

**Comments regarding the Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions** ([Federal Register Vol. 77, No. 27, pgs. 6868-79, Feb. 9, 2012](#))

**General:**

The proposed rules and standing scheduling order are similar to those used in interferences which is desirable in some respects and not in others. Further, while no protective order (to our knowledge) was part of any standing order in a contested Patent Office patent matter, the one appended to the proposed rules is well thought out, and, ultimately any standing protective order (even if it does not fit all sizes) is better than no order at all. Accordingly, in time, participants will become comfortable with the proposed protective order.

Appendix B (Protective Order Guidelines) at ¶ (f) states that each party shall maintain a signed Acknowledgement from each person acting on its behalf who obtains access to confidential information. We believe a requirement to serve signed Acknowledgements on opposing counsel should also be considered.

The representative timeline for trials on p. 6869 is very helpful. We believe it should be considered whether to add entries for the initial conference call, motions lists, and scheduling order.

**A. Scope of Trial Instituted**

The Practice Guide at p. 6874 states:

*3. Content of Decision on Whether to Institute:* In instituting a trial, the Board will streamline the issues for final decision by authorizing the trial to proceed only on the challenged claims for which the threshold requirements for the proceeding have been met. The Board will identify the grounds the trial will proceed upon on a claim-by-claim basis. Any claim or issue not included in the authorization for review is not part of the trial.

This seemingly bright line rule may raise questions in particular circumstances. For example:

(1) If a petitioner seeks review of only one claim that happens to be representative of a number of claims in the same patent, and if all of those claims rise or fall together for purposes of validity, can the patent owner move to amend not only the reviewed claim but also the non-reviewed claims to cure the alleged deficiency that is common to all of those claims?

(2) If a patent owner moves to amend reviewed claims, may the petitioner oppose the motion based on grounds that were not raised in its petition (e.g., failure to comply with § 112)? May the petitioner submit new evidence in opposition to the motion to amend?

(3) Petitioner estoppel under 35 U.S.C. §§ 315(e) and 325(e) refers to “any ground that the petitioner raised or reasonably could have raised during that [inter partes or post grant] review.” What does “raised or reasonably could have raised” mean? Does it refer to all grounds raised or reasonably able to be raised in the petition? Or, does it refer to all grounds raised or reasonably able to be raised during the trial, which by definition are limited by the decision authorizing the trial? If the former, then the inability to appeal the decision defining the scope of a trial (or denying a trial altogether) seems particularly harsh. If the latter, then the scope of estoppel would be very limited.

**B. Proposed Rule 42.6(a)(1)(ii)(A)**

Proposed Rule 42.6(a)(1)(ii)(A) states that the “proportional font must be 14 point or larger.” This proposal is in contravention of current Rule 41.106, which specifies “[e]ither a proportional or monospaced font may be used, but the proportional font must be 12-point or larger and a monospaced font must not contain more than 4 characters per centimeter (10 characters per inch).” The proposal presents no reason for departing from the established Rule

41.106. This coupled with the double spacing requirement (Rule 42.6(a)(2)(iii)) constitutes a waste of space which substantially diminishes the readability of the papers being submitted. In the absence of a justification, the proposed rule should be made consistent with Rule 41.106.

**C. Proposed Rule 42.8(a)(3)**

Proposed Rule 42.8(a)(3) states that notices regarding the real party-in-interest, related matters, lead/back-up counsel, and service information must be updated “within 21 days of a change of [this] information.” Given the short statutory period for prosecuting PGR and IPR, this information ought to be updated more promptly and within 7 days. Even current Rule 41.108 requires that a “party must promptly notify the Board of any change in the contact information” regarding counsel.

**D. Proposed Rule 42.10(c)**

Proposed Rule 42.10(c) provides for admission *pro hac vice*. The amount of litigation before the Board post-AIA will be vastly greater than pre-AIA. Accordingly, it is possible that numerous motions for *pro hac vice* admission may be filed by non-USPTO-registered attorneys, especially in the first couple of years of AIA implementation. Perhaps the rule should expressly state that the Board contemplates that admission *pro hac vice* will be rare. Unlike other tribunals, practice before the USPTO is truly different. The public’s interest is best served by requiring that those who practice before the USPTO have the technical educational and procedural training necessary to be registered to practice before the USPTO.

**E. Proposed Rule 42.11**

Proposed Rule 42.11 places the duty of candor on both parties: patent owners and petitioners (as well as individuals associated with those parties). This is inconsistent with current Rules 555 and 933, which for reexamination proceedings puts the duty on the patent owner (as well as individuals associated with the patent owner). The violation of the duty by the patent owner can be sanctioned by holding that the patent is unenforceable. The possible sanction against the petitioner for violating the duty is less apparent. In view of this significant departure from the existing rule, proposed Rule 42.11 ideally should provide significantly more detail on how it is to be applied and satisfied with respect to petitioners.

**F. Proposed Rule 42.13(b)**

Proposed Rule 42.13(b) states that “[f]or any decision other than a United States Supreme Court decision, citation must be to the West Reporter System.” The proposed rule, however, does not account for decisions of the Patent Office, which are not published in the West Reporter System. Ideally, the rule should merely express a preference, but not a requirement, as many Patent Office and district court decisions are published in the United States Patent Quarterly, in slip opinions, and via services such as Lexis or Westlaw.

**G. Proposed Rule 42.13(d)**

Proposed Rule 42.13(d) states that copies of authorities not reproduced in the United States Reports or the West Reporter System should be provided. If the Patent Office can freely retrieve copies of decisions published on Lexis or Westlaw, as the courts do, then this provision should be reconsidered as it would be an unnecessary burden placed on the participants.

**H. Proposed Rules 42.15(a) and (b)**

Proposed Rules 42.15(a) and (b) specify an escalating set of fees for IPR, PGR, and CBM proceedings based on the number of claims challenged. There appears to be little justification for escalating fees on that basis. Oftentimes dependent claims require little further consideration by the Patent Office beyond that afforded to the base claims from which they depend. The proposed fees portend a windfall to the Patent Office as they are not commensurate with the examination burdens such claims actually impose on the Patent Office.

The proposed escalating fee schedule is inconsistent with the page limits for petitions (50 pages for IPR and derivations, 70 pages for PGR and CBM), which are imposed on petitioners without regard to the number of claims they seek to have reviewed.

The proposed fees may encourage patent applicants to file and seek issuance of increased numbers of patent claims, especially dependent claims, because the cost of doing so is far less than the cost to his competitor to later petition for review of those claims. This would result in an unfair advantage to patent owners and burden examiners with examining more claims per patent they may otherwise have to examine. The pricing regime proposed in Rule 42.15 offers patent applicants the opportunity to make important patents virtually unassailable in the USPTO by filing for and issuing patents with a large number of claims. The pricing for IPT, PGR, and CBM should be greatly reduced and should be set independent of the number of claims being challenged. This will further Congress' intent of promoting challenges to patents within the USPTO and make the USPTO's approach and charges more consistent with historic reexamination proceedings and with European Patent Office charges for oppositions.

The proposed fees, in conjunction with the wording of the petitioner estoppel statutes (35 U.S.C. §§ 315(e) and 325(e)), may also encourage petitioners to challenge perhaps as few as one claim that is representative of a group of claims per basis of invalidity. By doing so, a petitioner may seek a favorable PTAB judgment with respect to the challenged claim(s) that, if entered, will cast a shadow on various related claims of the patent. If the petitioner fails to invalidate the challenged claim(s), it will not be estopped from challenging the other claims in the future even on the basis of the same primary reference. Such a maneuver may be particularly useful to a petitioner who fears possible infringement of an independent claim and some but not all of its dependent claims. That petitioner could seek review of only a single dependent claim that it is convinced it could not possibly infringe under any claim construction (and, ideally, a claim that the patent owner could not assert against petitioner consistent with FRCP Rule 11) without fear of being estopped from asserting invalidity in court of the other claims.

#### **I. Proposed Rule 42.20(b)**

Proposed Rule 42.20(b) provides that motions will not be entered absent Board authorization, and authorization may be provided in an order of general applicability or during the proceeding. This may have been acceptable in interferences where estoppels are less applicable. However, in view of the petitioner estoppels that accompany IPR and PGR proceedings, we believe the Board should liberally entertain motions and decide each on the merits. In interferences, for example, the Board would routinely only decide the minimum number of motions necessary to dispose of the interference. If reversed on appeal, however, the Board would then be burdened with determining the merits of motions it previously had dismissed as moot. That practice was and remains in contravention of a policy to secure the just, speedy, and inexpensive resolution of the proceeding.

#### **J. Proposed Rule 42.20(d)**

Proposed Rule 42.20(d) provides the Board with the authority to order briefing on any issue appropriate for a final written determination on patentability, and justifies this authority by citation to 35 USC §§ 318(a) (as amended) and 328(a). The proposed rule may unnecessarily burden participants with redundantly briefing issues already argued in the petition, response to the petition, or through motions and oppositions thereto. The additional briefing authorized by this rule is an invitation for parties to present new arguments and otherwise add expense to the participants in resolution of matters already presented to the Board. We believe the proposed rule should not be adopted.

#### **K. Proposed Rule 42.22(a)(2)**

We believe the requirement for a statement of material facts, which is found in interference practice, should be reconsidered. This requirement is of questionable benefit to the USPTO and parties. Further, it wastes briefing space that other provisions of the proposed rules seriously restrict.

#### **L. Proposed Rule 42.24**

Proposed Rule 42.24 specifies page limits on petitions, motions, oppositions, and replies. The proposed page limits, which are one size fits all, appear at odds with the proposed fee schedule, which escalates with an increasing number of claims being challenged. Also, in view of the estoppel that attaches to a final Board decision and the requirements that these papers must include detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent, the proposed page limits are particularly harsh.

Citations in the proposed rule to an obscure 1994 decision from the 11<sup>th</sup> Circuit Court of Appeals and a 2002 decision from the U.S. District Court for the Southern District of Illinois do not justify the page limits. Those courts do not routinely adjudicate contested patent disputes and certainly do not have meaningful experience in evaluating effective advocacy in that context. Dispositive motions in district court proceedings are not ordinarily burdened with the page limits set forth in the proposed rule. Indeed, in the Eastern District of Texas, dispositive motions/oppositions and replies are set by Local Rule 7(a)(1) to be 30 pages and 10 pages, respectively. As motions in IPR and PGR other than discovery motions are expected to be dispositive of patentability of a claim, briefing on issues dispositive of the patentability of a claim should not be limited by the lengths specified in the proposed rule. If, as Congress intended, IPR and PGR are to be alternatives to district court litigation, the page limits imposed by the proposed rules stand in contravention of those intentions.

The proposed page limitation is also at odds with *inter partes* reexamination rules, which do not impose a page limit on requests for *inter partes* reexamination. Why should those challenging patents now have to pay so much more while being forced to do so within much less space? The historical approach in *inter partes* reexamination is more relevant to the issue of page length than the Board's experience with interferences. In *inter partes* reexamination, like IPR and PGR, the party filing the request/petition is expected to set forth his entire case for challenging particular patent claims at the risk of being estopped. Under these circumstances, a page limit is not warranted. In interferences, non-priority issues are broken out in separate motions, which makes it much easier to meet page limitations. Further, to the extent additional pages are needed for a particular issue or motion, they can easily be requested in the already declared interference proceeding.

Effective advocacy in a petition for review of a patent containing numerous claims that are to be challenged on multiple grounds may not be possible with a 70 page limit. It is not of consolation that the Board may be permitted to waive the requirements of this rule (see proposed Rule 42.5(b)) or that a party may move the Board to waive these limits if waiver is "in the interests of justice," since there is no meaningful opportunity to seek a waiver in advance of the petition filing. Petitions should not be encumbered by page limits.

Additionally, the page limits regarding motions, oppositions, and replies should be revised to better reflect these potentials or should be set by an appropriate order issued by the Board following a conference call with the parties' counsel and in view of the number of claims being challenged and the number of grounds on which claims are being challenged.

[Please note that others voice support for the page limits, particularly in light of the Board's statements during the Roadshow that it expects and welcomes petitioners who want to challenge patents with numerous claims to file separate petitions for different sets of claims of the same patent. We also understand that certain (perhaps unpopular) rules are necessary to contain the costs of litigating these new trials.]

#### **M. Proposed Rule 42.51(b)**

We believe that subpart (1) should be deleted and replaced with a requirement that all exhibits be served. As to subpart (2), in the context of a trial, cross-examination of affiants should not be identified as "discovery" but simply as part of the affiant's testimony.

#### **N. Proposed Rule 42.51(c)**

Proposed Rule 42.51(c) specifies conditions precedent (including the "interests of justice") for additional discovery. We believe the rule should be revised to expressly state that the interests of justice must include a showing that the

evidence requested is not available to the movant after diligent inquiry, a showing as to why that evidence is necessary to establish a prima facie basis for relief, and that there would be no undue prejudice to the non-moving party. The absence of such clear guidance in the rules invites ancillary disputes between the participants and drains the Board's limited resources in refereeing discovery disputes instead of the substantive merits of the patentability issues.

**O. Proposed Rule 42.55**

Proposed Rule 42.55 specifies that a petitioner may file a petition for review with confidential information simultaneously with a motion to seal the confidential information and a proposed protective order. The patent owner cannot access the confidential information unless it agrees to be bound by the petitioner proposed protective order. Does this give an unfair advantage to the petitioner because it can unilaterally limit the patent owner's ability to seek advice and counsel in preparing a preliminary response to the petition? Should the petitioner instead have to rely on the standing protective order unless and until a trial is instituted and the parties agree to an alternative protective order or the panel grants enters an alternative standing order?

**P. Proposed Rule 42.64**

Proposed Rule 42.64 would set a 10 business day deadline for a patent owner's objections to a petitioner's non-testimonial evidence in the petition. This is an extremely short period of time, especially considering that a patent owner preliminary response (if it chooses to file one) is not due until 2 months after the petition.

Proposed Rule 42.64(b) would set cross-examination to begin after any supplemental evidence is due and to end 5 business days before the next due date. The rule should expressly provide for a minimum period of time for cross-examination.

**Q. Proposed Rule 42.71(c)**

Proposed Rule 42.71(c) provides for rehearing of panel decisions. With respect to a panel decision denying a petition (denying a trial), which panel decisions are made by a single APJ (*see* Proposed Rule 42.4(a)), would rehearing be by the same APJ or by another APJ? Perhaps, it should be reheard by a second APJ, considering how much money a petitioner may pay in fees to seek a trial and that a denial of a petition is not an appealable decision. *See* 35 U.S.C. 324(e).

**R. Proposed Rule 42.73(d)(3)**

Proposed Rule 42.73(d)(3) precludes a patent applicant or owner whose claim is canceled from obtaining in any patent a claim to "substantially the same invention as the finally refused or canceled claim." That rule is beyond the rule-making authority Congress provided the Patent Office. As Congress did not legislate such preclusion when it had an opportunity to do so, and knew well how to so legislate an estoppel (as it did for petitioners), the Patent Office has no authority to create an estoppel by rule. Furthermore, according to the decision in [Tafas v. Doll](#), 559 F.3d 1345, 1356 (Fed. Cir. 2009), the Patent Office does not have the authority to author and apply rules that may foreclose an effective opportunity to present patent applications for examination.

Whether a claim later sought in an another patent application is "substantially the same invention" as one finally refused or canceled in a claim undergoing IPR or PGR is a fact-intensive determination that may suitably be challenged with evidence of secondary considerations of non-obviousness. Accordingly, the Patent Office should be required to examine such a claim whenever presented on its merits and not be permitted to invoke an "estoppel," regardless of the administrative convenience that may accompany an estoppel. If the proposed rule is not amended, Examiners will reject claims because they are, in their opinion, "substantially the same invention as [a] finally refused or canceled claim," and applicants will traverse the rejection on the grounds that they are not directed to substantially the same invention. We believe the better course would be for Examiners to, if justified, reject the claims on the same grounds as the finally refused or cancelled claims were rejected, and have applicants attempt to traverse the substantive rejections. Further, the proposal in Rule 42.73(d)(3)(ii) that a patent applicant or owner is

precluded from later presenting a claim that “could have been filed” during IPR or PGR is similarly beyond the rule-making authority Congress delegated the Patent Office. This would seemingly encompass any and all claims of narrower scope that are supported and enabled by the specification and that would arguably obviate the petitioner’s invalidity challenge. This would seem unfair in light of the limits to amendments during trials that are imposed by proposed rules §§ 42.121 and 42.221.

Also, an estoppel preventing the patent owner from later presenting such a claim, for example in a continuation application, would foreclose an effective opportunity to prosecute a claim to issuance, in contravention of settled authorities, because, for example, PGR would provide the patent owner *only one* opportunity to present *all* amendments and patentability arguments, whereas later presentation in a continuation application would not be so limiting. We believe proposed Rule 42.73(d)(3) should be removed in its entirety, but if not, then at least 42.73(d)(3)(ii), which is directly at odds with the existence and purpose of continuation practice.