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## **USPTO ANNOUNCES PROPOSED RULE CHANGES TO POST-ISSUANCE REVIEW PROCEEDINGS**

*By Matthew D. Zapadka*

Michelle K. Lee, Director of the U.S. Patent and Trademark Office announced on August 19, 2015 [proposed changes to rules governing Patent Trial and Appeal Board \(PTAB\) proceedings](#). The Leahy-Smith America Invents Act of 2011 (AIA) created three new types of post-issuance review proceedings, to which the PTAB practice rules apply: (1) inter partes review (IPR); (2) post-grant review (PGR); and (3) transitional post-grant review for covered business method patents (CBM).

On March 27, 2015, the USPTO [announced](#) a series of "quick-fixes" to PTAB trial proceedings. The August 19th announcement expands on these "quick-fixes" and proposes several rule changes. These changes would:

- allow patent owner's to include new testimonial evidence, such as an expert declaration with its opposition to a petition;
- set new requirements to police attorney misconduct;
- clarify aspects of the USPTO's claim construction standard;
- change how the PTAB should handle multiple proceedings;
- clarify when the PTAB will allow live testimony; and
- address motions by patent owner's amend claims.

The Federal Register Notice with all the proposed changes can be found [here](#). A few highlights are discussed below.

The USPTO noted that the PTAB would continue to

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construe claim terms under the "broadest reasonable interpretation" (BRI) approach. However, the USPTO proposed to adopt the narrower claim construction standard applied by federal courts if the subject patent will expire prior to issuance of a final decision. The USPTO nevertheless did not specify which party could request application of the different claim standard or how the procedure at the PTAB would differ from typical proceedings.

The USPTO also addressed several comments related to patent owner's motions to amend claims. The USPTO did not adopt most of the comments from practitioners, but instead, reiterated rulings from PTAB decisions. In particular, the USPTO pointed to PTAB rulings in inter partes review proceedings *Idle Free System, Inc. v. Bergstrom, Inc.* (June 11, 2013) and *MasterImage 3D, Inc. v. RealD Inc.* (July 15, 2015) to clarify that a patent owner must argue for the patentability of the proposed substitute claims over the prior art of record, including prior art related to a patent owner's duty of candor and any other prior art or arguments set forth by the petitioner.

Additionally, the USPTO proposed rule changes that would allow a patent owner to submit testimonial evidence with its preliminary response. Because this evidence would have to be submitted prior to the PTAB's three month deadline for issuing an institution decision, the proposed rule change does not allow the petitioner to cross examine the witness prior to institution. This proposal presents a distinct advantage for the patent owner but also gives the petitioner the opportunity to seek leave to file a reply to the patent owner preliminary response.

As the AIA proceedings continue to evolve, a keen understanding of the rules is imperative. Although the AIA trials offer an effective forum to settle patent disputes, these nuanced rules present potential pitfalls for litigants.

The USPTO Director's announcement also provided some statistics for the post-issuance proceedings:

- As of July 31, 2015, the PTAB has received a total of 3,655 petitions, of which 3,277 are IPRs, 368 are CBMs, and 10 are PGRs.
- Of all of the AIA petitions filed so far, 63% percent were filed in the electrical/computer technology centers (TCs), 23% in the mechanical/business

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methods TCs, 9% in the bio/pharma TC, and 5% in the chemical TC.

- The PTAB has instituted trials on 1,389 of 3,277 IPR petitions, 185 of 368 CBM petitions, and 2 of 10 PGR petitions.
- Of the first IPRs to reach a conclusion, 25% of claims actually challenged were found to be unpatentable.

The post-grant procedures have proven to be popular - the total number of petitions filed to date are three times higher than what the USPTO initially anticipated. These proceedings are a growing force used to resolve patent disputes.