IP Alert: USPTO Issues Second Round of AIA Rule Changes

USPTO ISSUES SECOND ROUND OF AIA RULE CHANGES

By Camille Sauer

On August 19, 2015, the United States Patent and Trademark Office announced a new round of proposed changes to practice before the Patent Trial and Appeal Board, including inter partes review, post-grant review, the transitional program for covered business method patents, and derivation proceedings (the AIA proceedings). A first round of changes involving mostly ministerial changes was published May 19, 2015. This round of changes involves more substantive revisions to the rules in consideration of public comments provided in response to feedback from a nationwide listening tour in April and May 2014 and a Request for Comments published in the Federal Register in June 2014.[1]

The August rule changes (the August 2015 changes) involve revisions to the Office Patent Trial Practice Guide, which aim to allow patent owners to create more robust petitions and to mitigate potential misconduct in filings, among other things. This alert provides a summary of the rule changes and highlights relevant clarifications for parties involved in AIA proceedings.

The USPTO will accept public comments on these rule changes until October 19, 2015 by e-mail to trialrules2015@uspto.gov or via the Federal eRulemaking Portal http://www.regulations.gov/.

OVERVIEW

The August 2015 changes respond to questions posed by the office in the June 2014 Request for Comments, including:

- claim construction standard,
- patent owner's motion to amend,
- patent owner's preliminary response,
- additional discovery,
- obviousness,
- real party in interest,
- multiple proceedings,
- extension of one-year period to issue a final determination,
- oral hearing, and
- general topics.

The proposed rule changes considered and/or adopted for each topic are discussed in turn below.

CLAIM CONSTRUCTION STANDARD

The office asked, "Under what circumstances, if any, should the Board decline to construe a claim in an unexpired patent in accordance with its broadest reasonable construction in light of the specification of the patent in which it appears?"[2]

Some comments advocated a Phillips-type construction standard, where each claim of the patent is construed in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art, the prosecution history pertaining to the patent, and prior judicial determinations and stipulations relating to the patent. The office adopted this standard for claims of a patent that are expired or that will expire prior to the issuance of a final decision, because the ability to amend the claims is no longer available in the AIA proceeding. However, the office will continue to apply the broadest reasonable interpretation (BRI) standard to claims of an unexpired patent, noting that the PTAB previously determined the BRI standard to be consistent with legislative intent and reasonable under the office's rulemaking authority.[3]

The office is inviting further comments on how to structure guidelines to implement this change and how to determine which standard should apply where a patent owner choose to forego the right to amend claims in the AIA proceeding.

PATENT OWNER'S MOTION TO AMEND

The office asked, "What modifications, if any, should be made to the Board's practice regarding motions to amend?"

The office decided not to modify the PTAB's practice regarding motions to amend, noting that the PTAB has already clarified motions to amend to some extent. Specifically, in MasterImage 3D, Inc. v. RealD Inc., Case IPR2015-00040, (PTAB July 15, 2015), the PTAB clarified 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, in conjunction with the requirement that the proposed substitute claims be narrower than the claims that are being replaced. In addition, MasterImage clarified that once a patent owner has set forth a prima facie case of patentability of narrower substitute claims over the art of record, the burden of production shifts to the petitioner.

The office did not adopt suggestions that motions to amend should be liberally allowed or a number of other suggestions that would allow patent owners a more substantial right to amend.

PATENT OWNER'S PRELIMINARY RESPONSE

The office proposed amending the rules to allow the patent owner to file new testimonial evidence with its preliminary response. In order to meet the three-month statutory deadline to issue a decision on institution, the rules will provide expressly that no right of cross-examination of a declarant exists before institution. Further, the office proposed amending the rules to provide that any factual dispute that is material to the institution decision will be resolved in favor of the petitioner solely for purposes of making a determination about whether to institute. These proposed changes attempt to preserve petitioner's right to challenge statements made by the patent owner's declarant.

ADDITIONAL DISCOVERY AND OBVIOUSNESS

The office 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?"

The office will continue to apply the Garmin factors[4] to requests for additional discovery and will continue to decide these requests on a case-by-case basis.

The office did not adopt suggestions to permit discovery of non-obviousness, e.g., commercial success, in all cases or suggestions to permit interrogatories or document requests in all cases. The Garmin factors will continue to govern requests on a case-by-case basis. However, the office

agreed that there should be some showing of a nexus between the claims of the patent and an accused product.

REAL PARTY IN INTEREST

The office decided to maintain the current rules, which generally will permit a patent owner to raise a challenge regarding a real party-in-interest or privity at any time during a trial proceeding. However, the office indicated it prefers such challenges be brought early in the proceedings and, for late challenges that reasonably could have been raised earlier in the proceeding, the office will consider the impact of such a delay on a case-by-case basis, including whether the delay is unwarranted or prejudicial. The office also will consider that impact when deciding whether to grant a motion for additional discovery based on a real party-in-interest or privity issue.

The office did not propose rule changes but indicated that it plans to add further discussion on this issue to the Office Patent Trial Practice Guide to provide guidance on raising a challenge regarding a real party-in-interest, including the time of the challenge and proof of a real party-in-interest.

MULTIPLE PROCEEDINGS

The office did not change rules regarding multiple proceedings, indicating that current rules afford the PTAB broad discretion to manage multiple proceedings by tailoring the solution to the unique circumstances of each case and, thereby, optimizing efficiencies and promoting fair results in each case. Further, the office indicated that evolving PTAB case law was sufficient to ensure consistency of decisions in multiple proceedings.

The office stated that the PTAB will continue to take into account the interests of justice and fairness to both petitioners and patent owners where multiple proceedings involving the same patent claims are before the office and that the PTAB also must consider its ability to meet the statutory deadlines in AIA proceedings.

The office declined to adopt a rule change requiring petitioners to self-identify repetitive challenges.

EXTENSION OF ONE-YEAR PERIOD TO ISSUE A FINAL DETERMINATION

The office declined to revise the rules to provide for extending the term of the trial beyond one year for special circumstances. The office will continue to strive to meet the one-year statutory time period for trial.

ORAL HEARING

The office proposed amending 37 C.F.R. § 42.70 to require that demonstrative exhibits be served seven days before oral argument.

The office will continue its current practice of considering requests for oral hearings on a case-by-case basis. Further, the office confirms plans to hold more hearings in regional offices.

GENERAL TOPICS

The office proposed requiring a Rule 11-type certification for all papers filed in AIA proceeding by amending 37 C.F.R. § 42.11. The proposed amendment will include the possibility of sanctions and allow for misconduct to be reported to the Office of Enrollment and Discipline (OED). The requirement is intended to make AIA proceedings more robust and provide a way to police counsel as well as parties in AIA proceedings.

The office adopted word limits rather than page limits for petitions, preliminary responses, patent owner responses and replies to patent owner responses. In particular, petitions, preliminary responses, and patent owner responses for inter partes reviews and derivation proceedings have been changed from 60 pages to 14,000 words. Petitions, preliminary responses, and patent owner responses for covered business methods and post-grant proceedings have been changed from 80 pages to 18,700 words. Replies to patent owner responses have been changed from 25 pages to 5,600 words.

USEFUL LINKS

Notice of the proposed rules: https://www.federalregister.gov/articles/2015/08/20/2015-20227/amendments-to-the-rules-of-practice-for-trials-before-the-patent-trial-and-appeal-board.

USPTO Director Michelle Lee Blog regarding her views on this proposed rules package: http://www.uspto.gov/blog/director/entry/ptab_update_proposed_changes_to.

Federal eRulemaking Portal: http://www.regulations.gov/.

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[1]79 FR 36476 (June 27, 2014).
[2]79 FR at 36476.
[3]See In re Cuozzo Speed Techs., LLC, No. 2014-1301, 2015 WL 4097949, at *7–8 (Fed. Cir. July 8, 2015).
[4]See Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC, Case IPR2012-00001, (PTAB Mar. 5, 2013) (citing factors which address (1) whether a party possesses more than a possibility and a mere allegation, (2) a party's litigation positions and underlying basis for those positions, (3) a party's ability to generate equivalent information by other means, (4) whether the requests are easily understandable, and (5) whether the requests are not overly burdensome to answer).

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