DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

37 CFR Part 42

[Docket No. PT0–P–2015–0053]

RIN 0651–AD01

Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board

AGENCY: Patent Trial and Appeal Board, United States Patent and Trademark Office, U.S. Department of Commerce.

ACTION: Proposed rule.

SUMMARY: This proposed rule would amend the existing consolidated set of rules relating to the United States Patent and Trademark Office (Office or USPTO) trial practice for *inter partes* review (''IPR''), post-grant review (''PGR''), the transitional program for covered business method patents (''CBM''), and derivation proceedings that implemented provisions of the Leahy-Smith America Invents Act (''AIA'') providing for trials before the Office.

DATES: *Comment date:* The Office solicits comments from the public on this proposed rulemaking. Written comments must be received on or before October 19, 2015 to ensure consideration.

Roadshow Dates: The Office, in concert with the American Intellectual Property Association (''AIPLA''), will have a Road Show Series in August 2015 where the proposed rules will be discussed. This AIPLA/USPTO Road Show Series, entitled ''Enhancing Patent Quality and Conducting AIA Trials,'' will be held on August 24, 2015 in Santa Clara, California, August 26, 2015 in Dallas, Texas, and August 28, 2015 in Alexandria, Virginia.

ADDRESSES: Comments should be sent by electronic mail message over the Internet addressed to: *trialrules2015@uspto.gov.* Comments may also be submitted by postal mail addressed to: Mail Stop Patent Board, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313–1450, marked to the attention of ''Lead Judge Susan Mitchell, Patent Trial Proposed Rules.''

Comments may also be sent by electronic mail message over the Internet via the Federal eRulemaking Portal. *See* the Federal eRulemaking Portal Web site (*http://www.regulations.gov*) for additional instructions on providing comments via the Federal e-Rulemaking Portal.

Although comments may be submitted by postal mail, the Office prefers to receive comments by electronic mail message to be able to more easily share all comments with the public. The Office prefers the comments to be submitted in plain text, but also accepts comments submitted in ADOBE® portable document format or MICROSOFT WORD® FORMAT. Comments not submitted electronically should be submitted on paper in a format that accommodates digital scanning into ADOBE® portable document format.

The comments will be available for public inspection at the Patent Trial and Appeal Board, currently located in Madison East, Ninth Floor, 600 Dulany Street, Alexandria, Virginia. Comments also will be available for viewing via the Office's Internet Web site *http://www.uspto.gov/patents/law/comments/index.jsp*. Because comments will be made available for public inspection, information that the submitter does not desire to be made public, such as address or phone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT: Susan L. C. Mitchell, Lead Administrative Patent Judge by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION:

Executive Summary: Purpose: This proposed rule would amend the existing consolidated set of rules relating to the United States Patent and Trademark Office (Office or USPTO) trial practice for *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings that implemented provisions of the Leahy-Smith America Invents Act (''AIA'') providing for trials before the Office.

Summary of Major Provisions

In an effort to gauge the effectiveness of the rules governing AIA trials, the Office conducted a nationwide listening tour in April and May of 2014, and in June 2014, published a Federal Register Notice asking for public feedback about the AIA trial proceedings. The Office has carefully reviewed the comments and, in response to public input, already has issued a first, final rule, which was published on May 19, 2015. That final rule addressed issues concerning the patent owner's motion to amend and the petitioner's reply brief that involved ministerial changes. For instance, the final rules provided ten additional pages for a patent owner's motion to amend, allowed a claims appendix for a motion to amend, and provided ten additional pages for a petitioner's reply brief, in addition to other ministerial changes to conform the rules to the Office's established practices in handling AIA proceedings.

This second, proposed rule (the subject of this Federal Register document) addresses more involved proposed changes to the rules and proposed revisions to the Office Patent Trial Practice Guide. The Office presents the following proposed rules to address issues and public comments that were raised concerning the claim construction standard for AIA trials, new testimonial evidence submitted with a patent owner's preliminary response, Rule 11-type certification, and word count for major briefing. The Office will also later amend its Office Patent Trial Practice Guide to reflect developments in practice before the Office concerning how the Office handles additional discovery, live testimony, and confidential information. In response to the USPTO's roundtable on attorney-client privilege issues held in February 2015, the Office also requests input on recognizing privilege for communications between a patent applicant or owner and its U.S. patent agent or foreign patent practitioner in a possible future rulemaking.

The Office anticipates that it will continue to refine the rules governing AIA trials to continue to ensure fairness and efficiency while meeting the congressional mandate. Therefore, the Office continues to encourage comments concerning how the rules may be refined to achieve this goal.

Costs and Benefits: This rulemaking is not economically significant, and is not significant, under Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

Background

Development of These Proposed Rules

On September 16, 2011, the AIA was enacted into law (Pub. L. 112–29, 125 Stat. 284 (2011)), and shortly thereafter in 2012, the Office implemented rules to govern Office trial practice for AIA trials, including *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings pursuant to 35 U.S.C. 135, 316 and 326 and AIA 18(d)(2). *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 48612 (Aug. 14, 2012); Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program

for Covered Business Method Patents, 77 FR 48680 (Aug. 14, 2012); Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 FR 48734 (Aug. 14, 2012). Additionally, the Office published a Patent Trial Practice Guide for the rules to advise the public on the general framework of the regulations, including the structure and times for taking action in each of the new proceedings. *See* Office Patent Trial Practice Guide, 77 FR 48756 (Aug. 14, 2012).

In an effort to gauge the effectiveness of these rules governing AIA trials, the Office conducted a nationwide listening tour in April and May of 2014. During the listening tour, the Office solicited feedback on how to make the trial proceedings more transparent and effective by adjusting the rules and guidance where necessary. To elicit even more input, in June of 2014, the Office published a Request for Comments in the **Federal Register** and, at stakeholder request, extended the period for receiving comments to October 16, 2014. *See* Request for Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board, 79 FR 36474 (June 27, 2014).

The Request for Comments asked seventeen questions on ten broad topics, including a general catchall question, to gather stakeholder feedback on any changes to the AIA trial proceedings that might be beneficial. *See* Request for Comments, 79 FR at 36476–77. The Office received thirty-seven comments from bar associations, corporations, law firms, and individuals encompassing a wide range of issues. The Office expresses its gratitude for the thoughtful and comprehensive comments provided by the public, which are available on the USPTO Web site: *http://www.uspto.gov/page/comments-trial-proceedings-under-america-invents-act-patent-trial-and-appeal-board.*

Several commenters expressed satisfaction with the current rules governing AIA trial proceedings, and several commenters offered suggestions on how to strengthen the AIA trial proceeding rules. For example, some suggestions concerned the claim construction standard used by the PTAB, motions to amend, discovery procedures, and handling of multiple proceedings. The Office addressed all public comments that involved changes to the page limitations for a patent owner's motion to amend or a petitioner's reply brief in the first, final rulemaking. The Office will address the remaining comments in this second, proposed rulemaking.

Differences Between the Proposed Rules and the Current Rules

The Office will address the differences between the proposed rules and the current rules in relation to the seventeen questions that the Office asked in the June 27, 2014 Notice concerning the following ten topics: (1) Claim construction standard; (2) a patent owner's motions to amend; (3) a patent owner's preliminary response; (4) additional discovery; (5) obviousness; (6) real party in interest; (7) multiple proceedings; (8) extension of one year period to issue a final determination; (9) oral hearing; and (10) general topics. *See* 79 FR at 36476. The comments provided support for, opposition to, and diverse recommendations on the current rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. In this discussion, the Office will respond to the comments submitted in response to the seventeen questions (besides those which involved suggestions for page limitation changes for a patent owner's motion to amend or petitioner's reply brief) and set forth proposed changes to the rules and the Office Patent Trial Practice Guide. In addition, in order to further attempt to prevent any misuse of the AIA proceedings, the Office proposes to amend 37 CFR 42.11 (which prescribes the duty of candor owed to the Office in these proceedings) to include a Federal Rule of Civil Procedure Rule 11-type certification for all papers filed with the Board in these proceedings, including a provision for sanctions for misconduct in connection with such papers. If appropriate, such misconduct in the course of AIA proceedings might also be reported to the Office of Enrollment and Discipline.

Claim Construction Standard

The Office asked, ''Under what circumstances, if any, should the Board decline to construe a claim in an unexpired patent in accordance with its broadest reasonable construction in light of the specification of the patent in which it appears?'' 79 FR at 36476. The Office received comments advocating various positions, including that it should continue to apply the broadest reasonable interpretation standard in construing terms of an unexpired patent, that it should use a *Phillips*-type construction standard for all patents at issue in AIA proceedings, and that it use the claim construction standard set forth in *Phillips* v. *AWH Corp.,* 415 F.3d 130 (Fed. Cir. 2005 (en banc), under certain circumstances. The Office will address each of these suggestions in turn.

Comment 1: Multiple commenters recommended that the Office continue to apply the broadest reasonable interpretation standard in construing terms of an unexpired patent at issue in an *inter partes* review proceeding, post-grant review proceeding, or covered business method review proceeding. These commenters stressed that ''the broadest reasonable construction standard used during traditional *ex parte* prosecution, reissue, and reexamination practice is a reasonable standard to use in PTAB proceedings.'' These same commenters noted that the ''PTO has a long-standing practice of giving patent claims their broadest reasonable interpretation during examination and during other post-issuance proceedings such as reexamination, reissue and interference for good reason,'' which ''serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified.''

Conversely, the Office received a comment suggesting the use of a *Phillips*-type construction standard for all patents, stating that ''claims in AIA trials should be construed as they have been or would be construed in a civil action to invalidate a patent under Patent Act section 282, including construing each claim of the patent in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art, the prosecution history pertaining to the patent, and prior judicial determinations and stipulations relating to the patent.'' The commenter also stated that ''the PTAB should apply the Phillips construction during AIA trials because they are adjudicative proceedings like litigation,'' and not examination proceedings like *inter partes* reexamination.

Response: The comments favoring retention of the BRI approach are adopted. The Office appreciates the suggestions and will continue to apply the broadest reasonable interpretation standard to claims in an unexpired patent at issue in an AIA proceeding. The United States Court of Appeals for the Federal Circuit (''Federal Circuit'') has held recently that the Office is authorized to employ the broadest reasonable construction approach to construing terms of an unexpired patent at issue in an *inter partes* review proceeding—the Federal Circuit found that the BRI approach is consistent with legislative intent and reasonable under the Office's rulemaking authority. *In re Cuozzo Speed Techs., LLC,* No. 2014–

1301, 2015 WL 4097949, at *7–8 (Fed. Cir. July 8, 2015). In making this determination, the Federal Circuit observed that ''[t]here is no indication that the AIA was designed to change the claim construction standard that the PTO has applied for more than 100 years. Congress is presumed to legislate against the background of the kind of longstanding, consistent existing law that is present here. Moreover, Congress in enacting the AIA was well aware that the broadest reasonable interpretation standard was the prevailing rule.'' *Id.* at *6. The Federal Circuit recognized that because an *inter partes* review proceeding provides the patent owner the opportunity to amend its claims, use of the broadest reasonable interpretation approach is appropriate, regardless of ''the fact that IPR may be said to be adjudicatory rather than an examination.'' *Id.* at *16. The Federal Circuit also stated, ''[a]lthough the opportunity to amend is cabined in the IPR setting, it is thus nonetheless available,'' and specifically addressed the prohibition on post-issuance broadening at issue in the case, further stating that at least this restriction on motions to amend ''does not distinguish pre-IPR processes or undermine the inferred congressional authorization of the broadest reasonable interpretation standard in IPRs.'' *Cuozzo,* 2015 WL 4097949, at 7.

Comment 3: The Office received multiple comments recommending changing the claim construction standard in certain circumstances. These commenters advocated for the use of the claim construction standard set forth in *Phillips* v. *AWH Corp.,* 415 F.3d 1303 (Fed. Cir. 2005) (en banc) for some or all of the following circumstances: (a) Unexpired patents where the ability to amend claims is no longer present in the trial, such as when a patent owner has elected to forego the opportunity to amend; (b) unexpired patents where the patent will expire prior to the final decision; (c) unexpired patents subject to a terminal disclaimer prior to final decision; and/or (d) unexpired patents when the parties to the trial have each filed claim construction briefings in another tribunal on terms at issue in the trial.

Response: These comments are adopted in part. The Office agrees that the application of a *Phillips*-type claim construction for claims of a patent that will expire prior to the issuance of a final decision is appropriate. Such patents essentially lack any viable opportunity to amend the claims in an AIA proceeding. Therefore, for patents that will expire prior to issuance of any final written decision by the Office, the Office proposes to apply a *Phillips*-type standard during the proceeding.

A scenario where it is clear that a patent will expire before a final decision is issued by the Office is a definitive circumstance where a petitioner can determine which claim construction will be applied with guidance from the Office. Specifically, the Office proposes to amend 37 CFR 42.100(b), 42.200(b), and 42.300(b) to reflect this change in the claim construction standard for claims in patents that will expire before a final written decision is issued in an AIA proceeding. The Office also intends to issue specific guidelines in the Office Patent Trial Practice Guide. The Office invites comments on how to structure guidelines to implement this change. For instance, the Office welcomes comments on the following questions: Should the Office set forth guidelines where a petitioner may determine, before filing a petition, which claim construction approach will be applied by the Office based on the relevant facts? Should the petitioner, who believes that the subject patent will expire prior to issuance of a final written decision, be required to submit claim interpretation analysis under both a *Phillips*-type and broadest reasonable interpretation approaches or state that either approach yields the same result? Should the Office entertain briefing after a petition if filed, but before a patent owner preliminary response is filed, concerning what standard should be applied?

As to the remaining scenarios set forth by commenters, the Office will continue to apply a broadest reasonable interpretation standard because at the time that a petition is filed in each of those scenarios, the patent owner's ability to amend remains available. To allow the patent owner unilaterally to decide to forego any opportunity to amend after a petition has been filed, and thereby opt-in to a *Phillips*-type construction, appears to be unworkable, given the timeline applicable to AIA proceedings. In particular, the timeline would not allow a petitioner adequate time to amend the petition to reflect a different claim construction standard. The Office invites comments suggesting any workable and efficient solutions for scenarios where the patent owner chooses to forego the right to amend claims in an AIA proceeding, including any suggested revisions to the rules or the Office Patent Trial Practice Guide.

Patent Owner's Motions To Amend

The Office asked, ''What modifications, if any, should be made to the Board's practice regarding motions to amend?'' 79 FR at 36476. The Office received a spectrum of comments that ranged from seeking no change in amendment practice to proposals for liberal grant of amendments in AIA proceedings. The Office addresses these comments below.

Since receipt of these comments, the Office has clarified its statement made in *Idle Free System, Inc.* v. *Bergstrom, Inc.,* Case IPR2012–00027 (PTAB June 11, 2013) (Paper 26) (informative), that ''[t]he burden is not on the petitioner to show unpatentability, but on the patent owner to show patentable distinction over the *prior art of record* and also *prior art known to the patent owner.*'' *Id.* at 7 (emphasis added). Specifically, the Office addressed what the references to ''prior art of record'' and ''prior art known to the patent owner'' mean, and how the burden of production shifts to the petitioner once the patent owner has made its *prima facie* case for patentability of the amendment. *See MasterImage 3D, Inc.* v. *RealD Inc.,* Case IPR2015–00040, slip op. at 1–3 (PTAB July 15, 2015) (Paper 42). This decision clarifies that a patent owner must argue for the patentability of the proposed substitute claims over the prior art of record, including any art provided in light of a patent owner's duty of candor, and any other prior art or arguments supplied by the petitioner, in conjunction with the requirement that the proposed substitute claims be narrower than the claims that are being replaced.

Comment 1: A number of commenters expressed satisfaction with the Board's current rules and practices for motions to amend. One commenter identified *Idle Free Systems, Inc.* v. *Bergstrom, Inc.,* Case IPR2014–00027 (PTAB June 11, 2013) (Paper 26) (informative), as outlining practices consistent with congressional intent and ''striking an appropriate balance between the public's interest in challenging the patentability of questionable patents and a patent owner's interest in maintaining patent protection for a legitimate invention.'' Another commenter stated that although the Board's current requirements for motions to amend provide patent owners with a fair opportunity to narrow claims in response to a petitioner's arguments and provide petitioners with fair notice regarding the type of amendment they need to rebut, the Office should consider providing consistent guidance through a precedential opinion or other means.

Response: These comments are adopted. The Office is committed to improving its rules and practices for motions to amend and AIA trial practice in general. Accordingly, the Office will

continue to make improvements and clarifications via the rule-making process, by updating the Office Patent Trial Practice Guide, and by designating opinions as precedential or informative, as warranted. For example, as discussed above, the Office has issued an opinion that clarifies what is meant by ''prior art of record'' and ''prior art known to the patent owner'' in the context of a patent owner's *prima facie* case of patentability in a motion to amend. *See MasterImage,* slip op. at 1–3.

Comment 2: One commenter advocated eliminating the opportunity to amend claims in AIA trial proceedings based on the premise that AIA trial proceedings are better designed to be expedited proceedings for determining claim patentability, not an examination.

Response: As the commenter recognizes, a patent owner's right to file a motion to amend is statutorily mandated (35 U.S.C. 316(d), 326(d)), as is the duty of the Director to provide standards and procedures for allowing such amendment (35 U.S.C. 316(a)(9), 326(a)(9)). Absent a change in statutory authority, the Office cannot withdraw the opportunity to amend claims in AIA trial proceedings.

Comment 3: Several commenters stated that the burden of proving the patentability of any proposed substitute claim should remain with the patent owner. Other commenters stated the contrary—that the burden should be shifted to the patent challenger to prove a proposed substitute claim unpatentable. Other commenters suggested intermediate positions targeted to reducing the burden on the patent owner, who submits a motion to amend, by requiring that the patent owner only bear the burden of proving patentability over the cited art in the petition or asserted grounds of unpatentability. Another commenter suggested that, similar to practice before the European Patent Office, motions to amend in AIA trials could include the participation of a USPTO Examiner from the technology center, preferably the examiner who originally granted the subject patent, and be limited to reviewing the broadest claim of a substitute claim set to allow patent owners to present multiple narrowing claim sets as fallback positions.

Response: These comments are adopted in part. The Board currently does not contemplate a change in rules or practice to shift the ultimate burden of persuasion on patentability of proposed substitute claims from the patent owner to the petitioner. Depending on the amendment, a petitioner may not have an interest in challenging patentability of any substitute claims. Therefore, the ultimate burden of persuasion on patent owner's motion to amend remains best situated with the patent owner, to ensure that there is a clear representation on the record that the proposed substitute claims are patentable, given that there is no opportunity for separate examination of these newly proposed substitute claims in these adjudicatory-style AIA proceedings. *See Microsoft Corp.* v. *Proxyconn, Inc.,* Nos. 2014–1542, 2014–1543, 2015 WL 3747257, at *12 (Fed. Cir. June 16, 2015) (stating ultimate burden of persuasion remains with the patent owner, the movant, to demonstrate the patentability of the substitute claims).

The Board's decision in *MasterImage* clarifies the meaning of the terms ''prior art of record'' and ''prior art known to the patent owner'' as set forth in *Idle Free,* which stated that the burden is on the patent owner ''to show patentable distinction over the prior art of record and also prior art known to the patent owner.'' *Idle Free,* slip op. at 7. The Office stated in *MasterImage that,* ''[t]he reference to 'prior art of record' in the above-quoted text, as well as everywhere else in *Idle Free,* should be understood as referring to: a. any material art in the prosecution history of the patent; b. any material art of record in the current proceeding, including art asserted in grounds on which the Board did not institute review; and c. any material art of record in any other proceeding before the Office involving the patent.'' *MasterImage,* slip op. at 2. The Office also stated that the term ''prior art known to the patent owner,'' as used in *Idle Free,* ''should be understood as no more than the material prior art that Patent Owner makes of record in the current proceeding pursuant to its duty of candor and good faith to the Office under 37 CFR 42.11, in light of a Motion to Amend.'' *Id.*

At this time, the Office does not contemplate seeking assistance from the Examining Corps for review of motions to amend.

In addition, the Office has clarified how the burden of production shifts between the parties with regard to a motion to amend. ''With respect to a motion to amend, once Patent Owner has set forth a *prima facie* case of patentability of narrower substitute claims over the prior art of record, the burden of production shifts to the petitioner. In its opposition, the petitioner may explain why the patent owner did not make out a *prima facie* case of patentability, or attempt to rebut that *prima facie* case, by addressing Patent Owner's evidence and arguments and/or by identifying and applying additional prior art against proposed substitute claims. Patent Owner has an opportunity to respond in its reply. The ultimate burden of persuasion remains with Patent Owner, the movant, to demonstrate the patentability of the amended claims.'' *MasterImage,* slip op. at 2 (citing *Microsoft,* 2015 WL 3747257, at *12).

Comment 4: Several commenters suggested that patent owners should not be required to cancel a challenged claim in order to submit a substitute claim and/or should be permitted to propose more than one substitute claim per challenged claim.

Response: Rule 42.221(a)(3) provides that a motion to amend may ''cancel a challenged claim or propose a reasonable number of substitute claims,'' and for efficiency, sets forth the rebuttable presumption ''that only one substitute claim would be needed to replace each challenged claim.'' As 37 CFR 42.121(a)(3) and 42.221(a)(3) provides, this presumption ''may be rebutted by a demonstration of need.'' This strikes a reasonable balance between maintaining the efficiency of the proceedings and allowing a patent owner to present additional substitute claims when need is shown. Although patent owners are encouraged to submit a single substitute claim for each canceled claim, the Rules do not prohibit a motion to amend that proposes more than one replacement claim for each cancelled claim. Patent owners are encouraged to confer with the Board where an appropriate showing of need can be made. The Board does not, however, contemplate a change in rules or practice at this time.

Comment 5: Several commenters suggested that motions to amend should be liberally allowed. One commenter suggested the Office should evaluate a motion to amend in the same way that the entry of a supplemental response in prosecution is evaluated, as under 37 CFR 1.111(a)(2).

Response: These suggestions are not adopted. Under 35 U.S.C. 316(a)(9) and 326(a)(9), the Office has the authority to set forth standards and procedures for allowing a patent owner to move to amend the patent under 35 U.S.C. 316(d) and 326(d). And 35 U.S.C. 316(d) and 326(d) sets forth certain statutory limitations for amendments for a patent in an AIA proceeding, including limiting the number of proposed claims to a ''reasonable number of substitute claims'' (35 U.S.C. 316(d)(1)(B)) and prohibiting amendments that ''enlarge the scope of the claims of the patent or introduce new matter'' (35 U.S.C.

316(d)(3)). Thus, by statute, motions to amend cannot be entered in the same way as amendments that are entered during prosecution, which are not bound by such restrictions.

Moreover, AIA proceedings are neither *ex parte* patent prosecution nor patent reexamination or reissue. The Board does not conduct a prior art search to evaluate the patentability of the proposed substitute claims, and any such requirement would be impractical given the statutory structure of AIA proceedings. If a motion to amend is granted, the substitute claims become part of an issued patent, without any further examination by the Office. Because of this constraint, the Office has set forth rules for motions to amend that account for the absence of an independent examination by the Office where a prior art search is performed as would be done during prosecution, reexamination, or reissue.

As set forth above, however, the Office does recognize a clarification of amendment practice that affirmatively states that a patent owner must argue for the patentability of the proposed substitute claims over the prior art of record, including art provided in light of a patent owner's duty of candor and any other prior art or arguments supplied by the petitioner, in conjunction with the statutory requirement that the proposed substitute claims be narrower than the claims that are being replaced. In light of these requirements, the Office has explained how the burden of production shifts to the petitioner once the patent owner has set forth a *prima facie* case of patentability of narrower substitute claims. *MasterImage,* slip op. at 3.

Comment 6: Several commenters suggested that the Office provide additional guidance in conferences regarding motion to amend practice, including guidance on what prior art the patent owner needs to distinguish in a motion to amend. One commenter stated that the Office could confirm for a patent owner whether a new prior art search is required and whether providing information similar to the accelerated examination support documents (ESD) would be sufficient for a patent owner to carry its burden. Another commenter suggested making clear in the Rules and the Trial Practice Guide that a reissue application can be utilized after a final written decision as an examination mechanism for amending claims and that the burden of persuasion for permitting the Board to consider a motion to amend is not the same as the burden of proof as to the patentability of any claims that are the subject to a motion to amend.

Response: These comments are adopted in part as set forth above. The Office has explained how the burden of production shifts to the petitioner once the patent owner has set forth a *prima facie* case of patentability of narrower substitute claims. *MasterImage,* slip op. at 3. Also, 37 CFR 42.121(a) and 42.122(a) require the patent owner to hold a conference call with the Office before the patent owner files a motion to amend. During that call, the judges provide technical guidance to the patent owner and the petitioner regarding the motion. If the parties have questions regarding the proper scope of a motion to amend, the parties may discuss those issues with the judges during the conference call. In addition, the Board notes the following Board decisions on motions to amend as further guidance: *MasterImage,* slip op. at 1–3); *Idle Free Systems, Inc.* v. *Bergstrom, Inc.,* Case IPR2012–00027 (PTAB June 11, 2013) (Paper 26) (informative); *Int'l Flavors & Fragrances Inc.* v. *United States of America,* Case IPR2013–00124 (PTAB May 20, 2014) (Paper 12) (informative); *Corning Optical Comms. RF, LLC* v. *PPC Broadband, Inc.,* Case IPR2014–00441 (PTAB Oct. 30, 2014) (Paper 19); *Riverbed Tech., Inc.* v. *Silver Peak Systems, Inc.,* Case IPR2013–00403 (PTAB Dec. 30, 2014) (Paper 33); *Reg Synthetic Fuels LLC* v. *Neste Oil OYJ,* Case IPR2014–00192 (PTAB June 5, 2015) (Paper 48).

As for whether to revise the Rules and the Trial Practice Guide to state that a reissue application can be utilized as a mechanism for amending the claims after final written decision, the Office declines to propose a blanket rule applicable to all reissues, which have additional requirements governing those proceedings.

As for distinguishing between the burden of persuasion for permitting the Board to consider a motion to amend and the burden of proof as to patentability, the patent owner has a statutory right to file a motion to amend under 35 U.S.C. 316(d) and 326(d). Thus, there is no burden of persuasion for permitting the Board to consider a motion to amend, as the Board must consider a motion to amend that is filed in a proceeding.

Comment 7: One commenter suggested that the Office should allow patent owners to cure minor defects in motions to amend, such as the failure to construe a claim term that the Board deems necessary or failure to provide written description support for the substitute claim language. The commenter further suggested that the petitioner should be allowed to respond to these further comments by the patent owner.

Response: If the Board deems it appropriate, the Board may allow a patent owner to cure minor defects in a motion to amend upon request. Given the time constraints of these proceedings, however, the suggested further exchange of briefing may be incompatible with the case schedule. To the extent a patent owner is aware of any such defects, the Office recommends that the patent owner seek authorization from the Board to revise its motion to amend as soon as possible.

Comment 8: Several commenters suggested that the Office should rescind the patent owner estoppel provision of 37 CFR 42.73(d)(3) because the commenters believed the Rule ''precludes a patent owner from obtaining from the Office in another proceeding a patent claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim.''

Response: This suggestion is not adopted. Under 37 CFR 42.73(d)(3), a patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent (1) A claim that is not patentably distinct from a finally refused or canceled claim; or (2) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description. Thus, 37 CFR 42.73(d)(3) does not expressly preclude a patent owner from obtaining, in another proceeding, all patent claims that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim, as the commenters suggest. By its terms, this rule precludes a patent applicant or owner from obtaining, in another proceeding, claims that are not patentably distinct from a finally refused or canceled claim.

Comment 9: One commenter suggested that the rules are unfair because the patent owner must file its motion to amend at the same time that it files its patent owner response. The commenter states, ''[t]herefore, the patent owner must put forward all its arguments for patentability without knowing whether the original or amended claims will be reviewed by the PTAB.''

Response: When the patent owner files its patent owner response, the Board will have issued its decision on institution, which identifies the grounds and claims on which the *inter partes* or

post-grant review is instituted. Moreover, AIA proceedings before the Office are required, by statute, to be completed no later than one year from the date on which the Director notices the institution of a review, except where good cause is shown to extend the one-year period, which extension may be no more than six months. 35 U.S.C. 316(a)(11); 37 CFR 42.100(c). Due to the time constraints imposed on these proceedings, the Office deemed it most efficient for patent owners to file their motions to amend no later than the filing of the patent owner response. *See* 37 CFR 42.121, 42.221. The patent owner, however, may file a motion to amend at an earlier stage of the proceeding.

Comment 10: One commenter suggested that when a patent owner concedes the unpatentability of an existing claim and files a non-contingent motion to amend, claim cancellation should take place immediately. The commenter stated that, under current practice, the conceded claim remains in effect until the Board issues its final written decision, which allows the patent owner to assert the conceded claim in parallel proceedings. Accordingly, the commenter suggested that a patent owner should not be permitted to concede a claim's patentability before the Board while continuing to assert it in litigation.

Response: This suggestion is not adopted. The defendant in such litigation may seek relief before the district court. The Board typically considers all papers at once for purposes of rendering the final written decision. That practice is generally most efficient, in light of the large number of cases pending before the Board. Also, a patent owner who asserts a claim in a parallel proceeding that was conceded to be unpatentable may face potential sanctions, and registered practitioners who assert such a claim may face disciplinary investigation by the Office of Enrollment and Discipline. In the event, however, that a patent owner concedes unpatentability and requests cancellation of any claims, the parties may request a conference call with the panel to request cancellation of those claims before issuing the final written decision.

Comment 11: One commenter suggested that if a motion to amend is denied, the patent owner should be allowed to convert the denied motion to amend into an *ex parte* reexamination of the substitute claims. Accordingly, any prior art raised in either the motion or the opposition should be applied as the substantial new question of patentability in reexamination.

Response: This suggestion is not adopted. The rules for a request for *ex parte* reexamination apply different parameters than the rules for motions to amend in AIA proceedings. *Compare* 37 CFR 1.510(b) *with* 37 CFR 42.121, 42.221. Thus, the Office cannot convert a denied motion to amend into an *ex parte* reexamination of the proposed substitute claims that does not address the requirements of a request for *ex parte* reexamination.

Patent Owner's Preliminary Response

The Office asked, ''Should new testimonial evidence be permitted in a Patent Owner Preliminary Response? If new testimonial evidence is permitted, how can the Board meet the statutory deadline to determine whether to institute a proceeding while ensuring fair treatment of all parties?'' 79 FR at 36476. The Office received comments that range from advocating preserving the current prohibition on the patent owner's ability to assert new testimonial evidence at the preliminary response stage, an intermediate position of allowing new testimonial evidence on issues for which the patent owner bears the burden of proof or in response to petitioner's declarant, to allowance of new testimonial evidence by patent owner at the preliminary response stage with no restriction on scope. Commenters did express an overall concern with the ability of parties to conduct adequate discovery relating to testimonial evidence and adhering to the statutory timeline for instituting proceedings.

The Office proposes amending the rules to allow the patent owner to file new testimonial evidence with its preliminary response. In order to be able to meet the three-month statutory deadline for issuing a decision on institution, the rules will provide expressly that no right of cross-examination of a declarant exists before institution. Because the time frame for the preliminary phase of an AIA proceeding does not allow for such cross-examination as of right, nor for the petitioner to file a reply brief as of right, the Office proposes amending the rules to provide that any factual dispute that is material to the institution decision will be resolved in favor of the petitioner solely for purposes of making a determination about whether to institute. This is proposed, among other reasons, to preserve petitioner's right to challenge statements made by the patent owner's declarant.

Comment 1: Several commenters suggested that the patent owner should be allowed to rely on new testimonial evidence in its preliminary response to the petition given that the petitioner may rely upon such evidence in its petition, and that the current practice of not allowing a patent owner to rely on such evidence is unfair. Within these comments were examples of testimonial evidence that should be allowed in a preliminary response, such as testimony related to claim construction, issues regarding obviousness, and issues for which the patent owner has the burden of proof. Certain comments suggested that early development of the record would increase efficiency by leading to fewer institutions or institution on fewer grounds. Other comments said that the current rule should not be changed because the time period prior to institution does not allow a petitioner to evaluate fully the new evidence, the petitioner would not have an opportunity to cross-examine the witness, and the patent owner has a full opportunity to submit evidence post-institution.

Response: The Office proposes to amend the rules for the patent owner preliminary response (37 CFR 42.107, 42.207) to allow new testimonial evidence, thereby adopting the suggestions that the patent owner be allowed to rely upon supporting testimonial evidence in response to the petition. Sections 313 and 323 of Title 35 state that the patent owner may file a preliminary response that sets forth reasons why no institution should be granted. Therefore, the Office believes that it would be fair and equitable to consider supporting evidence submitted with a preliminary response.

If supporting evidence is submitted by a patent owner, cross-examination of the witness providing the testimony is likely to be permitted only after the institution of the proceeding, given the time constraints surrounding the institution decision. Section 316(a)(5)(A) of Title 35 states that the Director shall prescribe regulations setting forth standards and procedures for discovery of relevant evidence including the depositions of witnesses submitting affidavits or declarations. Allowing for cross-examination as of right prior to the institution of a proceeding would negatively impact the ability of the Office to meet the statutory requirements set out in 35 U.S.C. 314(b) and 324(c), and would result in more cost to the parties before a review is instituted.

In order for the Board to act consistently when confronted with material factual disputes in the institution decision briefing and evidence, the Office proposes that any

such factual disputes will be resolved in favor of the petitioner solely for purposes of deciding whether to institute. The petitioner also will be afforded an opportunity to seek permission to file a reply brief to respond to a preliminary response that presents testimonial evidence, though it will not be able to file such a reply as of right.

Comment 2: The Office received several comments suggesting that the Board provide for the submission of a petitioner reply to the patent owner preliminary response, particularly if the Board were to amend the rule for the patent owner preliminary response to allow new testimonial evidence. Many of these commenters stated that the petition itself is limited because the petitioner cannot anticipate all arguments that the patent owner may make (*e.g.,* the patent owner preliminary response may present additional claim constructions), and that a petitioner's rehearing request does not provide a timely opportunity for the petitioner to reply to the patent owner preliminary response. However, one commenter opposed this suggestion, stating that ''in all fairness the only way to reasonably address such a drastic change were it implemented would be by the inventor/[patent owner] being allowed to then file a sur-reply to Petitioner's reply . . . .'' Many of the commenters noted the short statutory timeframe for the pre-institution phase as a factor that limits the number of briefs that may be allowed.

Response: Because the Office proposes to amend the rules for the patent owner preliminary response (37 CFR 42.107, 42.207) to allow new testimonial evidence, the Office proposes to change the rules to provide for a petitioner to seek leave to file a reply to the patent owner preliminary response. In particular, each of 35 U.S.C. 316(a)(13) and 326(a)(12) states that the Director shall prescribe regulations providing the petitioner with ''at least 1 opportunity to file written comments.'' The Office proposes to change the rules to provide expressly that a petitioner may seek leave to file a reply to a preliminary response including new testimonial evidence, so that the Office may allow a reply when the circumstances so warrant.

Comment 3: Several commenters requested clarification of ''new testimonial evidence'' as used in 37 CFR 42.107(c). These comments indicated that the current rules, procedures, and cases do not provide adequate guidance as to what testimonial evidence is permitted in a preliminary response.

Response: Because the Office proposes to amend the rules for the patent owner preliminary response (37 CFR 42.107, 42.207) to allow new testimonial evidence, additional clarification is not necessary.

Additional Discovery

The Office asked, ''Are the factors enumerated in the Board's decision in *Garmin* v. *Cuozzo,* IPR2012–00001, appropriate to consider in deciding whether to grant a request for additional discovery? What additional factors, if any, should be considered?'' 79 FR at 36476. The Office provides guidance on its Web site, *see, e.g., http://www.uspto.gov/blog/aia/entry/message_from_administrative_patent_judges,* in response to comments generated from these questions, and plans to revise the Office Patent Trial Practice Guide to reflect this guidance.

Comment 1: A number of comments indicated that the *Garmin* factors are appropriate. Some of the comments further noted that the *Garmin* factors help the Office to strike the right balance for AIA trial proceedings, permitting parties to obtain meaningful discovery while preventing expensive, broad discovery. The comments also urged the Office to continue applying those factors. Several comments also expressed the view that the first, third, and fifth *Garmin* factors provide an important safeguard to minimize costs and limit distractions, ensuring fast and efficient resolution on the merits.

Response: These comments are adopted. The Office appreciates the suggestions and will continue to apply the *Garmin* factors on a case-by-case basis when considering whether additional discovery in an *inter partes* review is necessary in the interest of justice, as follows:

1. More Than A Possibility And Mere Allegation. The mere possibility of finding something useful, and mere allegation that something useful will be found, are insufficient. Thus, the party requesting discovery already should be in possession of a threshold amount of evidence or reasoning tending to show beyond speculation that something useful will be uncovered. ''Useful'' does not mean merely ''relevant'' or ''admissible,'' but rather means favorable in substantive value to a contention of the party moving for discovery.

2. Litigation Positions And Underlying Basis. Asking for the other party's litigation positions and the underlying basis for those positions is not necessarily in the interest of justice.

3. Ability To Generate Equivalent Information By Other Means. Discovery of information a party reasonably can figure out, generate, obtain, or assemble without a discovery request would not be in the interest of justice.

4. Easily Understandable Instructions. The requests themselves should be easily understandable. For example, ten pages of complex instructions are prima facie unclear.

5. Requests Not Overly Burdensome To Answer. The Board considers financial burden, burden on human resources, and burden on meeting the time schedule of the review. Requests should be sensible and responsibly tailored according to a genuine need.

Garmin Int'l, Inc. v. *Cuozzo Speed Techs. LLC,* Case IPR2012–00001, slip op. at 6–7 (PTAB Mar. 5, 2013) (Paper 26) (informative). The Office also applies similar factors in post-grant reviews and covered business method patent reviews when deciding whether the requested additional discovery is supported by a good cause showing and ''limited to evidence directly related to factual assertions advanced'' by a party. *See* 37 CFR 42.224; *Bloomberg Inc.* v. *Markets-Alert Pty Ltd,* Case CBM2013–00005, slip op. at 3–5 (PTAB May 29, 2013) (Paper 32).

Comment 2: A comment suggested that the Office should provide rule-based guidance on the ''interest of justice'' standard.

Response: As discovery disputes are highly fact dependent, the Office has found that the flexible approach as set forth in *Garmin* provides helpful guidance to the parties and assists the Office in achieving the appropriate balance, permitting meaningful discovery, while securing the just, speedy, and inexpensive resolution of every proceeding.

Comment 3: One comment suggested that the Office should continue to place emphasis on maintaining the one-year trial schedule by encouraging parties to raise discovery issues early in the proceeding, even during the pre-institution stage.

Response: This comment is adopted. As explained in *Garmin* regarding Factor 5—discovery requests must not be overly burdensome to answer—the Office will consider the burden on meeting the schedule of the proceeding. *Garmin,* Case IPR2012–00001, slip op. at 7. For example, as discussed below, the Office has granted reasonable, narrowly tailored discovery requests prior to institution when the patent owner raises sufficient concerns regarding the petitioner's identification of real parties-in-interest. Moreover, the Scheduling Order of each trial utilizes sequenced discovery, whereby parties can conduct meaningful discovery

before they are required to submit their respective motions and oppositions, taking into account the complexity of the proceeding, while ensuring that the trial is completed within one year of institution. Parties are encouraged to raise discovery issues, and confer with each other regarding such issues, as soon as they arise in a proceeding.

Comment 4: One comment suggested that Factor 2 should not be applied as a *per se* rule.

Response: Garmin sets forth a flexible approach in which the *Garmin* factors are not *per se* rules. As explained in *Garmin* regarding Factor 2, the Board has established rules and practices for the presentation of arguments and evidence, and there is a proper time and place for each party to make its presentation. *Garmin,* Case IPR2012–00001, slip op. at 13. For instance, under 37 CFR 42.51(b)(1) for routine discovery, a party has the opportunity to cross-examine the opposing party's declarant with regard to the basis of his or her testimony. Moreover, as discovery disputes are highly fact dependent, the Office decides each issue on a case-by-case basis, taking account of the specific facts of the proceeding. *See, e.g., Bloomberg Inc.* v. *Markets-Alert Pty Ltd.,* Case CBM2013–00005, slip op. at 6–7 (PTAB May 29, 2013) (Paper 32) (granting a specific and narrowly tailored request seeking information considered by an expert witness in connection with the preparation of his declaration filed in the proceeding).

Comment 5: One comment recommended that the Office expressly consider the specificity of the request, require parties to identify requested documents with the greatest possible specificity, and reject broad, amorphous requests that do not reasonably identify responsive documents. Other comments urged the Office to add the following additional factors, ensuring that the *Garmin* factors would be applied correctly and permitting additional discovery when it is actually warranted: (1) Whether the information is solely within the possession of the other party; (2) whether the information already has been produced in a related matter; and (3) whether the discovery sought relates to jurisdictional issues under 35 U.S.C. 315 and 325.

Response: Garmin sets forth a flexible and representative framework for providing helpful guidance to the parties, and assisting the Office to decide whether additional discovery requested in an *inter partes* review is necessary in the interest of justice, consistent with 35 U.S.C. 316(a)(5), or whether additional discovery in a post-grant review is supported by a good cause showing, consistent with 35 U.S.C. 326(a)(5). The list of factors set forth in *Garmin* is not exhaustive. The Office applies the factors on a case-by-case basis, considering the particular facts of each discovery request, including the particular arguments raised by a party seeking additional discovery. Under this flexible approach, parties are permitted to present their arguments using different factors including those suggested in the comments. In fact, the suggested additional factors are subsumed effectively already under the *Garmin* factors, and have been considered by the Office in deciding whether to grant additional discovery requests. *See, e.g., Int'l Sec. Exch., LLC* v. *Chi. Bd. Options Exch., Inc.,* Case IPR2014–00097 (PTAB July 14, 2014) (Paper 20) (granting a specific, narrowly tailored, and reasonable request for additional discovery of information that Patent Owner could not have obtained reasonably without a discovery request). As noted below, the Office frequently has granted reasonable discovery requests that are specific, narrowly tailored, and not overly burdensome in cases where a patent owner timely raises a real party-in-interest or privity challenge. *See, e.g., Nestle USA, Inc.* v. *Steuben Foods,* Case IPR2015–00195 (PTAB Feb. 27, 2015) (Paper 21) (granting Patent Owner's request for a sales agreement between Petitioner and another entity that allegedly contains indemnity, control, and cooperation provisions).

Comment 6: One comment suggested combining Factor 4 and Factor 5.

Response: Factor 4 and Factor 5 address different concerns. In particular, Factor 4 promotes the use of easily understandable instructions and, thereby, guards against the use of long and complex instructions that could unduly burden the producing party. Factor 5, by contrast, focuses on burdens and time constraints associated with complying with a request for additional discovery and, thereby, assists the Office in limiting discovery to requests that can be satisfied without disrupting the schedule, and which do not impose undue financial or human resource burdens on the producing party. As discussed above, parties have the flexibility under the *Garmin* framework to adopt a different combination of factors to present their arguments, including combining their analyses regarding Factor 4 and Factor 5.

Comment 7: Several comments indicated that, although the *Garmin* factors are appropriate, they sometimes are being applied incorrectly to require the moving party to have the actual evidence being sought.

Response: As explained in *Garmin,* the moving party, who is seeking additional discovery, should present a threshold amount of evidence or reasoning tending to show beyond speculation that something useful will be uncovered. *Garmin,* Case IPR2012–00001, slip op. at 7–8. This factor ensures that the opposing party is not overly burdened, and the proceeding not unnecessarily delayed, by speculative requests where discovery is not warranted. The Office, however, does not require the moving party to have any actual evidence of the type being sought, for example, where reasoning is presented that tends to show beyond speculation that something useful will be uncovered. Furthermore, a party who is dissatisfied with a decision and believes the Office misapprehended or overlooked a matter in denying additional discovery may file a request for rehearing, without prior authorization. *See* 37 CFR 42.71(d).

Obviousness

The Office asked, ''Under what circumstances should the Board permit the discovery of evidence of non-obviousness held by the Petitioner, for example, evidence of commercial success for a product of the Petitioner? What limits should be placed on such discovery to ensure that the trial is completed by the statutory deadline?'' 79 FR at 36476. The Office provides guidance on its Web site, *see, e.g., http://www.uspto.gov/blog/aia/entry/message_from_administrative_patent_judges,* in response to comments generated from these questions, and will revise the Office Patent Trial Practice Guide to reflect this guidance.

Comment 1: Several comments suggested that the Office should permit discovery of evidence of non-obviousness held by the petitioner in all cases. Another comment indicated that, if a request is narrowly tailored, this may be one situation where additional discovery may be permissible. In contrast, several other comments recommended that the Office should very rarely, if ever, permit discovery of the petitioner's product, as it would require a mini-trial on whether the petitioner's product infringes the patent, overwhelming the AIA trial process, undermining the efficient, focused procedure, making it impossible to conclude the AIA trial proceedings within the statutory deadline, and imposing a significant burden on the petitioner. Several comments further suggested that the Office should

continue to apply the *Garmin* factors (*see Garmin Int'l Inc.* v. *Cuozzo Speed Techs. LLC,* IPR2012–00001 (PTAB Mar. 5, 2013) (Paper 26) (informative)), allowing discovery only when the patent owner establishes that the additional discovery is in the interest of justice.

Response: The Office appreciates the varying points of view. The Office has considered these comments and believes that the *Garmin* factors currently provide appropriate and sufficient guidance for how to handle requests for additional discovery, which the Office will continue to decide on a case-by-case basis. The Office will continue to seek feedback as the case law develops as to whether a more specific rule for this type of discovery is warranted or needed. The Office encourages parties to confer and reach an agreement on the information to exchange early in the proceeding, resolving discovery issues promptly and efficiently. *See* 37 CFR 42.51(a). As explained in the Office Patent Trial Practice Guide, the parties may agree to certain initial disclosures, including information regarding secondary indicia of non-obviousness from the petitioner. Office Patent Trial Practice Guide, 77 FR at 48762. In situations in which there is a disagreement among the parties, the Office will decide on a case-by-case basis whether additional discovery in an *inter partes* review is necessary in the interest of justice, or whether additional discovery in a post-grant review is supported by a good cause showing, based on the particular facts of each request, consistent with 35 U.S.C. 316(a)(5) and 326(a)(5). As discussed above, the *Garmin* factors provide helpful guidance to the parties and assist the Office to achieve the appropriate balance, permitting meaningful discovery, while securing the just, speedy, and inexpensive resolution of every proceeding. The Office plans to add further discussion as to how the *Garmin* factors have been applied in the Office Patent Trial Practice Guide.

Comment 2: Several comments indicated that a patent owner seeking additional discovery regarding the petitioner's product in support of a commercial success non-obviousness argument should have to show that the challenged patent claims read on the petitioner's product, that the product was commercially successful, and that the alleged success resulted from the patented feature. Several other comments, however, suggested that requiring a patent owner to prove such a nexus between the evidence being sought and the claims places too high a burden on the patent owner. One comment urged the Office to allow a patent owner to obtain secondary consideration evidence from the petitioner when the patent owner presents a good-faith argument that there is a nexus between such evidence and the claims, such as by infringement contentions offered in the related district court litigation. Several comments recommended that a patent owner should be permitted to obtain additional discovery from a petitioner when the patent owner demonstrates that the petitioner is reasonably likely to possess evidence of secondary considerations, relaxing the first *Garmin* Factor. A few other comments suggested that the Office should permit limited discovery of the petitioner's evidence of secondary considerations when the patent owner has presented a sufficient showing of a nexus.

Response: The Office recognizes that it is important to provide a patent owner a full and fair opportunity to develop arguments regarding secondary considerations. The Office, therefore, agrees that a conclusive showing of nexus between the claimed invention and the information being sought through discovery is not required at the time the patent owner requests additional discovery. Nonetheless, some showing of nexus is required to ensure that additional discovery is necessary in the interest of justice, in an *inter partes* review, or is supported by a good cause showing, in a post-grant review. *See* 35 U.S.C. 316(a)(5) and 326(a)(5); 37 CFR 42.51(b)(2) and 42.224. Notably, as explained in *Garmin* concerning Factor 1, the mere possibility of finding something useful, and mere allegation that something useful will be found, are insufficient to demonstrate that the requested discovery is necessary in the interest of justice. *Garmin,* slip op. at 6. A patent owner seeking secondary consideration evidence from a petitioner should present a threshold amount of evidence *or reasoning* tending to show beyond speculation that something useful will be uncovered. A mere infringement contention or allegation that the claims reasonably could be read to cover the petitioner's product is generally insufficient, because such a contention or allegation, for example, does not show necessarily that the alleged commercial success derives from the claimed feature. Nor does it account for other desirable features of the petitioner's product or market position that could have contributed to the alleged commercial success. *See e.g., John's Lone Star Distrib., Inc.* v. *Thermolife Int'l, LLC,* IPR2014–01201 (PTAB May 13, 2015) (Paper 30). The Office plans to add further discussion on this issue to the Office Patent Trial Practice Guide.

Comment 3: One comment recommended that the Office permit the patent owner to serve a limited number of focused interrogatories and requests for production related to secondary considerations, and provide a schedule for the discovery.

Response: The Office declines to adopt a mandatory rule regarding additional discovery of secondary considerations, but will continue to entertain the need for such discovery on a case-by-case basis. Moreover, as provided in 37 CFR 42.51(a)(1) and (b)(2), parties may agree to additional discovery, including answering focused interrogatories and production of documents, even prior to institution. The Office also encourages and facilitates such cooperation between parties. *See, e.g., Square, Inc.* v. *REM Holdings 3, LLC,* Case IPR2014–00312, slip op. at 2–4 (PTAB Sep. 15, 2014) (Paper 23) (In response to the Board's request, the parties conferred and reached an agreement as to the Patent Owner's focused and narrowly tailored interrogatories and document request.). Balancing fairness concerns with the need to meet statutory deadlines, the Office, at this time, declines to make additional discovery on secondary considerations available as a matter of right, given that all other types of additional discovery may be obtained only upon a showing based on the *Garmin* factors.

Real Party in Interest

The Office asked, ''Should a Patent Owner be able to raise a challenge regarding a real party in interest at any time during a trial?'' 79 FR at 36476. The Office provides guidance below in response to comments generated from these questions, and will revise the Office Patent Trial Practice Guide to reflect this guidance.

Comment 1: A number of comments indicated that a patent owner should be able to raise a challenge regarding a real party-in-interest or privity at any time during a trial proceeding. A few comments also suggested that the Office should encourage or require the patent owner to raise this challenge in its preliminary response, so that the Office could consider this issue when determining whether or not to institute a review and resolve it promptly. Several comments further recommended that a patent owner may raise this challenge after institution if it provides a reasonable explanation as to why it could not have raised such a challenge

earlier in the proceeding. One comment, however, opposed any change that would allow a patent owner to challenge the identity of a real party-in-interest at any time during a trial. Another comment also opposed allowing patent owners to make a belated challenge under 35 U.S.C. 312(a) for a petitioner's failure to name all real parties-in-interest.

Response: The Office recognizes that it is important to resolve real party-in-interest and privity issues as early as possible, preferably in the preliminary stage of the proceeding prior to institution, to avoid unnecessary delays and to minimize cost and burden on the parties and the resources of the Office. In most cases, the patent owner also recognizes the benefit of raising a real party-in-interest or privity challenge early in the proceeding, before or with the filing of its preliminary response, to avoid the cost and burden of a trial if the challenge is successful.

To balance efficiency with fairness, the Office, in general, will permit a patent owner to raise a challenge regarding a real party-in-interest or privity at any time during a trial proceeding. Such a position is consistent with the final rule notice. *See* Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents; Final Rule, 77 FR 48680, 48695 (Aug. 14, 2012) (''After institution, standing issues may still be raised during trial. A patent owner may seek authority from the Board to take pertinent discovery or to file a motion to challenge the petitioner's standing.''). With respect to a late challenge that reasonably could have been raised earlier in the proceeding, the Office will consider the impact of such a delay on a case-by-case basis, including whether the delay is unwarranted or prejudicial. The Office also will consider that impact when deciding whether to grant a motion for additional discovery based on a real party-in-interest or privity issue. The Office plans to add further discussion on this issue to the Office Patent Trial Practice Guide.

Comment 2: A few comments suggested that the rules should be revised to require both parties to provide certain documents associated with the real party-in-interest or privity of the parties. In particular, the comments recommended requiring the parties to provide the following information: (1) Joint defense group agreements, (2) indemnity agreements, (3) identification of counsel representing a defendant in related litigations, (4) identification of parties participating in the preparation of the petition or in the review, and (5) identification of all parties funding the expenses associated with the review. In contrast, another comment urged the Office not to impose such burdensome mandatory disclosure requirements and indicated that the Office's current practice is appropriate for resolving real party-in-interest and privity issues in a low-cost and efficient manner.

Response: As many cases do not involve real party-in-interest or privity disputes, the Office, at this time, does not believe that any benefit resulting from requiring the parties to provide these highly sensitive, and possibly privileged, documents in every case would outweigh the additional cost and burden on the parties and the Office. When a patent owner timely raises real party-in-interest or privity challenges, which are highly fact dependent, the Office will continue to consider the need for additional discovery on a case-by-case basis, taking into account the specific facts in the proceeding to determine whether additional discovery is necessary in the interest of justice, in an *inter partes* review, or supported by a good cause showing, in a post-grant review. *See, e.g.,* 37 CFR 42.51(b)(2); *Garmin, Case* IPR2012–00001, slip op. at 7; Office Patent Trial Practice Guide, 77 FR at 48760; *Unified Patents, Inc.* v. *Dragon Intellectual Prop., LLC,* Case IPR2014–01252 (PTAB Feb. 12, 2015) (Paper 37) (A non-party does not become a real party-in-interest or privy solely because it is a member of a trade association or joint defense group.). The Office also encourages the parties to confer on the issue of additional discovery early in the proceeding, and attempt to reach an agreement on a reasonable amount of information to exchange, so that the issue may be resolved promptly and efficiently. *See* 37 CFR 42.51(b)(2) (''The parties may agree to additional discovery between themselves.'').

Comment 3: A few comments suggested that patent owners should be able to discover information concerning a real party-in-interest freely at any time. In contrast, several other comments urged the Office to limit discovery to that which is truly necessary, by applying the statutory standards for additional discovery.

Response: As discussed above, the Office generally will permit a patent owner to raise a challenge regarding a real party-in-interest or privity at any time during a proceeding. The scope of discovery in AIA proceedings, however, differs significantly from the scope of discovery available under the Federal Rules of Civil Procedure in district court proceedings. Because Congress intended AIA proceedings to be a quick and cost-effective alternative to litigation, the statute provides only limited discovery in trial proceedings before the Office. *See* 35 U.S.C. 316(a)(5) and 326(a)(5); 37 CFR 42.51(b)(2) and 42.224. Under the current practice—applying these statutory standards—the Office frequently has granted discovery requests directed to real-party-in-interest or privity information, where the requests were specific, narrowly tailored, and not unduly burdensome. *See, e.g., Arris Group, Inc.* v. *C-Cation Techs., LLC,* Case IPR2015–00635 (PTAB May 1, 2015) (Paper 10) (informative); *Zerto, Inc.* v. *EMC Corp.,* Case IPR2014–01254 (PTAB Nov. 25, 2014) (Paper 15); *Gen. Elec. Co.* v. *Transdata, Inc.,* Case IPR2014–01380 (PTAB Nov. 12, 2014); *Medtronic, Inc.* v. *Robert Bosch Healthcare Sys., Inc.,* Case IPR2014–00488 (PTAB Nov. 5, 2014); *Samsung Elects. Co.* v. *Black Hills Media, LLC,* Case IPR2014–00717 (PTAB Oct. 2, 2014); *Atlanta Gas Light Co.* v. *Bennett Regulator Guards, Inc.,* Case IPR2013–00453 (PTAB Apr. 23, 2014) (Paper 40); *RPX Corp.* v. *VirnetX Inc.,* Case IPR2014–00171 (PTAB Feb. 20, 2014) (Paper 33).

Comment 4: One comment urged the Office to provide additional guidance regarding issues concerning real party-in-interest or privity, including specific questions and factors that petitioners should consider in determining what entities to identify, which would allow petitioners and patent owners to evaluate these issues early and in a more efficient manner.

Response: The Office appreciates the interest in additional guidance on these complex issues. As the Supreme Court has instructed, however, whether an entity is a real party-in-interest is a highly fact dependent question that is not amenable to any bright-line test. *Taylor* v. *Sturgell,* 553 U.S. 880, 893–895 (2008). Whether a non-party is a real party-in-interest or privy for a trial proceeding before the Office is a highly fact dependent question that takes into account how courts generally have used the term to ''describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion.'' Office Patent Trial Practice Guide, 77 FR at 48759. The Office Patent Trial Practice Guide sets forth a detailed discussion on the relevant common law principles and Federal case law. Further helpful guidance is provided in recent Board decisions. *See, e.g., Askeladden LLC* v. *Sean I. McGhie and Brian Buchheit,* Case IPR2015–00122, slip op. at 3–16 (PTAB Mar. 6, 2015) (Paper 30); *Zerto,*

Inc. v. *EMC Corp.,* Case IPR2014–01254, slip op. at 6–15 (PTAB Mar. 3, 2015) (Paper 35); *Aruze Gaming Macau, Ltd.* v. *MGT Gaming, Inc.,* Case IPR2014–01288, slip op. at 6–20 (PTAB Feb. 20, 2015); *Unified Patents, Inc.* v. *Dragon Intellectual Prop., LLC,* Case IPR2014–01252, slip op. at 8–13 (PTAB Feb. 12, 2015) (Paper 37); *GEA Process Eng'g, Inc.* v. *Steuben Foods, Inc.,* Case IPR2014–00041, slip op. at 3–26 (PTAB Dec. 23, 2014) (Paper 140); *Samsung Elecs. Co.* v. *Black Hills Media, LLC,* Case IPR2014–00737, slip op. at 3–4 (PTAB Nov. 4, 2014) (Paper 7); *First Data Corp.* v. *Cardsoft LLC*, Case IPR2014–00715 (PTAB Oct. 17, 2014); *RPX Corp.* v. *VirnetX Inc.,* Case IPR2014–00171, slip op. at 6–10 (PTAB July 14, 2014) (Paper 49); *Alcon Research, Ltd.* v. *Dr. Joseph Neev,* Case IPR2014–00217, slip op. at 6–7 (PTAB May 9, 2014) (Paper 21); *Zoll Lifecor Corp.* v. *Philips Elecs. N. Am. Corp.,* Case IPR2013–00606, slip op. at 3–12 (PTAB Mar. 20, 2014) (Paper 13). The Office plans to add further discussion on this issue to the Office Patent Trial Practice Guide.

Comment 5: A few comments recommended that the Office establish a rule or precedential opinion stating that the existence of a real party-in-interest and privity are determined based on the facts in existence at the time of petition filing.

Response: Limiting the inquiry to the time of petition filing would undercut the core functions underlying the requirement to name all real parties-in-interest and privies. Those core functions include resolution of conflicts of interest and ensuring the proper application of statutory estoppel provisions—concerns that persist throughout the course of an AIA trial proceeding. *See* 35 U.S.C. 315(e)(1) (real party-in-interest or privy of the petition may not ''request or maintain'' a proceeding); 35 U.S.C. 325(e)(1) (same). As real party-in-interest and privity issues are highly fact dependent, in certain situations the issue may involve supporting evidence that comes into existence after the filing of a petition. *See, e.g., GEA Process Eng'g, Inc.* v. *Steuben Foods, Inc.,* Case IPR2014–00041 (PTAB Dec. 23, 2014) (Paper 140, Public Version) (finding that a non-party who paid the Petitioner's legal fees for the *inter partes* review is a real party-in-interest, and rejecting the argument that post-filing funds cannot retroactively change the facts as of the filing date, because ''[t]ypically, legal bills are billed and paid for after the services have been rendered''). Therefore, such bright-line rules as suggested by the comments would not be in the interest of justice and are not adopted.

Comment 6: A comment urged the Office to permit petitioners to correct the identification of real parties-in-interest without affecting the filing date if a ''good faith attempt'' was made to satisfy 35 U.S.C. 312(a).

Response: The statute requires a petition to identify all real parties-in-interest without qualification. *See* 35 U.S.C. 312(a); *see* 37 CFR 42.8 and 42.104. In the situation where the failure to identify a real party-in-interest was a mere clerical error, the petitioner may correct the petition without affecting the filing date. *See, e.g.,* 37 CFR 42.104(c); *Coleman Cable, LLC* v. *Simon Nicholas Richmond,* Case IPR2014–00935 (PTAB Aug. 28, 2014) (Paper 12). The Office is unable, however, to allow for the correction of any other such errors without changing the filing date because of the statutory requirement.

Comment 7: A comment urged the Office to confirm that the petitioner bears the burden of producing evidence that it has standing, as well as the burden of persuasion on the issue.

Response: As discussed previously, additional discovery may be authorized where patent owner raises sufficient concerns regarding the petitioner's identification of real parties-in-interest. Several recent decisions have acknowledged that the ultimate burden of proof on the issue lies with the petitioner. *See, e.g., Askeladden,* slip op. at 8 (Paper 30); *Zerto,* slip op. at 6–7 (Paper 35); *Atlanta Gas Light Co.* v. *Bennett Regulator Guards, Inc.,* Case IPR2013–00453, slip op. at 6–8 (PTAB Jan. 6, 2015) (Paper 88); *Atlanta Gas Light Co.* v. *Bennett Regulator Guards, Inc.,* Case IPR2013–00453, slip op. at 2–7 (PTAB Feb. 23, 2015) (Paper 91). This allocation of the burden acknowledges that a petitioner is more likely than a patent owner to be in possession of, or have access to, evidence relevant to the issue. *Zerto,* slip op. at 6–7. The Office plans to add further discussion on this issue to the Office Patent Trial Practice Guide.

Multiple Proceedings

The Office asked a series of questions relating to how multiple proceedings, such as an AIA trial, reexamination, or reissue proceeding, before the Office involving the same patent should be coordinated, including whether one proceeding should be stayed, transferred, consolidated, or terminated in favor of another. The questions are replicated below, followed by the comments responsive to those questions and the Office's responses to the comments.

Question 7: How should multiple proceedings before the USPTO involving the same patent be coordinated? Multiple proceedings before the USPTO include, for example: (i) Two or more separate AIA trials; (ii) an AIA trial and a reexamination proceeding; or (iii) an AIA trial and a reissue proceeding? 79 FR at 36476.

Comments: Multiple commenters recommended that the Board continue to exercise its discretion, on a case-by-case basis, to stay, transfer, consolidate, or terminate multiple proceedings involving the same patent claims. Several commenters urged the Board to consolidate multiple proceedings involving the same or related patents.

Commenters urged the Board to manage multiple AIA proceedings by manipulating the dates for the patent owner's preliminary response. Several commenters suggested that the Board should delay the time period for filing the patent owner's preliminary response to a second petition, ''so as to effectively stay the filing of'' that response, until after the first-filed petition is resolved by termination or a final written decision. One commenter remarked that this effective stay of the time for filing the patent owner's preliminary response in a second proceeding is especially appropriate where the proceeding, instituted on the first-filed petition, is near completion.

Another commenter proposed that, where a second petition is filed before the date on which the patent owner's preliminary response is filed in the first proceeding, the patent owner's preliminary response in the first proceeding should be reset to three months from the notice of filing date accorded the second petition. The commenter also urged that, under those circumstances, scheduling and briefing should be consolidated in the two proceedings. The same commenter proposed that the Board should stay all activity on a second petition that is filed after trial is instituted on a first petition.

Several commenters proposed requiring petitioners, who file a petition challenging the same patent claims at issue in an earlier-filed petition, to identify what issues were previously raised. Commenters also advocated requiring such petitioners to state whether they are amenable to joinder with the earlier proceeding. On that point, one commenter urged that duplicative petitions, filed after the deadline for joinder, ''should be terminated at an early stage to conserve Patent Owner costs and [Board] resources.'' Another commenter stated

that, ''[f]or consolidated AIA trials involving the same patent with at least one challenged claim in common, the current rules that the Board uses for joinder seem to be working well.'' Some commenters urged that duplicative petitions, filed outside the permissible period for joinder, should not be granted.

Response: The current rules afford the Board broad discretion to manage multiple proceedings by tailoring the solution to the unique circumstances of each case and, thereby, optimizing efficiencies and promoting fair results in each case. *See Prism Pharma Co.* v. *Choongwae Pharma Corp.,* IPR2014–00315 (PTAB July 8, 2014) (Paper 14) (informative) (denying institution of *inter partes* review based on second-filed petition that was based on the same prior art and same arguments previously considered by the Office during prosecution of the patent being challenged); *Medtronic, Inc.* v. *Nuvasive, Inc.,* Case IPR2014–00487 (PTAB Sept. 11 2014) (Paper 8); *Unified Patents, Inc.* v. *PersonalWeb Techs., LLC,* Case IPR2014–00702 (PTAB July 24, 2014) (Paper 13); *Unilever, Inc.* v. *Procter & Gamble Co.,* Case IPR2014–00506 (PTAB July 7, 2014) (Paper 17); *Medtronic, Inc.* v. *Robert Bosch Healthcare System*s, Inc., Case IPR2014–00436 (PTAB June 19, 2014) (Paper 17); *Intelligent Bio-Systems, Inc.* v. *Illumina Cambridge Ltd.,* Case IPR2013–00324 (PTAB Nov. 21, 2013); *ZTE Corp.* v. *ContentGuard Holdings, Inc.,* Case IPR2013–00454 (PTAB Sept. 25, 2013) (Paper 12). The Board will continue to take into account the interests of justice and fairness to both petitioners and patent owners where multiple proceedings involving the same patent claims are before the Office.

The Board also must consider its ability to meet the statutory deadlines imposed by Congress on AIA trials. The Board agrees with the commenters that the timing of the patent owner's preliminary response may be altered, when helpful and fair in an appropriate case. No rule change is needed to accomplish that goal.

The Board has considered the comment that second petitioners should self-identify repetitive challenges, and state their amenability to joinder. As a practical matter, the Board is well-positioned to determine whether a second petition raises the same or substantially the same challenges presented in a first petition that is identified as a related matter. The Board is also adept at determining whether a grant of the second petition, with joinder, serves the interests of fairness, efficiency, and economy of process. In addition, pursuant to 37 CFR 42.8(b)(2), petitioners are required to identify other proceedings involving the same challenged patent, and petitioners are encouraged to identify any substantive similarities with other proceedings in the petition. No rule change requiring petitioners to self-identify repetitive challenges is warranted at this time.

The Board agrees with the commenters that a factor which may be relevant in appropriate cases is whether the petitioner in a later-filed proceeding is amenable to joinder with an earlier-filed proceeding involving the same patent claims. *See, e.g., Motorola Mobility LLC* v. *Softview LLC,* IPR2013–00257 (PTAB June 20, 2013) (Paper 10) (order granting joinder where a second petitioner neither introduced new grounds of unpatentability nor raised procedural issues that would delay the schedule set for the first proceeding). The Board will continue to take account of all factors, bearing on the propriety and feasibility of joinder, based on the particular facts of the involved proceedings.

Based on the comments, the Office determines that the current rules provide a workable framework for the Board to manage multiple proceedings that involve the same patent claims. No revision of the rules for managing such proceedings is necessary at this time.

Question 8: What factors should be considered in deciding whether to stay, transfer, consolidate, or terminate an additional proceeding involving the same patent after a petition for AIA trial has been filed? 79 FR at 36,476.

Comments: Some commenters suggested that the Office promulgate new rules that define the factors that the Office will take into account when considering multiple petitions directed to the same patent claims. Commenters advocated for the application of a variety of factors, which fall into three main categories: (1) The impact on scheduling and the Office's ability to meet the deadlines imposed by Congress in AIA proceedings; (2) prejudice to the patent owner; and (3) prejudice to the petitioner.

Response: The issues raised by Question 8 are closely related to the issues raised by Question 7. The interests of fairness, speed, efficiency, and economy are served by retaining the Office's ability to balance the competing interests of the petitioner and patent owner, where multiple petitions are filed that challenge the same patent claims. Managing multiple petitions demands highly fact-specific inquiries, and the Office requires broad discretion to craft results that are tailored to the particular circumstances presented in each case. The Office agrees with the comments that recognize the issues raised by multiple petitions are best resolved on a case-by-case basis.

The Office recognizes that approaching each case on its own facts raises consistency concerns that could be ameliorated by identifying a set of factors that apply in all cases. The Office agrees with the comments, however, suggesting that the interests, which bear on the propriety of a stay, transfer, consolidation, or termination where multiple proceedings are directed to the same patent claims, are best served by allowing the constellation of relevant factors to evolve gradually, tethered to the facts of individual cases. A restrained evolution, on a case-by-case basis, promotes fair and rational results in each case, and equips the Office with necessary flexibility to customize resolutions suitable for each particular case. The Office will develop relevant factors, tethered to specific facts raised in particular cases, through its body of case law. Given the still-evolving nature of AIA proceedings, the Office believes that this gradual approach is prudent and preferred over a premature attempt to establish a rule or factors divorced from particular facts raised in a particular case, which may not address the relevant concerns in every case. The Office plans to add further discussion on this issue to the Office Patent Trial Practice Guide.

Question 9: Under what circumstances, if any, should a copending reexamination proceeding or reissue proceeding be stayed in favor of an AIA trial? If a stay is entered, under what circumstances should the stay be lifted? 79 FR at 36476.

Comments: The Office received comments in favor of staying a copending reissue or reexamination. Commenters proposed that a stay for copending proceedings be determined on a case-by-case basis, with other commenters proposing that the stay be imposed upon institution of trial on the same patent. Another commenter proposed that a copending reissue or reexamination be stayed automatically, unless there was a showing of ''good cause,'' which includes factors such as avoiding: (a) Inconsistent decisions by the Office; (b) duplicative work for the Board; and (c) disruption to the trial schedule. Other factors to consider in granting a stay, according to another commenter, include the statutory deadlines of the proceeding, the issues raised in the multiple proceedings, the parties involved, the likelihood of a reissue application being granted, and whether the decision adversely affects a party's ability to reach a timely

conclusion on a patentability issue. Another commenter provided additional factors to consider in granting a stay, such as the stage where amendments are possible, whether claim construction is inconsistent with the claim construction applied during trial, and agreement of the parties regarding a stay.

For those commenters favoring a stay, the circumstances regarding when a stay should be lifted ranged from the rendering of a final written decision to when appeal to the Federal Circuit has been exhausted. Other commenters have requested that the Office clarify that it will not terminate the reexamination or reissue once the final written decision issues, so that a patent owner may pursue claim amendments in those proceedings.

In the circumstances when a copending reexamination or reissue is not stayed and when there is no overlap of claims involved in the copending proceedings and the instituted trial, a commenter stated that the Office should preclude the presentation of new amended claims in the copending proceedings involving the same patent because a ''sequential,'' rather than a ''simultaneous,'' evaluation of the claims is consistent with the legislative history of the AIA.

Other commenters proposed that the Office consider allowing the reexamination and reissue to continue in parallel with or before the instituted trial. One commenter stressed that the purpose of a reissue is to correct errors, and therefore the remedial nature of the proceeding counsels against waiting for a trial to conclude. The same commenter offered that staying a reexamination is unjust to the patent owner because reexaminations are given ''special dispatch'' under 35 U.S.C. 305, a statutory requirement that remained unchanged with the passage of the AIA. Because in an instituted trial only one amendment is allowed by motion, the same commenter stated that a stay would preclude examination of claims amended in a reexamination or reissue to address the newly cited prior art or correct an error that was not present or addressed during the original examination of the patent. In particular, one commenter stressed that a reexamination should be allowed to run its course, and in any event, because an AIA proceeding would replace reexamination, copending AIA and reexamination would not be a problem much longer.

In the event a reexamination is not stayed, one commenter suggested that the Board's claim construction should be applied in the reexamination, or briefing on claim construction for the reexamination should be allowed in light of the claim construction involved in the trial.

Response: The Office has been determining whether to stay a reexamination or reissue on a case-by-case basis, and agrees with the commenters advocating that various factors should be considered, including the overlap of issues presented in the copending proceeding and the stage of the copending proceeding to avoid duplicative work for the Office. *See, e.g., Kaiser Aluminum* v. *Constellium Rolled Prods. Ravenswood, LLC,* IPR2014–01002 (PTAB Feb. 19, 2015) (Paper 25) (denying request to stay a reexamination on the same patent and some of the same references because the proceeding involved evidence different from the evidence presented in the *inter partes* review (IPR) and the reexamination was not sufficiently underway such that it would conclude before a final decision would issue in the IPR); *Chicago Mercantile Exch., Inc.* v. *5th Market, Inc.,* CBM2014–00114 (PTAB Jan. 9, 2015) (Paper 20) (denying request to stay copending reexamination because claims amended in reexamination were not at issue in the instituted covered business method review, where Patent Owner did not file a motion to amend, and finding that parallel proceedings would not result in duplication of efforts at the Office because the instant proceedings did not involve a complete overlap of claims); *Geortek, Inc.* v. *Knowles Elecs.,* LLC, IPR2013–00614 (PTAB Nov. 13, 2013) (Paper 11) (granting Patent Owner's motion to stay copending reexamination that had been ongoing for three years where Patent Owner argued that stay would prevent inconsistent results with regard to potential amendments of the same claims challenged in the *inter partes* review); *Google, Inc.* v. *Grandeye, Ltd.,* IPR2013–00548 (PTAB Sept. 30, 2013) (Paper 7) (granting unopposed motion to stay copending reexamination by Patent Owner because concurrent proceedings would duplicate efforts within the Office and could potentially result in inconsistencies among the proceedings, especially in light of amendments of the challenged claims in the reexamination).

The Office is not proposing changes at this time to the Rules or to the Office Patent Trial Practice Guide to give guidance regarding the timing on lifting a stay or how to proceed in a copending reexamination or reissue that is not stayed. These determinations have been proceeding appropriately on a case-by-case basis, noting, among many factors, the impact of the concurrent reexamination on the trial and whether the trial has concluded. *See, e.g., GEA Process Eng'g, Inc.* v. *Steuben Foods, Inc.,* IPR2014–00043 (PTAB Feb. 19, 2015) (Paper 121) (ordering lift of stay of a copending reexamination after the trial was terminated and timing for filing a request for rehearing had expired, and ordering that Patent Owner provide a copy of the Decision on Institution to the Central Reexamination Unit for consideration in light of alleged inconsistencies); *Gnosis S.p.A.* v. *Merck & CIE,* IPR2014–00117 (PTAB Feb. 5, 2015) (Paper 74) (ordering lift of stay of a copending reexamination after issue of a final written decision, and in consideration of the following: (1) The reexamination involved overlapping claims; (2) Patent Owner did not amend claims involved in *inter partes* review; (3) added claims were alleged to be narrower in scope; and (3) Examiner in the reexamination had issued a final rejection); *Avaya Inc.* v. *Network-1 Sec. Solutions, Inc.,* IPR2013–00071, slip op. at 31–32 (PTAB May 22, 2014) (Paper 103) (lifting stay, sua sponte and after final written decision issued, of a reexamination involving a non-asserted claim and different prior art presented in the *inter partes* review).

The Office will continue to determine, on the facts of each case in which there is a copending reexamination or reissue, whether a stay is warranted or a stay should be lifted under the circumstances of each case.

Question 10: Under what circumstances, if any, should an AIA trial be stayed in favor of a copending reexamination proceeding or reissue proceeding? If a stay is entered, under what circumstances should the stay be lifted? 79 FR at 36476.

Comments: The Office received comments in favor of not staying AIA trials in favor of a copending reexamination or reissue. One reason provided for not staying the trial is that statutory deadlines apply to the trials. One commenter observed an exception that may warrant a stay of AIA proceedings, *i.e.,* to account for when the copending reexamination or reissue was not stayed and a new claim is about to issue. In that circumstance, the commenter suggested that a limited stay should be granted to allow a petitioner to raise the new claim in the pending trial. Another commenter also stated that limited circumstances may warrant a stay, such as when the copending reexamination is in the late stages of appeal and there is significant overlap in claims between the trial and the copending proceeding. This same commenter stressed that if the parties agree that patentability should be

determined first in the reexamination, a stay of the trial may be warranted.

Other comments favored the request for and grant of a stay of the trial in favor of the copending reexamination or reissue. One commenter noted that such a stay should be granted when the copending reexamination or reissue is near completion, and another commenter stressed that the stay may be implemented before the trial is instituted such that the statutory deadlines are not impacted.

Another commenter provided that denial of institution should result for grounds with claims that are at issue in a copending reexamination or reissue, where amended claims were filed in the copending proceeding before the deadline for the Board to determine institution. To clarify whether the Board would have jurisdiction over such a trial, the same commenter advocated revising the Office Patent Trial Practice Guide to include clarification regarding the timing on when a notice of intent to issue a reexamination certificate or notice of allowance of a reissue would be effective.

Response: The Office will continue to proceed with the determination whether to institute trial on a case-by-case basis with no delay of the proceedings unless warranted by the facts or circumstances of the case. *See, e.g., Intromedic Co., Ltd.* v. *Given Imaging Ltd.,* Case IPR2015–00579 (PTAB Aug. 5, 2015) (Paper 9) (denying institution of review because the only claim being challenged by Petitioner has been amended in the copending reexamination, and the advanced stage of the reexamination involving the same parties); *Juniper Networks, Inc.* v. *Linex Techs., Inc.,* IPR2014–00595 (PTAB Sept. 26, 2014) (Paper 19) (denying institution of *inter partes* review because a Reexamination Certificate in a copending reexamination had issued and reexamination had concluded with all original claims amended and new claims issued). The Office agrees with the commenters that stress that a statutory deadline does not favor staying trials in favor of a copending reexamination or reissue, which have no statutory deadlines. *See, e.g., Mercedes-Benz USA, LLC* v. *Velocity Patent, LLC,* IPR2015–00290 (PTAB Jan. 21, 2015) (Paper 9) (denying authorization for motion to stay *inter partes* review in favor of a copending reexamination because the argument that new claims would issue there first and *inter partes* review would be amended to include those claims were not sufficient reasons to lengthen the pendency of the *inter partes* review, which is designed to secure the just, speedy, and inexpensive resolution of the dispute); *see also American Simmental Assn.* v. *Leachman Cattle of Co.,* LLC, PGR2015–00003 (PTAB Dec. 14, 2014) (Paper 4) (denying request to stay institution of post-grant review (PGR) in favor of pending reissue because of the status of the PGR, Patent Owner had not sought amendment or cancellation of the claims challenged in the PGR, and the Office had not taken any substantive action on the reissue application).

At this time, the Office does not propose changes to the Rules or the Trial Practice Guide to list specific circumstances under which a party may show that a stay of either a decision on institution or a trial may be appropriate. The Office will continue to decide motions to stay proceedings according to the facts and circumstances of each case.

Question 11: Under what circumstances, if any, should a copending reexamination proceeding or reissue proceeding be consolidated with an AIA trial? 79 FR at 36477.

Comments: The Board received several comments concerning the circumstances under which a copending reexamination or reissue should be consolidated with an AIA trial. Those circumstances fall roughly into two categories. The first category of comments indicated that consolidation of an AIA trial with copending reexaminations or reissues was impractical and that rules requiring such consolidation could, in some cases, prejudice patent owners. The second category of comments provided several factors that should be considered and weighed by the Board in determining whether to consolidate such proceedings. Those factors included: (1) Type of additional proceeding; (2) time between filing date of initial proceeding and additional proceeding; (3) stage of initial proceeding; (4) duration of additional proceeding; (5) scope of each proceeding; (6) third party filers (same, different); (7) relation between third party filer of additional proceeding and filer of initial proceeding; (8) number of total proceedings filed against the patent; (9) whether the additional proceeding is a reexamination: *ex parte* reexamination should not be transferred to PTAB because patent owner would lose certain procedural mechanisms such as ability to interview case; (10) whether pending district court litigation has been stayed pending resolution of the reexamination; (11) whether validity of claims at issue in AIA trial is currently on appeal to the Federal Circuit; (12) express interests of the parties in the proceedings; (13) issues raised in the different proceedings; (14) ability of Board to reach a timely conclusion of a patentability issue in any proceeding; and (15) saving of costs and resources gained by the parties and the Board by consolidation, for example, by coordination of procedures common to the proceedings.

Response: The Office appreciates the comments and has been considering the above factors, among others, in deciding requests to consolidate a copending reexamination or reissue with AIA trials. *See, e.g., Mercedes-Benz USA, LLC et al.* v. *Velocity Patent LLC,* Case IPR2014–01247 (PTAB Dec. 15, 2014) (Paper 12) (denying Petitioner's request to file a motion to consolidate AIA trial proceeding with a related reexamination, where the only claims at issue in the AIA trial proceeding were added in the reexamination, and Patent Owner cancelled those claims in the reexamination); *GEA Process Engineering, Inc.* v. *Steuben Food, Inc.,* Case IPR2014–00041, slip. op. at 3–5 (PTAB Dec. 6, 2013) (Paper 13) (denying Petitioner's motion to consolidate AIA trial proceeding with a related reexamination, where Patent Owner stipulated to not amend claims in the related reexamination); *GEA Process Engineering, Inc.* v. *Steuben Food, Inc.,* Case IPR2014–00051, slip. op. at 2–3 (PTAB Dec. 6, 2013) (Paper 12) (denying as moot Petitioner's motion to consolidate AIA trial proceeding with a related reexamination, where the reexamination had terminated and the reexamination certificate had issued). The Office agrees with the commenters who noted that there are many difficulties in consolidating copending reexaminations or reissues with AIA trials, and that all relevant factors, including but not limited to those set forth above, should be taken into consideration. The Office has performed similar analyses weighing a myriad of factors in analogous contexts, for example, in determining whether to stay a copending reexamination or reissue in favor of an AIA trial, or vice versa. *See, e.g.,* Responses to Questions 9 and 10 set forth above.

The Office does not propose to change the Rules or the portion of the Office Patent Trial Practice Guide pertaining to consolidation of a copending reexamination or reissue with AIA trials at this time. The Office will continue to determine on the facts of each case, in which consolidation is requested, whether a particular request sets forth facts sufficient to warrant consolidation of a copending reexamination or reissue with AIA trials.

Question 12: How should consolidated proceedings be handled

before the USPTO? Consolidated proceedings include, for example: (i) Consolidated AIA trials; (ii) an AIA trial consolidated with a reexamination proceeding; or (iii) an AIA trial consolidated with a reissue proceeding? 79 FR at 36477.

Comments: The Office received comments suggesting ways in which consolidated proceedings should be conducted. Suggestions included: (1) Multiple AIA trials concerning the same (or related) patents (or parties) should be consolidated or handled by the same panel; (2) consolidated proceedings should follow the district court model with the same schedule applying to the proceedings; (3) a petitioner should be required to select a single lead and backup counsel, but taking into consideration the interests of the parties, in some circumstances the Board may determine coordination should not be required; and (4) panels should consider adjusting page limits in cases where different parties may be asserting different positions.

Response: The Office agrees with the commenters that conducting consolidated proceedings in the manner set forth in the comments above may be appropriate. The Board has consolidated *inter partes* reviews involving the same parties and the same patent into a single proceeding where appropriate. *See Ford Motor Co.* v. *TMC Fuels Injection System, LLC,* Case IPR2014–00272 (PTAB Jun 26, 2014) (Paper 12) (consolidating IPR2014–00272, which was instituted on challenges under 35 U.S.C. 103, with IPR2014–00273, which was instituted on different challenges to the same claims under 35 U.S.C. 102 and 103 in which some of the applied references were common to both proceedings). In some cases where different parties have been joined to a proceeding, the panel has provided opportunities for limited additional briefing on issues where the petitioners may take different positions. *See, e.g., Motorola Mobility LLC* v. *Softview LLC,* Case IPR2013–00257 (PTAB June 20, 2013) (Paper 10) (joining proceeding to IPR2013–00004 and providing for consolidated filings and limited separate filings by Petitioners on points of disagreement only).

The Office received a further comment that claim amendments should be allowed if an AIA trial is consolidated with a copending reexamination or reissue. The Office notes that claim amendments are available currently in all of these proceedings. Insofar as the commenter may be suggesting that all claim amendments be entered as a matter of right in a consolidated proceeding, the Office disagrees, and instead leaves entry of claim amendments to be determined by the panel conducting the consolidated proceeding in accordance with the statutory and regulatory framework applicable to each of the proceedings.

Some commenters suggested that the Board has coordinated and should continue coordinating schedules of multiple related proceedings without formally consolidating the proceedings, for example, so as to allow different petitioners flexibility to pursue different arguments and to allow patent owner all of its allotted pages to respond to those different arguments. The Office has been coordinating schedules of multiple related proceedings without formally consolidating the proceedings, on a case-by-case basis, and agrees with the commenters that such practices should be continued, as appropriate. *See, e.g., Taiwan Semiconductor Mfg. Co., Ltd.* v. *Zond, LLC,* Case IPR2014–001089, slip. op. at 2–3 (PTAB Feb. 2, 2015) (Paper 17) (setting forth procedure for consolidated trial schedule, filings, and discovery in multiple related proceedings). The Board has also coordinated hearings in related cases and has scheduled hearings in related cases to occur on consecutive days in related cases. *See Samsung Electronics Co., Ltd.* v. *Black Hills Media, LLC,* Case IPR2014–00709 (PTAB Dec. 10, 2014) (summary of initial conference during which it was decided that IPR2014–00709, –00711, and –00718 would be heard together, IPR2014–00737 and –00740 would be heard together, IPR2014–00718 and –00721 would be heard together, and IPR2014–00717 and –00735 would be heard together, on consecutive days). *See, e.g.,* Responses to Question 7 set forth above.

The Office does not propose to change the Rules or the portion of the Office Patent Trial Practice Guide pertaining to handling of consolidated proceedings. The Office will continue to determine based on a case-by-case basis the proper manner in which such consolidated proceedings should be handled.

Question 13: Under what circumstances, if any, should a petition for an AIA trial be rejected because the same or substantially the same prior art or arguments previously were presented to the USPTO in a different petition for an AIA trial, in a reexamination proceeding or in a reissue proceeding? 79 FR at 36477.

Comments: The Board received many comments in favor of denying AIA petitions that raise the same or substantially the same prior art or arguments that were raised in an earlier-filed petition, whether raised by the same or a different petitioner. One commenter stated that the Board ''should aggressively exercise'' its discretion to deny cumulative or overlapping grounds in multiple proceedings, ''even when different parties file petitions.'' Some commenters advocated denial of serial petitions filed by the same real party-in-interest. Other commenters stated that the Board should consolidate multiple petitions where feasible.

Several commenters suggested a general policy of ''one and done'' to duplicative petitions, to prevent harassment of patent owners, minimize costs, and ensure quiet title of patent rights. Those same commenters also recommended that the citation of new art in a subsequent petition should create a rebuttable presumption that substantially the same prior art or arguments are not raised in that petition. Commenters also urged the Board to apply principles of redundancy, across different petitions, to deny duplicative grounds raised in later-filed petitions.

Other commenters stated that ''[t]he Board should treat each petition independently,'' and that a different petitioner, not in privity with the first petitioner, should be permitted to raise the same prior art in a subsequent petition. Some commenters proposed that duplicative petitions should not be denied where arguments in a later-filed petition differ in scope from those presented in an earlier-filed petition. Another commenter, by contrast, proposed a rule of ''horizontal stare decisis'' that would require treating a first decision on patentability as ''binding law of the case'' in subsequent proceedings, challenging the same patent claims, based on the same or substantially the same prior art or arguments.

Response: The Office has and will continue to balance the interests of petitioners, who seek to present new prior art and arguments in a later-filed petition, against patent owners' interest in preventing harassment that takes the form of repetitive, serial petitions that challenge the same patent claims. The Office is best able to balance those competing interests by approaching multiple petitions, which may raise the same or substantially the same prior art or arguments against the same patent claims, on a case-by-case basis, taking into account the unique facts and relative equities raised in each particular proceeding.

The comments do not suggest a need for a rule change at this time. The current rules provide the Board with broad discretion adequate to take all

relevant factors into account, when deciding whether to proceed on a petition that challenges the same patent claims at issue in an earlier-filed petition. Nor is a rule change necessary to enumerate the factors that the Board may take into account when making case-specific determinations, regarding the degree of overlap between the prior art and arguments raised in multiple petitions. The Office believes that the Board's current practice should continue to allow those factors to develop in its growing body of case law, tethered to the facts of particular proceedings, with such decisions of the Board providing guidance to practitioners.

Issued decisions already provide useful guidance in that regard. The Board has considered many factors, including, for example: (1) The degree of overlap between the prior art and arguments raised in the multiple petitions; (2) the identity of the petitioner in the later-filed proceeding; (3) whether the petitioner in the later-filed proceeding uses a prior decision on institution as a roadmap to refine and recycle arguments presented in an earlier-filed petition; (4) whether the circumstances surrounding the later-filed petition raises the specter of patent owner harassment; and (5) whether granting the later-filed petition is in the interests of justice. *See, e.g., ZTE Corp.* v. *ContentGuard Holdings Inc.,* IPR2013–00454 (PTAB Sept. 25, 2013) (Paper 12) (informative) (denying institution of *inter partes* review of a patent based on substantially the same prior art and same arguments presented previously in an earlier-filed petition filed by the same Petitioner for which institution was in-part denied, and citing 35 U.S.C. 325(d), to determine that ''[a] decision to institute review on some claims should not act as an entry ticket, and a how-to guide, for the same Petitioner who filed an unsuccessful joinder motion, and is outside of the one-year statutory period, for filing a second petition to challenge those claims which it unsuccessfully challenged in the first petition''); *Medtronic, Inc. v Robert Bosch Healthcare Systems, Inc.,* IPR2014–00436 (PTAB June 19, 2014) (Paper 17) (informative) (denying institution of *inter partes* review where petition was based on redundant prior art and substantially the same arguments that were presented previously in an earlier-filed petition challenging the same patent and filed by a different Petitioner, but where the Petitioner in the later-filed case acknowledged that it was a real party-in-interest in the earlier-filed proceeding, due to its acquisition of the Petitioner in the earlier-filed proceeding); *Unilever* v. *Procter & Gamble Co.,* IPR2014–00506 (PTAB July 7, 2014) (Paper 17) (informative) (denying institution of *inter partes* review based on a later-filed petition, filed by same Petitioner and on same patent as an earlier-filed petition, where the later-filed petition attempted to correct deficiencies in the earlier-filed petition for claims for which earlier trial was not instituted); *Dell Inc.* v. *Electronics and Telecomms. Res. Inst.,* Case IPR2015–00549 (PTAB March 26, 2015) (Paper 10); *Zimmer Holdings, Inc.* v. *Bonutti Skeletal Innovations LLC,* Case IPR2014–01080 (PTAB Oct. 31, 2014) (Paper 17); *Prism Pharma Co., Ltd.* v. *Choongwae Pharma Corp.,* Case IPR2014–00315 (PTAB July 8, 2014) (Paper 14).

The Office recognizes that a ''one and done'' approach to multiple petitions may favor patent owners by diminishing the opportunity for harassment and ensuring some certainty for patent rights. In that regard, the Board already has applied its broad discretion to curtail multiple challenges against a patent as described above.

The competing interests of fairness to petitioners and the public interest, however, favor retaining the Office's discretion to grant or deny multiple petitions, rather than imposing a rigid rule that would require denial and, in effect, bind all potential challengers to the outcome of a first-filed petition, regardless of the facts and equities that surround the filing of the subsequent petitions.

The Office also acknowledges that petitioners may benefit from a ''rebuttable presumption'' that would render inapplicable the provisions of section 325(d), where a subsequent petition raises even one prior art reference that was not raised in the first-filed petition. Such an approach, however, unfairly would provide petitioners a fail-safe mechanism for avoiding the provisions of the statute, by filing serial petitions that add a single new reference to support the same grounds raised in an earlier petition. Such an approach fails to take into account the unfairness, including the potential for harassment, to patent owners when ''substantially the same'' prior art is raised sequentially against the same patent claims. The Office's discretion to grant or deny subsequent petitions, by viewing all relevant circumstances as a whole, on a case-by-case basis, is preferable to setting down a rigid rule.

Within the existing framework of the statute and rules, the Office has discretion to consider the relative scope of the challenges raised in multiple petitions. If a petition raises challenges that are based on the same or substantially the same prior art as a prior petition, but advances arguments of different scope, the Office has discretion to deny or grant the second petition based on the totality of facts presented in the case. A rule of ''horizontal stare decisis'' would, therefore, abolish the Board's discretion, especially where two cases do not present the same facts or identical considerations.

The Office will to continue to apply the existing framework, based on discretion to customize a result based on the facts and equities of each case. No rule changes are indicated at this time.

Extension of One Year Period To Issue a Final Determination

The Office asked, ''What circumstances should constitute a finding of good cause to extend the 1-year period for the Board to issue a final determination in an AIA trial?'' 79 FR at 36477.

Comments: The Office received comments in favor of the current strict adherence to the one-year statutory period and advocating that the granting of extensions should be rare. Many of these commenters stated that the Office should ''continue to strive for completion of each trial in one year,'' the ''good cause'' bar should be very high, and extensions of the deadline should be ''rare'' and used only ''in the most extreme circumstances'' such as ''where unforeseen circumstances make it impossible to complete proceedings in a fair manner.'' These same commenters stressed that ''one of the most important benefits of [these proceedings]'' and ''a major driver in the widespread adoption of the AIA procedures'' is that the Office renders a decision within one year. The commenters warned about eviscerating these benefits by a ''systematic extension of the one-year period.''

The Office also received comments advocating that the Office make more generous use of the option to extend the one-year statutory period under certain circumstances. For example, commenters proposed that an extension of the one-year deadline would be appropriate under the following circumstances: (1) ''where a comparative test(s) are deemed necessary;'' (2) where there is ''delay by the party not seeking the extension;'' (3) ''if there is a later-filed AIA proceeding on the same patent that will not reach a final decision until after the first proceeding is concluded;'' (4) ''where

additional discovery is sought . . . in regard to secondary considerations or real party in interest;'' (5) ''in situations in which more time is needed to consider amended claims;'' and (6) ''where an irreplaceable, key participant becomes unexpectedly unavailable.''

Many commenters also suggested that an extension would be appropriate in complex cases ''in the interests of justness, fairness to the parties'' and ''to conduct a full and fair review of the record.'' The commenters described examples of complex cases as including: (1) ''where there is a complex situation with multiple proceedings;'' (2) when ''the [Patent] Owner is involved in multiple proceedings simultaneously;'' (3) ''when an invention is particularly complex;'' (3) ''where multiple AIA trials are consolidated or joined;'' (4) ''where there are a large number of parties involved;'' and (5) ''where the trial involves complicated discovery issues.''

Response: The Office will continue to strive to meet the one-year statutory time period for trial. By striving to meet the one-year statutory time period in most cases, the Office safeguards a core function of the administrative process as a speedy alternative to district court litigation. The Office does not propose to change the rules pertaining to the one-year pendency from institution-to-decision to provide for specific circumstances under which ''good cause'' may be shown. The Board will continue to determine on the facts of each case, in which an extension is requested, whether a particular request sets forth facts sufficient to meet the ''good cause'' standard to extend the one-year statutory deadline to complete a trial. The Office proposes, however, to revise the Office Patent Trial Practice Guide to provide examples of instances in which an extension of the one-year statutory period may be warranted. These examples will not be an exclusive list.

Oral Hearing

The Office asked, ''Under what circumstances, if any, should live testimony be permitted at the oral hearing? What changes, if any, should be made to the format of the oral hearing?'' 79 FR at 36477.

Comment 1: Several commenters asked the Board to be more willing to permit live testimony of declarants. Some suggested that live testimony be considered when requested or when the issues turn on conflicting expert testimony. Others commented that live testimony is rarely needed in AIA trials and the format of oral hearings should not change. One party suggested establishing a reasonable time limit when live testimony is permitted.

Response: The Office will continue its present practice of considering requests for oral hearings on a case-by-case basis. Thus far, the Office has authorized and granted one such motion requesting oral testimony. *See K–40 Electronics, LLC* v. *Escort, Inc.,* Case IPR2013–00203 (PTAB May 21, 2014) (Paper 34). The Office does not expect that oral testimony will be required in every case where there is conflicting testimony. When requested by the parties, however, and where the panel believes oral testimony will be helpful in making a determination, the Office will permit oral testimony. The format for presenting live testimony is left to the discretion of the panel.

Comment 2: Two commenters suggested that the Office should revise the definition of ''hearing'' or ''trial'' to clarify that live testimony at the final hearing is part of an AIA trial.

Response: The current definition of what constitutes a trial is intended to establish an endpoint for the receipt of evidence. Thus, unless otherwise authorized, no new evidence can be presented at the final oral hearing, as that would create surprise and be unfair to the party against whom the evidence is being offered. However, in the case of oral testimony at the final hearing, it is understood, and the Board will make clear at the hearing, that the testimony is evidence that becomes part of the record.

Comment 3: Several commenters suggested that the Office should alter its format for final oral hearings to allow each party to reserve time for a main and rebuttal argument.

Response: The comment is not adopted. The current format of oral hearings and the availability of rebuttal arguments are dictated by burdens of proof. Consequently, the petitioner, who has the burden of proving the challenged claims unpatentable, is permitted to rebut the patent owner's opposing argument on that issue. Likewise, a patent owner who presents argument on a motion to amend at final hearing is permitted to rebut petitioner's opposing argument on that issue. Providing a rebuttal to patent owner, as a matter of right, on unpatentablilty would disadvantage the party with the burden of proof. The Board, however, has broad discretion to conduct final oral hearings in a manner that is in the interests of justice.

Comment 4: A commenter requested that the Office clarify whether the parties are limited to presenting argument on issues specified in the oral hearing request.

Response: The comment is adopted. The Office will provide guidance on this issue in the FAQs on the PTAB Trials Web site and in the Office Patent Trial Practice Guide.

Comment 5: A commenter requested that the Office provide the parties with additional days to permit exchange and conference on demonstratives.

Response: The comment is adopted. The Office's rules for oral hearings are proposed to be modified to require the exchange of demonstratives seven business days before the final hearing date.

Comment 6: A commenter requested that the Office revise its guidelines on the nature of demonstrative exhibits at oral argument to make them more ''relaxed.''

Response: The comment is not adopted. The guidelines on demonstrative exhibits are intended to prevent a party from supplementing the record with additional evidence and arguments after the period for presenting evidence has ended.

Comment 7: One commenter suggested upgrading technology resources so that hearings can be held in regional offices.

Response: Currently, the Office is planning to upgrade its ability to hold hearings in regional offices.

Comment 8: One commenter suggested that hearing rooms be open at least 30 minutes before the scheduled hearing time to allow the parties to organize themselves and connect any equipment to be used during the hearing.

Response: The current Office practice is to open PTAB hearing rooms to the parties and public 30 minutes before the hearing is scheduled to start. The Office will continue this practice.

Comment 9: A commenter advocated allowing a recess during oral argument to confer with an expert when there is a question of specific claim construction.

Response: The panel hearing a final argument will evaluate a party's request for a recess on a case-by-case basis.

Comment 10: A commenter suggested that all judges of a proceeding be available for multiple session final arguments.

Response: This comment is adopted in part. Sometimes several related cases having different assigned panels are heard at the same time in a multi-session hearing. The Office ensures that, absent extenuating circumstances, the panel members assigned to a particular case are present at the session when that case is heard. The Office also encourages the panel members assigned to the related cases to be present for all

the sessions. Occasionally a scheduling conflict prevents a panel member from attending a session in a related case.

General Topics

The Office asked, ''What other changes can and should be made in AIA trial proceedings? For example, should changes be made to the Board's approach to instituting petitions, page limits, or request for rehearing practice?'' 79 FR at 36477.

Comment 1: Several comments suggested reduced filing fees for smaller businesses such as micro-entities and technology start-ups, especially those involved in litigation.

Response: The Office does not adopt this proposal. The Office was not given authority to provide for small entity and micro-entity filing fee reduction for reviews under AIA. The current filing fee schedule, available at *http://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule,* takes into account the costs and expenses for maintaining the operation of the Office, and in particular, the operation of the Board in conducting AIA proceedings.

Comment 2: The Office received comments regarding the use of party confidential information produced under a protective order in parallel district court proceedings. Commenters expressed concern that such party confidential information may be submitted in an AIA proceeding by the opposing party where there is ''little incentive to . . . either limit the evidence to that which has a nexus to the challenged claims or to provide sufficient argument to maintain'' confidentiality. Commenters further suggested procedural safeguards whereby, prior to filing an opponent's confidential information, a party is required to: (1) Initiate a conference call with the Board; (2) identify the materials to be used; and (3) explain why there is a nexus between the evidence and the challenged claims. The same commenters recommended that, once the Board authorizes the filing of this evidence, the opponent be afforded an opportunity to explain why the evidence be maintained under seal.

Additionally, some commenters suggested that Section 4(A)(i) and (ii) of the default protective order should be modified to place the burden on the party designating the information confidential to show good cause for maintaining the information under seal. Other commenters recommended that the default protective order be entered automatically, and that the parties request authorization to file a motion to modify the default protective order.

Response: In promulgating the rules for the treatment of confidential information in an AIA proceeding, the Office attempted to strike the proper balance between protecting the discloser's confidential information and the rights of others to use that information. There is a strong public policy in favor of making information filed in an AIA proceeding open to the public, especially because the proceeding determines the patentability of claims in an issued patent and, therefore, affects the rights of the public. Nonetheless, if a party wishes the Board to consider truly sensitive information in making a patentability determination, the current rules provide a mechanism for the party to seek protection of that information from public disclosure by providing for motions to seal and the filing of a proposed protective order. 37 CFR 42.54.

With respect to the specific situation identified by the commenters regarding the filing of an opponent's confidential information, the current rules provide mechanisms to maintain confidentiality of such information. For example, under Rule 42.14, information subject to a motion to seal is ''provisionally sealed on receipt of the motion and remain[s] so pending the outcome of the decision on the motion.'' Following the filing of the motion to seal, an opponent may contact the Board and raise concerns regarding the other party's motion and the confidentiality of the opponent's information while the information is provisionally sealed. Further, under Rule 42.54, if applicable, the Board may issue an order to protect a party or person from disclosing confidential information, including ''[f]orbidding the disclosure or discovery.'' Moreover, to the extent that confidential information may have been improperly filed, Rule 42.56 provides for the expungement of this information from the record.

Additionally, a party need not wait for the filing of a motion to seal or proposed protective order to bring issues of confidentiality to the Board's attention. Parties are encouraged to discuss discovery matters, including the discovery of confidential information, early in proceedings to resolve potential disputes before these occur. These discovery matters include whether a protective order is necessary for the proceeding. The automatic entry of a protective order in every proceeding is not necessary, especially as the majority of evidence in these contested proceedings is non-confidential. Nevertheless, should the parties desire more or less protection than that provided by the default order in the Office Trial Practice Guide (Appendix B), the parties are always free to propose a stipulated protective order for consideration by the Board. The purpose of the default order is to encourage the parties to reach such agreements promptly, as lengthy disputes over complex protective order provisions are inconsistent with the legislative goal of providing a more efficient, less costly alternative to litigation. As always, if the parties are unable to come to agreement on any issue, the Board is available to provide guidance.

In light of the above, the Office does not propose any rule change in response to these comments. However, the Office appreciates the comments directed to affording the ''opponent'' an opportunity to explain why the evidence is confidential and placing the burden on the designating party to show good cause in sealing the information. The Office agrees it is reasonable that the party designating information as confidential is in the better position of explaining that designation and bearing the burden of maintaining confidentiality. Accordingly, the Office will revise the protective order in the Office Trial Practice Guide to include language addressing this concern.

Comment 3: Several commenters recommended the use of word count instead of page limits.

Response: This comment is adopted for the petition, preliminary response, patent owner response, and petitioner's reply brief. For all other briefing, a page limitation will be maintained. This change will allow the Office to gain administrative efficiencies. For example, with the use of word counts for the main briefing for AIA proceedings, petitions will no longer be reviewed to determine if any claim charts contain argument. This will streamline administrative review of petitions and reduce the number of non-compliant petitions that require correction.

Comment 4: One comment suggested that a petition page limit should be determined by the number of claims challenged to avoid the filing of multiple petitions on a single patent. Another comment has favored an alternative approach that provides automatic page extension tied to excess claim fees.

Response: This comment is not adopted. Based on the Board's experience, considering solely the number of claims at issue to determine a page limit for a petition does not provide sufficient flexibility in a petition to present ''the precise relief requested'' and ''the reasons for the relief requested, including a detailed

explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent'' as required under Rule 42.22(a). Although, the number of claims at issue may affect the length of a petition, more often, the page length is governed by the discussion of the substantive unpatentability issues presented. In the Board's experience, the substantive issues for multiple claims in the same patent involve similar discussions of technology, claim construction, and prior art references. The Office expects that the word limits for *inter partes* review petitions, covered business method patent review petitions, and post-grant review petitions will be sufficient in all but exceptional cases. Furthermore, petitioners may seek waiver of the word limits in appropriate circumstances. 37 CFR 42.24(a)(2).

Comment 5: The Office received several comments regarding the use of claim charts. One commenter suggested claim charts should be attached separately from a petition and should not count toward the page limit. Other commenters requested clarification on the permitted contents in claim charts. For example, one commenter suggests that claim charts only include quotations from and citations to the prior art. Another commenter suggested allowing citations to declarations in the claim chart to support arguments as long as the declaration does not ''bootstrap arguments not also presented in the briefing.''

Response: In considering the use of claim charts, the Office has always been mindful of the concerns that claim charts may be used improperly by parties to circumvent page limits. Indeed, claim charts have been improperly used by parties to present attorney arguments and the incorporation by reference of evidence and arguments (*e.g.,* copious citations to declarations) that would otherwise exceed the page limits if provided elsewhere in briefing. As explained in the Board's frequently asked questions, D12, ''[p]lacing one's argument and claim construction in a claim chart to circumvent the double spacing requirement is not permitted, and any such argument or claim construction may not be considered by the Board.'' Further, D12 explains the ''Board previously accepted a few petitions with claim charts that included claim constructions, arguments, and explanations as to how the claim is unpatentable because the procedure for filing AIA petitions was new. However, correction is now required when a petition includes improper usage of claim charts.'' With the advent of the change from page limits to word count for the petition, patent owner preliminary response, patent owner response, and reply brief, however, a party could present its case by including argument in claim charts.

Comment 6: Several comments proposed allowing petitioners to file a reply brief responsive to the patent owner's preliminary response. Commenters suggest that the ability to file a reply brief will provide a more complete record, reduce the burden on the Office, and reduce the number of requests for rehearing filed by petitioners. Another comment, however, contends this proposed practice at the preliminary stage of the review would afford petitioners an unfair advantage in including arguments in the reply not addressed in the petition.

Response: The Office does not adopt the proposal of a petitioner's reply as of right in the pre-institution phase of an AIA review. Adding a reply as of right to the record at the preliminary stage would increase the burden on Office review by introducing additional arguments into the record not presented in the petition, which is the focus of the institution decision. Further, under Rule 42.5 the Office exercises discretion in administering the proceedings to balance the ideal of precise rules against the need for flexibility to achieve reasonably fast, inexpensive, and fair proceedings. Accordingly, the Board will continue to consider a petitioners' requests for filing reply briefs on a case-by-case basis, such as in response to testimonial evidence submitted by a patent owner in its preliminary response.

Comment 7: Several comments proposed increased page limits for the petitioner's reply to patent owner's response. Other comments suggested allowing patent owners to file a surreply to the petitioner's reply to patent owner's response addressing new issues that appear in replies. Another comment proposed replacing the motion for observations with a surreply.

Response: The Office has recently issued rules that adopt the proposed change for increasing the page limit of the petitioner's reply to twenty-five (25) pages. The Office does not adopt the other proposed changes regarding surreplies. The Office Patent Trial Practice Guide provides that ''a reply that raises a new issue or belatedly presents evidence will not be considered and may be returned.'' Thus, a surreply is not required to address new issues raised in a petitioner's reply because such new issues are not considered by the Board.

Comment 8: Several comments advised against implementing mandatory settlement discussions that impact the statutory timeline for AIA proceedings. Other comments agreed with the Board's approach of encouraging but not requiring settlement discussions. Further comments advised that additional Board resources should not be expended on promoting settlement. Additionally, other commenters disagreed on whether a proceeding should be terminated following settlement.

Response: The Office agrees with comments recommending the encouragement of settlement and often includes a meet-and-confer requirement in a Scheduling Order. Additionally, the Office notes that the extent of the Board's involvement in settlement discussions, if any, will be determined on a case-by-case basis, especially where the parties request such involvement.

With respect to the issue of termination following settlement, current Rule 42.74 provides the Board with discretion to determine issues of unpatentability after a settlement in a proceeding. In the Board's experience, this rule allows the Board greater flexibility to balance the public interest in resolving issues of unpatentability with the need to efficiently allocate Board resources. Thus, the Office does not adopt any rule change.

Comment 9: The Office received a number of comments suggesting that the Board designate more decisions as precedential or informative to improve consistency of Board decisions, although one commenter suggested that the Office should not announce policy changes inferentially, for example, by selectively publishing decisions as informative. One commenter suggested the assignment of an assistant chief judge to identify precedential and informative decisions, and the promulgation of a rule-based designation process. Another commenter advocated revising SOP 2 to streamline the designation process.

Response: The Office does not adopt these changes. Standard Operating Procedure 2 (rev. 9) (''SOP 2'') provides that any member of the Board may recommend to the Chief Judge that an opinion be designated as precedential or informative. This procedure ensures that all members of the Board, and not just an assigned member, have the opportunity to nominate a case of which others may not be aware. Further, SOP 2 provides that parties to a proceeding or a third party member of the public may, within 60 days of issuance of an opinion, request that the opinion be

made precedential. This procedure further engages stakeholders in the process of maintaining consistency at the Board by bringing cases of interest to stakeholders to the Board's attention. Additionally, the Office does not adopt a rule-based approach given that SOP 2 provides clear and sufficient guidance on the procedures taken at the Board for the designation of cases as informative or precedential.

Also, in addition to the informative and precedential decisions, the Board further provides a list of representative orders and decisions at *http://www.uspto.gov/patents-application-process/appealing-patent-decisions/decisions-and-opinions/representative-orders.* Although not informative or precedential, representative orders and decisions provide guidance on the Board's treatment of recurring issues in AIA proceedings. *See* Standard Operating Procedure 2 (Rev. 9) (explaining distinction between routine, representative, informative, and precedential), *http://www.uspto.gov/sites/default/files/documents/sop2-revision-9-dated-9-22-2014.pdf.*

Comment 10: One commenter suggested that the Office Patent Trial Practice Guide should be updated periodically.

Response: The Office is currently working on a revised Office Patent Trial Practice Guide that will be published with the final rulemaking for these proposed rules. The Office further expects revisions to the Office Patent Trial Practice Guide will be issued as needed in the future.

Comment 11: Several commenters advocated improvements to the Board's Web site and docketing case system. Suggestions included the integration of the PTAB docketing system with Patent Application Information Retrieval (''PAIR''), improvements to Patent Review Processing System (''PRPS'') searching capabilities and user interface, and increased availability of statistics concerning AIA proceedings. One commenter suggested that all final written decisions should be uploaded into PAIR.

Response: The Office has considered the commenters' suggestions and is working with vendors to improve PRPS and provide additional functionality such as searching in the case docketing system. With respect to integration with PAIR, after the issuance of a final written decision in an AIA proceeding, the final written decision also is uploaded into PAIR. In the Office's experience, this provides sufficient continuity of information between PRPS and PAIR. Additionally, the Office posts all final Board decisions to the Office's eFOIA site at *http://e-foia.uspto.gov/Foia/PTABReadingRoom.jsp*, and has endeavored to maintain up-to-date and archived statistics on AIA proceedings, available at *http://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/statistics.* Thus, at this time no changes to the availability of statistics or the underlying data are adopted.

Comment 12: Several commenters expressed concern about the Office's practice of allowing institution based on some, but not all, of the grounds presented in a Petition. Commenters are concerned that because the decision on institution is not appealable, and any ground on a challenged claim that is not instituted is not reflected in the final, appealable decision, a petitioner has no redress for grounds on which the Office chooses to not institute. Also, one commenter suggested, allowing claim amendments for any ''challenged'' patent claim as contemplated by the AIA would be at odds with a practice where all challenged claims may not be in a trial. A commenter suggested shifting the redundancy determination to the final written decision, so that such a decision is appealable. One commenter stated that redundancy should not be applied where grounds are in different statutory classes, or when a reference can be sworn behind. Another commenter suggested requiring patent owner to submit a claim construction at the preliminary stage so that the Office could render a definitive construction in its decision on institution, subject to broadening in view of claim construction opinions in concurrent litigation, and avoid redundancy determinations between grounds under sections 102 and 103, that may prove during trial to be unduly constraining.

Response: The Office appreciates the concerns expressed by the comments, but must balance these concerns with the workload in AIA proceedings and the statutory time constraints under which AIA review proceeding must be decided. In order to ensure a fair and efficient process to resolve reviews in a timely fashion, the Office uses partial institution as one tool to manage effectively AIA reviews. The Office is cognizant of the ramifications of partial institution where the grounds are in different statutory classes, or when a reference may be overcome by swearing behind it, and strives to strike an appropriate balance between what can be accomplished during the finite time frame for a trial and fairness to the parties in fully vetting patentability issues on challenged claims. The Office will continue to assess whether such balance is appropriately struck.

Comment 13: One commenter suggested that the scope of estoppel under 37 CFR 42.73(d)(3) is too broad because it encompasses a finally refused or cancelled claim of a patent owner in an AIA review as prior art to be used against the patent owner, and may not allow a patent owner to pursue narrower, patentably distinct claims in a separate reissue, reexamination, or continuing application. Another commenter requested that the Office should maintain its rules regarding patentee estoppel to prevent a patentee from seeking new, but patentably indistinct claims in another proceeding before the Office. Commenters also requested clarification of the estoppel rule to make clear that an estoppel does not arise where an amendment is proposed, but not granted.

Response: The Office appreciates the comments, but does not propose any rule change in response. The rule that the comment addresses, 37 CFR 42.73(d)(3), appropriately precludes an applicant or owner from obtaining a claim that is not patentably distinct from a finally refused or canceled claim.

Comment 14: Several commenters were concerned with a panel's perceived reluctance to revisit a decision, whether on rehearing or on final written decision after institution. One commenter suggested that the Office should consider designating one Administrative Patent Judge (''APJ'') for the decision on institution and a panel of three APJs for the corresponding AIA trial because of a real or perceived challenge for panel members to remain impartial in conducting an AIA trial on the merits when they participated in the decision to institute the trial. The commenter further stated that having the same three APJs consider an incomplete, preliminary record to decide institution, and subsequently issuing a final written decision based on the complete trial record, creates an actual or perceived bias against the patent owner. Another commenter suggested that the panel that institutes should be different from the panel that makes a final decision on the merits because it would increase due process protections, reduce any bias or perception of bias, and more fully meet AIA requirements by avoiding any blurring of the distinction between the threshold standard for institution and the higher standard for a determination on the merits of patentability. Several commenters suggested that requests for rehearing should be freely allowed and an expanded panel of APJs should be used to have ''another set of eyes'' to

ensure that rehearing requests will be duly considered, with another commenter suggesting that a completely different panel of APJs should consider requests for rehearing. Another commenter suggested that the Office should clarify what types of decisions are appropriate for an expanded panel review. One commenter asked for a requirement that a party requesting rehearing should file a statement specifically identifying conflicting Board or court decisions. Another commenter suggested that a reply brief for a petitioner should be allowed before a decision on institution is made, rather than relying on the availability of a request for rehearing that has a deferential standard, because the panel that decided the original decision may be reluctant to revisit it.

Response: The Office believes that the panel deciding whether to institute an AIA proceeding is not predisposed to rule in favor of any party, whether the petitioner or patent owner, and that each panel applies the appropriate legal standard to make a fair and unbiased decision based upon the evidence and arguments of record. In response to these comments and to explore gaining further efficiencies in AIA proceedings, however, the Office may seek, in a separate Request for Comments, comments on a proposed pilot program under which the determination of whether to institute an IPR will be made by a single APJ, with two additional APJs being assigned to the IPR if a trial is instituted. In that separate Request for Comments, the Office also may seek comments on any other issues relevant to fair and efficient decision making.

The Office recently has revised SOP1 to describe situations in which an expanded panel may be utilized, where the decision to expand a panel is made on a case-by-case basis. In SOP1, the Office has included reasons that may warrant expansion of a panel. This guidance may be found on the Office's Web site at: *http://www.uspto.gov/sites/default/files/documents/SOP1%20-%20Rev.%2014%202015-05-08.pdf.* Also, a petitioner always has the ability to request that a panel authorize the filing of a reply brief at the preliminary stage. Although a petitioner is not afforded a reply brief as of right before institution, the Office has provided in these proposed rules an explicit provision affording an opportunity to seek permission to file a reply brief to respond to a preliminary response that presents testimonial evidence.

A request for rehearing is an opportunity to address whether a panel misapprehended or overlooked a matter in rendering its opinion, which may include identification of conflicting Board or court decisions, but does not necessitate such a statement. *See* 37 CFR 42.71(d). Requiring a moving party to identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply is appropriate for a rehearing request. *See id.*

Comment 15: Two commenters sought a more generous schedule for parties to conduct the trial and advocated a more proactive management of the trial by earlier rulings on interlocutory motions, such as motions to amend, claim construction disputes, and motions to exclude, to narrow the issues for trial.

Response: Although there is discretion in how to schedule due dates for an AIA trial, the Office is cognizant of the constraints on parties to engage in and complete discovery in a timely manner. To that end, the standard Scheduling Order generally entered in each case allows the parties to stipulate to adjustment of deadlines for the filing of patent owner's response, petitioner's reply, briefing for any motion to amend, and briefing on any motions for observations and any motion to exclude except for the reply briefs for the motion to exclude (due dates 1 through 5). If a problem arises in meeting the schedule set forth by the Office on dates for which the parties may not stipulate to a change or on which the parties do not agree to a new date, the parties are encouraged to contact the Office to resolve the issue. The Office continues to review the AIA proceedings to assess where efficiencies may be gained for both the Office and the parties, but does not contemplate at this time requiring resolution of interlocutory motions at certain points in the trial timeline. As always, should any party believe that a particular motion in a case warrants early attention to resolve an issue that will truncate the proceeding, such party is invited to bring that issue to the attention of the Office in that case.

Comment 16: One commenter suggested changing 37 CFR 42.20(c) to refer to both the burden of proof and persuasion, and to refer to the burden being placed on the ''petitioning or moving'' party, as opposed to ''moving party'' only.

Response: The Office appreciates the comment, but declines to amend the rule.

Comment 17: One commenter suggests that further training of APJs in the payments industry may be necessary for those working on covered business method patent reviews. Another commenter suggests that 37 CFR 42.301(b) should be amended to reflect that both factors for determining a technological invention must not exist for a claim to be found to fail to define a ''technological invention.''

Response: The Office appreciates these comments and continues to assess the training needs for employees. The Office declines to amend 37 CFR 42.301(b) as it reflects properly the standard for determining whether a patent is for a technological invention.

Comment 18: One commenter advocates application of an issue preclusion analysis in deciding whether to adopt a prior claim construction in another proceeding.

Response: Although the Office considers prior claim constructions rendered in another proceeding, the Office is mindful that the Board follows a different claim construction approach than that of district courts, and the evidentiary record in the later AIA proceeding may be different than the one in the prior proceeding. Therefore, a strict issue preclusion analysis would not be appropriate for every case. The Office will determine the claim construction on a case-by-case basis depending on the facts presented in the particular proceeding.

Comment 19: Several commenters had suggestions for deposition practice before the Office in AIA trials. One commenter suggested that 37 CFR 42.53(d)(4) is too restrictive by requiring a notice of deposition to be filed at least 10 days before a deposition takes place, because in practice, parties often do not agree on the place and time of a deposition within this time frame. Another commenter asked for clarification concerning when counsel may object to a line of questioning in a deposition as beyond the scope of the witness's direct testimony. Two commenters requested clarification of 37 CFR 42.53(g) governing which party should bear the costs associated with the testimony of a witness. Another commenter seeks a blanket prohibition on a party's ability to confer with a witness during the deposition, especially between cross-examination and re-direct, which the commenter asserts encourages rehearsal of testimony for re-direct.

Response: The Office appreciates these comments. The Office invites further comment on how to amend section 42.53(d)(4). For instance, should the rule be amended to reduce the amount of lead time for filing a notice of deposition before the deposition, allow the parties to stipulate to the timing for filing, or allow both options? Determining when a party's line of questioning in a deposition is beyond

the scope of the deposition is best handled on a case-by-case basis, and the Office is amenable to handling timely these issues as they arise in a deposition. The Office has provided guidance on which party should bear the costs associated with the testimony of a witness in the Office Patent Trial Practice Guide in discussing witness expenses associated with discovery. *See* 77 FR at 48761. The Office invites further comment on any additional clarification that is needed. The Office appreciates the comment concerning when a party may confer with its witness during a deposition, but believes that the guidance in the Office Patent Trial Practice Guide strikes the correct balance concerning when a party may confer with its witness.

Comment 20: One commenter suggested that a patent owner be required to serve any evidence regarding authentication or public availability of a prior art reference on which trial has been instituted, concurrent with any objections the patent owner is making to the petitioner's evidence.

Response: The Office appreciates the comment. The rules currently provide that unless previously served, a party must serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency. *See* 37 CFR 42.51(b)(1)(iii). Therefore, a patent owner advancing the position that evidence is not authentic or was not available publicly has an obligation to serve this information on the petitioner.

Comment 21: To facilitate electronic filing, one commenter suggested that backup counsel's login credentials should be able to be used for filing documents and that service may be made to electronic mail addresses specified in the mandatory notices without requiring agreement of the parties.

Response: The Office appreciates the suggestions and is working to improve its electronic filing and case management system. Parties are now permitted to identify one backup counsel who will have the same permissions as lead counsel and be permitted to file documents in the system. Parties may identify additional backup counsel, but only the lead counsel and first backup counsel may file documents. With respect to service under § 42.6(e), the Office believes that the ability to serve electronically should remain optional upon agreement of the parties, rather than mandatory, to accommodate users who do not use electronic mail regularly or who prefer service by mail.

Comment 22: Two commenters questioned how experts are utilized in AIA proceedings. One commenter favors significant sanctions for counsel to author a report that an expert signs without authorship. A second commenter seeks amendment of 37 CFR 42.65(a) to require that an unsupported expert report be entitled to ''no weight.''

Response: The authority of the Office to sanction a party for misconduct, *see* 37 CFR 42.12, including abuse of process or any other improper use of the proceeding, is robust, and the Office proposes adding a Rule 11-type certification for all papers filed with the Board with a provision for sanctions for noncompliance that would apply to practitioners as well as parties. Therefore, the Office has the ability to sanction inappropriate conduct that is brought to its attention. The Office declines to amend 37 CFR 42.65(a) to require that an unsupported expert report must be entitled to ''no weight.''

Comment 23: One commenter stated that an Office decision nullifying the claims of a patent or an affirmance of such a decision should operate to trigger the failure-to-market forfeiture provisions under 21 U.S.C. 355(j)(5)(D)(i)(I).

Response: The Office appreciates the comment, but as the commenter recognizes, such a request is beyond the Office's jurisdiction to accomplish.

Comment 24: Several commenters expressed concern about the perception of overall fairness of AIA proceedings to both the petitioner and patent owner. For instance, several commenters expressed concern that the Office is more concerned with the speed and efficiency with which it handles AIA proceedings than with the perception of fairness of the proceedings to all involved parties. Several commenters expressed a perception that AIA proceedings are skewed in favor of petitioner.

Response: The Office appreciates these comments and continues to actively engage with the public and practitioners who utilize AIA proceedings, as the Office has done with this notice of proposed rulemaking, to continually monitor the fairness of the proceedings for all involved parties, as well as examining ways to ensure that the process is as efficient and fair as possible under the congressional mandate. For instance, in the Office's ''Quick-Fix'' rulemaking, the Office provided for additional pages for briefing for motions to amend and the petitioner's reply brief and provided for a claims appendix. The Office has also issued further guidance on motions to amend through decisions, such as *MasterImage 3D, Inc.* v. *RealD Inc.*, Case IPR2015–00040 (PTAB July 15, 2015) (Paper 42), and currently proposes allowing Patent Owners to present new testimonial evidence at the preliminary stage of the proceeding. The Office also is proposing a word count for major briefing to allow the parties to present arguments and evidence to the Office in a way that the party deems is most effective, and is proposing a Rule-11 type certification be applied to police the actions of counsel, as well as parties, in AIA proceedings. Based upon input from the public and experience with the proceedings, the Office will continue its efforts to make the proceedings as fair and effective as possible under congressional mandate.

Comment 25: One commenter expressed concern over use of AIA proceedings by a second petitioner that uses prior art or arguments from a previously filed petition and expressed concerns about consistency in the joinder process. This commenter suggested assigning the second petitioner the role of junior party, who should not be allowed to continue the proceeding if the original petitioner and patent owner successfully settle the AIA proceeding.

Response: The Office appreciates these comments, and notes that the Office has the discretion concerning whether to institute an AIA review and the authority to decline to institute where the same or substantially the same prior art or arguments were previously presented to the Office. *See* 35 U.S.C. 314(a), 315(d), 324(a), 325(d). Although the Office strives for consistency in the treatment of parties before the Office, the Office declines to adopt the suggestion to assign a second petitioner, asserting similar argument or prior art as a first petitioner, the role of ''junior party'' and to discontinue a proceeding if the original petitioner and the patent owner settle their dispute. The Office will not terminate a proceeding that has not been settled as to all parties because each party is entitled to assert its interest in the proceeding.

Comment 26: Commenters suggested eliminating the proposed statement of material facts option in 37 CFR 42.22 and 42.23 because it is not used often and panels have differed as to whether such statements are counted in the page limits.

Response: The Office appreciates this comment, but declines to adopt it in order to maintain the option of a party to choose to file a proposed statement of material facts. *See* 37 CFR 42.24

(including any statement of material facts to be admitted or denied in support of a petition or motion in the page limits).

Comment 27: Several commenters expressed concern over the use of demonstrative exhibits. For instance, one commenter wanted the timing for exchanging demonstratives that allows parties to address objections and achieve resolution before the oral hearing. Another commenter seeks to be able to use argument in demonstratives with proper citation, and another commenter states that striking of demonstratives should be very rare and that problems with demonstratives should go to the weight to be accorded.

Response: The Office appreciates the comments and understands the difficulty in resolving disputes concerning demonstrative exhibits. The Office believes, however, that the most efficient way to handle such disputes is on a case-by-case basis with the panel for the case.

Comment 28: One commenter encourages the Office to continue outreach by roundtables and webinars.

Response: This comment is adopted. The Office continues to host Board-side chats, road shows, and lunch-and-learn programs that will begin in the fall of 2015. The Office considers these interactive programs to provide valuable input into how to improve the fairness and effectiveness of the AIA proceedings.

Comment 29: Two commenters ask that the patent owner's preliminary response be made mandatory for certain disclosures such as claim construction and antedating of references, which will merely shift the timeframe in which a patent owner must present such information and argument.

Response: The Office appreciates this comment. In this proposed rulemaking, the Office proposes allowing a patent owner to present new testimonial evidence with the patent owner preliminary response, which may encourage patent owners to participate in the preliminary phase by filing such a response and addressing issues raised in the petition with argument and supporting evidence. The Office declines, however, to make a patent owner preliminary response mandatory in light of the statutory framework of AIA, which provides a patent owner a right to file a preliminary response. *See* 35 U.S.C. 313.

Comment 30: One commenter requested that guidance in the Office Patent Trial Practice Guide that is not reflected in any rule, be incorporated into a rule, and that criteria for *pro hac* vice motions that are reflected in current case law be incorporated into a revised rule.

Response: The Office appreciates these comments. The Federal Circuit recognizes that ''the choice between rulemaking and adjudication lies in the first instance within the agency's discretion.'' *Microsoft Corp.* v. *Proxyconn, Inc.*, 789 F.3d 1291 (Fed. Cir. 2015) (citing *NLRB* v. *Bell Aerospace Co. Div. of Textron*, 416 U.S. 267, 294 (1974)) (internal quotation marks omitted). At this time, an effective and efficient way to provide guidance to practitioners is through the Office Patent Trial Practice Guide and through adjudication—the development of case law that resolves specific issues in light of specific facts before the Office. The Office will continue to develop guidance through these avenues, as well as through rulemaking, where appropriate.

Comment 31: Several comments addressed formatting for briefing in AIA proceedings. For instance, one commenter asks that the requirement that each page of an exhibit be uniquely numbered in sequence be amended to apply only if such page numbering does not exist already on the document to avoid confusion as to which numbering scheme is referenced in a brief. Another commenter asked that block quotes be single spaced, and that incorporation by reference be allowed at a panel's discretion when the same argument from another proceeding is applicable.

Response: The Office appreciates the comments, but declines to adopt them. Rule 42.63(d)(2)(i) requires that each page of an exhibit must be uniquely numbered in sequence, but does not require a new set of unique numbers be applied to an exhibit for which unique numbers exist. The Office proposes using a word count for major briefing, which would negate any advantage for using single spacing for a block quote, and the Office requires 1.5 spaced block quotations for readability. *See* 37 CFR 42.6(a)(2)(iii). The Office declines to allow incorporation by reference at the panel's discretion because such incorporation may subvert the page or word limit and each proceeding should be self-contained within the docket for that proceeding for efficiency and completeness.

Comment 32: Another commenter suggested that the Office allow the parties to file papers, such as claim construction orders or other statements from co-pending litigation, as supplemental information.

Response: The Office appreciates that claim construction orders and other papers from co-pending litigation could be helpful to resolve the parties' disputes in the proceeding before the Office in certain situations. From the Office's experience, petitioners had submitted such papers with their petitions to support their proposed claim constructions. Similarly, patent owners proffered district court's claim construction determinations with their preliminary responses or patent owner responses in support of their position on patentability. In fact, parties may file co-pending litigation papers to support their motions, oppositions, or replies. Parties also may seek leave to file a motion to submit supplemental information pursuant to § 42.123, but such papers must be relevant to a claim for which the trial has been instituted.

Comment 33: One commenter suggested a clarification in 37 CFR 42.121(b)(1) to change the ''support in the original disclosure of the patent'' to the ''support in the original disclosure of the application from which the patent issued.''

Response: The Office appreciates this comment, but does not adopt it as the rule, as applied, is clear.

Comment 34: Several comments were directed to the treatment of sole inventors and small entities. One commenter asked for more guidance for independent inventors or small business who may want to utilize the AIA proceedings *pro se.* For instance, the commenter stated that AIA proceedings should be no more onerous than prosecution before the Office, should be affordable, fair, and accessible for smaller companies, and should be preferential to small entities and sole inventors, who spend a greater percentage of time and capital securing patents than larger entities.

Response: The Office does not adopt these proposals. The Office was not given authority to provide for small entity and micro-entity filing fee reduction for reviews under AIA. The current filing fee schedule, available at *http://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule,* takes into account the costs and expenses for maintaining the operation of the Office, and in particular, the operation of the Board in conducting AIA proceedings. The Office also provides guidance for AIA proceedings through its Office Patent Trial Practice Guide and on its Web site.

Comment 35: One commenter suggested that the Office should encourage Congress to expand the scope of AIA proceedings by advocating that Congress include section 101 challenges in *inter partes* reviews, make covered business method patent reviews permanent, and expand covered

business method patent reviews to include a broader variety of patents.

Response: The Office remains open to all ways of strengthening our patent system and appreciates the comment, and notes that these issues were considered by Congress during the legislative process for AIA.

Comment 36: One commenter proposed that the Office amend Rule 42.52(d)(2) to state that cross-examination should ordinarily take place after any supplemental evidence relating to the direct testimony has been *served*, as opposed to *filed*, because supplemental evidence is *served* under Rule 42.64(b)(2), and not *filed* until after a motion to exclude has been filed, which occurs well after most depositions have taken place. Another commenter suggests requiring filing of supplemental evidence as exhibits versus just serving.

Response: The Office will adopt these comments and resolve the issue presented, but seeks further comment on the best way to resolve the issue. For instance, should the Office amend Rule 42.52(d)(2) as suggested or amend Rule 42.64(b)(2) to require that supplemental evidence be filed as opposed to served?

Comment 37: Several commenters expressed views concerning the types of arguments to be made in AIA proceedings. For instance, one commenter suggested that the Office should distinguish between appropriate analysis and inappropriate ''argument'' in claim charts. A second commenter sought a limitation on the number of invalidity arguments. Another commenter wanted clarification of the rules that a patent owner is also under a burden to support affirmative factual statements with evidence.

Response: The Office appreciates the comments. In the current proposed rule, the Office proposes to use a word count for major briefing, such as the petition, patent owner preliminary response, patent owner response, and petitioner's reply. A change from page limits to word count for major briefing allows the parties to structure arguments in briefing in any way that the party deems best for presenting its case to the Office, including presenting analysis and arguments in claim charts. Because the Office has the discretion under 35 U.S.C. 314(a) and 324(a) whether to institute an AIA trial and takes the opportunity at institution to focus the trial on grounds which meet the threshold standards in 35 U.S.C. 314(a) and 324(a) and which reasonably may be decided within the statutory imposed time-frame for the trial, the Office declines to place a limitation on the number of grounds that a petitioner may present. Also, if patent owner does not support affirmative factual statements with evidence, such statements will be given little or no weight.

Rule 11-Type Certification

To further attempt to prevent any misuse of the AIA proceedings, the Office proposes to amend § 42.11, which prescribes the duty of candor owed to the Office, to include a Rule 11-type certification for all papers filed with the Board with a provision for sanctions for noncompliance. The Board also may refer possible misconduct in the course of AIA proceedings to the Office of Enrollment and Discipline for investigation and, if warranted, further proceedings under 37 CFR 11.19–11.61.

Recognizing Privilege for Communications With Domestic Patent Agents and Foreign Patent Practitioners

In 2015, the Office launched an outreach initiative to explore various issues associated with confidential communications with patent agents or foreign patent practitioners. The Office published a notice convening a roundtable in February 2015 and requesting public comments. *See* Domestic and International Issues Related to Privileged Communications Between Patent Practitioners and Their Clients, 80 FR 3953 (Jan. 26, 2015). Nineteen parties submitted written comments in response to the **Federal Register** notice, which are available on the USPTO Web site at: *http://www.uspto.gov/learning-and-resources/ip-policy/roundtable-domestic-and-international-issues-related-privileged.* Some of these comments raised the issue of unclear or inconsistent privilege rules for agents and foreign practitioners during discovery in PTAB proceedings.

Consistent with that earlier outreach initiative, the Office here seeks comments on the subject of attorney-client privilege or other limitations on discovery in PTAB proceedings, including on whether rules regarding privilege should be issued in connection with PTAB proceedings. Such rules could, for example, explicitly recognize privilege for communications between patent applicants or owners and their domestic patent agents or foreign patent practitioners, under the same circumstances as such privilege is recognized for communications between applicants or owners and U.S. attorneys. The Office invites the public to provide any comments on language, scope, or other considerations for creating such a privilege, including possible amendments to any of 37 CFR 42.51, 42.52, 42.55, 42.62, or 42.64 to accomplish this purpose.

Discussion of Specific Rules

Subpart A—Trial Practice and Procedure

Claim Construction Standard

The Office proposes to amend 37 CFR 42.100(b), 42.200(b), and 42.300(b) as follows:

- Amend 37 CFR 42.100(b) to add the phrase ''that will not expire before a final written decision is issued'' after ''an unexpired patent.''
- Amend 37 CFR 42.200(b) to add the phrase ''that will not expire before a final written decision is issued'' after ''an unexpired patent.''
- Amend 37 CFR 42.300(b) to add the phrase ''that will not expire before a final written decision is issued'' after ''an unexpired patent.''

The Office will add further clarifying instructions in the Office Patent Trial Practice Guide concerning how a petitioner may determine which standard to apply in the petition.

Patent Owner Preliminary Response

The Office proposes to amend 37 CFR 42.107(a) to provide that the patent owner is not prohibited from including new testimonial evidence with a preliminary response and that the patent owner's preliminary response to the petition is subject to the word count under 37 CFR 42.24. See the proposed text in the amendatory instructions below.

The Office proposes to amend 37 CFR 42.107 to delete paragraph (c) so that the patent owner is not prohibited from including new testimonial evidence with a patent owner preliminary response.

The Office proposes to revise 37 CFR 42.108(c) provide that the Board's decision whether to institute an *inter partes* review will take into account a patent owner preliminary response where such a response is filed, but supporting evidence concerning disputed material facts will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute an *inter partes* review, and that the petitioner may seek leave to file a reply to the preliminary response. See the proposed text in the amendatory instructions below.

The Office proposes to revise 37 CFR 42.207(a) to provide that the patent owner is not prohibited from including new testimonial evidence with a preliminary response and that the patent owner's preliminary response to the petition is subject to the word count under 37 CFR 42.24. See the proposed text in the amendatory instructions below.

The Office proposes to amend 37 CFR 42.207 to delete paragraph (c) so that the patent owner is not prohibited from including new testimonial evidence with a patent owner preliminary response.

The Office proposes to revise 37 CFR 42.208(c) provide that the Board's decision whether to institute a post-grant review will take into account a patent owner preliminary response where such a response is filed, but supporting evidence concerning disputed material facts will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute a post-grant review, and that the petitioner may seek leave to file a reply to the preliminary response. See the proposed text in the amendatory instructions below.

Oral Hearing

The Office proposes to amend 37 CFR 42.70(b) to require at least seven, not just five, days before oral argument for exchange of exhibits to provide additional time for the parties to resolve disputes concerning demonstrative exhibits.

Word Count

The Office proposes to amend 37 CFR 42.24 to implement a word count limitation for petitions, patent owner preliminary responses, patent owner responses, and petitioner's replies, by:

- Adding ''Type-volume or'' to the title;
- adding ''word counts or'' before the words ''page limits'' or ''page limit'' and adding ''or word count'' after ''a certificate of service'' in paragraph (a)(1);
- substituting ''14,000 words'' for ''60 pages'' in paragraphs (a)(1)(i) and (a)(1)(iv);
- substituting ''18,700 words'' for ''80 pages'' in paragraphs (a)(1)(ii) and (a)(1)(iii);
- substituting ''word counts'' for ''page limits'' and ''word count'' for ''page limit'' in paragraph (a)(2) except for the last sentence in which ''word counts or'' is added before ''page limits;''
- adding ''word counts or'' before the ''page limits'' in paragraph (b);
- substituting ''word counts'' for the two instances of ''page limits'' in paragraph (b)(1);
- substituting ''word counts'' for the two instances of ''page limits'' in paragraph (b)(2);
- adding ''word counts or'' before the two instances of ''page limits'' and adding ''or word count'' after ''a certificate of service'' in paragraph (c);
- substituting ''5,600 words'' for ''25 pages'' in paragraph (c)(1);
- adding paragraph (d) concerning word count certification. See the proposed text in the amendatory instructions below.

Rule 11-Type Certification

The Office proposes to amend 37 CFR 42.11 to add ''signing papers; representations to the Board; sanctions'' to the title of the section, to designate existing text as paragraph (a), and to add paragraphs (b) through (d) to include a Rule 11-type certification for all papers filed with the Board with a provision for sanctions for noncompliance. See the proposed text in the amendatory instructions below.

Rulemaking Considerations

A. Administrative Procedure Act (APA)

This proposed rule would revise the consolidated set of rules relating to Office trial practice for *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings. The changes proposed in this notice do not change the substantive criteria of patentability. These changes involve rules of agency practice. *See, e.g.,* 35 U.S.C. 316(a)(5), as amended. These rules are procedural and/or interpretive rules. *See Bachow Commc'ns Inc.* v. *F.C.C.,* 237 F.3d 683, 690 (D.C. Cir. 2001) (rules governing an application process are procedural under the Administrative Procedure Act); *Inova Alexandria Hosp.* v. *Shalala,* 244 F.3d 342, 350 (4th Cir. 2001) (rules for handling appeals were procedural where they did not change the substantive requirements for reviewing claims); *Nat'l Org. of Veterans' Advocates* v. *Sec'y of Veterans Affairs,* 260 F.3d 1365, 1375 (Fed. Cir. 2001) (rule that clarifies interpretation of a statute is interpretive); *JEM Broad. Co.* v. *F.C.C.,* 22 F.3d 320, 328 (D.C. Cir. 1994) (rules are not legislative because they do not ''foreclose effective opportunity to make one's case on the merits'').

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law), and thirty-day advance publication is not required pursuant to 5 U.S.C. 553(d) (or any other law). *See Cooper Techs. Co.* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), do not require notice and comment rulemaking for ''interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice'') (quoting 5 U.S.C. 553(b)(A)); *U.S.* v. *Gould,* 568 F.3d 459, 476 (4th Cir. 2009) (''The APA also requires publication of any substantive rule at least 30 days before its effective date, 5 U.S.C. 553(d), except where the rule is interpretive * * *.''). The Office, however, is providing a sixty day comment period in order to seek the benefit of the public's views.

B. Regulatory Flexibility Act

For the reasons set forth herein, the Deputy General Counsel for General Law of the United States Patent and Trademark Office has certified to the Chief Counsel for Advocacy of the Small Business Administration that changes proposed in this notice will not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b). The changes proposed in this document are to revise certain trial practice procedures before the Board. Any requirements resulting from these proposed changes are of minimal or no additional burden to those practicing before the Board. Specifically, proposed changes pertaining to representation would not present any additional burden as the duty of candor and good faith are already requirements under existing Board trial practice (37 CFR 42.11), USPTO rules of professional conduct, and, for those who are attorneys, applicable State bars. Second, changes imposed by converting certain page limits to word counts for petitions and motions are not expected to result in any material change to filings, other than the addition of a certification that the filing is compliant. Finally, the proposed changes pertaining to the inclusion of supporting evidence in a patent owner preliminary response to petition are not required to be filed, but merely available to parties should they choose. Moreover, the Office anticipates that the vast majority of those that will provide such supporting evidence during the petition review stage would have provided such information later anyway, if and when, a trial were instituted. For the foregoing reasons, the changes proposed in this notice will not have a significant economic impact on a substantial number of small entities.

C. Executive Order 12866 (Regulatory Planning and Review)

This rulemaking has been determined to be not significant for purposes of Executive Order 12866 (Sept. 30, 1993).

D. Executive Order 13563 (Improving Regulation and Regulatory Review)

The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned

determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector and the public as a whole, and provided on-line access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13132 (Federalism)

This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

F. Executive Order 13175 (Tribal Consultation)

This rulemaking will not: (1) Have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

G. Executive Order 13211 (Energy Effects)

This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform)

This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996).

I. Executive Order 13045 (Protection of Children)

This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property)

This rulemaking will not affect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act

Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this final rule are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this final rule is not a ''major rule'' as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995

The changes set forth in this rulemaking do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

M. National Environmental Policy Act

This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 *et seq.*

N. National Technology Transfer and Advancement Act

The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

O. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This final rule involves information collection requirements which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549). This rulemaking does not add any additional information requirements or fees for parties before the Board. Therefore, the Office is not resubmitting information collection packages to OMB for its review and approval because the revisions in this rulemaking do not materially change the information collections approved under OMB control number 0651–0069.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to, a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

List of Subjects in 37 CFR Part 42

Administrative practice and procedure, Inventions and patents.

For the reasons set forth in the preamble, the Office proposes to amend 37 CFR part 42 as follows:

PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

■ 1. The authority citation for 37 CFR part 42 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), 6, 21, 23, 41, 135, 311, 312, 316, 321–326 and Public Law 112–29.

Subpart A—Trial Practice and Procedure

■ 2. Section 42.11 is revised to read as follows:

§ 42.11 Duty of candor; signing papers; representations to the Board; sanctions.

(a) *Duty of candor.* Parties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of a proceeding.

(b) *Signature.* Every petition, response, written motion, and other paper filed in a proceeding must be signed by at least lead counsel or designated backup counsel under

§ 42.10 in the attorney's or registered practitioner's name—or by a party personally if the party is unrepresented. The Board may expunge any unsigned submission unless the omission is promptly corrected after being called to the counsel's or party's attention.

(c) *Representations to the Board.* By presenting to the Board a petition, response, written motion, or other paper—whether by signing, filing, submitting, or later advocating it—an attorney, registered practitioner, or unrepresented party certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances:

(1) It is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of the proceeding;

(2) The claims, defenses, and other legal contentions are warranted by existing law or by a non-frivolous argument for extending, modifying, or reversing existing law or for establishing new law;

(3) The factual contentions have evidentiary support; and

(4) The denials of factual contentions are warranted on the evidence.

(d) *Sanctions*—(1) *In general.* If, after notice and a reasonable opportunity to respond, the Board determines that paragraph (c) of this section has been violated, the Board may impose an appropriate sanction on any attorney, registered practitioner, law firm, patent agent, or party that violated the rule or is responsible for the violation. Absent exceptional circumstances, a law firm must be held jointly responsible for a violation committed by its partner, associate, or employee.

(2) *Motion for sanctions.* A motion for sanctions must be made separately from any other motion and must describe the specific conduct that allegedly violates paragraph (c) of this section. The motion must be authorized by the Board under § 42.20. Prior to seeking authorization to file a motion for sanctions, the moving party must provide written notice to the other party of the basis for the proposed motion. A motion for sanctions must not be filed or be presented to the Board if the challenged paper, claim, defense, contention, or denial is withdrawn or appropriately corrected within 21 days after service of such notice or within another time the Board sets. If warranted, the Board may award to the prevailing party the reasonable expenses, including attorney's fees, incurred for the motion.

(3) *On the Board's initiative.* On its own, the Board may order an attorney, registered practitioner, law firm, or party to show cause why conduct specifically described in the order has not violated paragraph (c) of this section.

(4) *Nature of a sanction.* A sanction imposed under this rule must be limited to what suffices to deter repetition of the conduct or comparable conduct by others similarly situated and should be consistent with § 42.12.

(5) *Requirements for an order.* An order imposing a sanction must describe the sanctioned conduct and explain the basis for the sanction.

(e) *Inapplicability to discovery.* This rule does not apply to disclosures and discovery requests, responses, and objections.

■ 3. Section 42.24 is revised to read as follows:

§ 42.24 Type-Volume and page-limits for petitions, motions, oppositions, and replies.

(a) *Petitions and motions.* (1) The following word counts or page limits for petitions and motions apply and include any statement of material facts to be admitted or denied in support of the petition or motion. The word count or page limit does not include a table of contents, a table of authorities, a certificate of service or word count, exhibits, appendix, or claim listing.

(i) Petition requesting *inter partes* review: 14,000 words.

(ii) Petition requesting post-grant review: 18,700 words.

(iii) Petition requesting covered business method patent review: 18,700 words.

(iv) Petition requesting derivation proceeding: 14,000 words.

(v) Motions (excluding motions to amend): 15 pages.

(vi) Motions to Amend: 25 pages.

(2) Petitions to institute a trial must comply with the stated word counts but may be accompanied by a motion to waive the word counts. The petitioner must show in the motion how a waiver of the word counts is in the interests of justice and must append a copy of proposed petition exceeding the word count to the motion. If the motion is not granted, the proposed petition exceeding the word count may be expunged or returned. Any other motion to waive word counts or page limits must be granted in advance of filing a motion, opposition, or reply for which the waiver is necessary.

(b) *Patent owner responses and oppositions.* The word counts or page limits set forth in this paragraph do not include a listing of facts which are admitted, denied, or cannot be admitted or denied.

(1) The word counts for a patent owner preliminary response to petition are the same as the word counts for the petition.

(2) The word counts for a patent owner response to petition are the same as the word counts for the petition.

(3) The page limits for oppositions are the same as those for corresponding motions.

(c) *Replies.* The following word counts or page limits for replies apply and include any statement of facts in support of the reply. The word counts or page limits do not include a table of contents, a table of authorities, a listing of facts which are admitted, denied, or cannot be admitted or denied, a certificate of service or word count, or appendix of exhibits.

(1) Replies to patent owner responses to petitions: 5,600 words.

(2) Replies to oppositions (excluding replies to oppositions to motions to amend): 5 pages.

(3) Replies to oppositions to motions to amend: 12 pages.

(d) *Certification.* Any petition, preliminary response, patent owner response, or reply whose length is specified by type-volume limits must include a certification stating the number of words in the petition, motion, opposition, or reply. A party may rely on the word count of the word-processing system used to prepare the petition, preliminary response, patent owner response, or reply.

■ 4. Section 42.70 is amended by revising paragraph (b) to read as follows:

§ 42.70 Oral argument.

* * * * *

(b) Demonstrative exhibits must be served at least seven business days before oral argument and filed no later than the time of the oral argument.

Subpart B—Inter Partes Review

■ 5. Section 42.100 is amended by revising paragraph (b) to read as follows:

§ 42.100 Procedure; pendency.

* * * * *

(b) A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.

* * * * *

■ 6. Section 42.107 is amended by revising paragraph (a) and removing and reserving paragraph (c) to read as follows:

§ 42.107 Preliminary response to petition.

(a) The patent owner may file a preliminary response to the petition. The response may set forth the reasons why no *inter partes* review should be

instituted under 35 U.S.C. 314 and can include supporting evidence. The preliminary response is subject to the word count under § 42.24.

* * * * *

(c) [Reserved]

* * * * *

■ 7. Section 42.108 is amended by revising paragraph (c) to read as follows:

§ 42.108 Institution of inter partes review.

* * * * *

(c) *Sufficient grounds. Inter partes* review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, but supporting evidence concerning disputed material facts will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute an *inter partes* review. If the patent owner submits supporting evidence with its preliminary response, the petitioner may seek leave to file a reply to the preliminary response in accordance with § 42.24(c).

Subpart C—Post-Grant Review

■ 8. Section 42.200 is amended by revising paragraph (b) to read as follows:

§ 42.200 Procedure; pendency.

* * * * *

(b) A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.

* * * * *

■ 9. Section 42.207 is amended by revising paragraph (a) and removing and reserving paragraph (c) to read as follows:

§ 42.207 Preliminary response to petition.

(a) The patent owner may file a preliminary response to the petition. The response may set forth the reasons why no post-grant review should be instituted under 35 U.S.C. 324 and can include supporting evidence. The preliminary response is subject to the word count under § 42.24.

* * * * *

(c) [Reserved]

* * * * *

■ 10. Section 42.208 is amended by revising paragraph (c) to read as follows:

§ 42.208 Institution of post-grant review.

* * * * *

(c) *Sufficient grounds.* Post-grant review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would, if unrebutted, demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, but supporting evidence concerning disputed material facts will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute a post-grant review. If the patent owner submits supporting evidence with its preliminary response, the petitioner may seek leave to file a reply to the preliminary response in accordance with § 42.24(c).

* * * * *

Subpart D—Transitional Program for Covered Business Method Patents

■ 11. Section 42.300 is amended by revising paragraph (b) to read as follows:

§ 42.300 Procedure; pendency.

* * * * *

(b) A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.

* * * * *

Dated: August 12, 2015.

Michelle K. Lee,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2015–20227 Filed 8–19–15; 8:45 am]

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