.2d 1425, 1430-33 (Fed. Cir. 2015) (90 PTCJ 2542, 7/10/15).

<sup>6</sup> IPR2012-00027 (P.T.A.B. July 11, 2013) (Paper 26) (informative) (88 PTCJ 987, 8/15/14).

<sup>7</sup> IPR2015-00040, slip op. at 1-3 (P.T.A.B. July 15, 2015) Paper 42.

<sup>8</sup> *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, slip op. at 6-7 (P.T.A.B. Mar. 5, 2013) (Paper 26) (88 PTCJ 987, 8/15/14).

■ **Obviousness:** The PTO considers the *Garmin* factors to provide sufficient and appropriate guidance for requests for additional discovery for secondary considerations.

■ **Multiple Proceedings:** The office considers the rules to provide the PTAB with broad discretion to determine how to proceed where multiple proceedings are involved and that the rules provide a “workable framework” for the Board to manage multiple proceedings. Additional guidance may be given in the future.

■ **Oral Hearing:** The PTO indicates that oral testimony will not be the norm—it will be permitted only when requested and the panel believes it will be helpful in making a determination. Oral testimony has only been permitted once thus far.

■ **Institution of Some But Not All Grounds in a Petition:** the Board will continue to use partial institution as a tool to manage AIA reviews.

These aspects of the PTO’s response to the comments suggest that the office is carefully evaluating the implementation of the AIA review proceedings. For each circumstance, whether the office proposed a change in the rules or not, it has taken care to respond to comments by various stakeholders in the system. Several times it identifies multiple cases to provide additional guidance on a particular aspect of the rules.

The relatively few proposed changes suggests that the PTO is reasonably satisfied with the process that has been put into practice. The office indicates that it will continue to assess aspects of the AIA proceedings to see if additional guidance is needed.

The PTO is still in a reasonably early phase of implementing post-grant proceedings—and the process will continue to develop over time. Some of the proposed changes cause some practical adjustments for stakeholders and practitioners as outline above.

The larger—and longer—view is that the proposed rule changes leave the procedures intact. It appears the

office is satisfied that it is discharging its mandate satisfactorily—the wide adoption of the proceeding by petitioners as a forum to adjudicate validity would seem to at least partially validate the perspective.

### Proposed Pilot Program

The PTO published on Aug. 25 another notice that seeks input on a proposed pilot program to assess whether the efficiency of the office can be improved by assigning a single APJ to make the determination whether to institute trial. The purpose of the proposed pilot program is to assess whether a pilot program should be conducted.

The current procedure is to have three APJs make the determination of whether to institute trial and at least three judges, typically the same three APJs, continue through the trial and author the final written decision. The patent statute mandates that at least three APJs author the final written decision but does not mandate that the other determinations be made by three APJs.<sup>9</sup>

Practitioners would not be able to request to be a part of the pilot program and only inter partes review proceedings would be included.

The PTO is inviting written comments on the pilot program and any issue relevant to the design and implementation of the pilot program under which an IPR trial is conducted by a panel of three APJs in which two of the APJs were not involved in the determination to institute the IPR.

The consideration of the pilot program to improve efficiency of the AIA proceedings suggests that the office takes the statutory mandate to issue a final written decision within one year of institution of the proceeding seriously and will consider adjustments to the process that can improve efficiency without compromising the quality of the proceedings.

Comments will be accepted on the proposed pilot program until Oct. 26.

<sup>9</sup> See 35 U.S.C. § 6(c).