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37 CFR Part 42

Office Patent Trial Practice Guide; Rule

## DEPARTMENT OF COMMERCE

## Patent and Trademark Office

## 37 CFR Part 42

[Docket No. PTO-P-2011-0094]

## Office Patent Trial Practice Guide

**AGENCY:** United States Patent and Trademark Office, Commerce.

**ACTION:** Notice of practice guide.

**SUMMARY:** The Leahy-Smith America Invents Act (AIA) establishes several new trial proceedings to be conducted by the Patent Trial and Appeal Board (Board) including *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings. In separate rulemakings, the United States Patent and Trademark Office (Office or USPTO) is revising the rules of practice to implement these provisions of the AIA that provide for the trial proceedings before the Board. The Office publishes in this notice a practice guide for the trial final 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.

**DATES:** *Effective Date:* This practice guide applies to *inter partes* review, post-grant review, and covered business method patent review proceedings commencing on or after September 16, 2012, as well as derivation proceedings commencing on or after March 16, 2013.

**FOR FURTHER INFORMATION CONTACT:** Michael Tierney, Lead Administrative Patent Judge, Board of Patent Appeals and Interferences (will be renamed as Patent Trial and Appeal Board on September 16, 2012), by telephone at (571) 272-9797.

**SUPPLEMENTARY INFORMATION:**

*Executive Summary:* The patent trial regulations lay out a framework for conducting the proceedings aimed at streamlining and converging the issues for decision. In doing so, the Office's goal is to conduct proceedings in a timely, fair, and efficient manner. Further, the Office has designed the proceedings to allow each party to determine the preferred manner of putting forward its case, subject to the guidance of judges who determine the needs of a particular case through procedural and substantive rulings throughout the proceedings.

*Background:* The Leahy-Smith America Invents Act establishes several new trial proceedings to be conducted by the Board including: (1) *Inter partes* review (IPR); (2) post-grant review

(PGR); (3) a transitional program for covered business method patents (CBM); and (4) derivation proceedings. The AIA requires the Office to promulgate rules for the proceedings, with the PGR, IPR, and CBM rules to be in effect one year after AIA enactment and the derivation rules to be in effect 18 months after AIA enactment.

Consistent with the statute, the Office published a number of notices of proposed rulemaking in February of 2012, and requested written comments on the Office's proposed implementation of the new trial proceedings of the AIA. The Office also hosted a series of public educational roadshows, across the country, regarding the proposed rules.

Additionally, the Office published a practice guide based on the proposed trial rules in the **Federal Register** to provide the public an opportunity to comment. *Practice Guide for Proposed Trial Rules*, 77 FR 6868 (Feb. 9, 2012) (Request for Comments) (hereafter "Practice Guide for Proposed Trial Rules" or "Office Patent Trial Practice Guide"). This Office Patent Trial Practice Guide is intended to advise the public on the general framework of the rules, including the structure and times for taking action in each of the new proceedings.

In response to the notices of proposed rulemaking and the Practice Guide notice, the Office received 251 submissions of written comments from intellectual property organizations, businesses, law firms, patent practitioners, and others, including a United States senator who was a principal author of section 18 of the AIA. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. In light of the comments, the Office has made modifications to the proposed rules to provide clarity and to balance the interests of the public, patent owners, patent challengers, and other interested parties, in light of the statutory requirements and considerations, such as the effect of the regulations on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the proceedings timely.

For the implementation of sections 3, 6, 7, and 18 of the AIA that are related to administrative trials and judicial review of Board decisions, the Office is publishing the following final rules in separate notices in the **Federal Register**: (1) *Rules of Practice for Trials before the*

*Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions* (RIN 0651-AC70); (2) *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents* (RIN 0651-AC71); (3) *Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention* (RIN 0651-AC75); and (4) *Changes to Implement Derivation Proceedings* (RIN 0651-AC74). The Office also provides responses to the public written comments in these final rules in the Response to Comments sections of the notices.

Further, the Office revised the Office Patent Trial Practice Guide based on the final rules. The Office has been working diligently to publish all of the final rules related to the new AIA trial proceedings and the Office Patent Trial Practice Guide in the **Federal Register** concurrently. Due to certain limitations, however, the Office Patent Trial Practice and the specific final rule for derivation proceedings will be published in the **Federal Register** after the other final rules. In particular, the specific rules for derivation, *i.e.*, §§ 42.404 through 42.412, will be published at a later date.

*Statutory Requirements:* The AIA provides certain minimum requirements for each of the new proceedings. Provided below is a brief overview of these requirements.

Proceedings begin with the filing of a petition to institute a trial. The petition must be filed with the Board consistent with any time period required by statute and be accompanied by the evidence the petitioner seeks to rely upon. *See, e.g.*, 35 U.S.C. 135(a) and 311(c), as amended, and § 42.3 (references to § 42.x or § 1.x refer to title 37 of the Code of Federal Regulations). For IPR, PGR, and CBM, the patent owner is afforded an opportunity to file a preliminary response. 35 U.S.C. 313, as amended, and 35 U.S.C. 323.

The Board acting on behalf of the Director may institute a trial where the petitioner establishes that the standards for instituting the requested trial are met taking into account any preliminary response filed by the patent owner. Conversely, the Board may not authorize a trial where the information presented in the petition, taking into account any patent owner preliminary response, fails to meet the requisite standard for instituting the trial. *See e.g.*, 35 U.S.C. 314, as amended, and 35 U.S.C. 324. Where there are multiple matters in the Office involving the same patent, the Board may determine how

the proceedings will proceed, including providing for a stay, transfer, consolidation, or termination of any such matter. *See, e.g.*, 35 U.S.C. 315, as amended, and 35 U.S.C. 325.

The AIA requires that the Board conduct AIA trials and that the Director prescribe regulations concerning the conduct of those trials. 35 U.S.C. 6, 135, and 316, as amended, and 35 U.S.C. 326. For example, for IPR, PGR, and CBM, the AIA mandates the promulgation of rules including motions to seal, procedures for filing supplemental information, standards and procedures for discovery, sanctions for improper use of the proceeding, entry of protective orders, and oral hearings. *See, e.g.*, 35 U.S.C. 316(a), as amended, and 35 U.S.C. 326. Additionally, the AIA mandates the promulgation of rules for IPR, PGR, and CBM concerning the submission of a patent owner response with supporting evidence and allowing the patent owner a motion to amend the patent. *Id.*

A petitioner and a patent owner may terminate the proceeding with respect to the petitioner by filing a written agreement with the Board, unless the Board has already decided the merits of the proceeding before the request for termination is filed. *See, e.g.*, 35 U.S.C. 317, as amended, and 35 U.S.C. 327. If no petitioner remains in the proceeding, the Board may terminate the review or proceed to a final written decision. For derivation proceedings, the parties may arbitrate issues in the proceeding, but nothing precludes the Office from determining the patentability of the claimed inventions involved in the

proceeding. 35 U.S.C. 135, as amended. Where a trial has been instituted and not dismissed, the Board will issue a final written decision with respect to the involved patent and/or applications. 35 U.S.C. 135 and 35 U.S.C. 318, as amended, and 35 U.S.C. 328.

For IPR, PGR, and CBM, the AIA requires that the Office consider the effect of the regulations on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete the proceedings. 35 U.S.C. 316, as amended, and 35 U.S.C. 326. In developing the general trial rules, as well as the specific rules for the individual proceedings, the Office has taken these considerations into account. Further, the specific rules for the individual proceedings take into account the jurisdictional and timing requirements for the particular proceedings.

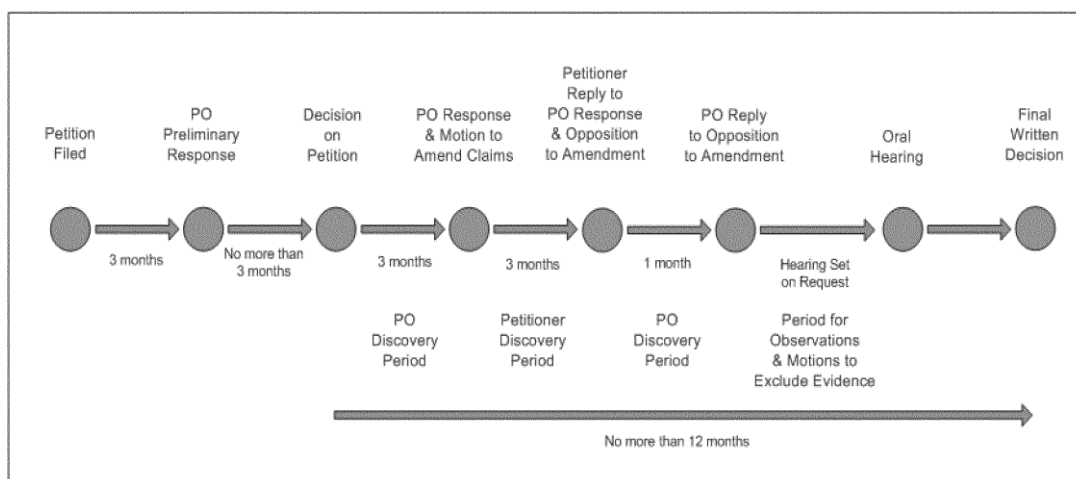
**General Overview of Proceedings:** Generally, the proceedings begin with the filing of a petition that identifies all of the claims challenged and the grounds and supporting evidence on a claim-by-claim basis. Within three months of notification of a filing date, the patent owner in an IPR, PGR, or CBM proceeding may file a preliminary response to the petition, including a simple statement that the patent owner elects not to respond to the petition. The Board acting on behalf of the Director will determine whether to institute a trial within three months of the date the patent owner's preliminary response was due or was filed, whichever is first.

In instituting a trial, the Board will narrow the issues for final decision by

authorizing the trial to proceed only on the challenged claims for which the threshold standards for the proceeding have been met. Further, the Board will identify, on a claim-by-claim basis, the grounds on which the trial will proceed. Any claim or issue not included in the authorization for review will not be part of the trial. A party dissatisfied with the Board's determination to institute a trial may request rehearing as to points believed to have been overlooked or misapprehended. *See* § 42.71(d) and (c).

The Board will enter a Scheduling Order (Appendix A) concurrent with the decision to institute a trial. The Scheduling Order will set due dates for the trial taking into account the complexity of the proceeding but ensuring that the trial is completed within one year of institution.

For example, a Scheduling Order for an IPR or PGR might, consistent with §§ 42.120 and 42.220, provide a three month deadline for patent owner discovery and for filing a patent owner response and motion to amend. Once the patent owner's response and motion to amend have been filed, the Scheduling Order might provide the petitioner with three months for discovery and for filing a petitioner's reply to the response and the petitioner's opposition to the amendment. The Scheduling Order might then provide the patent owner with one month for discovery and for filing a patent owner reply to petitioner's opposition to a patent owner amendment. A representative timeline is provided below:



**Sequence of discovery.** Once instituted, absent special circumstances, discovery will proceed in a sequenced fashion. For example, the patent owner

may begin deposing the petitioner's declarants once the proceeding is instituted. After the patent owner has filed a patent owner response and any

motion to amend the claims, the petitioner may depose the patent owner's declarants. Similarly, after the petitioner has filed a reply to the patent

owner's response and an opposition to an amendment, the patent owner may depose the petitioner's declarants and file a reply in support of its claim amendments. Where the patent owner relies upon new declaration evidence in support of its amendments, the petitioner will be authorized to depose the declarants and submit observations on the deposition. Once the time for taking discovery in the trial has ended, the parties will be authorized to file motions to exclude evidence believed to be inadmissible. Admissibility of evidence is generally governed by the Federal Rules of Evidence.

**Sequence of filing responses and motions.** An initial conference call will be held about one month from the date of institution to discuss the motions that the parties intend to file and to determine if any adjustment needs to be made to the Scheduling Order. The patent owner may file a patent owner's response and/or a motion to amend the claims by the time set in the Scheduling Order. The petitioner will then file a reply to the patent owner's response and any opposition to the patent owner's amendment. Both parties will then be permitted an opportunity to file motions to exclude an opponent's evidence believed to be inadmissible. After all motions have been filed, the parties will be afforded an opportunity to have an oral argument at the Board.

**Summary of the Rules:** The following is a general summary of the rules for the proceedings.

## I. General Procedures

The rules are to be construed so as to ensure the just, speedy, and inexpensive resolution of a proceeding and, where appropriate, the rules may be modified to accomplish these goals. § 42.1(b); § 42.5(a) and (b).

### A. Jurisdiction and Management of the Record

1. **Jurisdiction:** 35 U.S.C. 6(b), as amended, provides that the Board is to conduct derivation proceedings, *inter partes* reviews, and post-grant reviews. The Board also conducts the transitional program for covered business method reviews, which are subject to Board review under 35 U.S.C. 6(b), as amended, 35 U.S.C. 326(c), and Public Law 112–29, section 18. The Board therefore will have exclusive jurisdiction within the Office over every application and patent that is involved in a derivation, IPR, PGR, or CBM proceeding. *Ex parte* reexamination proceedings and *inter partes* reexamination proceedings are not “involved” patents (as defined in § 42.2) in derivation, IPR, PGR, and CBM

proceedings and are thus treated separately except as ordered by the Board.

2. **Prohibition on Ex Parte Communications:** All substantive communications with the Board regarding a proceeding must include all parties to the proceeding, except as otherwise authorized. § 42.5(d). The prohibition on *ex parte* communications does not extend to: (1) Ministerial communications with support staff (for instance, to arrange a conference call); (2) conference calls or hearings in which opposing counsel declines to participate; (3) informing the Board in one proceeding of the existence or status of a related Board proceeding; or (4) reference to a pending case in support of a general proposition (for instance, citing a published opinion from a pending case or referring to a pending case to illustrate a systemic problem).

**Arranging a conference call with the Board.** The Board encourages the use of conference calls to raise and resolve issues in an expedited manner. The Board envisions that most of the procedural issues arising during a proceeding will be handled during a conference call or shortly thereafter, *i.e.*, in a matter of days. When arranging a conference call, parties should be prepared to discuss with a Trial Section paralegal why the call is needed and what materials may be needed during the call, *e.g.*, a particular exhibit.

**Refusal to participate.** The Board has the discretion to permit a hearing or conference call to take place even if a party refuses to participate. In such cases, the Board may order as a condition for the call additional safeguards, such as the recording of the communication and the entry of the recording into the record.

### B. Counsel

**Need for lead and back-up counsel.** A party represented by counsel must designate both a lead as well as a back-up counsel who can conduct business on behalf of the lead counsel, as instances may arise where lead counsel may be unavailable. § 42.10(a).

**Power of attorney.** A power of attorney must be filed with the designation of counsel, unless the designated counsel is already counsel of record. § 42.10(b).

**Pro hac vice.** The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause, and subject to the requirement that lead counsel is a registered practitioner. § 42.10(c). The Board may impose other considerations as well. *Id.* Proceedings before the Office can be technically complex. For example, it is

expected that amendments to a patent will be sought. The grant of a motion to appear *pro hac vice* is a discretionary action taking into account the specifics of the proceedings. Similarly, the revocation of *pro hac vice* is a discretionary action taking into account various factors, including incompetence, unwillingness to abide by the Office's Rules of Professional Conduct, and incivility.

The Office expects that lead counsel will, and back-up counsel may, participate in all hearings and conference calls with the Board and will sign all papers submitted in the proceeding. In addition, the role of back-up counsel is to conduct business with the Office on behalf of lead counsel when lead counsel is not available. Actions not conducted before the Office (*e.g.*, taking of deposition) may be conducted by lead or back-up counsel.

### C. Electronic Filing

Electronic filing is the default manner in which documents are to be filed with the Board. § 42.6(b). Electronic filing of legal documents is being implemented across the country in state and federal courts. The use of electronic filing aids in the efficient administration of the proceeding, improves public accessibility, and provides a more effective document management system for the Office and parties. The manner of submission will be established by the Board. The Board will publish electronic submission information on its Web site ([www.uspto.gov/PTAB](http://www.uspto.gov/PTAB)) in August of 2012. Due to system constraints, no single uploaded file may exceed 250 megabytes in size.

Paper filing may be used where appropriate, but must be accompanied by a motion explaining the need for non-electronic filing. § 42.6(b). Based upon experience with contested cases, the Board does not expect to receive many requests to file paper submissions. Circumstances where a paper filing may be warranted include those occasions where the Office's electronic filing system is unable to accept filings. Alternatively, if a problem with electronic filing arises during normal business hours, a party may contact the Board and request a one-day extension of time for due dates that are set by rule or orders of the Board. § 42.5. In the unlikely event that an administrative patent judge is not available to rule on the extension, the Board may grant an extension the day after the paper is due, which includes situations where electronic filing problems are shown to have occurred.



### D. Mandatory Notices

The rules require that parties to a proceeding provide certain mandatory notices, including identification of the real parties-in-interest, related matters, lead and back-up counsel, and service information. § 42.8. Where there is a change of information, a party must file a revised notice within 21 days of the change. § 42.8(a)(3).

1. *Real Party-in-Interest or Privy*: The core functions of the “real party-in-interest” and “privies” requirement to assist members of the Board in identifying potential conflicts, and to assure proper application of the statutory estoppel provisions. The latter, in turn, seeks to protect patent owners from harassment via successive petitions by the same or related parties, to prevent parties from having a “second bite at the apple,” and to protect the integrity of both the USPTO and Federal Courts by assuring that all issues are promptly raised and vetted. *Cf.* Fed. R. Civ. P. 17(a) (Advisory Committee Note to 1966 Amendment to Rule 17(a)) (“[T]he modern function of the rule in its negative aspect is simply to protect the defendant against a subsequent action by the party actually entitled to recover, and to insure generally that the judgment will have its proper effect as *res judicata*.”). The USPTO will apply traditional common-law principles with these goals in mind and parties will be well-served to factor in these considerations when determining whom to identify.

Whether a party who is not a named participant in a given proceeding nonetheless constitutes a “real party-in-interest” or “privy” to that proceeding is a highly fact-dependent question. *See generally Taylor v. Sturgell*, 553 U.S. 880 (2008); 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, *Federal Practice & Procedure* §§ 4449, 4451 (2d ed. 2011) (hereinafter “Wright & Miller”). Such questions will be handled by the Office on a case-by-case basis taking into consideration how courts have viewed the terms “real party-in-interest” and “privy.” *See, e.g., Taylor*, 553 U.S. at 893–895 and 893 n.6 (noting that “[t]he list that follows is meant only to provide a framework [for the decision], not to establish a definitive taxonomy”). Courts invoke the terms “real party-in-interest” and “privy” to describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion. Accordingly, courts have avoided rigid definitions or recitation of necessary factors. Similarly, multiple Federal Rules invoke the terms without attempting to

define them or what factors trigger their application. *See, e.g., Fed. R. Civ. P. 17; Fed. Cir. R. 47.4.*

The typical common-law expression of the “real party-in-interest” (the party “who, according to the governing substantive law, is entitled to enforce the right”) does not fit directly into the AIA trial context. *See* 6A Charles Alan Wright, Arthur R. Miller, Mary Kay Kane, & Richard L. Marcus, *Federal Practice & Procedure Civil* section 1543 (3d ed. 2011) (discussing Fed. R. Civ. P. 17). That notion reflects standing concepts, but no such requirement exists in the IPR or PGR context, although it exists in the CBM context. In an IPR or PGR proceeding, there is no “right” being enforced since any entity (other than the patent owner) may file an IPR or PGR petition. However, the spirit of that formulation as to IPR and PGR proceedings means that, at a general level, the “real party-in-interest” is the party that desires review of the patent. Thus, the “real party-in-interest” may be the petitioner itself, and/or it may be the party or parties at whose behest the petition has been filed. In this regard, the Office’s prior application of similar principles in the *inter partes* reexamination context offers additional guidance. *See generally In re Guan et al. Inter Partes Reexamination Proceeding*, Control No. 95/001,045, Decision Vacating Filing Date (Aug. 25, 2008). Similar considerations apply to CBM proceedings, although the statute governing those proceedings also requires that the party seeking the proceeding, or its real party-in-interest or privy, have been sued for infringing the subject patent, or been charged with infringement under that patent.

The notion of “privy” is more expansive, encompassing parties that do not necessarily need to be identified in the petition as a “real party-in-interest.” The Office intends to evaluate what parties constitute “privies” in a manner consistent with the flexible and equitable considerations established under federal caselaw. Ultimately, that analysis seeks to determine whether the relationship between the purported “privy” and the relevant other party is sufficiently close such that both should be bound by the trial outcome and related estoppels. This approach is consistent with the legislative history of the AIA, which indicates that Congress included “privies” within the parties subject to the statutory estoppel provisions in an effort to capture “the doctrine’s practical and equitable nature,” in a manner akin to collateral estoppel. In that regard, the legislative history endorsed the expression of “privy” as follows:

The word “privy” has acquired an expanded meaning. The courts, in the interest of justice and to prevent expensive litigation, are striving to give effect to judgments by extending “privies” beyond the classical description. The emphasis is not on the concept of identity of parties, but on the practical situation. Privy is essentially a shorthand statement that collateral estoppel is to be applied in a given case; there is no universally applicable definition of privy. The concept refers to a relationship between the party to be estopped and the unsuccessful party in the prior litigation which is sufficiently close so as to justify application of the doctrine of collateral estoppel.

154 Cong. Rec. S9987 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (citing *Cal. Physicians’ Serv. v. Aoki Diabetes Research Inst.*, 163 Cal.App.4th 1506 (Cal. App. 2008)); *see also* 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (incorporating prior 2008 statement). Subsequent legislative history expanded on the prior discussion of “privy” by noting that “privy is an equitable rule that takes into account the ‘practical situation,’ and should extend to parties to transactions and other activities relating to the property in question.” 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

There are multiple factors relevant to the question of whether a non-party may be recognized as a “real party-in-interest” or “privy.” *See, e.g., Taylor*, 553 U.S. at 893–895 and 893 n.6 (noting that “[t]he list that follows is meant only to provide a framework [for the decision], not to establish a definitive taxonomy”). A common consideration is whether the non-party exercised or could have exercised control over a party’s participation in a proceeding. *See, e.g., id.* at 895; *see generally Wright & Miller* section 4451. The concept of control generally means that “it should be enough that the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties.” Wright & Miller § 4451. Courts and commentators agree, however, that there is no “bright-line test” for determining the necessary quantity or degree of participation to qualify as a “real party-in-interest” or “privy” based on the control concept. *Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 759 (1st Cir. 1994). *See also Wright & Miller* section 4451 (“The measure of control by a nonparty that justifies preclusion cannot be defined rigidly.”). Accordingly, the rules do not enumerate particular factors regarding a “control” theory of “real party-in-interest” or “privy” under the statute.

Additionally, many of the same considerations that apply in the context of “*res judicata*” will likely apply in the

“real party-in-interest” or “privy” contexts. *See Gonzalez*, 27 F.3d at 759; *see generally* Wright & Miller section 4451. Other considerations may also apply in the unique context of statutory estoppel. *See generally, e.g., In re Arviv Reexamination Proceeding*, Control No. 95/001,526, Decision Dismissing section 1.182 and section 1.183 Petitions, at 6 (Apr. 18, 2011); *In re Beierbach Reexamination Proceeding*, Control No. 95/000,407, Decision on section 1.182 and section 1.183 Petitions, at 6 (July 28, 2010); *In re Schlecht Inter Partes Reexamination Proceeding*, Control No. 95/001,206, Decision Dismissing Petition, at 5 (June 22, 2010); *In re Guan Inter Partes Reexamination Proceeding*, Control No. 95/001,045, Decision Vacating Filing Date, at 8 (Aug. 25, 2008).

The Office has received requests to state whether particular facts will qualify a party as a “real party-in-interest” or “privy.” Some fact-combinations will generally justify applying the “real party-in-interest” or “privy” label. For example, a party that funds and directs and controls an IPR or PGR petition or proceeding constitutes a “real party-in-interest,” even if that party is not a “privy” of the petitioner. But whether something less than complete funding and control suffices to justify similarly treating the party requires consideration of the pertinent facts. *See, e.g., Cal. Physicians*, 163 Cal.App.4th at 1523–25 (discussing the role of control in the “privy” analysis, and observing that “preclusion can apply even in the absence of such control”). The Office will handle such questions on a case-by-case basis taking into consideration how courts have viewed the terms. Similarly, while generally a party does not become a “real party-in-interest” or a “privy” of the petitioner merely through association with another party in an unrelated endeavor, slight alterations in the facts, as well as consideration of other facts, might result in a different conclusion. So, for example, if Trade Association X files an IPR petition, Party A does not become a “real party-in-interest” or a “privy” of the Association simply based on its membership in the Association. Similarly, if Party A is part of a Joint Defense Group with Party B in a patent infringement suit, and Party B files a PGR petition, Party A is not a “real party-in-interest” or a “privy” for the purposes of the PGR petition based solely on its participation in that Group. That is not to say that Party A’s membership in Trade Association X, or the Joint Defense Group, in those

scenarios is irrelevant to the determination; deeper consideration of the facts in the particular case is necessary to determine whether Party A is a “real party-in-interest” or a “privy” of the petitioner. Relevant factors include: Party A’s relationship with the petitioner; Party A’s relationship to the petition itself, including the nature and/or degree of involvement in the filing; and the nature of the entity filing the petition. In short, because rarely will one fact, standing alone, be determinative of the inquiry, the Office cannot prejudge the impact of a particular fact on whether a party is a “real party-in-interest” or “privy” of the petitioner.

2. *Related Matters*: Parties to a proceeding are to identify any other judicial or administrative matter that would affect, or be affected by, a decision in the proceeding. Judicial matters include actions involving the patent in federal court. Administrative matters include every application and patent claiming, or which may claim, the benefit of the priority of the filing date of the party’s involved patent or application as well as any *ex parte* and *inter partes* reexaminations for an involved patent.

3. *Identification of Service Information*: Parties are required to identify service information to allow for efficient communication between the Board and the parties. § 42.8. Additionally, while the Board is authorized to provide notice by means other than mailing to the correspondence address of record, it is ultimately the responsibility of the applicant or patent owner to maintain a proper correspondence address in the record. *Ray v. Lehman*, 55 F.3d 606, 610 (Fed. Cir. 1995).

Under § 42.6(e), service may be made electronically upon agreement of the parties. For example, the parties could agree that electronic filing with the Board of a document constitutes electronic service.

#### *E. Public Availability and Confidentiality*

The rules aim to strike a balance between the public’s interest in maintaining a complete and understandable file history and the parties’ interest in protecting truly sensitive information.

1. *Public Availability*: The record of a proceeding, including documents and things, shall be made available to the public, except as otherwise ordered. § 42.14. Accordingly, a document or thing will be made publicly available, unless a party files a motion to seal that is then granted by the Board.

2. *Confidential information*: The rules identify confidential information in a manner consistent with Federal Rule of Civil Procedure 26(c)(1)(G), which provides for protective orders for trade secret or other confidential research, development, or commercial information. § 42.54.

3. *Motion To Seal*: A party intending a document or thing to be sealed may file a motion to seal concurrent with the filing of the document or thing. § 42.14. The document or thing will be provisionally sealed on receipt of the motion and remain so pending the outcome of the decision on motion.

4. *Protective Orders*: A party may file a motion to seal where the motion contains a proposed protective order, such as the default protective order in Appendix B. § 42.54. Specifically, protective orders may be issued for good cause by the Board to protect a party from disclosing confidential information. § 42.54. Guidelines on proposing a protective order in a motion to seal, including a Standing Protective Order, are provided in Appendix B. The document or thing will be protected on receipt of the motion and remain so, pending the outcome of the decision on motion.

5. *Confidential Information in a Petition*: A petitioner filing confidential information with a petition may, concurrent with the filing of the petition, file a motion to seal with a proposed protective order as to the confidential information. A petitioner filing information under seal with a petition is not required to serve the confidential information. § 42.55.

A petitioner may seek entry of the default protective order in Appendix B or may seek entry of an alternative protective order. Where the petitioner seeks entry of the default protective order, the patent owner will be given access to the confidential information prior to institution of the trial by agreeing to the terms of a default order. § 42.55(a). The Board anticipates that a patent owner may use the Board’s electronic filing system to agree to the default protective order and would, upon confirmation of the agreement by the Board, be given access to the provisionally sealed information.

Where a petitioner files a motion to seal with the petition that seeks entry of a protective order other than the default protective order, a patent owner may only access the sealed confidential information prior to the institution of the trial by:

(1) Agreeing to the terms of the protective order requested by the petitioner;



(2) Agreeing to the terms of a protective order that the parties file jointly; or

(3) Obtaining entry of a protective order (e.g., the default protective order).

For example, the patent owner could arrange a conference call with the Board and opposing party, and provide a suitable basis for entering the default protective order as opposed to the petitioner's proposed protective order. § 42.55(b). The Board anticipates that a patent owner may use the Board's electronic filing system to agree to the protective order requested by the petitioner and would, upon confirmation of the agreement by the Board, be given access to the provisionally sealed information. Similarly, the Board anticipates that a patent owner may use the Board's electronic filing system to file a protective order that the parties jointly agree to and would, upon confirmation of the agreement by the Board, be given access to the provisionally sealed information. Alternatively, the patent owner would be given access on entry of a protective order by the Board.

The rule seeks to streamline the process of seeking protective orders prior to the institution of the review while balancing the need to protect confidential information against an opponent's ability to access information used to challenge the opponent's claims.

**6. Expungement of Confidential Information:** Confidential information that is subject to a protective order ordinarily would become public 45 days after denial of a petition to institute a trial or 45 days after final judgment in a trial. There is an expectation that information will be made public where the existence of the information is referred to in a decision to grant or deny a request to institute a review or is identified in a final written decision following a trial. A party seeking to maintain the confidentiality of information, however, may file a motion to expunge the information from the record prior to the information becoming public. § 42.56. The rule balances the needs of the parties to submit confidential information with the public interest in maintaining a complete and understandable file history for public notice purposes. The rule encourages parties to redact sensitive information, where possible, rather than seeking to seal entire documents.

**7. Derivation:** A party in a derivation submitting dates of conception to establish inventorship may wish to file the information under seal. Where the dates of conception are filed under seal, a party may request that an opponent

not be given access to the conception dates until the opponent's conception dates have been provided to the Board.

#### F. Discovery

Discovery is a tool to develop a fair record and to aid the Board in assessing the credibility of witnesses. To streamline the proceedings, the rules and Scheduling Order provide a sequenced discovery process upon institution of the trial. Specifically, each party will be provided respective discovery periods, beginning with the patent owner. The sequenced discovery allows parties to conduct meaningful discovery before they are required to submit their respective motions and oppositions during the trial. Thus, discovery before the Board is focused on what the parties reasonably need to respond to the grounds raised by an opponent. In this way, the scope of the trial continually narrows.

**1. Routine Discovery:** Routine discovery includes: (1) Production of any exhibit cited in a paper or testimony; (2) the cross-examination of the other sides declarants; and (3) relevant information that is inconsistent with a position advanced during the proceeding. Routine discovery places the parties on a level playing field and streamlines the proceeding. Board authorization is not required to conduct routine discovery, although the Board will set the times for conducting this discovery in its Scheduling Order.

**(a) Inconsistent Statements:** The following situations exemplify instances where disclosures of inconsistent statements are to be made. Example 1: where a petitioner relies upon an expert affidavit alleging that a method described in a patent cannot be carried out, the petitioner would be required to provide any non-privileged work undertaken by, or on behalf of, the petitioner that is inconsistent with the contentions in the expert's affidavit. Example 2: where a patent owner relies upon surprising and unexpected results to rebut an allegation of obviousness, the patent owner should provide the petitioner with non-privileged evidence that is inconsistent with the contention of unexpected properties.

**(b) Witness Expenses:** The burden and expense of producing a witness for redirect or cross-examination should normally fall on the party presenting the witness. Thus, a party presenting a witness's testimony by affidavit should arrange to make the witness available for cross-examination. This applies to witnesses employed by a party as well as experts and non-party witnesses. If there are associated expenses such as expert witness fees or travel, those

should be borne by the party presenting the testimony. Should the witness's testimony be presented by transcript, the same rules apply, and the witness fees and expenses should be borne by the presenting party.

**(c) Document Translation:** All proceedings before the Board will be conducted in English. Translations therefore must be provided for: (1) Those documents produced in discovery under § 42.51; and (2) all documents relied on, or otherwise used, during the proceedings. Unless accompanied by an English language translation, such documents in a language other than English will not be considered by the Board.

**2. Additional Discovery:** A request for additional discovery must be in the form of a motion, although the parties may agree to discovery amongst themselves. § 42.51(b)(2). The types of discovery available under the Federal Rules of Civil Procedure can be sought by the parties. The standard for granting such requests varies with the proceeding. An "interests of justice" standard applies in IPR and derivations, whereas the more liberal "good cause" standard applies in PGR and CBM. *Id.* An additional discovery request could be granted under either standard, for example, when a party raises an issue where the evidence on that issue is uniquely in the possession of the party that raised it.

**3. Compelled Testimony:** A party can request authorization to compel testimony under 35 U.S.C. 24. If a motion to compel testimony is granted, testimony may be (1) *ex parte*, subject to subsequent cross-examination, or (2) *inter partes*. *Therriault v. Garbe*, 53 USPQ2d 1179, 1184 (BPAI 1999). Prior to moving for or opposing compelled testimony, the parties should discuss which procedure is appropriate. See Appendix D for guidance on compelled testimony.

**4. Mandatory Initial Disclosures:** Section 42.51(a) provides for mandatory initial disclosures, either by agreement (subparagraph (a)(1)) or, where the parties fail to reach an agreement, by motion, if granted (subparagraph (a)(2)). To proceed under § 42.51(a)(1), the parties must submit any agreement reached on initial disclosures no later than the filing of the patent owner's preliminary response, or by the expiration of the time period for filing such a response. See § 42.51(a)(1)(i).

Where the parties agree to mandatory initial disclosures under § 42.51(a)(1), two options are available as follows:

### Option 1

This first option is modeled after Rule 26(a)(1)(A) of the Federal Rules of Civil Procedure, and requires disclosure of the following information: (1) the name and, if known, the address and telephone number of each individual likely to have discoverable information—along with the subjects of that information—that the disclosing party may use to support its claims or defenses, unless the use would be solely for impeachment; and (2) a copy—or a description by category and location—of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses, unless the use would be solely for impeachment.

### Option 2

This second option is more extensive, and includes the following disclosures listed under both items I and II:

I. If the petition seeks cancellation of one or more claims in whole or part on the basis of the existence of an alleged prior non-published public disclosure, the petitioner will provide a statement: (1) Identifying, to the extent known by the petitioner, the names and information sufficient to contact all persons other than those offering affidavits or declarations who are reasonably likely to know of the alleged prior non-published public disclosure; (2) indicating which of such persons are within the control of petitioner, or who have otherwise consented to appear for a testimony in connection with the proceeding; (3) indicating which, if any, of such persons are represented by petitioner's counsel; (4) identifying all documents and things within petitioner's possession, custody, or control referring to or relating to the alleged prior non-published public disclosure; and (5) identifying all things relating to the alleged prior non-published public disclosure, including a complete description, photographs, the chemical analysis (if the chemical composition is in issue), and computer code (for computer-related subject matter), and their locations, and whether petitioner will produce such things for inspection, analysis, testing, and sampling.

II. If the petition seeks cancellation of one or more claims in whole or in part on the basis of the alleged obviousness of one or more of the claims, the petitioner will provide a statement: (1) identifying, to the extent known by the petitioner, the names and information sufficient to contact all persons other

than those offering affidavits or declarations who are reasonably likely to have information regarding the secondary indicia of non-obviousness; (2) indicating which of such persons are within the control of petitioner, or have otherwise consented to appear for a testimony in connection with the proceeding; (3) indicating which, if any, of such persons are represented by petitioner's counsel; (4) identifying all documents and things within petitioner's possession, custody, or control referring to or relating to such secondary indicia of non-obviousness; and (5) identifying all things relating to the secondary indicia of non-obviousness, including a complete description, photographs, the chemical analysis (if the chemical composition is in issue), and computer code (for computer-related subject matter), and their locations, and whether petitioner will produce such things for inspection, analysis, testing, and sampling.

Under § 42.51(a)(1)(ii), upon institution of a trial, the parties may automatically take discovery of the information identified in the initial disclosures. Accordingly, the initial disclosures of a party shall be filed as exhibits as soon as reasonably practicable to permit discovery related to that information. *See* § 42.51(a)(1)(i).

5. *Live Testimony*: Cross-examination may be ordered to take place in the presence of an administrative patent judge, which may occur at the deposition or oral argument. Occasionally, the Board will require live testimony where the Board considers the demeanor of a witness critical to assessing credibility. Examples of where such testimony has been ordered in previous contested cases before the Board include cases where derivation is an issue, where misconduct is alleged to have occurred during the proceeding, or where testimony is given through an interpreter. *See* Appendix D for guidance on testimony.

6. *Times and Locations for Witness Cross-Examination*: Under § 42.53(c)(1), the default time limits for compelled direct examination, cross-examination, and redirect examination are seven hours for direct examination, four hours for cross-examination, and two hours for redirect examination. Similarly, under § 42.53(c)(2), the default time limits for cross-examination, redirect examination, and recross-examination for uncompelled direct testimony are seven hours for cross-examination, four hours for redirect examination, and two hours for recross-examination. *See* Appendix D: Testimony Guidelines, for more information.

The rules do not provide for a specific location for taking testimony other than providing that the testimony may be taken at any reasonable location in the United States. The Board expects that the parties will be able to agree upon a reasonable location but will be available to handle the issue, typically via conference call, where the parties are unable to agree.

7. *E-Discovery*: The cost of e-discovery in patent infringement cases has led a number of courts to adopt special e-discovery rules. Notably, the Federal Circuit Advisory Committee drafted and adopted a Model Order Limiting E-Discovery in Patent Cases that is available on the Federal Circuit's Web site: [www.cafc.uscourts.gov](http://www.cafc.uscourts.gov). *See also* Federal Rule of Evidence 502. In the interest of promoting economic and procedural efficiency in these proceedings, the Office adopts a default Model Order Regarding E-Discovery (Appendix C) based on the Federal Circuit's Model Order, modified to reflect the differences in statutory requirements. *See also* Rule 502 of the Federal Rules of Evidence. Except for routine discovery under the provisions of § 42.51(b)(1), it is expected that the default Model Order will be entered in a proceeding whenever discovery of Electronically Stored Information (ESI) is sought by the parties, whether under the other discovery provisions of § 42.51, or the compelled discovery provisions of § 42.52. Should a party desire to obtain production of ESI as part of additional discovery under § 42.51, § 42.52, or any other provision of the rules, the matter should be raised with the Board in a timely fashion before the discovery is scheduled to take place.

## II. Petitions and Motions Practice

### A. General Motions Practice Information

1. *Motions practice*: The proceedings begin with the filing of a petition that lays out the petitioner's grounds and supporting evidence for the requested proceeding. Additional relief in a proceeding must be requested in the form of a motion. § 42.20(a).

2. *Prior authorization*: Generally, a motion will not be entered without prior Board authorization. § 42.20(b). Exceptions include motions where it is impractical for a party to seek prior Board authorization, and motions for which authorization is automatically granted. Motions where it is not practical to seek prior Board authorization include motions to seal and motions filed with a petition, such as motions to waive page limits. Motions where authorization is



automatically granted, without a conference with the Board, include requests for rehearing, observations on cross-examination, and motions to exclude evidence. The Board expects that the Scheduling Order will pre-authorize and set times for the filing of observations on cross-examination and motions to exclude evidence based on inadmissibility. *See* Appendix A, Scheduling Order.

Typically, authorization for a motion is obtained during an initial conference call, which generally occurs within one month of the institution of IPR, PGR, CBM, and derivation proceedings. Additionally, where more immediate relief is required or the request arises after the initial conference call, a party should institute a conference call to obtain such authorization. Typically, the Board will decide procedural issues raised in a conference call during the call itself or shortly thereafter, thereby avoiding the need for additional briefing. The Board has found that this practice simplifies a proceeding by focusing the issues early, reducing costs and efforts associated with motions that are beyond the scope of the proceeding. By taking an active role in the proceeding, the Board can eliminate delay in the proceeding and ensure that attorneys are prepared to resolve the relevant disputed issues.

3. *Page Limits*: Petitions, motions, patent owner preliminary responses, patent owner responses, oppositions, and replies filed in proceedings are subject to page limits in order to streamline the proceedings. § 42.24. The rules set a limit of 60 pages for petitions requesting *inter partes* reviews and derivation proceedings, 80 pages for petitions requesting post-grant review and covered business method patent reviews, and 15 pages for motions. § 42.24(a). Patent owner preliminary responses to a petition and patent owner responses to a petition are limited to an equal number of pages as the corresponding petition, and oppositions are limited to an equal number of pages as the corresponding motion. § 42.24(b). Replies to patent owner responses to petitions are limited to 15 pages and replies to oppositions are limited to five pages. § 42.24(c).

Federal courts routinely use page limits to manage motions practice as “[e]ffective writing is concise writing.” *Spaziano v. Singletary*, 36 F.3d 1028, 1031 n.2 (11th Cir. 1994). Federal courts have found that page limits ease the burden on both the parties and the courts, and patent cases are no exception. *Broadwater v. Heidtman Steel Prods., Inc.*, 182 F. Supp. 2d 705, 710 (S.D. Ill. 2002) (“Counsel are

strongly advised, in the future, to not ask this Court for leave to file any memoranda (supporting or opposing dispositive motions) *longer than 15 pages*. The Court has handled complicated patent cases and employment discrimination cases in which the parties were able to limit their briefs supporting and opposing summary judgment to 10 or 15 pages.”).

Although parties are given wide latitude in how they present their cases, the Board’s experience is that the presentation of an overwhelming number of issues tends to detract from the argument being presented, and can cause otherwise meritorious issues to be overlooked or misapprehended. Thus, parties should avoid submitting a repository of all the information that a judge could possibly consider, and instead focus on concise, well-organized, easy-to-follow arguments supported by readily identifiable evidence of record. Another factor to keep in mind is that the judges of the Board are familiar with the general legal principles involved in issues which come before the Board. Accordingly, extended discussions of general patent law principles are not necessary.

The Office provides the following practical guidance regarding compliance with the page limits. A party is not required to submit a statement of material fact in its briefing. § 42.22. Further, double spacing is not required for claim charts. § 42.6(a)(2)(iii).

4. *Testimony Must Disclose Underlying Facts or Data*: The Board expects that most petitions and motions will rely upon affidavits of experts. Affidavits expressing an opinion of an expert must disclose the underlying facts or data upon which the opinion is based. *See* Fed. R. Evid. 705; and § 42.65. Opinions expressed without disclosing the underlying facts or data may be given little or no weight. *Rohm & Haas Co. v. Brotech Corp.*, 127 F.3d 1089, 1092 (Fed. Cir. 1997) (nothing in the Federal Rules of Evidence or Federal Circuit jurisprudence requires the fact finder to credit unsupported assertions of an expert witness).

5. *Tests and Data*: Parties often rely on scientific tests and data to support their positions. Examples include infrared spectroscopy graphs, high-performance liquid-chromatography data, etc. In addition to providing the explanation required in § 42.65, a party relying on a test or data should provide any other information the party believes would assist the Board in understanding the significance of the test or the data.

6. *Objective Indicia of Nonobviousness*: The Board expects that most petitions will raise issues of

obviousness. In determining whether the subject matter of a claim would have been obvious over the prior art, the Board will review any objective evidence of nonobviousness proffered by the patent owner where appropriate.

#### B. Petition

Proceedings begin with the filing of a petition. The petition lays out the petitioner’s grounds for review and supporting evidence, on a claim-by-claim basis, for instituting the requested proceeding.

1. *Filing date—Minimum Procedural Compliance*: To obtain a filing date, the petition must meet certain minimum standards. *See, e.g.*, § 42.106. Generally, the standards required for a petition are those set by statute for the proceeding requested. *See, e.g.*, 35 U.S.C. 312(a). For example, an IPR requires that a complete petition be filed with the required fee, and include a certificate of service for the petition, fee, and evidence relied upon. § 42.106. A complete petition for IPR requires that the petitioner certify that the patent is eligible for IPR and that the petitioner is not barred or estopped from requesting the review, and that the petitioner identify the claims being challenged and the specific basis for the challenge. § 42.104. Similar petition requirements apply to PGR (§ 42.204) and derivations (§ 42.404). CBM proceedings also require a petition demonstrate that the patent for which review is sought is a covered business method patent. § 42.304.

2. *Burden of Proof for Statutory Institution Thresholds*: The burden of proof in a proceeding before the Board is a preponderance of the evidence standard. § 42.1(d).

3. *Specific Requirements for Petition*: A petitioner must certify that the patent or application is available for review and that the petitioner is not barred or estopped from seeking the proceeding. §§ 42.104, 42.204, 42.304, and 42.405. Additionally, a petitioner must identify each claim that is challenged and the specific statutory grounds on which each challenge to the claim is based, provide a claim construction for the challenged claims, and state the relevance of the evidence to the issues raised. *Id.* For IPR, PGR, and CBM proceedings, a petitioner must also identify how the construed claim is unpatentable over the relevant evidence. §§ 42.104(b), 42.204(b), and 42.304(b).

4. *Covered Business Method/ Technological Invention*: A petitioner in a CBM proceeding must demonstrate that the patent for which review is sought is a covered business method patent. § 42.304(a). Covered business

method patents by definition do not include patents for technological inventions.

The following claim drafting techniques would not typically render a patent a technological invention:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

The following are examples of covered business method patents that are subject to a CBM review proceeding:

(a) A patent that claims a method for hedging risk in the field of commodities trading.

(b) A patent that claims a method for verifying validity of a credit card transaction.

The following are examples of patents that claim a technological invention that would not be subject to a CBM review proceeding:

(a) A patent that claims a novel and non-obvious hedging machine for hedging risk in the field of commodities trading.

(b) A patent that claims a novel and non-obvious credit card reader for verifying the validity of a credit card transaction.

5. *Claim Charts*: While not required, a petitioner may file a claim chart to explain clearly and succinctly what the petitioner believes a claim means in comparison to something else, such as another claim, a reference, or a specification. Where appropriate, claim charts can streamline the process of identifying key features of a claim and comparing those features with specific evidence. Claim charts submitted as part of a petition, motion, patent owner preliminary response, patent owner response, opposition, or reply count towards applicable page limits, but are not required to be double-spaced, e.g., to reduce the number of pages in a petition, claim charts in the petition may be single-spaced. A claim chart from another proceeding that is submitted as an exhibit, however, will not count towards page limits.

6. *Claim Construction*: Regarding the need for a claim construction, where appropriate, it may be sufficient for a party to provide a simple statement that the claim terms are to be given their

broadest reasonable interpretation, as understood by one of ordinary skill in the art and consistent with the disclosure. Alternatively, where a party believes that a specific term has meaning other than its plain meaning, the party should provide a statement identifying a proposed construction of the particular term and where the disclosure supports that meaning.

The Office has for decades employed the broadest reasonable interpretation standard to construe claims before the Office, and it will continue to do so in IPR, PGR, and CBM proceedings for construing challenged claims as well as any amended or new claims. §§ 42.100(b), 42.200(b), and 42.300(b). This approach ensures that the public can clearly understand the outer limits applicants and patentees will attribute to their claims. On the other hand, inconsistent results would become a major issue if the Office adopted a standard of claim construction other than the broadest reasonable interpretation for IPR, PGR, and CBM proceedings. As the AIA contemplates, there may be multiple proceedings involving related patents or patent applications in the Office at a particular time. For example, there may be an IPR of a patent that is also subject to an *ex parte* reexamination, where the patent is part of a family of co-pending applications all employing the same claim terminology. The Office applies the broadest reasonable interpretation standard in those proceedings, and major difficulties would arise where the Office is handling multiple proceedings with different applicable claim construction standards.

An essential purpose of the broadest reasonable claim interpretation standard in the amendment process is to encourage a patent owner to fashion clear, unambiguous claims. Only through the use of the broadest reasonable claim interpretation standard can the Office ensure that uncertainties of claim scope are removed or clarified. Since patent owners have the opportunity to amend their claims during IPR, PGR, and CBM trials, unlike in district court proceedings, they are able to resolve ambiguities and overbreadth through this interpretive approach, producing clear and defensible patents at the lowest cost point in the system. Patent owners in IPR, PGR, and CBM proceedings will be permitted to file a first motion to amend the patent, after conferring with the Board. §§ 42.121(a) and 42.221(a). Moreover, although there is no need to permit multiple opportunities to amend to justify the application of the broadest reasonable interpretation standard in an

Office proceeding, patent owners in IPR, PGR, and CBM proceedings may file an additional motion to amend when there is a good cause showing, or a joint request of the petitioner and the patent owner to materially advance a settlement. §§ 42.121(c) and 42.221(c). Thus, the Board will apply the broadest reasonable interpretation standard during IPR, PGR, and CBM proceedings, consistent with the Office's practice in other proceedings.

### C. Patent Owner Preliminary Response

For IPR, PGR, and CBM proceedings, a patent owner may file a preliminary response no later than three months after the grant of a filing date. §§ 42.107(b) and 42.207(b). The preliminary response may present evidence other than new testimonial evidence to demonstrate that no review should be instituted. §§ 42.107(c) and 42.207(c). New testimonial evidence may be permitted where a party demonstrates that such evidence is in the interests of justice. For example, the Board may permit new testimonial evidence where it addresses issues relating to the petitioner's standing, or where the Board determines that consideration of the identified evidence is necessary in the interests of justice as the evidence demonstrates that the trial may not be instituted.

Potential patent owner preliminary responses include:

(1) The petitioner is statutorily barred from pursuing a review.

(2) The references asserted to establish that the claims are unpatentable are not in fact prior art.

(3) The prior art lacks a material limitation in all of the independent claims.

(4) The prior art teaches or suggests away from a combination that the petitioner is advocating.

(5) The petitioner's claim interpretation for the challenged claims is unreasonable.

(6) If a petition for post-grant review raises 35 U.S.C. 101 grounds, a brief explanation as to how the challenged claims are directed to a patent-eligible invention.

Where a patent owner seeks to expedite the proceeding, the patent owner may file an election to waive the patent owner preliminary response. §§ 42.107(b) and 42.207(b). No adverse inference will be taken by such an election. Moreover, a patent owner may file a statutory disclaimer of one or more challenged claims to streamline the proceedings. Where no challenged claims remain, the Board would terminate the proceeding. Where one or more challenged claims remain, the

Board's decision on institution would be based solely on the remaining claims. See *Sony Computer Entm't Am. Inc. v. Dudas*, 2006 WL 1472462 (E.D.Va. 2006).

#### *D. Institution of Review*

##### *1. Statutory Threshold Standards:*

Generally, the Director may institute a proceeding where a petitioner meets the threshold standards. There is a different statutory threshold standard for institution of each type of proceeding. Each of the statutory threshold standards is summarized below.

(a) *Inter Partes Review*: 35 U.S.C. 314(a), as amended, provides that the Director may not authorize institution of an *inter partes* review, unless the Director determines that the information presented in the petition filed under 35 U.S.C. 311, as amended, and any response filed under 35 U.S.C. 313, as amended, shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition. The "reasonable likelihood" standard is a somewhat flexible standard that allows the Board room to exercise judgment.

(b) *Post-Grant Review*: 35 U.S.C. 324(a) provides that the Director may not authorize institution of a post-grant review, unless the Director determines that the information presented in the petition filed under 35 U.S.C. 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable. The "more likely than not" standard requires greater than 50% chance of prevailing. In addition, 35 U.S.C. 324(b) provides that the determination required under 35 U.S.C. 324(a) may also be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.

(c) *Covered Business Method Patent Review*: Section 18(a)(1) of the AIA provides that the transitional proceeding for covered business method patents will be regarded as, and will employ the standards and procedures of, a post-grant review under chapter 32 of title 35 United States Code, subject to certain exceptions. Section 18(a)(1)(B) of the AIA specifies that a person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or person's real party-in-interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent. A covered business method patent means

a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

(d) *Derivation*: 35 U.S.C. 135(a), as amended, provides that an applicant for a patent may file a petition to institute a derivation proceeding. 35 U.S.C. 135(a), as amended, provides that the petition must state with particularity the basis for finding that a named inventor in the earlier application derived the claimed invention from an inventor named in the petitioner's application and, without authorization, filed the earlier application. The petition must be filed within one year of the first publication by the earlier applicant of a claim to the same or substantially the same invention, must be made under oath, and must be supported by substantial evidence. 35 U.S.C. 135(a), as amended, also provides that the Director may institute a derivation proceeding, if the Director determines that the petition demonstrates that the standards for instituting a derivation proceeding are met.

*2. Considerations in Instituting a Review*: The Board institutes the trial on behalf of the Director. § 42.4(a). In instituting the trial, the Board will consider whether or not a party has satisfied the relevant statutory institution standard. As part of its consideration, the Board may take into account whether the same or substantially the same prior art or arguments were previously presented to the Office under 35 U.S.C. 325(d).

The Board, in determining whether to institute, may take into account whether the review could be completed timely. For example, the Board may decline to institute a proceeding where the Board determines that it could not complete the proceeding timely. Specifically, the Board could exercise its discretion to decline to institute a petition that seeks review of several hundred claims based upon a thousand references and the patent owner demonstrates that a determination of patentability would require testimony of dozens of non-party controlled witnesses in foreign countries for which the testimony would need to be compelled.

*3. Content of Decision on Whether To Institute*: In instituting a trial, the Board will streamline the issues for final decision by authorizing the trial to proceed only on the challenged claims for which the threshold standards for the proceeding have been met. Further, the Board will identify, on a claim-by-

claim basis, the grounds on which the trial will proceed. Any claim or issue not included in the authorization for review is not part of the trial.

Where no trial is instituted, a decision to that effect will be provided. The Board expects that the decision will contain a short statement as to why the standards were not met, although this may not be necessary in all cases. A party dissatisfied with a decision whether or not to institute may file a request for rehearing before the Board, but the Board's determination on whether to institute a trial is final and nonappealable. 35 U.S.C. 135(a) and 314(d), as amended; 35 U.S.C. 324(e); and § 42.71(c).

*4. Scheduling Order*: The Board expects that a Scheduling Order (Appendix A) will be provided concurrent with the decision to institute the proceeding. The Scheduling Order will set due dates for taking action accounting for the complexity of the proceeding but ensuring that the trial is completed within one year of institution. Furthermore, the parties may request changes to the due dates at the initial conference call, and stipulate different dates for Due Dates 1 through 5 (earlier or later, but no later than Due Date 6). See Appendix A.

#### *E. Initial Conference Call (One Month After Instituting Trial)*

The Board expects to initiate a conference call within about one month from the date of institution of the trial to discuss the Scheduling Order and any motions that the parties anticipate filing during the trial. Generally, the Board would require a list of proposed motions to be filed no later than two business days prior to the conference call. An accurate motions list is necessary to provide the Board and the opposing parties adequate notice to prepare for the conference call and to plan for the proceeding. The Board's contested cases experience demonstrates that discussing the proposed motions before the motions are authorized to be filed aids the administration of justice by: (1) Helping the Board and counsel adjust the schedule for taking action; (2) permitting the Board to determine whether the listed motions are both necessary and sufficient to resolve the issues raised; and (3) revealing the possibility that there may be a dispositive issue that may aid the settlement of the trial. Submission of a list would not preclude the filing of additional motions not contained in the list. However, the Board may require prior authorization to file an additional motion and the set times are not likely



to change as a consequence of the new motion.

#### F. Patent Owner Response

For IPR, PGR, and CBM, the patent owner will be provided an opportunity to respond to the petition once a trial has been instituted. 35 U.S.C. 316(a)(8), as amended, and 35 U.S.C. 326(a)(8). For a derivation proceeding, the applicant or patent owner alleged to have derived the invention will be provided an opportunity to respond to the petition once the trial has been instituted. 35 U.S.C. 135(b), as amended.

The patent owner response is filed as an opposition to the petition and is subject to the page limits provided in § 42.24. §§ 42.120 and 42.220. The response should identify all the involved claims that are believed to be patentable and state the basis for that belief. Additionally, the response should include any affidavits or additional factual evidence sought to be relied upon and explain the relevance of such evidence. As with the petition, the response may contain a claim chart identifying key features of a claim and comparing those features with specific evidence. Where the patent owner elects not to file a response, the patent owner will arrange for a conference call with the Board to discuss whether or not the patent owner will file a request for adverse judgement. § 42.73(b).

#### G. Motions To Amend

1. *IPR, PGR, and CBM Amendments:* Patent owners in IPR, PGR, and CBM may file motions to amend the claims subject to certain conditions. §§ 42.121 and 42.221.

*First Motion to Amend:* Although patent owners may file a first motion to amend and need not obtain prior Board authorization, the patent owner is still required to confer with the Board before filing the motion. § 42.121(a) or 42.221(a). During this conference call, it is envisioned that the judge would provide guidance to the patent owner and petitioner regarding the motion including how the filing of the motion will impact the schedule. For example, if a patent holder files a motion to amend the claims, adjustment to the schedule and authorization to conduct additional discovery may be appropriate.

*Additional Motion to Amend.* Patent owners seeking to file any additional motion to amend claims in the patent under § 42.121(c) or 42.221(c) must seek authorization from the Board to file the motion to amend. The filing of the additional motion typically would be authorized if a joint request by the

petitioner and patent owner is made to materially advance a settlement. Alternatively, filing of the additional motion may be authorized on a showing of good cause. In determining whether to authorize such an additional motion to amend, the Board will consider, among other factors, whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in § 42.121(a)(1) or 42.221(a)(1). For example, in the event that the petitioner is authorized to submit additional information that was not available to the petitioner before the petition was filed regarding the patentability of an original claim, the entry of the additional evidence will increase the likelihood that an additional motion to amend will be authorized. Other factors, such as the time remaining for the trial, the degree to which the additional evidence impacts the patentability of the claims being sought to be amended, and whether the additional evidence was known to the patent owner before the time period set in §§ 42.121(a) or 42.221(a) expired, may also be considered in deciding whether the motion should be authorized.

*Due Date.* A motion to amend must be filed no later than the time period for filing a patent owner response, unless a different due date is provided in a Board order. § 42.121(a) or 42.221(a). The Office envisions that most motions to amend will be due three months after a trial is instituted.

*Contents of Motion To Amend.* Any motion to amend must also comply the content requirements of §§ 42.121(b) or 42.221(b). Sections 42.121(b) and 42.221(b) require that any motion to amend include a claim listing, show the changes being sought clearly, and describe how the original disclosure of the patent and any relied upon prior application supports each claim that is added or amended. A patent owner may not enlarge the scope of the claims of the patent or add new matter, 35 U.S.C. 316(d)(3) and 326(d)(3), and it is envisioned that the amendment that will be sought by most patent owners is a replacement of a set of broader claims with a set of narrower claims. Where a motion seeks to replace an original patent claim with a new claim, the new claim should be identified as a proposed substitute claim and all changes relative to the original claim clearly discussed. Any motion to amend must also set forth the support in the original disclosure of the patent as well as any application for which benefit of the filing date of the earlier filed disclosure is sought.

*Claim Construction.* The Board will interpret claims using the broadest reasonable construction, which is consistent with the statute and legislative history of the AIA. *See, e.g.*, 35 U.S.C. 316(a)(2) and (a)(9), as amended, and § 42.100(b). In certain circumstances, claim construction under the broadest reasonable interpretation will differ from that of district court. A patent owner, however, will have opportunities to amend its claims during an administrative trial before the Board. *See, e.g.*, § 42.121. When filing a motion to amend, a patent owner may demonstrate that the scope of the amended claim is substantially identical to that of the original patent claim, as the original patent claim would have been interpreted by a district court. In such cases, a patent owner may request that the Board determine that the amended claim and original patent claim are substantially identical within the meaning of 35 U.S.C. 252.

2. *Amendments in Derivation Proceedings:* The filing of a motion to amend claims by a petitioner or respondent in a derivation proceeding will be authorized upon a showing of good cause. § 42.20. An example of good cause is where the amendment materially advances settlement between the parties or seeks to cancel claims. The Board expects, however, that a request to cancel all of a party's disputed claims will be treated as a request for adverse judgment. § 42.73(b).

3. *General Practice Tips on Amendments:* Motions to amend claims are expected to be filed by the due dates set for filing a patent owner response. For authorization to file a motion to amend sought later in the proceeding, a demonstration of good cause will be required. Motions to amend filed late in the proceeding may impair a petitioner's ability to mount a full response in time to meet the statutory deadline for the proceeding. To reduce the number of issues in dispute, however, motions to cancel claims will generally be permitted even late in the proceeding, as will motions to amend to correct simple and obvious typographical errors.

A motion to amend must be accompanied by the proposed amendment. *See, e.g.*, § 42.121(b). Claims filed by amendments should be filed as substitute claims. The amendment should clearly state whether each claim is "original," "cancelled," "replaced by proposed substitute," "proposed substitute for original claim X," or "proposed new claim."

Amendments should clearly state where the specification and any drawings support all the limitations in the proposed substitute claims. If the Board is unable to determine how the specification and drawings support the proposed substitute claims, the motion to amend may be denied.

Motions to amend should clearly state the patentably distinct features for proposed substitute claims. This will aid the Board in determining whether the amendment narrows the claims and if the amendment is responsive to the grounds of unpatentability involved in the trial. Moreover, a motion to amend may be denied, without prejudice, if it is determined that patent owner's original claims are patentable.

The number of substitute claims must be "reasonable." There is a general presumption that only one substitute claim would be needed to replace each challenged claim. §§ 42.121(a) and 42.221(a). This presumption may be rebutted by a demonstration of need. The presumption balances the one-year timeline for final decision against the patent owner's need to appropriately define the invention.

The following is an example of what may be included in a motion to amend. The example sets forth a proposed substitute claim that replaces original patent claims 1–3, a proposed substitute claim that replaces original patent claim 4, and a proposed new claim reciting newly claimed subject matter.

Original patent claims:

Claim 1: A bucket comprising:

A shell; and  
an attached handle.

Claim 2: The bucket of claim 1 wherein the shell is made of wood.

Claim 3: The bucket of claim 1 wherein the handle is made of metal.

Claim 4: The bucket of claim 1 wherein the bucket has a volume of 2–5 gallons.

Claim listing in a motion to amend:

Claims 1–4 (cancelled).

Claim 5 (substitute for original claims 1–3): A bucket comprising:

A shell made of wood; and  
an attached handle made of metal.

Claim 6 (substitute for original claim 4): The bucket of claim 5 wherein the bucket has a volume of 2–5 gallons.

Claim 7 (new claim) The bucket of claim 5 wherein the metal handle is at least partially made of alloy X.

Discussion of proposed changes:

Proposed claim 5 combines the features originally claimed in claims 1–3 into a single claim. Proposed claim 6 further defines proposed claim 5 by reciting the limitation originally recited in claim 4.

Proposed claim 7 further defines the invention of proposed claim 5 by

requiring the metal handle to be at least partially made of alloy X.

Support for claimed subject matter.

Paragraph 14 of the original disclosure of the application which issued as the patent under review describes an embodiment where the shell of the bucket is made of wood and the handle of the bucket is made of metal. Paragraph 15 of the same specification describes a volume of 2–5 gallons as a useful volume for the bucket described in the specification. Paragraph 32 of the same specification describes the use of alloy X in making the metal handle.

Parent application X similarly describes an embodiment where the shell of the bucket is made of wood and the handle is made of metal at paragraph 14. Parent application X does not describe a bucket having a volume of 2–5 gallons or alloy X.

#### H. Petitioner Opposition to Amendment

A petitioner will be afforded an opportunity to fully respond to a patent owner's motion to amend. The time for filing an opposition generally will be set in a Scheduling Order. No authorization is needed to file an opposition to a motion to amend. Petitioners may respond to new issues arising from proposed substitute claims including evidence responsive to the amendment. 35 U.S.C. 316(a) and 326(a). This includes the submission of new expert declarations that are directed to the proposed substitute claims.

#### I. Petitioner Reply to Patent Owner Response and Patent Owner Reply to Opposition To Amend

A reply may only respond to arguments raised in the corresponding opposition. § 42.23. While replies can help crystalize issues for decision, a reply that raises a new issue or belatedly presents evidence will not be considered and may be returned. The Board will not attempt to sort proper from improper portions of the reply. Examples of indications that a new issue has been raised in a reply include new evidence necessary to make out a *prima facie* case for the patentability or unpatentability of an original or proposed substitute claim, and new evidence that could have been presented in a prior filing.

#### J. Other Motions

There are many types of motions that may be filed in a proceeding in addition to motions to amend. Examples of additional motions include motions to exclude evidence, motions to seal, motions for joinder, motions to file supplemental information, motions for

judgment based on supplemental information, motions for observations on cross-examination, etc.

Where a party believes it has a basis to request relief on a ground not identified in the rules, the party should contact the Board and arrange for a conference call with the Board and opposing party to discuss the requested relief with the judge handling the proceeding.

When filing the motion, the party must comply with the appropriate requirements. For example, a motion to submit supplemental information must meet the requirements of § 42.123 or § 42.223: (1) A request for the authorization to file a motion to submit supplemental information is made within one month of the date the trial is instituted; and (2) the supplemental information must be relevant to a claim for which the trial has been instituted. Further, a party seeking to submit supplemental information more than one month after the date the trial is instituted, must request authorization to file a motion to submit the information. Such a motion to submit supplemental information must show why the supplemental information reasonably could not have been obtained earlier, and that consideration of the supplemental information would be in the interests-of-justice. § 42.123(b) or § 42.223(b).

#### K. Challenging Admissibility

A party wishing to challenge the admissibility of evidence must object timely to the evidence at the point it is offered and then preserve the objection by filing a motion to exclude the evidence. § 42.64(a), (b)(1), and (c). The time for filing a motion to exclude evidence will be set in the Scheduling Order. A motion to exclude evidence must:

(a) Identify where in the record the objection originally was made;

(b) Identify where in the record the evidence sought to be excluded was relied upon by an opponent;

(c) Address objections to exhibits in numerical order; and

(d) Explain each objection.

A motion to exclude must explain why the evidence is not admissible (*e.g.*, relevance or hearsay) but may not be used to challenge the sufficiency of the evidence to prove a particular fact.

#### L. Observations on Cross-Examination

In the event that cross-examination occurs after a party has filed its last substantive paper on an issue, such cross-examination may result in testimony that should be called to the Board's attention, but the party does not

believe a motion to exclude the testimony is warranted. The Board may authorize the filing of observations to identify such testimony and responses to observations, as defined below.

The party taking the cross-examination files the observations. The opposing party may file a response to an observation. The opposing party may not file observations without express prior authorization.

An observation should be a concise statement of the relevance of identified testimony to an identified argument or portion of an exhibit (including another part of the same testimony). Any response should be equally concise. An observation (or response) is not an opportunity to raise new issues, re-argue issues, or pursue objections. Each observation should be in the following form:

In exhibit \_\_, on page \_\_, lines \_\_, the witness testified \_\_. This testimony is relevant to the \_\_ on page \_\_ of \_\_. The testimony is relevant because \_\_.

The entire observation should not exceed one short paragraph. The Board may refuse entry of excessively long or argumentative observations (or responses).

#### M. Oral Argument

Each party to a proceeding will be afforded an opportunity to present their case before at least three members of the Board. The time for requesting an oral argument is normally set in the Scheduling Order but may be modified on a case-by-case basis.

Generally, a petitioner to a hearing will go first followed by the patent owner or respondent after which a rebuttal may be given by the petitioner. The order may be reversed, *e.g.*, where the only dispute is whether the patent owner's proposed substitute claims overcome the grounds for unpatentability set forth in the petition.

**Special equipment or needs.** A party should advise the Board as soon as possible before an oral argument of any special needs. Examples of such needs include additional space for a wheel chair, an easel for posters, or an overhead projector. Parties should not make assumptions about the equipment the Board may have on hand. Such requests should be directed in the first instance to a Board Trial Division paralegal at 571-272-9797.

**Demonstrative exhibits.** The Board has found that elaborate demonstrative exhibits are more likely to impede than help an oral argument. The most effective demonstrative exhibits tend to be a handout or binder containing the demonstrative exhibits. The pages of

each exhibit should be numbered to facilitate identification of the exhibits during the oral argument, particularly if the argument is recorded.

**Live testimony.** The Board does not envision that live testimony is necessary at oral argument. However, parties may file a motion for live testimony in appropriate situations.

**No new evidence and arguments.** A party may rely upon evidence that has been previously submitted in the proceeding and may only present arguments relied upon in the papers previously submitted. No new evidence or arguments may be presented at the oral argument.

#### N. Settlement

There are strong public policy reasons to favor settlement between the parties to a proceeding. The Board will be available to facilitate settlement discussions, and where appropriate, may require a settlement discussion as part of the proceeding. The Board expects that a proceeding will terminate after the filing of a settlement agreement, unless the Board has already decided the merits of the proceeding. 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327.

#### O. Final Decision

For IPR, PGR, and CBM, the Board will enter a final written decision not more than one year from the date a trial is instituted, except that the time may be extended up to six months for good cause. The Board expects that a final written decision will address the issues necessary for resolving the proceeding.

In the case of derivation proceedings, although not required by statute, the Board expects to provide a final decision not more than one year from the institution of the proceeding. The Board will provide a final decision as to whether an inventor named in the earlier application derived the claimed invention from an inventor named in the petitioner's application and filed the earlier application claiming such invention without authorization.

#### P. Rehearing Requests

A party dissatisfied with a decision of the Board may file a request for rehearing. § 42.71. The burden of showing that a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and where each matter was previously addressed in a motion, an opposition, or a reply. Evidence not already of record at the time of the decision will not be admitted absent a

showing of good cause. The opposing party should not file a response to a request for rehearing absent a request from the Board. The Board envisions that, absent a need for additional briefing by an opponent, requests for rehearing will be decided approximately one month after receipt of the request.

### APPENDIX A-1: Scheduling Order for *Inter Partes* Review, Post-Grant Review, and Covered Business Method Patents Review (based on the trial rules).

#### A. DUE DATES

This order sets due dates for the parties to take action after institution of the proceeding. The parties may stipulate different dates for DUE DATES 1 through 5 (earlier or later, but no later than DUE DATE 6). A notice of the stipulation, specifically identifying the changed due dates, must be promptly filed. The parties may not stipulate an extension of DUE DATES 6-7.

In stipulating different times, the parties should consider the effect of the stipulation on times to object to evidence (§ 42.64(b)(1)), to supplement evidence (§ 42.64(b)(2)), to conduct cross-examination, and to draft papers depending on the evidence and cross-examination testimony (*see* section B, below).

##### 1. DUE DATE 1

The patent owner is not required to file anything in response to the petition. The patent owner may file—

- a. A patent owner's response to the petition, and
  - b. A motion to amend the patent.
- Any response or amendment must be filed by DUE DATE 1. If the patent owner elects not to file anything, the patent owner must arrange a conference call with the parties and the Board.

##### 2. DUE DATE 2

Any reply to the patent owner's response, and opposition to the motion to amend, filed by petitioner under § 42.23 must be filed by DUE DATE 2.

##### 3. DUE DATE 3

The patent owner must file any reply to the petitioner's opposition to patent owner's motion to amend by DUE DATE 3.

##### 4. DUE DATE 4

- a. The petitioner must file any motion for an observation on the cross-examination testimony of a reply witness (*see* section C, below) by DUE DATE 4. § 42.20.

- b. Each party must file any motion to exclude evidence (§ 42.64(c)) and any request for oral argument (§ 42.70(a)) by DUE DATE 4.

##### 5. DUE DATE 5

- a. The patent owner must file any reply to a petitioner observation on cross-examination testimony by DUE DATE 5.
- b. Each party must file any opposition to a motion to exclude evidence by DUE DATE 5.



**6. DUE DATE 6**

Each party must file any reply for a motion to exclude evidence by DUE DATE 6.

**B. CROSS-EXAMINATION**

Except as the parties might otherwise agree, for each due date—

1. Cross-examination begins after any supplemental evidence is due. §§ 42.64(b) and 42.53(d)(2).

2. Cross-examination ends no later than a week before the filing date for any paper in which the cross-examination testimony is expected to be used. *Id.*

**C. MOTION FOR OBSERVATION ON CROSS-EXAMINATION**

A motion for observation on cross-examination provides the petitioner with a mechanism to draw the Board's attention to relevant cross-examination testimony of a reply witness, since no further substantive paper is permitted after the reply. The observation must be a concise statement of the relevance of the precisely identified testimony to a precisely identified argument or portion of an exhibit. Each observation should not exceed a single, short paragraph. The patent owner may respond to the observation. Any response must be equally concise and specific.

**DUE DATE APPENDIX**

<b>DUE DATE 1:</b> Patent owner's response to the petition. Patent owner's motion to amend the patent.	3 months.
<b>DUE DATE 2:</b> Petitioner's reply to patent owner response to petition. Petitioner's opposition to motion to amend.	3 months.
<b>DUE DATE 3:</b> Patent owner's reply to petitioner opposition.	1 month.
<b>DUE DATE 4:</b> Petitioner's motion for observation regarding cross-examination of reply witness. Motion to exclude evidence. Request for oral argument.	3 weeks.
<b>DUE DATE 5:</b> Patent owner's response to observation. Opposition to motion to exclude.	2 weeks.
<b>DUE DATE 6:</b> Reply to opposition to motion to exclude.	1 week.
<b>DUE DATE 7:</b> Oral argument .....	Set on request.

**APPENDIX A-2: Scheduling Order for Derivation Proceedings.****A. DUE DATES**

This order sets due dates for the parties to take action in this proceeding. The parties may stipulate different dates for DUE DATES 1 through 5 (earlier or later, but not later than DUE DATE 6). A notice of the stipulation, specifically identifying the changed due dates, must be promptly filed. The parties may not stipulate an extension of DUE DATES 6-7.

In stipulating different times, the parties should consider the effect of the stipulation on times to object to evidence (§ 42.64(b)(1)), to supplement evidence (§ 42.64(b)(2)), to conduct cross-examination, and to draft papers depending on the evidence and cross-examination testimony (*see* section B, below).

**1. DUE DATE 1**

The respondent is not required to file anything in response to the petition. The respondent may file—

- a. A response to the petition, and
- b. A motion to amend, if authorized.

Any such response or motion to amend must be filed by DUE DATE 1. If the respondent elects not to file anything, the respondent must arrange a conference call with the parties and the Board.

**2. DUE DATE 2**

The petitioner must file any reply to the respondent's response and opposition to motion to amend by DUE DATE 2.

**3. DUE DATE 3**

The respondent must file any reply to the petitioner's opposition by DUE DATE 3.

**4. DUE DATE 4**

- a. The petitioner must file any observation on the cross-examination testimony of a reply witness (*see* section C, below) by DUE DATE 4.
- b. Each party must file any motion to exclude evidence (§ 42.64(c)) and any request for oral argument (§ 42.70(a)) by DUE DATE 4.

**5. DUE DATE 5**

- a. The respondent must file any response to a petitioner observation on cross-examination testimony by DUE DATE 5.
- b. Each party must file any opposition to a motion to exclude evidence by DUE DATE 5.

**6. DUE DATE 6**

Each party must file any reply for a motion to exclude evidence by DUE DATE 6.

**B. CROSS-EXAMINATION**

Except as the parties might otherwise agree, for each due date—

1. Cross-examination begins after any supplemental evidence is due. §§ 42.64(b) and 42.53(d)(2).

2. Cross-examination ends no later than a week before the filing date for any paper in which the cross-examination testimony is expected to be used. *Id.*

**C. MOTION FOR OBSERVATION ON CROSS-EXAMINATION**

A motion for observation on cross-examination provides the petitioner with a mechanism to draw the Board's attention to relevant cross-examination testimony of a reply witness, since no further substantive paper is permitted after the reply. The observation must be a concise statement of the relevance of the precisely identified testimony to a precisely identified argument or portion of an exhibit. Each observation should not exceed a single, short paragraph. The patent owner may respond to the observation. Any response must be equally concise and specific.

**DUE DATE APPENDIX**

<b>DUE DATE 1:</b> Respondent response to the petition. Respondent motion to amend.	3 months.
<b>DUE DATE 2:</b> Petitioner reply to Respondent response to petition. Petitioner opposition to Respondent's motion to amend.	3 months.
<b>DUE DATE 3:</b> Respondent reply to petitioner opposition.	1 month.
<b>DUE DATE 4:</b> Petitioner motion for observation regarding cross-examination of reply witness. Motion to exclude. Request for oral argument.	3 weeks.
<b>DUE DATE 5:</b> Respondent response to observation. Opposition to motion to exclude.	2 weeks.
<b>DUE DATE 6:</b> Reply to opposition to motion to exclude.	1 week.
<b>DUE DATE 7:</b> Oral argument .....	Set on request.

**APPENDIX B: Protective Order Guidelines (based on the trial rules).**

(a) *Purpose.* This document provides guidance on the procedures for filing of motions to seal and the entry of protective orders in proceedings before the Board. The protective order governs the protection of confidential information contained in documents, discovery, or testimony adduced, exchanged, or filed with the Board. The parties are encouraged to agree on the entry of a stipulated protective order. Absent such agreement, the default standing protective order will be automatically entered.

(b) *Timing; lifting or modification of the Protective Order.* The terms of a protective order take effect upon the filing of a Motion to Seal by a party, and remain in place until lifted or modified by the Board either on the motion of a party for good cause shown or *sua sponte* by the Board.

(c) *Protective Order to Govern Treatment of Confidential Information.* The terms of a protective order govern the treatment of the confidential portions of documents, testimony, and other information designated as confidential, as well as the filing of confidential documents or discussion of confidential information in any papers filed with the Board. The Board shall have the authority to enforce the terms of the Protective Order, to provide remedies for its breach, and to impose sanctions on a party and a party's representatives for any violations of its terms.

(d) *Contents.* The Protective Order shall include the following terms:

(1) *Designation of Confidential Information.* The producing party shall have the obligation to clearly mark as "PROTECTIVE ORDER MATERIAL" any documents or information considered to be confidential under the Protective Order.

(2) *Persons Entitled to Access to Confidential Information.* A party receiving confidential information shall strictly restrict access to that information to the following individuals who first have signed and filed an Acknowledgement as provided herein:

(A) *Parties.* Persons who are owners of a patent involved in the proceeding and other persons who are named parties to the proceeding.

(B) *Party Representatives.* Representatives of record for a party in the proceeding.

(C) *Experts.* Retained experts of a party in the proceeding who further certify in the Acknowledgement that they are not a competitor to any party, or a consultant for, or employed by, such a competitor with respect to the subject matter of the proceeding.

(D) *In-house counsel.* In-house counsel of a party.

(E) *Other Employees of a Party.* Employees, consultants, or other persons performing work for a party, other than in-house counsel and in-house counsel's support staff, who sign the Acknowledgement, shall be extended access to confidential information only upon agreement of the parties or by order of the Board upon a motion brought by the party seeking to disclose confidential information to that person. The party opposing disclosure to that person shall have the burden of proving that such person should be restricted from access to confidential information.

(F) *The Office.* Employees and representatives of the U.S. Patent and Trademark Office who have a need for access to the confidential information shall have such access without the requirement to sign an Acknowledgement. Such employees and representatives shall include the Director, members of the Board and staff, other Office support personnel, court reporters, and other persons acting on behalf of the Office.

(G) *Support Personnel.* Administrative assistants, clerical staff, court reporters, and

other support personnel of the foregoing persons who are reasonably necessary to assist those persons in the proceeding. Such support personnel shall not be required to sign an Acknowledgement, but shall be informed of the terms and requirements of the Protective Order by the person they are supporting who receives confidential information.

(3) *Protection of Confidential Information.* Persons receiving confidential information shall take reasonable care to maintain the confidentiality of that information, including:

(A) Maintaining such information in a secure location to which persons not authorized to receive the information shall not have access;

(B) Otherwise using reasonable efforts to maintain the confidentiality of the information, which efforts shall be no less rigorous than those the recipient uses to maintain the confidentiality of information not received from the disclosing party;

(C) Ensuring that support personnel of the recipient who have access to the confidential information understand and abide by the obligation to maintain the confidentiality of information received that is designated as confidential; and

(D) Limiting the copying of confidential information to a reasonable number of copies needed to conduct the proceeding and maintaining a record of the locations of such copies, which similarly must be kept secure.

(4) *Treatment of Confidential Information.* Persons receiving confidential information shall use the following procedures to maintain confidentiality of documents and other information—

(A) *Documents and Information Filed With the Board.*

(i) A party may file documents or information with the Board under seal, together with a non-confidential description of the nature of the confidential information that is under seal and the reasons why the information is confidential and should not be made available to the public. The submission shall be treated as confidential and remain under seal, unless upon motion of a party and after a hearing on the issue, or *sua sponte*, the Board determines that the documents or information do not qualify for confidential treatment.

(ii) Where confidentiality is alleged as to some but not all of the information submitted to the Board, the submitting party shall file confidential and non-confidential versions of its submission, together with a Motion to Seal the confidential version setting forth the reasons why the information redacted from the non-confidential version is confidential and should not be made publicly available. The non-confidential version of the submission shall clearly indicate the locations of information that has been redacted. The confidential version of the submission shall be filed under seal. The redacted information shall remain under seal, unless upon motion of a party and after a hearing on the issue, or *sua sponte*, the Board determines that some or all of the redacted information does not qualify for confidential treatment.

(B) *Documents and Information Exchanged Among the Parties.* Information designated as

confidential that is disclosed to another party during discovery or other proceedings before the Board shall be clearly marked as "PROTECTIVE ORDER MATERIAL" and shall be produced in a manner that maintains its confidentiality.

(5) *Confidential Testimony.* Any person providing testimony in a proceeding may, on the record during the testimony, preliminarily designate the entirety of the person's testimony and all transcriptions thereof as confidential, pending further review. Within ten days of the receipt of the transcript of the testimony, that person, or that person's representative, shall advise the opposing party of those portions of the testimony to which a claim of confidentiality is to be maintained, and the reasons in support of that claim. Such portions shall be treated as confidential and maintained under seal in any filings to the Board unless, upon motion of a party and after a hearing on the issue, or *sua sponte*, the Board determines that some or all of the redacted information does not qualify for confidential treatment.

(6) *Other Restrictions Imposed By the Board.* In addition to the foregoing, the Board may, in its discretion, include other terms and conditions in a Protective Order it enters in any proceeding.

(7) *Requirement of Acknowledgement.* Any person receiving confidential information during a proceeding before the Board shall, prior to receipt of any confidential information, first sign an Acknowledgement, under penalty of perjury, stating the following:

(A) The person has read the Protective Order and understands its terms;

(B) The person agrees to be bound by the Protective Order and will abide by its terms;

(C) The person will use the confidential information only in connection with that proceeding and for no other purpose;

(D) The person shall only extend access to the confidential information to support personnel, such as administrative assistants, clerical staff, paralegals, and the like, who are reasonably necessary to assist him or her in the proceeding. The person shall inform such support personnel of the terms and requirements of the Protective Order prior to disclosure of any confidential information to such support personnel and shall be personally responsible for their compliance with the terms of the Protective Order; and

(E) The person agrees to submit to the jurisdiction of the Office for purposes of enforcing the terms of the Protective Order and providing remedies for its breach.

(e) *Filing of Executed Protective Order.* The party filing a Motion to Seal shall include with its supporting papers a copy of a proposed Protective Order, signed by the party or its representative of record, certifying that the party accepts and agrees to the terms of the Protective Order. Prior to the receipt of confidential information, any other party to the proceeding also shall file a copy of the proposed Protective Order, signed by the party or its representative of record, certifying that the party accepts and agrees to the terms of the proposed Protective Order. The proposed Protective Order shall remain in effect until superseded by a Protective Order entered by the Board.

(f) *Duty To Retain Acknowledgements.* Each party to the proceeding shall maintain a signed Acknowledgement from each person acting on its behalf who obtains access to confidential information after signing an Acknowledgement, as set forth herein, and shall produce such Acknowledgements to the Office upon request.

(g) *Motion to Seal.* A party may file an opposition to the motion that may include a request that the terms of the proposed Protective Order be modified including limiting the persons who are entitled to access under the Order. Any such opposition shall state with particularity the grounds for modifying the proposed Protective Order. The party seeking the modification shall have the burden of proving that such modifications are necessary. While the motion is pending, no disclosure of confidential information shall be made to the persons for whom disclosure is opposed, but the filing of the motion shall not preclude disclosure of the confidential information to persons for whom disclosure is not opposed and shall not toll the time for taking any action in the proceeding.

(h) *Other Proceedings.* Counsel for a party who receives confidential information in a proceeding will not be restricted by the Board from representing that party in any other proceeding or matter before the Office. Confidential information received in a proceeding, however, may not be used in any other Office proceeding in which the providing party is not also a party.

(i) *Disposal of Confidential Information.* Within one month after final termination of a proceeding, including any appeals, or within one month after the time for appeal has expired, each party shall assemble all copies of all confidential information it has received, including confidential information provided to its representatives and experts, and shall destroy the confidential information and provide a certification of destruction to the party who produced the confidential information.

#### DEFAULT PROTECTIVE ORDER

The following Standing Protective Order will be automatically entered into the proceeding upon the filing of a petition for review or institution of a derivation:

##### Standing Protective Order

This standing protective order governs the treatment and filing of confidential information, including documents and testimony.

1. Confidential information shall be clearly marked "PROTECTIVE ORDER MATERIAL."

2. Access to confidential information is limited to the following individuals who have executed the acknowledgment appended to this order:

(A) *Parties.* Persons who are owners of a patent involved in the proceeding and other persons who are named parties to the proceeding.

(B) *Party Representatives.* Representatives of record for a party in the proceeding.

(C) *Experts.* Retained experts of a party in the proceeding who further certify in the Acknowledgement that they are not a competitor to any party, or a consultant for,

or employed by, such a competitor with respect to the subject matter of the proceeding.

(D) *In-house counsel.* In-house counsel of a party.

(E) *Other Employees of a Party.* Employees, consultants or other persons performing work for a party, other than in-house counsel and in-house counsel's support staff, who sign the Acknowledgement shall be extended access to confidential information only upon agreement of the parties or by order of the Board upon a motion brought by the party seeking to disclose confidential information to that person. The party opposing disclosure to that person shall have the burden of proving that such person should be restricted from access to confidential information.

(F) *The Office.* Employees and representatives of the Office who have a need for access to the confidential information shall have such access without the requirement to sign an Acknowledgement. Such employees and representatives shall include the Director, members of the Board and their clerical staff, other support personnel, court reporters, and other persons acting on behalf of the Office.

(G) *Support Personnel.* Administrative assistants, clerical staff, court reporters and other support personnel of the foregoing persons who are reasonably necessary to assist those persons in the proceeding shall not be required to sign an Acknowledgement, but shall be informed of the terms and requirements of the Protective Order by the person they are supporting who receives confidential information.

3. Persons receiving confidential information shall use reasonable efforts to maintain the confidentiality of the information, including:

(A) Maintaining such information in a secure location to which persons not authorized to receive the information shall not have access;

(B) Otherwise using reasonable efforts to maintain the confidentiality of the information, which efforts shall be no less rigorous than those the recipient uses to maintain the confidentiality of information not received from the disclosing party;

(C) Ensuring that support personnel of the recipient who have access to the confidential information understand and abide by the obligation to maintain the confidentiality of information received that is designated as confidential; and

(D) Limiting the copying of confidential information to a reasonable number of copies needed for conduct of the proceeding and maintaining a record of the locations of such copies.

4. Persons receiving confidential information shall use the following procedures to maintain the confidentiality of the information:

(A) *Documents and Information Filed With the Board.*

(i) A party may file documents or information with the Board under seal, together with a non-confidential description of the nature of the confidential information that is under seal and the reasons why the information is confidential and should not be made available to the public. The submission

shall be treated as confidential and remain under seal, unless, upon motion of a party and after a hearing on the issue, or *sua sponte*, the Board determines that the documents or information do not to qualify for confidential treatment.

(ii) Where confidentiality is alleged as to some but not all of the information submitted to the Board, the submitting party shall file confidential and non-confidential versions of its submission, together with a Motion to Seal the confidential version setting forth the reasons why the information redacted from the non-confidential version is confidential and should not be made available to the public. The nonconfidential version of the submission shall clearly indicate the locations of information that has been redacted. The confidential version of the submission shall be filed under seal. The redacted information shall remain under seal unless, upon motion of a party and after a hearing on the issue, or *sua sponte*, the Board determines that some or all of the redacted information does not qualify for confidential treatment.

(B) *Documents and Information Exchanged Among the Parties.* Information designated as confidential that is disclosed to another party during discovery or other proceedings before the Board shall be clearly marked as "PROTECTIVE ORDER MATERIAL" and shall be produced in a manner that maintains its confidentiality.

(j) *Standard Acknowledgement of Protective Order.* The following form may be used to acknowledge a protective order and gain access to information covered by the protective order:

[CAPTION]

##### Standard Acknowledgment for Access to Protective Order Material

I \_\_\_\_, affirm that I have read the Protective Order; that I will abide by its terms; that I will use the confidential information only in connection with this proceeding and for no other purpose; that I will only allow access to support staff who are reasonably necessary to assist me in this proceeding; that prior to any disclosure to such support staff I informed or will inform them of the requirements of the Protective Order; that I am personally responsible for the requirements of the terms of the Protective Order and I agree to submit to the jurisdiction of the Office and the United States District Court for the Eastern District of Virginia for purposes of enforcing the terms of the Protective Order and providing remedies for its breach.

[Signature]

#### APPENDIX C: Model Order Regarding E-Discovery in Trials Before the Patent Trial and Appeal Board

The Board pursuant to § 42.5 orders as follows:

1. This Order supplements all other discovery rules and orders. It streamlines Electronically Stored Information (ESI) production to promote "the just, speedy, and inexpensive resolution" of this proceeding in a manner consistent with § 42.1.

2. This Order may be modified for good cause. The parties shall jointly submit any



proposed modifications within one month after the initiation date of the proceeding or by the date of the initial conference call, whichever is earlier. If the parties cannot resolve their disagreements regarding these modifications, the parties shall submit their competing proposals and a summary of their dispute within the specified time period.

3. Costs will be shifted for disproportionate ESI production requests. Likewise, a party's nonresponsive or dilatory discovery tactics will be cost-shifting considerations. See 35 U.S.C. 316(a)(6), as amended, and 326(a)(6).

4. A party's meaningful compliance with this Order and efforts to promote efficiency and reduce costs will be considered in cost-shifting determinations.

5. Unless otherwise authorized by the Board or agreed to by the parties, any production of ESI pursuant to §§ 42.51 or 42.52 shall not include metadata. However, fields showing the date and time that the document was sent and received, as well as the complete distribution list, shall generally be included in the production if such fields exist.

6. General ESI production under §§ 42.51 and 42.52 (with the exception of routine discovery under § 42.51(b)(1)) shall not include email or other forms of electronic correspondence (collectively "email"). To obtain additional production of email, absent an agreement between the parties to produce, the parties must propound specific email production requests, which requests require prior Board authorization.

7. Email production requests, where authorized by the Board or permitted by agreement of the parties, shall be propounded for specific issues only, rather than general discovery of a party's products or business.

8. Email production requests, where authorized by the Board or permitted by agreement of the parties, shall be phased to occur after a party's initial production under § 42.51(b)(1).

9. Where email production requests are authorized by the Board or permitted by agreement of the parties, such requests shall identify the custodian, search terms, and time frame. The parties shall cooperate to identify proper custodians, proper search terms, and proper time frame.

10. Each requesting party shall limit its email production requests to a total of five custodians per producing party for all such requests. The parties may jointly agree to modify this limit without the Board's leave. The Board shall consider contested requests for up to five additional custodians per producing party, upon showing a need based on the size, complexity, and issues of this specific proceeding.

11. Each party shall limit its email production requests to a total of five search terms per custodian per party. The parties may jointly agree to modify this limit without the Board's leave. The Board shall consider contested requests for up to five additional search terms per custodian, upon showing a need based upon the size, complexity, and issues of this specific proceeding. The search terms shall be narrowly tailored to particular issues. Indiscriminate terms, such as producing company's name or its product

name, are inappropriate unless combined with narrowing search criteria that sufficiently reduce the risk of overproduction. A conjunctive combination of multiple words or phrases (e.g., "computer" and "system") narrows the search and shall count as a single search term. A disjunctive combination of multiple words or phrases (e.g., "computer" or "system") broadens the search, and thus each word or phrase shall count as a separate search term unless they are variants of the same word. Use of narrowing search criteria (e.g., "and," "but not," "w/x") is encouraged to limit the production, and shall be considered when determining whether to shift costs for disproportionate discovery.

12. The receiving party shall not use ESI that the producing party asserts is attorney-client privileged or work product protected to challenge the privilege or protection.

13. Pursuant to Federal Rule of Evidence 502(b), the inadvertent production of an attorney-client privileged or work product protected ESI is not a waiver of such protection providing the holder of the privilege or protection took reasonable steps to prevent disclosure and the discloser promptly took reasonable steps to rectify the error.

14. Similar to Federal Rule of Evidence 502(d), the mere production of ESI in the proceeding as part of a mass production shall not itself constitute a waiver of privilege for any purpose before the Office.

## APPENDIX D: Testimony Guidelines

### Introduction

In trials before the Board, uncompelled direct testimony is almost always presented by affidavit or declaration. § 42.53(a). All other testimony (including cross-examination, redirect examination, and compelled direct testimony) occurs by oral examination.

Consistent with the policy expressed in Rule 1 of the Federal Rules of Civil Procedure, and corresponding § 42.1(b), unnecessary objections, "speaking" objections, and coaching of witnesses in proceedings before the Board are strictly prohibited. Cross-examination testimony should be a question and answer conversation between the examining lawyer and the witness. The defending lawyer must not act as an intermediary, interpreting questions, deciding which questions the witness should answer, and helping the witness formulate answers while testifying.

The testimony guidelines that follow are based on those set forth in the Federal Rules of Civil Procedure, supplemented by the practices followed in several federal district courts.

### Examination and Cross-examination Outside the Presence of the Board

1. The examination and cross-examination of a witness proceed as they would in a trial under the Federal Rules of Evidence, except that Rule 103 (Rulings on Evidence) does not apply. After putting the witness under oath or affirmation, the officer must record the testimony by audio, audiovisual, or stenographic means. Testimony must be recorded by the officer personally, or by a

person acting in the presence and under direction of the officer.

2. An objection at the time of the examination—whether to evidence, to a party's conduct, to the officer's qualifications, to the manner of taking the testimony, or any aspect of the testimony—must be noted on the record, but the examination still proceeds; testimony is taken subject to any such objection.

3. An objection must be stated concisely in a non-argumentative and non-suggestive manner. Counsel must not make objections or statements that suggest an answer to a witness. Objections should be limited to a single word or term. Examples of objections that would be properly stated are:

"Objection, form"; "Objection, hearsay"; "Objection, relevance"; and "Objection, foundation." Examples of objections that would not be proper are: "Objection, I don't understand the question"; "Objection, vague"; "Objection, take your time answering the question"; and "Objection, look at the document before you answer." An objecting party must give a clear and concise explanation of an objection if requested by the party taking the testimony or the objection is waived.

4. Counsel may instruct a witness not to answer only when necessary to preserve a privilege, to enforce a limitation ordered by the Board, or to present a motion to terminate or limit the testimony.

5. Unless otherwise agreed by the parties or ordered by the Board, the testimony is limited in duration to the times set forth in § 42.53(c). The Board may allow additional time if needed to examine the witness fairly or if the witness, another person, or any other circumstance impedes or delays the examination.

6. Once the cross-examination of a witness has commenced, and until cross-examination of the witness has concluded, counsel offering the witness on direct examination shall not: (a) Consult or confer with the witness regarding the substance of the witness' testimony already given, or anticipated to be given, except for the purpose of conferring on whether to assert a privilege against testifying or on how to comply with a Board order; or (b) suggest to the witness the manner in which any questions should be answered.

7. An attorney for a witness shall not initiate a private conference with the witness or call for a break in the proceedings while a question is pending, except for the purpose of determining whether a privilege should be asserted.

8. The Board may impose an appropriate sanction—including the reasonable expenses and attorneys' fees incurred by any party—on a person who impedes, delays, or frustrates the fair examination of the witness.

9. At any time during the testimony, the witness or a party may move to terminate or limit the testimony on the ground that it is being conducted in bad faith or in a manner that unreasonably annoys, embarrasses, or oppresses the witness or party. The witness or party must promptly initiate a conference call with the Board to discuss the proposed motion. § 42.20(b). If the objecting witness or party so demands, the testimony must be

suspended for the time necessary to obtain a ruling from the Board, except as the Board may otherwise order.

Dated: July 16, 2012.

**David J. Kappos,**

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

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