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U.S. Patent and Trademark Office Announces Rule Amendments for Trials Before the Patent Trial and Appeal Board

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In an April 1, 2016 Federal Register Notice (“Notice”),¹ the United States Patent and Trademark Office (“Office”) finalized amendments to rules governing trial practice for *inter partes* review, post-grant review, transitional post-grant review for covered business method patents, and derivation proceedings before the Patent Trial and Appeal Board (“Board”) under the Leahy-Smith America Invents Act (AIA). The notice largely adopts the amendments proposed in August 2015, which we analyzed [here](#). The amendments will result in a more robust proceeding, particularly at the preliminary stage, and provide more opportunities for advocacy, such as:

- Allowing expert testimony in a patent owner preliminary response;
- Allowing a party during the preliminary stage to seek the *Phillips* claim construction standard for patents set to expire during trial;
- Using word counts instead of page limits for key filings such as the petition and the patent owner preliminary response; and
- Increasing the amount of time parties have to meet and confer about oral hearing demonstratives and emphasizing the possibility of live testimony at the oral hearing.

The amended rules will go into effect on May 2, 2016, and will apply to any AIA petitions filed on or after May 2 and “to any ongoing AIA preliminary proceeding or trial before the Office.” 81 Fed. Reg. 18750. Thus, the amended rules should be carefully considered not only for petitions to be filed, but also for ongoing proceedings. Below, we provide a short overview of significant rule amendments.

EXPERT TESTIMONY IN A PATENT OWNER PRELIMINARY RESPONSE

After the filing of a petition, the patent owner has three months to file an optional preliminary response. *See, e.g.*, 37 C.F.R. § 42.107. Previously, the rules precluded the patent owner from submitting testimonial evidence “beyond that already of record, except as authorized by the Board.” *Id.* The amended rules now permit the patent owner to include “supporting evidence” with its preliminary response. *Id.* (as amended). This now sets up a “battle of experts” at the preliminary stage with dueling expert declarations in the petition and preliminary response. Although this rule change generally favors patent owners, the Office provided a caveat: if a genuine

¹ 81 Fed. Reg. 18750-18766 (April 1, 2016).

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issue of material fact is created by the testimonial evidence, the issue will be resolved in favor of the petitioner solely for purposes of instituting the review. And the Office left open the possibility of even further advocacy at the preliminary stage. It noted that a panel has discretion to order cross-examination of witnesses before institution and to allow the petitioner to seek leave to file a reply to a patent owner preliminary response.

OPTING INTO THE *PHILLIPS* CLAIM CONSTRUCTION STANDARD

The amended rules state that the Board will continue to apply the broadest reasonable interpretation standard for claim construction in AIA proceedings for patent claims that remain unexpired through trial. See, e.g., 37 C.F.R. § 42.100.

The amended rules, however, now allow either party to request the adoption of the *Phillips* claim construction standard for the patent at issue. To do so, the party must certify that the patent will expire within 18 months from a notice according a filing date to the petition (which is typically a week or so after the petition is filed). Once again, the Office envisions a robust preliminary stage, with the party making the request via a motion and affording additional briefing on claim construction under the *Phillips* standard before the patent owner submits a preliminary response.

Of course, the impact of these amended claim construction rules will likely turn on the pending Supreme Court case of *Cuozzo v. Lee*. For example, if the Supreme Court rules that the appropriate claim construction standard for an *inter partes* review proceeding is the *Phillips* standard, then there should be no issue of choosing between the two standards.

WORD COUNTS/PAGE LIMITS

The amended rules use word counts instead of page limits for petitions, patent owner preliminary responses, patent owner responses, and the petitioner's reply brief.

- For petitions, patent owner preliminary responses, and patent owner responses in *inter partes* review, the limit is now 14,000 words instead of 60 pages;
- For petitions, patent owner preliminary responses, patent owner responses in post-grant review and covered business method patent review, the limit 18,700 words instead of 80 pages; and
- For petitioner reply briefs, the limit is 5,600 words instead of 25 pages.

This change would permit the use of more figures and allows for longer, more fulsome presentations by both parties at the preliminary stage.

RULE 11 CERTIFICATION

The amended rules require a Rule 11 type certification for papers filed with the Board and include a provision for sanctioning attorneys for non-compliance. In the Notice, the Office stated that the new rules provide "greater detail on the [O]ffice's expectations for counsel and parties" and a procedure for sanctions that did not exist in the current rules. 81 Fed. Reg. 18760 (April 1, 2016).

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ORAL HEARING

The final rules now require the exchange of demonstrative exhibits at least seven business days before the oral hearing, instead of five business days. 37 C.F.R. § 70 (as amended). The purpose of the additional two business days is to give the parties additional time to resolve any disputes regarding the demonstratives.

The Office also reiterated that a panel may permit live testimony at an oral hearing if the panel believes that live testimony will be helpful in making a determination.

CONCLUSION

The changes reflected in the amended rules suggest a more robust proceeding. First, certain rule amendments, such as the right of the patent owner to include expert testimony in its preliminary response, the petitioner's right to seek a reply brief to the patent owner's preliminary response, and the change to word counts, indicate a shift to a more substantive and detailed preliminary stage presentation. Second, other rule amendments, such as the right to request the *Phillips* claim construction standard for certain patents, Rule 11 certification, and the possibility of live testimony at an oral hearing signal more opportunities for advocacy and new tools to police the conduct of opposing counsel.

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