



April 6, 2016

## Patent Trial and Appeal Board Issues Updated Rules for Post-Issuance Proceedings

*By Scott A.M. Chambers, Ph.D. and Matthew D. Zapadka*

On March 31, 2016, the Patent and Trademark Office (USPTO) updated the rules of its Patent Trial and Appeal Board (PTAB) for *inter partes* review (IPR), post-grant review (PGR), and covered business method patent (CBM) proceedings. This update comes in response to the proposed changes, which we discussed [here](#), and adopts many of the proposed provisions.

The Leahy-Smith America Invents Act of 2011 (AIA) created these proceedings, and they have continued to evolve over the last several years. These most recent rule changes could shift the calculus of challenging patents before the PTAB and could alter the timing in which a patent owner files suit. The new rules are effective May 2, 2016 and apply to all AIA petitions filed on or after the effective date and to any ongoing AIA preliminary proceeding or trial before the USPTO.

Notable rules changes include the following:

- New testimonial evidence can now be submitted with a patent owner's preliminary response;
- A Rule 11-type certification must now be filed with papers filed in a proceeding, exposing attorneys to possible sanctions for failing to conduct an adequate pre-filing investigation;
- Certain situations now call for a narrower, district court-like claim construction that could reduce the number of patents found unpatentable; and
- The current page limit is replaced with a word count limit.

Despite its decision to continue to rely on the broadest

## EDITORIAL TEAM

### Principals

**Kevin M. Bell**  
202.517.6325  
[kmbell@pbnlaw.com](mailto:kmbell@pbnlaw.com)

**Scott A.M. Chambers, Ph.D.**  
202.517.6324  
[sachambers@pbnlaw.com](mailto:sachambers@pbnlaw.com)

**Richard J. Oparil**  
202.517.6323  
[rjoparil@pbnlaw.com](mailto:rjoparil@pbnlaw.com)

### Counsel

**Matthew J. Laskoski**  
202.517.1919  
[mjlaskoski@pbnlaw.com](mailto:mjlaskoski@pbnlaw.com)

**W. John McKeague, Ph.D.**  
202.517.6320  
[wjmckeague@pbnlaw.com](mailto:wjmckeague@pbnlaw.com)

### Associates

**B. Dell Chism**  
202.517.6314  
[bdchism@pbnlaw.com](mailto:bdchism@pbnlaw.com)

**Caroline C. Maxwell**  
202.517.1988  
[ccmaxwell@pbnlaw.com](mailto:ccmaxwell@pbnlaw.com)

reasonable interpretation (BRI) claim construction for most proceedings, the USPTO rejected all suggested changes that would make it easier to amend claims during these AIA reviews. After receiving negative feedback, the USPTO also rejected the notion of a pilot program using a single judge to determine if an AIA review, such as an IPR, should be instituted, but will continue to use three-judge panels for the entire process.

Some of these changes will have greater impact than others, the scope of which will take time to be seen. Nonetheless, the change that allows a patent owner to file testimonial evidence with its preliminary response and potentially narrowed claim constructions will undoubtedly alter strategies employed by both parties.

For example, in IPR's, patent owners were previously unable to submit any testimonial evidence in response to a petition filed by the party challenging a patent. Now, a patent owner may submit testimonial evidence that is unlimited in scope even though there is typically not enough time for a petitioner to cross-examine the declarant before the PTAB's institution decision. Despite this seemingly favorable shift for the patent owner, "any factual dispute created by testimonial evidence that is material to the institution decision will be resolved in favor of the petitioner solely for the purposes of determining whether to institute a trial." Interestingly, this creates a factual presumption in favor of the petitioner where one did not exist before. It is therefore questionable how much weight the PTAB will actually give to a patent owner's testimonial evidence and it is unclear how the PTAB will treat this evidence once it has decided to institute a proceeding.

Further, the change to the claim construction standard will likely impact litigants' decisions before any court proceeding even takes place. In AIA proceedings, the PTAB applies the BRI standard, which means claim terms are generally given their "broadest reasonable interpretation" as would be understood by one of ordinary skill in the art when considering the specification, but will not limit the scope of the term unless the specification expressly disclaims the broader definition. However, patent claims that will expire within 18 months from the entry of the Notice of Filing Date Accorded to Petition can now be construed using a construction in accordance with *Phillips v. AWH Corp.* (Fed. Cir. 2005) when requested by motion. With the *Phillips*-type approach, the term is given the meaning that a term would have to a person of ordinary skill in the art in question at the time of the invention. This has been held to mean that the BRI can be the same as or broader than the *Phillips*-type construction but it cannot be narrower. The PTAB will then determine via conference call with the parties the appropriate construction standard and whether any other

**Matthew D. Zapadka**  
202.517.6313  
[mdzapadka@pbnlaw.com](mailto:mdzapadka@pbnlaw.com)

CONNECT WITH US



 Join Our Mailing List

 Send to a Colleague

briefing is warranted.

The initial impact of this is unclear because *In re Cuozzo Speed Techs., LLC* is pending before the Supreme Court, which may dictate that all IPRs are given a *Phillips*-type standard. Nevertheless, this rule change will almost certainly encourage petitioners to challenge patents as early as possible if concerned about the 18-month expiration time. This change could also cause patent owners to delay filing suit to trigger the possibility of this claim construction. The updated rule may further alter a petitioner's strategy for challenging a patent because the petitioner may decide to take a more traditional route in federal court where more types of validity challenges are available as opposed to challenging a patent at the USPTO.

Continued PTAB rule changes will impact the way parties assert patents and defend against alleged patent infringement. These new rules may change the strategies that have been evolving over the last several years. Litigants must fully consider their options during patent lawsuits to fully leverage the most advantageous options to reach their desired outcome.