



Conducting Trials at the Patent Trial and Appeal Board

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Proposed Rules Published in Federal Register



	AIA Provision	Notice	Comment Period End
1	Inventor's Oath/Declaration	Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act, 77 Fed. Reg. 982 (Jan. 6, 2012)	March 6, 2012
2	Preissuance Submissions	Changes to Implement the Preissuance Submissions by Third Parties Provision of the Leahy-Smith America Invents Act, 77 Fed. Reg. 448 (Jan. 5, 2012)	March 5, 2012
3	Citation of Patent Owner Statement in a Patent File	Changes to Implement Miscellaneous Post Patent Provisions of the Leahy-Smith America Invents Act, 77 Fed. Reg. 442, (Jan. 5, 2012)	March 5, 2012
4	Supplemental Examination	Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and to Revise Reexamination Fees, 77 Fed. Reg. 3666 (Jan. 25, 2012)	March 25, 2012

Proposed Rules Published in Federal Register



	AIA Provision	Notice	Comment Period End
1	Inter partes review	Changes to Implement Inter Partes Review Proceedings, 77 Fed. Reg. 7041 (Feb. 12, 2012)	April 10, 2012
2	Post-grant review	Changes to Implement Post Grant Review Proceedings, 77 Fed. Reg. 7060 (Feb. 12, 2012)	April 10, 2012
3	Transitional program for covered business method patents	Changes to Implement Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 7080 (Feb. 12, 2012)	April 10, 2012
		Transitional Program for Covered Business Method Patents—Definition of Technological Invention, 77 Fed. Reg. 7095 (Feb. 12, 2012)	April 10, 2012
4	Derivation	Changes to Implement Derivation Proceedings, 77 Fed. Reg. 7028 (Feb. 12, 2012)	April 10, 2012
		Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 6879 (Feb. 11, 2012)	April 9, 2012
		Practice Guide for Proposed Trial Rules, 77 Fed. Reg. 6868 (Feb. 11, 2012)	April 9, 2012

Proposed Rules for Trials



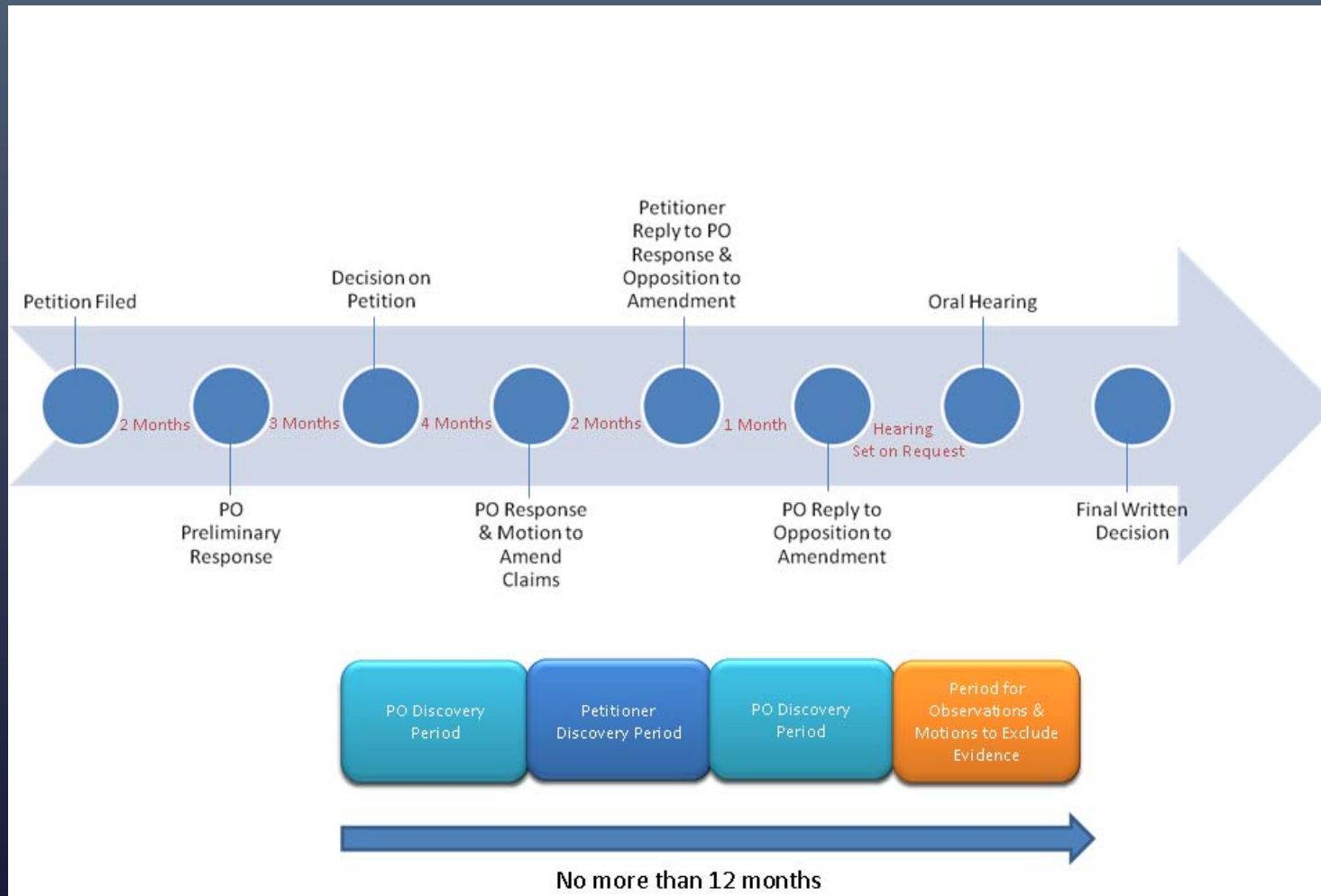
- The Leahy-Smith America Invents Act (AIA) created the Patent Trial and Appeal Board to review and render decisions on “trials”
- Proposed rules published February 9 and 10, 2012, create new “trials”
 - *Inter partes* review
 - Post grant review
 - Transitional program for covered business methods
 - Derivation proceedings
 - Interferences – continued from prior to AIA
- Rules go into effect on or before September 16, 2012

Key Features of Trials



- Cost – *Inter partes* - \$27,200; Post grant - \$35,800 (<20 claims)
- Content of Petition – *Inter partes*/Derivation – 50 pg.; Post grant – 70 pg.
- Decision to institute trial on some or all grounds is NOT APPEALABLE
- Scheduling Order will govern the time periods for trial (Standing Order too)
- Patent Owner goes first – can amend, present evidence, and discovery
- Discovery – routine and compelled – depositions, interrogatories
- Each party must submit any information inconsistent with position advanced
- Petitioner replies and can have discovery
- Final written decision within one year
- Estoppel to petitioner and patent owner (no continuation with claim “that could have been filed” in proceeding if claims refused or finally rejected)

Timeline for Trial



Petitions to Institute Trial

- Types of Trials
 - Petition for *Inter Partes* Review – 37 C.F.R. §§42.100-42.106;
 - Petition for Post Grant Review – 37 C.F.R. §§42.200-42.206;
 - Petition for Transitional Program for Covered Business Methods – 37 C.F.R. §§42.302-42.304; and
 - Petition for Derivation Proceeding – 37 C.F.R. §§42.402-42.407
- Interferences are not trials under Part 42 of Title 37, but rather remain governed by Part 41 of Title 37

Petitions to Institute Trial

- Fees
 - *Inter partes* - \$27,200 up to \$68,000 for 60 claims, each additional 10 claims is \$27,200;
 - Post grant - \$35,800 up to \$89,500 for 60 claim, each additional 10 claims is \$35,800;
 - Derivation - \$400
- Number of claims is based on the claims from which they depend (e.g., if claim depends from 6 claims that are not challenged, then that claim counts for 6);
- **PRACTICE TIP:** If challenging a lot of claims, consider filing more than one petition to save money on fees



■ **COMMENT:** What happens if you pay for 60 claims, but Board only institutes proceeding on 20 – do you get a partial refund?

Petitions to Institute Trial



■ Requirements of Petition

- Page Limits – *Inter Partes* and Derivation – 50 pages; Post Grant – 70 pgs.
- Electronically filed - 37 C.F.R. §42.6(b)
- Formatting requirements of 37 C.F.R. §42.6(a) – 8.5 x 11 inch paper (except some exhibits), proportional or mono-spaced font, 14-point or larger, double spacing, (except in table of contents, authorities, headings, and block quotations), and margins at least 2.5 cm (1 inch) on all sides.



- **PRACTICE TIP:** If you think you might exceed the page limit due to a large number of claims, consider filing multiple petitions, each addressing different sets of claims

PRACTICE TIP: To exceed page limit, you must file three things: (1) Petition within 50 page limit; (2) Motion to Exceed page limits; and (3) Petition with more than 50 pages

Petitions to Institute *Inter Partes* Review



- Requirements are set forth in 37 C.F.R. §§42.101-42.106.
- Filed by any person who is not the owner, but only if that person is not estopped from doing so;
 - estoppel if real party in interest already filed a DJ Action;
 - estoppel if real party in interest waited more than a year after being sued for patent infringement (37 C.F.R. §§42.101(b)); or
 - estoppel from a prior final written decision in another PTO proceeding (37 C.F.R. §§42.101(c))
- Cannot be filed until 9 months after the date of issuance of the patent, or the date of conclusion of post grant review, if post grant review were initiated (37 C.F.R. §§42.102(a))
 - **COMMENT:** 9 month period should only apply to patents subject to post grant review (first inventor-to-file)



Petitions to Institute *Inter Partes* Review



- Requirements of petition governed by 37 C.F.R. §§42.104:
- Grounds for standing (must certify that the patent is available for the review sought, and that the petitioner is not estopped);
- Identification of challenge – must provide a statement for the precise relief requested, which must include:
 - The claim
 - The statutory grounds under Section 102 or 103 on which the challenge is based;
 - How the challenged claim is construed;
 - How the construed claim is unpatentable (specify where each element is found in the prior art); and
 - The exhibit number of supporting evidence, and state the relevance of the evidence

Petitions to Institute *Inter Partes* Review

- Must be served on the patent owner
- A complete petition will be given a filing date
- Petitioners who file incomplete petitions will be given one month to correct the deficiencies (37 C.F.R. §42.106(b))



- **PRACTICE TIP:** For both *inter partes* review and post grant review, the rules require the petition to construe the claims. Judge Tierney stated that what the Board is looking for is an interpretation of all of the language of the claims, but that a petitioner need only include in the argument section of the petition construction of terms and phrases that are ambiguous. All other terms and phrases that are given their ordinary construction can be construed by reference to an expert affidavit.

Petitions to Institute Post Grant Review



- The requirements for a petition to institute a post grant review are set forth in 37 C.F.R. §§42.201-42.206
- Filed by any person who is not the owner, but only if that person is not estopped from doing so
 - Estoppel if the real party in interest already filed a DJ action challenging the validity of the patent (37 C.F.R. §§42.201(a)), or
 - Estoppel due to a prior final decision in another PTO proceeding (37 C.F.R. §§42.201(b))
- The petition also must be filed within 9 months from the date of issuance of the patent - only pertains to those patents issuing from applications examined under the first-inventor-to-file provisions
- No post grant review for reissue patents whose claims are identical to or narrower than a claim in the original patent that issued more than 9 months prior (37 C.F.R. §§42.202(a))

Petitions to Institute Post Grant Review



- Content governed by 37 C.F.R. §§42.204:
- Grounds for standing (must certify that patent is available for the review sought, and petitioner is not estopped);
- An identification of the challenge – must provide a statement for the precise relief requested, which must include:
 - The claim
 - The statutory grounds under 282(b)(2) or (3) on which the challenge is based (no best mode);
 - How the challenged claim is construed;
 - How the construed claim is unpatentable (specify where each element is found in the prior art for prior art challenges, and for non-prior art challenges, the petition must identify the specific part of the claim (or specification, as the case may be) that fails to comply with the statutory grounds raised); and
 - The exhibit number of the supporting evidence, and state the relevance of the evidence
- The petition must be served on the patent owner
- Incomplete petitions - one month to correct the deficiencies (37 C.F.R. §42.206(b))

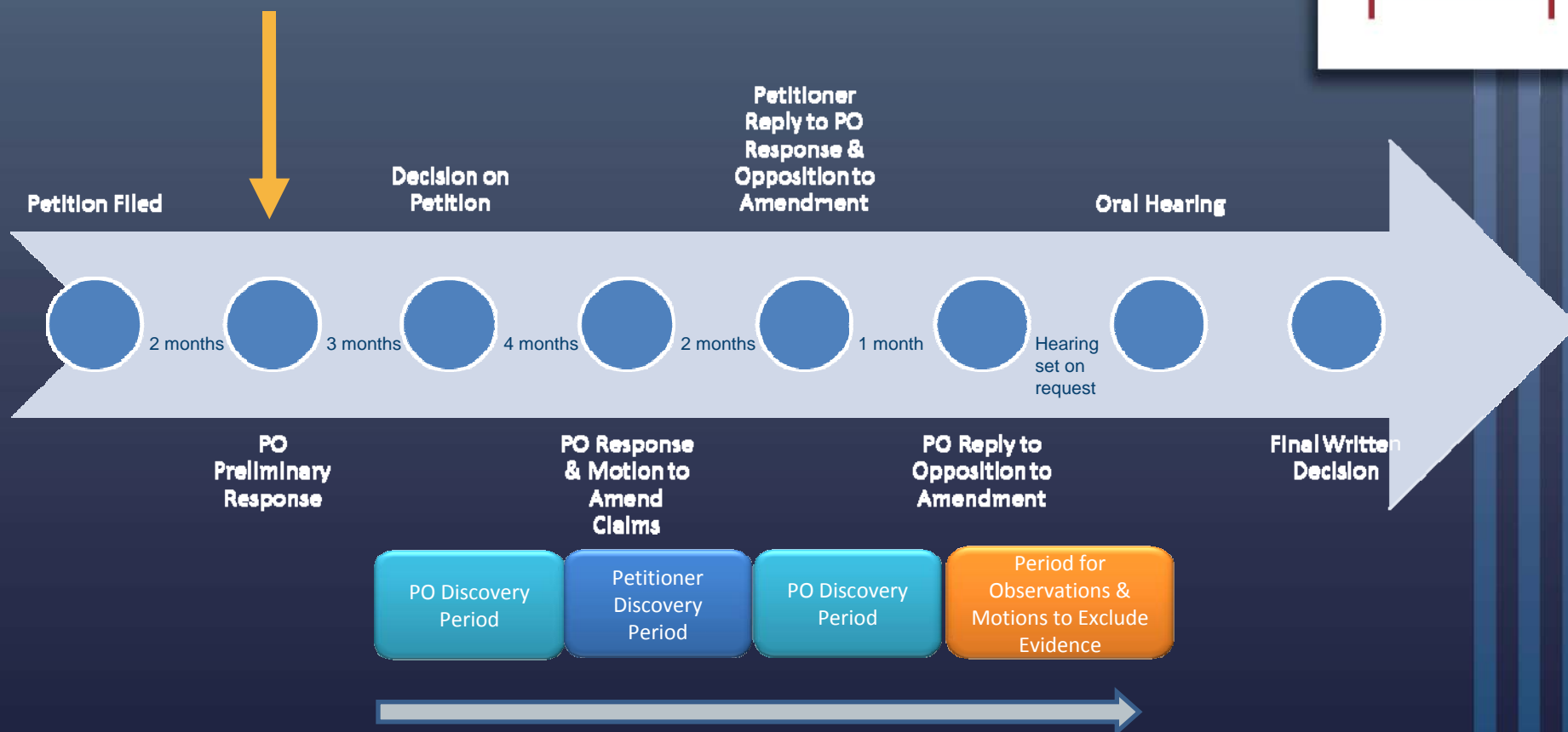
Petitions to Institute Derivation Proceeding



- Petition requirements are set forth in 37 C.F.R. §§42.402-42.407
- Only an applicant for patent may file a petition to institute a derivation proceeding (37 C.F.R. §42.402)
- Petition must be filed within one year after first publication of the derived claim, not the petitioner's claim
 - The rules package states, contrary to the statutory language, that the petition must be filed within one year after the first publication of the derived claim in the derived patent or pending application (37 C.F.R. §42.403, and accompanying discussion in the proposed rules package). Statutory language says within one year from first publication of "a claim" to an invention that is the same or substantially the same as the earlier application's claim to the invention (35 U.S.C. §135(a)).



Next Step is Patent Owner Preliminary Response



Patent Owner Preliminary response.



- Only available for *inter partes* review and post grant review
- Must be filed within 2 months from date the patentee is notified the petition has been granted a filing date
- Limited to only 15 pages (37 C.F.R. §42.24(c))
- Argue that petitioner does not have standing (estopped– not the real party in interest):
 - Some additional discovery may be permitted to challenge standing
- Rely on evidence already of record to refute the invalidity charge
- No amendments and no testimonial evidence beyond that already of record
- Respond early to expedite proceeding, or waive response (no adverse inference)
- Other possible preliminary responses include arguments that references are not prior art, references lack a material limitation, prior art teaches away or suggests away, and/or petitioner's claim interpretation is unreasonable

Patent Owner Preliminary response.



- Patent owner can disclaim claims by filing a disclaimer and no trial will be instituted on those claims



- **Comment:** It is not clear whether the patent owner could rely on data from the specification to support patentability. The rules state that you must submit an affidavit by an individual having first-hand knowledge (37 C.F.R. §42.61(c)), and the rules also make it clear that no additional testimony beyond that already of record may be permitted in a preliminary patent owner response ((37 C.F.R. §42.107(c) and 37 C.F.R. §42.207(c)). It would appear that you cannot rely on such evidence, unless an affidavit or declaration were already filed during prosecution.

Board Consideration of Patent Owner Preliminary response.



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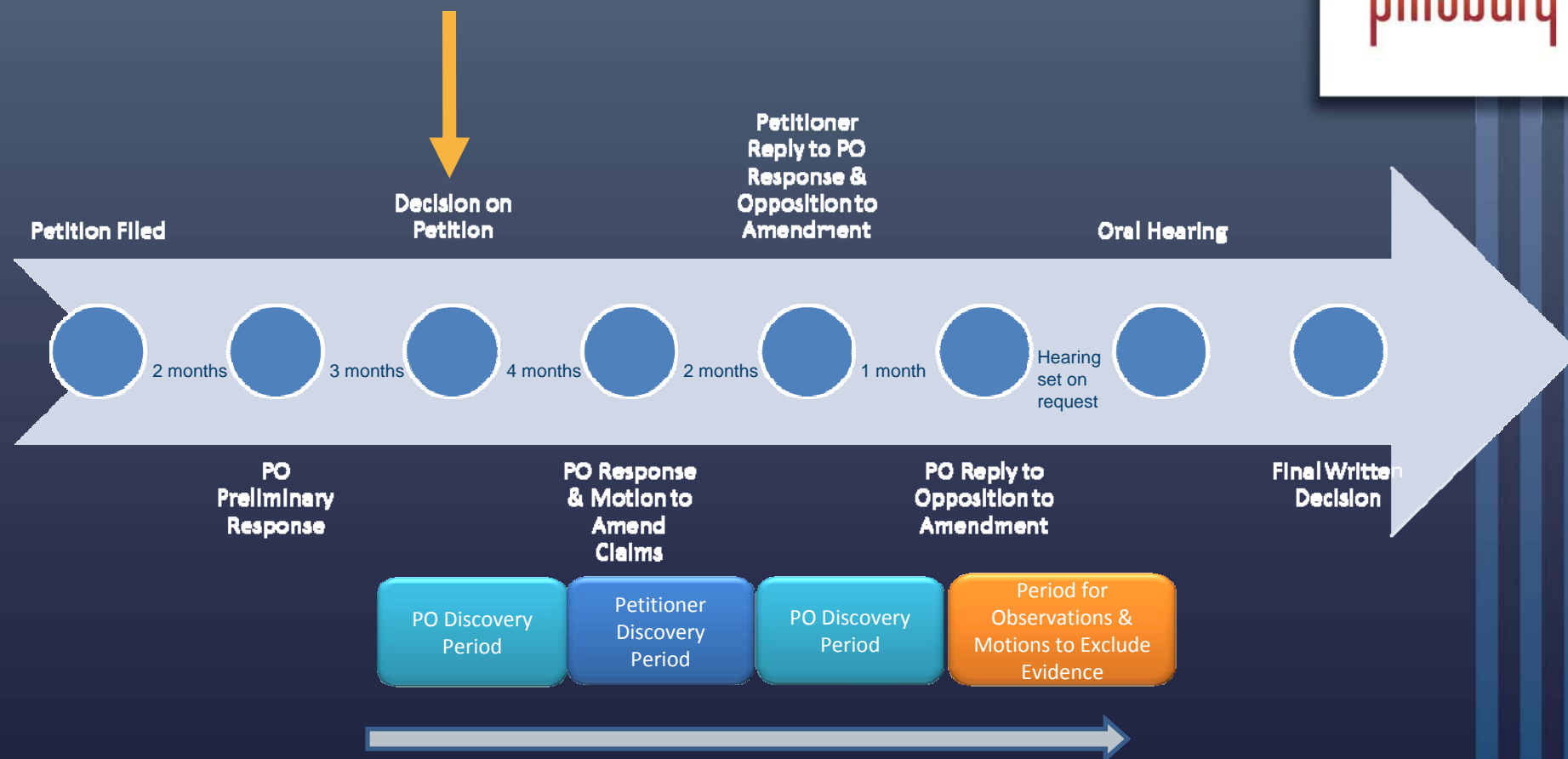
- **Does the Board have to enter and consider the patent owner preliminary response?** The rules package accompanying the proposed post grant review rules states that 35 U.S.C. §324 does not require that a preliminary patent owner response be considered, but the Board expects to consider the response. The statute, 35 U.S.C. §323 states that the patent owner SHALL have the right to file a preliminary response, mirroring the provisions of 35 U.S.C. §313 governing *inter partes* review. The language of 35 U.S.C. §324 just says director may institute review if petition is not rebutted, whereas 35 U.S.C. §314 states that the director must consider the patent owner preliminary response filed under Section 313.

Instituting and Conducting Patent Trials

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Instituting Patent Trials



Decision to Institute Trial

- Decision is NOT APPEALABLE
- Standard varies depending on type of trial
 - Inter partes review - reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged (35 U.S.C. §314(a))
 - Post grant review – more likely than not that at least one of the claims challenged in the petition is unpatentable (35 U.S.C. §324(a))
 - Derivation proceedings - petition must be supported by substantial evidence (35 U.S.C. §135(a))
- Board institutes trial on behalf of the Director (37 C.F.R. §42.4)

Decision to Institute Trial

- Board may decide to proceed on only some grounds, and will identify the grounds on which to proceed on a claim-by-claim basis
- Board's denial of some or all grounds for unpatentability is not appealable (37 C.F.R. §42.108 for *inter partes* review and 37 C.F.R. §42.208 for post grant review)



- **NOTE:** Judge Tierney stated that the Board intends the decision to be very detailed, with a detailed explanation of each ground of unpatentability. The Board will point out petitioner's claim construction and may construe claims preliminarily. While the Board has no authority to issue a new grounds of rejection (no examination de novo), it may slightly alter a rejection (e.g., petition alleges ref. A anticipates claim 1, and ref. B renders obvious dependent claim 2 - the Board may institute trial on grounds that ref. B renders obvious claims 1 and 2.

Features of Patent Trials

- Initial conference with Judge
 - Similar to Interference practice – both parties (lead and back-up trial counsel) will have a phone conference with the judge to discuss all motions they intend on filing. The judge then will decide whether to grant, deny, or stay the motions pending decision on other motions (all relief in trial proceedings must be in the form of a motion - 37 C.F.R. §42.20)
 - Board may issue Standing Order that will govern trial, whereby the Standing Order may be inconsistent with the rules (37 C.F.R. §42.5)
- Prior to initial conference, there are mandatory notices (Real party-in-interest; Related matters (list all applications that claim priority); Lead and Back-up Counsel; and Service Information)
- Judge will issue a Scheduling Order

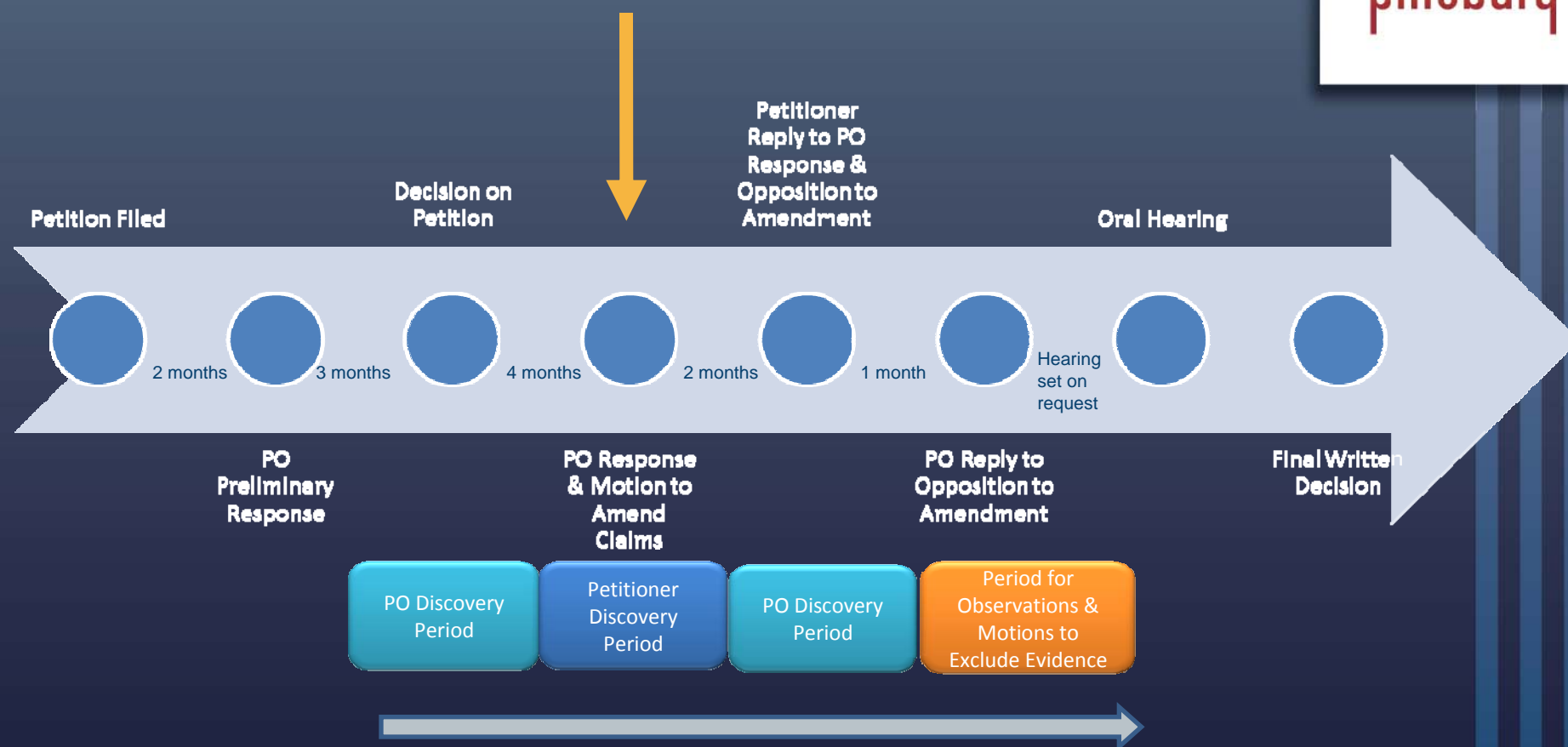
Conduct of Attorneys in Patent Trials

- Conduct of Attorneys Representing Parties at Trial
 - Limited Delegation to the Board will regulate conduct (37 C.F.R. §42,10(d), 35 U.S.C. §§ 2(b)(2) and 32). Chief Administrative Patent Judge has authority to make final a decision to disqualify counsel
 - Non-registered attorneys can conduct trials but only on motion
 - Counsel has a duty of candor in proceedings, and failure to comply can result in sanctions
 - (1) An order holding facts to have been established in the proceeding;
 - (2) An order expunging, or precluding a party from filing a paper;
 - (3) An order precluding a party from presenting or contesting a particular issue;
 - (4) An order precluding a party from requesting, obtaining, or opposing discovery;
 - (5) An order excluding evidence;
 - (6) An order providing for compensatory expenses, including attorney fees;
 - (7) An order requiring terminal disclaimer of patent term; or
 - (8) Judgment in the trial or dismissal of the petition
- Judge Tierney stated that the Board will sanction parties for abusive conduct during trial

Features of Patent Trials

- The trial in an *inter partes* review and post grant review (including transitional program for covered business methods) proceeds in accordance with the scheduling order. The scheduling order may vary with respect to timing, but typically will contain the following:
 - Patent owner response – initial response by the patent owner after institution of trial. The patent owner may have discovery (depose petitioner's declarants) and may file a motion to amend;
 - Petitioner's reply to patent owner response. The petitioner may have discovery (depose patent owner's declarants) and present additional evidence;
 - Patent owner reply – may permit amendment and additional evidence, but in limited circumstances;
 - Observations and Motions to Exclude;
 - Oral hearing;
 - Final written decision

Patent Owner Response



Patent Owner Response and Motion to Amend

- Patent Owner goes first, and can file a response to the petition, together with motions or affidavits. Patent owner will be accorded limited discovery (37 C.F.R. §§42.51-42.65)
 - Who files response?
 - Due Date and Page Requirements
 - Amendments
 - Motions
 - Discovery
 - Routine
 - Additional and/or compelled

Patent Owner Response and Motion to Amend

■ Who files the response?

The owner of the entire interest may act to the exclusion of the inventor (37 C.F.R. §42.9)

The owner may move to act to the exclusion of an inventor, but this will be rare and typically will occur only when the partial assignee is in a proceeding against its co-assignee - *Ex parte Hinkson*, 1904 Comm'r Dec. 342

■ Due Date

- The patent owner response must be filed on the date provided in the scheduling order, and if no date provided, the default date is within two (2) months from the date the review was instituted (37 C.F.R. §42.120(b) for *inter partes* review and 37 C.F.R. §42.220(b) for post grant review)

Patent Owner Response

- **Due Date**



PRACTICE TIP – Begin preparing the patent owner response long before the Board institutes the trial. Try to anticipate what grounds the Board will adopt and work on those first. If evidence is needed to refute an invalidity charge in the petition, begin preparing that evidence shortly after the petition is filed. The patent owner response will be due about 9 months after the filing date of a petition (2 months for patent owner preliminary response + 3 months for PTO to render decision on whether to institute trial + 4 months before patent owner response is due).

- **Page Limit** – page limit for oppositions, or 50 pages for *inter partes* review and derivation, and 70 pages for post grant review

Patent Owner Response

■ Amendments

- Patent owner will have to file a motion to amend
- The motion will be discussed in the initial conference call where the patent owner will be expected to identify the number and general scope of substitute claims, but will not be required to identify a fully developed claim set (37 C.F.R. §42.121(a) and 37 C.F.R. §42.221(a))
- For derivation proceeding – can amend only by a showing of good cause (e.g., amendment materially advances settlement between the parties)
- Amendments should state status of claim, where support is found, what the patentably distinct features are, and the number of substitute claims must be “reasonable.” Rules say presumption of 1:1, but Judge Tierney indicated the Board will consider more than a 1:1 correspondence
- Amendments can only take the form of a substitute claim or claims for a canceled claim (no underlining and strikethroughs for revisions – (35 U.S.C. §316(a)(9) and 35 U.S.C. §326(a)(9))

Patent Owner Response

■ Amendments

What if patentee's amended claims enlarge the scope of the claims, or add new matter?



In the proposed new proceedings, if the Board determines that the amendment introduces new matter or attempts to enlarge the scope of the claims, or does not respond to a ground of unpatentability raised in the trial, then the Board will not permit the amendment to be made (see 37 C.F.R. §42.121(c)(2) for *inter partes* review and 37 C.F.R. §42.221(c)(2) for post grant review). This has been interpreted by some commentators to run afoul of the statute, which appears to provide a patent owner with a right to amend. This interpretation, however, is not consistent with the comments included in the rules package, and the language of these sections of the regulations.



The answer appears to be that the petitioner will have to oppose the amendment and request that the Board refuse entry. Some may wish to file comments.

Patent Owner Response

■ Amendments



- **PRACTICE TIP:** Do NOT file any amendment that enlarges the scope of a claim (even just one element), or that does not respond to a ground of unpatentability. You may end up with no ability at all to amend the claims.

NOTE: Judge Tierney stated during a presentation that a patent owner could include in the motion to amend, an auxiliary set of claims, much like the practice before the European Patent Office during an opposition. A patent owner may present no amendment, or an amendment with a reasonable number of substitute claims (can only present substitute claims (35 U.S.C. §§316(d), 326(d)), along with an auxiliary set of substitute claims to consider in the event the Board is not convinced of the patent owner's arguments concerning patentability.

Patent Owner Response

■ Motions

- Motions are limited to 15 pages, and oppositions to motions are limited to 15 pages (37 C.F.R. §42.24)
- Rely on affidavits of experts - affidavits expressing an opinion must disclose the underlying facts upon which the opinion is based (Fed. R. Evid. 705; 37 C.F.R. §42.65) – no apparent page limit for affidavits
- Secondary indicia of non-obviousness typically will be in the form of expert affidavits or declarations (even data from specification).
- Content of motions (and petitions) governed by 37 C.F.R. §42.22:
 - A statement of the precise relief requested;
 - A statement of material facts (see paragraph (c) of this section); and
 - A full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent

Discovery

- Pertains to both patent owner and petitioner
- Governed by 37 C.F.R. §42.51 - 37 C.F.R. §42.65
- Either routine or “additional” discovery
- Uncompelled testimony must be in the form of an affidavit
- All other testimony (e.g., compelled) must be in the form of a deposition transcript (optionally video-recorded) - 37 C.F.R. §42.53(a)
- The parties may agree among themselves the types and extent of discovery (37 C.F.R. §42.51(a))

Discovery

- **Routine Discovery** - 37 C.F.R. §42.51(b) – includes discovery of all exhibits cited in a paper or testimony.
 - Routine discovery will be permitted by the Board
 - Also includes cross-examination authorized within the time period set by the Board (37 C.F.R. §42.51(b)(2))
 - **BEWARE:** Serious burden to present non-cumulative information that is inconsistent with a position advanced by patent owner or petitioner (37 C.F.R. §42.51(b)(3))
 - This information must be presented either in one of the submissions (petition, motion, etc.) or as part of a motion identifying supplemental information
 - Party submitting the information has to provide where the information is presented, and how the information is pertinent to the claims



Discovery

▣ NOTE:



The rules recognize that this provision may dissuade some parties from participating in the new trial proceedings, and this proposed rule differs from Rule 1.56, but states that the benefits outweigh any impact on participation. This requirement exposes the patent to inequitable conduct charges, and exposes the petitioner to sanctions. This requirement also pertains to the petition as filed, so any party filing the petition needs to make sure they present all information that is inconsistent with a position advanced.

Discovery



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■ Compelled testimony

- Governed by 37 C.F.R. §42.52, which states the prior authorization is required and that the party seeking the compelled testimony must file a motion for that authorization
- The motion must describe the general relevance of testimony, and identify witnesses by name or title
- Upon grant of the motion, the party seeking the testimony files a subpoena (similar to interference practice – 35 U.S.C. §24)
- If no authorization is provided by the Board, the testimony will not be admissible (37 C.F.R. §42.52(a))
- For outside the US – the motion must demonstrate that the moving party has made reasonable efforts to secure the agreement of the witness to testify but was unsuccessful, even though the moving party offered to pay the travel expenses (37 C.F.R. §42.52(b)(1))

Discovery



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- Compelled testimony
- Deposition testimony is governed by 37 C.F.R. §42.53
- The party seeking testimony must serve a list and a copy of each document on which the party intends to rely, and a list of anything other than a document (37 C.F.R. §42.53(c)(3))
- For direct testimony, party seeking the testimony must file a notice of deposition at least 2 business days before the deposition and must list the name and address of witness, time and place of deposition, list of exhibits to be relied upon and a general description of the scope and nature of the testimony (37 C.F.R. §42.53(c)(5))
- For cross-examination – scope of testimony is limited to the scope of direct testimony, and begins after any supplemental evidence is due and ends 5 business days before the next due date (37 C.F.R. §42.64(b)(2))

Discovery



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■ Depositions

- Parties can file motions to quash deposition notices for defects (likely rare)
- Manner of taking deposition testimony is similar to civil litigation:
 - sworn before an officer
 - all exhibits must be served and attached
 - all objections noted on the record
 - witness reads and signs, unless waived
 - certified transcript provided
- Any objection to the content, form, or manner of taking the deposition, including the qualifications of the officer before whom the testimony is taken, must be made on the record, or the objection is waived (37 C.F.R. §42.53(e))
- Confidential Information is treated in accordance with a protective order (37 C.F.R. §42.54 and 37 C.F.R. §42.55)
- Confidential Information will be publicly available 45 days after final judgment or denial of petition, unless a party files a motion to expunge (37 C.F.R. §42.56)

Evidence



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- Evidence not taken, sought or filed in accordance with the rules is not admissible (37 C.F.R. §42.51(a))
- Do NOT need to certify file history or other official PTO documents
- A patents is only admissible for what it teaches
- To rely on data in specification or drawing to prove the truth of the data, you will need an affidavit by someone with knowledge of how the data were generated must be submitted (37 C.F.R. §42.61(c); *Wojciak v. Nishiyama*, 61 USPQ2d 1576, 1581 (B.P.A.I. 2001))

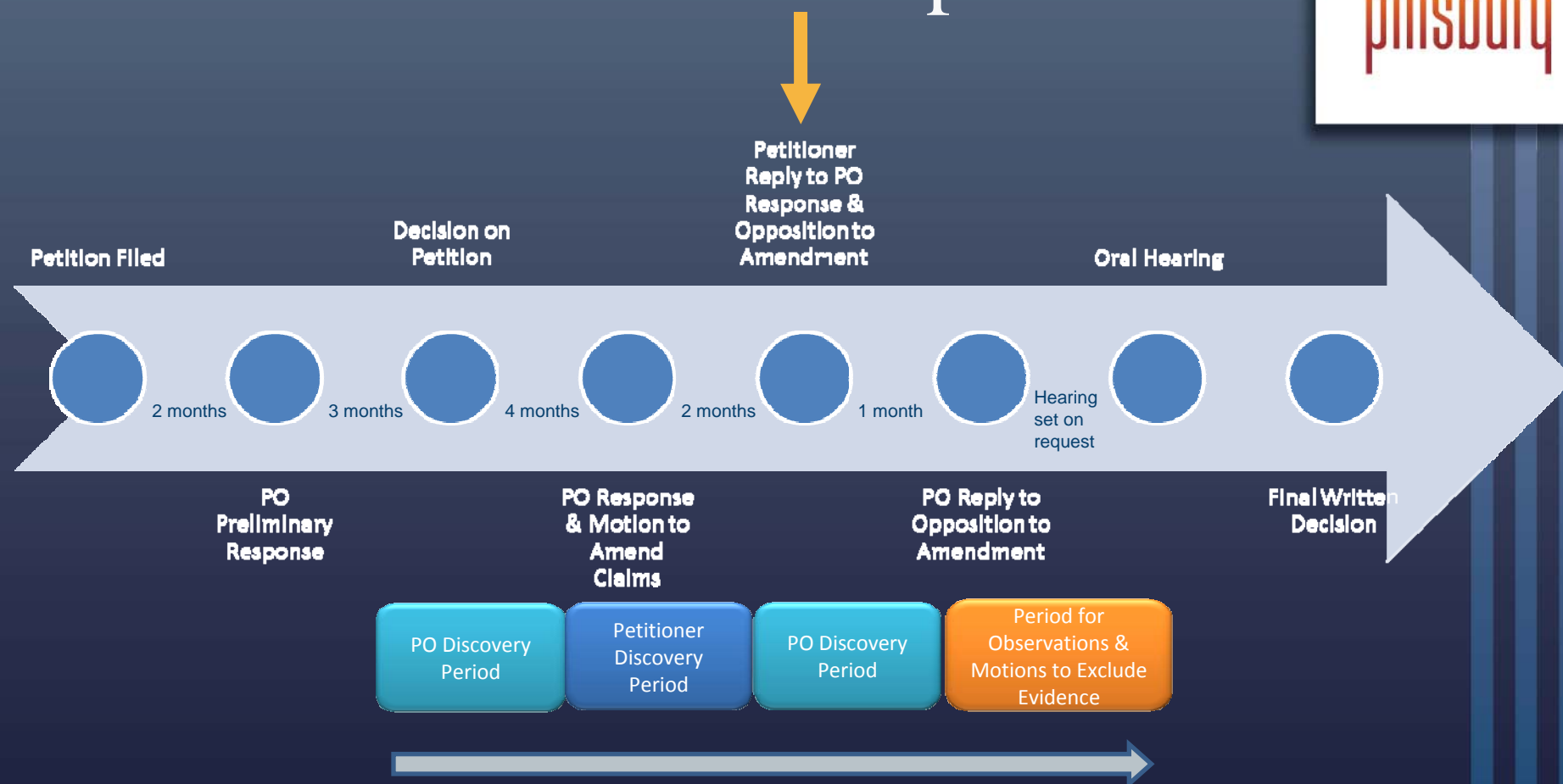


- **Practice Tip:** Submit affidavit testimony early from inventor or someone with first-hand knowledge of any data in the specification that might support an argument of non-obviousness, or an enablement argument – affidavit must comply with 37 C.F.R. §42.65(b)(1)-(5)

Evidence

- The Federal Rules of Evidence apply to trials before the Board, except as otherwise provided (37 C.F.R. §42.62). 37 C.F.R. §42.63 governs the form of the evidence:
 - all evidence must be filed in the form of an exhibit;
 - translations are required for non-English documents, if the party intends on relying on the translation, together with an affidavit attesting to the accuracy of the translation;
 - exhibit must be uniquely numbered (e.g., petitioner number range from 1001-1999, and patent owner range from 2000-2999);
 - exhibits must be labeled (37 C.F.R. §42.63(d)(1));
 - each page must be uniquely numbered in sequence; and
 - each party must maintain an exhibit list
- Expert Testimony - 37 C.F.R. §42.65 – must provide underlying facts to support opinion, or else testimony is entitled to little or no weight

Petitioner's Reply to Patent Owner Response



No more than 12 months

Petitioner's Reply

- The petitioner's reply is due on the date set forth in the Scheduling order, (proposed scheduling order provides for two months), or if no period is set, the default time is within one month from the date of service of the patent owner's response (37 C.F.R. §42.25(a)(2))
- The reply is limited to 15 pages (37 C.F.R. §42.24(c)(1)), which includes the statement of facts in support of the reply
- The reply can be in the form of an opposition to patent owner motions, in which case, each opposition can be 15 pages (the same number of pages as the motion being opposed)
- If patent owner amends, petitioner may file an opposition
- Petitioner may supplement evidence submitted with petition to respond to new issues

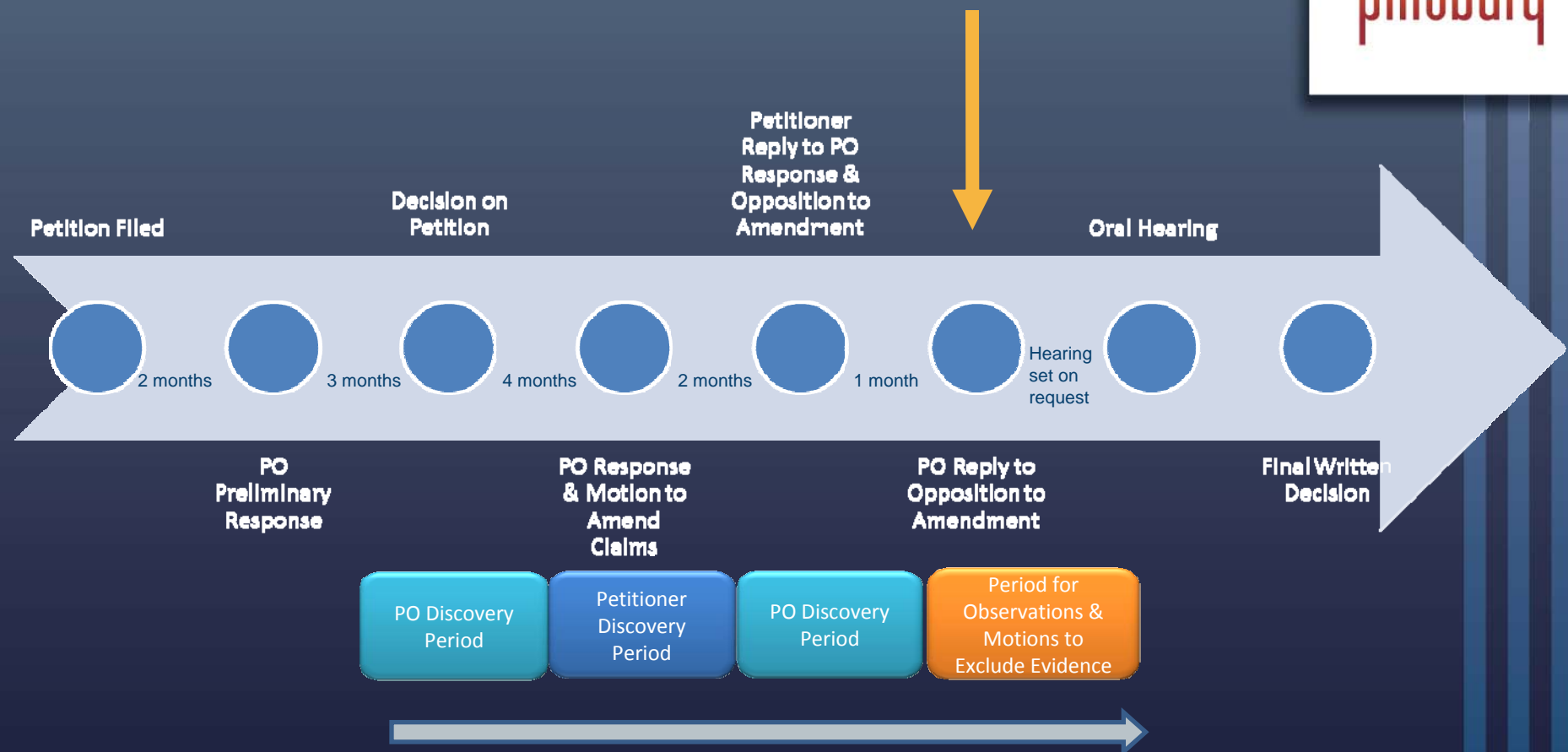
Petitioner's Reply

- The petitioner's reply may only respond to arguments raised in the corresponding opposition (37 C.F.R. §42.23)
- The Board will not consider new evidence to support an obviousness argument for the unpatentability of an original claim
- The Board will refuse entry of an argument that raises a new issue or that belatedly presents evidence
- Petitioner will be given the opportunity for discovery prior to filing the reply



- **Note for Comment:** The proposed rules do not make clear whether the 15 page limit to the petitioner's reply to the patent owner response includes arguments made in petitioner's oppositions filed in opposition to patent owner motions (e.g., motion to amend). Comments should request clarification (e.g., can a petitioner file a 15 page reply (together with a 100 page affidavit), and two 15 page oppositions to patent owner motions?

Patent Owner Reply



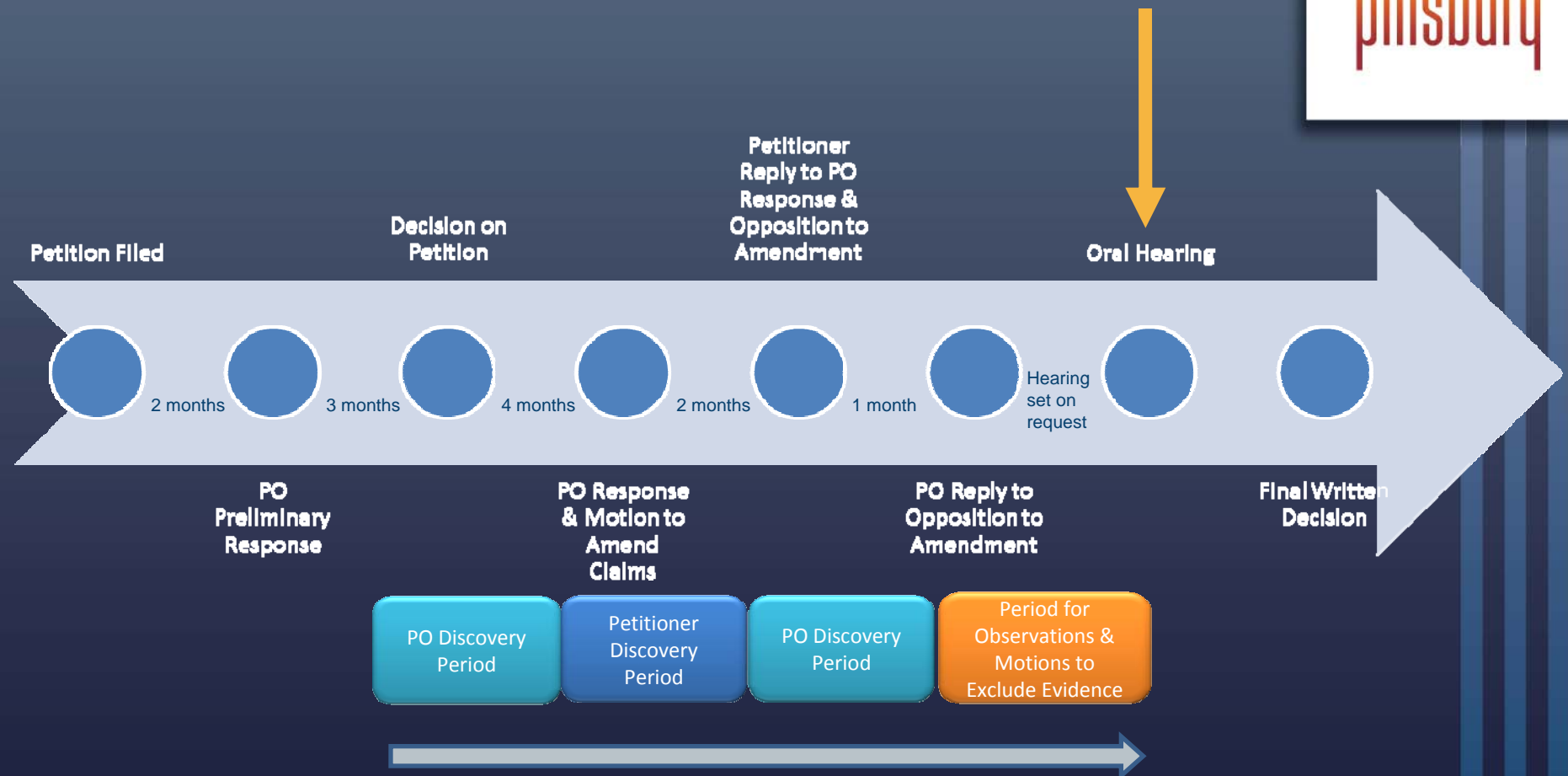
Patent Owner Reply

- Patent Owner will be given an opportunity to reply – typically will have one month from date of service of petitioner’s reply
- Patent Owner may be authorized to file additional motions to amend
- Patent Owner (and petitioner) may move for additional discovery (37 C.F.R. §42.51(c)) but different standards apply for different proceedings
 - Allowed in *inter partes* review if in the interest of justice
 - Allowed in post grant review if for good cause



- **Note for Comment:** Judge Michael Tierney stated during a discussion of the rules that he views the difference in standard as good cause requires a party to show a specific factual reason to justify the discovery, (“tell me a good story”), whereas interest of justice requires the specific showing, plus a showing that the party has been diligent in seeking the information, and will be prejudiced without the information. It may be worth commenting on this difference in standard, whether more explanation is required, or why not just adopt the same standard.

Observations and Motions to Exclude



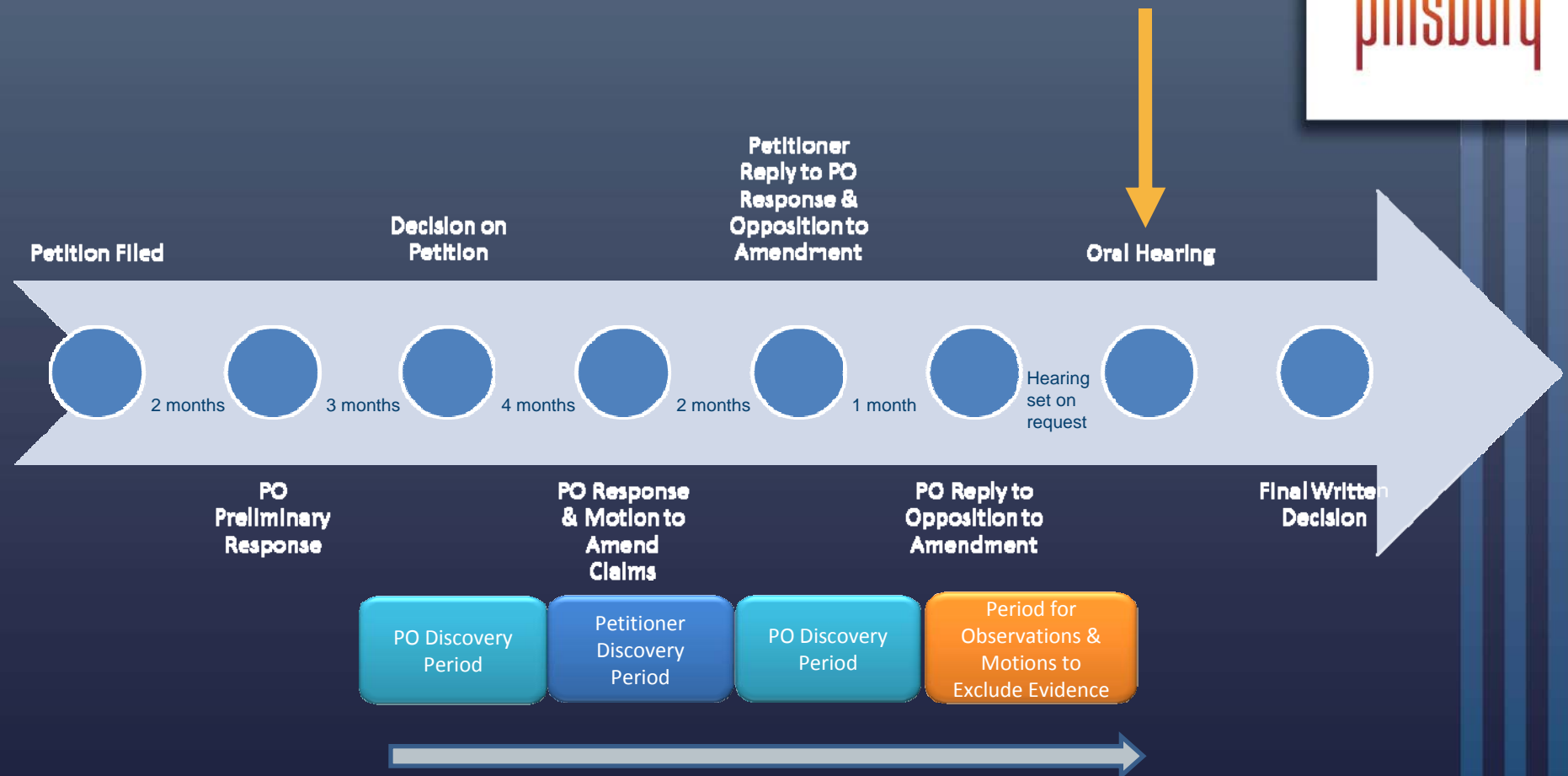
Observations and Motions to Exclude

- Scheduling Order provides a period of time for filing Observations and Motions to Exclude
- Motion for observations - a mechanism to draw the Board's attention to relevant cross examination testimony of a witness
 - Observations must be a concise statement of the relevance of the testimony – typically about one paragraph
 - The other party will be given an opportunity to respond with an equally concise statement
- Motions to Exclude – challenging admissibility of evidence is governed by 37 C.F.R. §42.64
- Objections to admissibility of deposition evidence must be made during deposition

Observations and Motions to Exclude

- Default time for serving objections to evidence (other than testimony) is 10 days after service of evidence – the party submitting the evidence then will have 10 days to cure the defect
- Additional motions may be filed – motions for judgment, joinder, to file supplemental information, etc.
- If there is a basis to request relief not identified – contact the Board
- Board has discretion as to the order of consideration of motions and petitions (37 C.F.R. §42.71).
- May issue interlocutory decision (3 judge panel)
- Party dissatisfied with decision should immediately seek rehearing – rehearing will be conducted using the deferential abuse-of-discretion standard

Oral Hearing



No more than 12 months

Oral Hearing

- Oral arguments are governed by 37 C.F.R. §42.70
- Any party may request oral argument on an issue raised in a paper filed during the trial – the time for requesting oral argument being set by the Board (typically in the scheduling order)
- Demonstrative exhibits that will be used during oral argument must be served at least five (5) business days before oral argument
- The Board recommends NOT having fancy exhibits, but rather the use of a compilation with each exhibit separately tabbed



- **Practice Tip** Judge Tierney recommended that parties avoid complicated demonstrative exhibits, but rather provide bound exhibit notebooks with tabbed exhibits that are easy to locate

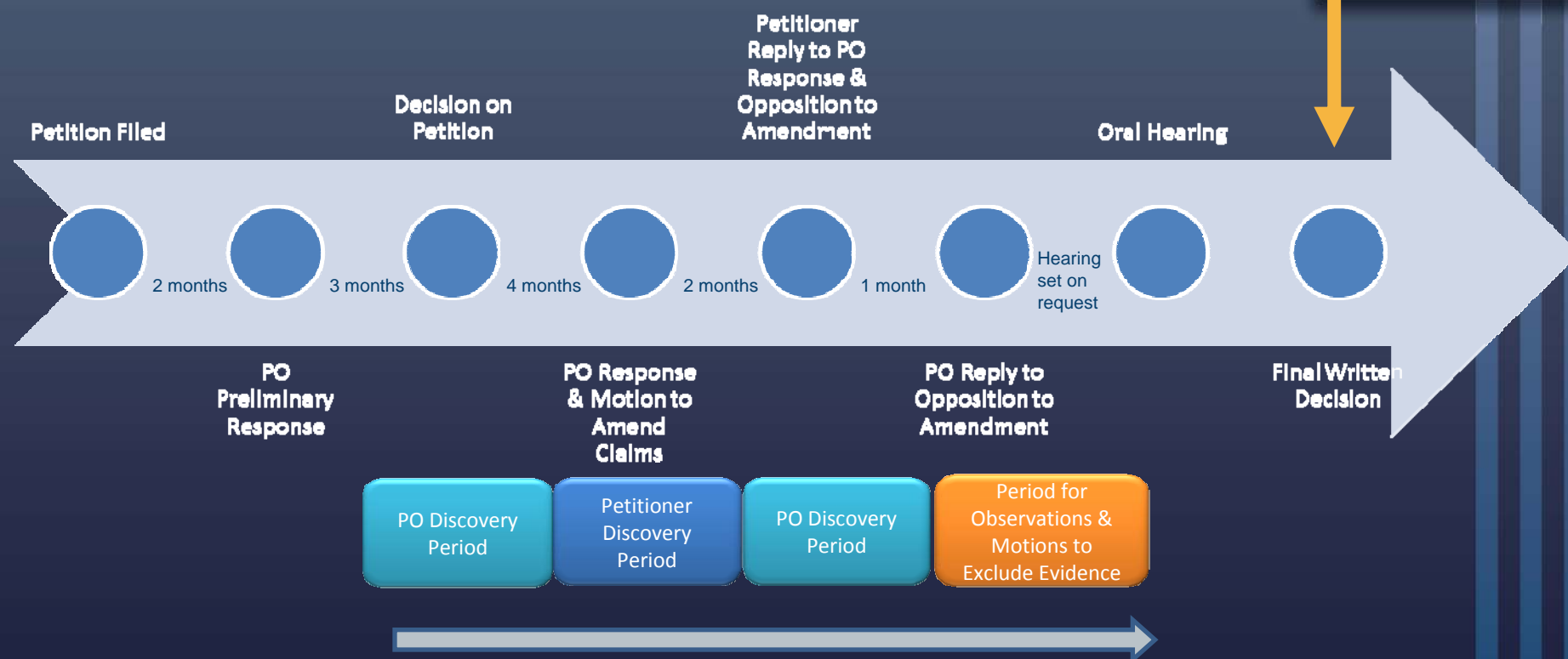
Oral Hearing



- As a general rule, the petitioner will go first, but the order may be reversed where the only issue is whether the patent owner's substitute claims overcome the grounds of unpatentability
- The rules package do not discuss the amount of time that may be given to either party, and/or how either party might move for additional time, if needed.
- If any special equipment or needs are required (wheelchair access, hearing impaired equipment, etc.), the party should contact the Board paralegal well in advance of oral argument (571-272-9797).
- Live testimony will rarely be heard at an oral argument, unless the Board determines that having a witness live will be useful (e.g., to assess the demeanor of the witness)

Final Decision

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No more than 12 months

Final Decision

- Final written decision - issued not more than one year from institution of trial, which is expected even for derivation proceedings, although not required by statute
- May be extended up to six (6) additional months
- Final written decision will address all the issues required to resolve the proceedings
- For derivation proceedings, the Board will provide a final decision as to whether an inventor named in the earlier application derived the claimed invention from an inventor named in the petitioner's application and filed the earlier application claiming such invention without authorization.

Request for Rehearing

- Requests for rehearing are governed by proposed rule 37 C.F.R. § 42.71(c)
- The burden of showing that a decision should be modified lies with the party challenging the decision
- The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and where each matter was previously addressed in a motion, an opposition, or a reply
- Evidence not already of record at the time of the decision will not be admitted absent a showing of good cause
- The Board will apply the deferential abuse-of-discretion standard to decisions on rehearing.

Settlement

- Settlement of trials is governed by 37 C.F.R. §42.74
- Settlement must be in writing (37 C.F.R. §42.74(b)), and a party to the settlement may request that the settlement be kept separate from the involved patent or application (37 C.F.R. §42.74(c))



- **QUESTION:** What happens if the parties settle, but the Board issues a final written decision anyway?

Settlement and Board issues Decision

- The comments accompanying proposed Rule 42.74 state that the Board is not a party to a settlement agreement and may take any necessary action, including determination of patentability notwithstanding settlement
- The statute (35 U.S.C. §317 for *inter partes* review, and 35 U.S.C. §327 for post grant review) also provides that the Board may proceed to a final written decision even if no petitioner remains in the proceeding
- This language might dissuade parties from settling a trial, especially if the Board can proceed to a final written decision anyway, and the parties might be estopped by that decision
- **BUT**, rule 37 C.F.R. §42.73 states that estoppel shall not apply to a petitioner, or real party in interest or privy who has settled under 35 U.S.C. §§317 or 327, but does not say the same for patentee
- The Comments from the Practice Guide for Proposed Trial Rules also states that “[t]he Board expects that a proceeding will terminate after the filing of a settlement agreement, unless the Board has already decided the merits of the proceeding.”

Settlement and Patentee Estoppel

- The rules state that there is no estoppel to petitioner, real party in interest or privy if the parties settled, but they do not provide the same exclusion to the patent owner (37 C.F.R. §42.73)
- Why would a patentee settle, if the Board can continue without petitioner or patentee and invalidate the patent claims?



- **NOTE FOR COMMENT:** May consider commenting on the rules to preclude a final written decision by the Board if the parties settle. If the Board can issue a final written decision that the claims are unpatentable after settlement, then patentee is estopped. But if the Board issues a final written decision that patent claims are not unpatentable after settlement, the petitioner is not estopped and can still challenge the validity later in court, or in a subsequent PTO proceeding

Estoppel



- Final written decision by the Board triggers estoppel (*inter partes* review – 35 U.S.C. §315(e), for post grant review - 35 U.S.C. §325(e))
- Applies to the real party in interest and a “privy” to the real party in interest (37 C.F.R. §42.201(a) and (b), and 37 C.F.R. §42.101 (a)-(c))
- For petitioner in *inter partes* review and post grant review, the petitioner is estopped in the patent office (and in court proceedings) from taking any action that is inconsistent with a judgment as to any ground that the petitioner raised or reasonably could have raised during the trial (37 C.F.R. §42.73(d))
- Derivation proceeding – losing party who could have properly moved for relief on an issue, but did not so move, may not take any action in the patent office after the judgment that is inconsistent with that party’s failure to move
- Estoppel only applies to the claims on which a final decision is based

Estoppel



- Estoppel to patent owner for any claim refused or finally rejected includes the inability to obtain a claim in a later filed application to substantially the same subject matter, or a claim that could have been filed in response to a properly raised ground of unpatentability for a finally refused or canceled claim (37 C.F.R. §42.73(d)(3))
- A patent owner that loses a claim in a post grant review or *inter partes* review will be estopped from pursuing a claim (in a continuation application or any other application) that could have been filed in response to a properly raised objection



NOTE for Comment: The patent owner estoppel rule was created by the PTO and is not found in the statute. A reasonable comment would request removal of the “claim that could have been filed” language

Estoppel



- **NOTE:** Estoppel attaches when the Board issues a final written decision, and there appears to be no mechanism of removing that estoppel if the Board's decision is reversed either during a rehearing by the Board itself, or by reversal from a higher authority. For example, if a Board final written decision finds a claim unpatentable in an issued patent that participated in a post grant review, but the United States Court of Appeals for the Federal Circuit reverses the Board's decision, will the patentee be able to obtain that claim, despite the estoppel provisions that state otherwise? A similar scenario exists for a petitioner who loses at the Board, but prevails on appeal or rehearing

Sample Scheduling Order



DUE DATE 1 Patent owner post-institution response to the petition Patent owner post-institution motion to amend patent	4 months
DUE DATE 2 Petitioner reply to patent owner response Petitioner opposition to patent owner amendment	2 months
DUE DATE 3 Patent owner reply to petitioner opposition	1 month
DUE DATE 4 Petitioner motion for observation regarding cross examination of reply witness Motion to exclude Request for oral argument	3 weeks
DUE DATE 5 Patent owner response to observation Opposition to motion to exclude	2 weeks
DUE DATE 6 Reply to opposition to motion to exclude	1 week
DUE DATE 7 Oral argument	Set on request

THE END

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