

Know Them Before They are Famous (or at least final): The Latest USPTO Proposed Rule Changes

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On August 19, 2015, the United States Patent and Trademark Office (USPTO) released proposed rule changes for trials before the Patent Trial and Appeal Board (PTAB). The proposed rule changes were made in response to input solicited by the USPTO through the public AIA Trial Roundtables earlier this year and the request for comments issued in 2014. Although the USPTO released a set of “quick fixes” to the PTAB proceedings in March of this year, the USPTO also stated that a more comprehensive package of rule changes would be forthcoming. These newly-proposed rule changes are the “more comprehensive package of rule changes” promised by the USPTO.

The proposed rule changes (found in the pre-publication [Federal Register Notice](#) (the Notice)) relate primarily to three areas: (1) the allowance of new testimonial evidence in the patent owner’s response to a petition for *Inter Partes* Review (IPR) or Post-Grant Review (PGR); (2) a new Rule 11-type requirement for all papers filed with the PTAB; and (3) a different claim construction standard for patents that will expire during a PTAB proceeding. The proposed rule changes also address comments received by the USPTO in regards to various other PTAB issues, such as additional discovery and live testimony. The Notice states that the USPTO’s Office Patent Trial Practice Guide ([Practice Guide](#)) will be amended to reflect any changes. A summary of the three primary changes, as well as some of the other rule changes, will be discussed.

Change #1: Testimonial Evidence

With regard to testimonial evidence, the USPTO proposes amending the current rules to allow the patent owner to include new testimonial evidence with its preliminary response to an IPR or PGR petition. However, the USPTO also proposes that, to meet the relatively short statutorily mandated three-month timeline for a decision on institution, no right to cross-examine the declarants of the testimonial evidence is available before institution. As a result of the petitioner not being allowed to cross-examine or file a reply brief at this stage, the proposed rules also provide that, in evaluating testimonial evidence submitted by the patent owner, any factual disputes material to the institution decision will be decided in favor of the petitioner when deciding whether to institute a proceeding. The proposed rules permit the petitioner to request a reply to the patent owner’s response that includes new testimonial evidence.

Change #2: Rule 11-Type Requirements

With regard to the second area, the USPTO proposes amending the existing duty of candor rules to include a Rule 11-type certification for all papers filed with the PTAB. The proposed

rules include the possibility of sanctions for noncompliance with the new Rule 11-type certification. The proposed rules would apply to both practitioners and parties. Additionally, for some papers filed with the PTAB, the USPTO will use word count instead of the previously-used page limit for most briefs, such as: the petition, the patent owner's preliminary response, the patent owner's response, and the petitioner's reply.

Change #3: Claim Construction Standard

With regard to the third area, the USPTO noted that it had received comments that supported the existing "broadest reasonable interpretation" standard and other comments that argued for the application of the *Phillips v. AWH Corp.* standard used in civil actions. The proposed rules continue the use of "broadest reasonable interpretation" for most proceedings. However, for those patents that will expire before the completion of a PTAB proceeding, the proposed rules use the *Phillips* standard for claim construction. For those patents that will expire prior to the issuance of a final decision, the proposed rules use the *Phillips* standard to construe the claims. In the Notice, the USPTO has requested comments on several issues relevant to implementation of these proposed changes, including: how a petitioner should determine which claim construction standard will apply, whether a petitioner should submit claim constructions under both standards, and whether briefing should be allowed before the patent owner's response on which claim construction standard applies.

Although the USPTO acknowledged comments on many other issues, it will continue to decide such issues on a case-by-case basis. For example, the USPTO will consider at least the following issues on a case-by-case basis: (1) additional discovery (by applying the factors set forth in *Garmin v. Cuozzo*, IPR2012-00001); (2) late challenges regarding a real party in interest or privity; (3) stay, joinder, and scheduling of related proceedings; (4) requests for oral hearings; and (5) grant or denial of subsequent petitions involving the same patent, claims, prior art, or arguments.

The proposed rules also indicate a need for continued analysis of USPTO changes to the Practice Guide and upcoming PTAB decisions. In the Notice, the USPTO expressly adopts comments relating to improving the rules and practices in PTAB proceedings. In particular, the USPTO plans to update the Practice Guide and designate more PTAB opinions as precedential or informative. For many of the case-by-case issues discussed in the Notice, the USPTO plans to rely on the development of case law through PTAB decisions rather than adopt specific changes to the current rules.

So Where Does This Leave Us?

The USPTO indicated that many of the comments and the feedback directed to the USPTO expressed concern about the USPTO's emphasis on speed and efficiency of PTAB proceedings rather than the fairness of the proceedings and fairness to patent owners in particular. Although the USPTO did not admit to any specific fairness problems, two of the proposed rule changes include minor revisions favorable to patent owners. Because patent owners may now include new testimonial evidence when responding to a petition for IPR or PGR, patent owners defending a petition should consider retaining any experts or other declarants early in the response process to ensure an opportunity to submit testimonial evidence in their initial response. Although the PTAB will likely continue to maintain a high rate of institution, the use of testimonial evidence provides additional evidence that may be particularly useful to defend weaker petitions and possibly prevent institution. For expiring patents, the use of the *Phillips*-type claim construction standard provides a small amount of relief to patent owners and may

make such patents more difficult to invalidate in a PTAB proceeding. In some instances, the use of the *Phillips*-type standard in a PTAB proceeding may encourage PTAB panels to follow claim constructions issued in district court, so both patent owners and petitioners should be cognizant of any claim construction orders when participating in PTAB proceedings involving expiring patents.

The USPTO's proposed Rule 11-type certification is an additional attempt to address the fairness concerns expressed in the comments and feedback. However, a Rule 11-type certification will require enforcement to have a meaningful effect. Future PTAB rulings will indicate the willingness of the PTAB to issue the sanctions provided for in the proposed rules and whether a Rule 11-type challenge is a useful vehicle in PTAB proceedings.

Given the changing landscape of the USPTO rules, including these changes for trials before the PTAB, it would be advisable to keep an eye on these and other USPTO proposed rules changes as they evolve. Even though these rules may not be in place today, they may soon be, and being aware of these proposed rules and their effect can be helpful in planning an effective strategy at the USPTO. If you would like more information on these proposed rule changes, or if you would like to discuss how these rules changes may affect you or your business, please feel free to contact the attorneys at Bracewell & Giuliani.