



New Rules For Patent Validity Challenges: What You Need To Know

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On March 31, 2016, the United States Patent & Trademark Office (USPTO) issued new final rules to make targeted modifications to the existing consolidated set of rules implementing provisions of the Leahy-Smith America Invents Act (AIA) relating to *inter partes* reviews, post-grant reviews, derivation proceedings and the transitional program for covered business method patents. The new rules go into effect on May 2, 2016, and apply to all AIA petitions filed on or after the effective date and to any ongoing AIA preliminary proceeding or trial before the USPTO. These rules are likely going to receive a substantial amount of publicity and should be understood by practitioners; particularly important changes are noted below. However, we do not expect the new rules to substantially effect outcomes at the USPTO.

Patent Owner May Submit New Testimonial Evidence Prior To Institution Of Trial

Under the existing rules, only a petitioner may submit new testimonial evidence (e.g., an expert declaration) prior to institution of trial. Under the new rules, in an effort to balance the opportunity to present evidence prior to institution of trial, the patent owner may file new testimonial evidence with its preliminary response. No negative inference will be drawn if the patent owner does not file such new testimonial evidence or forgoes the preliminary response altogether. If, however, the patent owner files new testimonial evidence with its preliminary response, any genuine issue of material fact created by competing testimonial evidence will be viewed in the light most favorable to the petitioner when deciding whether trial is to be instituted. In associated commentary, USPTO explained that not every factual contradiction rises to the level of a genuine issue of material fact that would preclude a decision prior to institution. The petitioner may seek leave, upon a showing of good cause, to file a reply to the preliminary response. And in appropriate circumstances, prior to institution of trial, the USPTO panel assigned to the case may order limited discovery, including cross-examination of witnesses. Nevertheless, preliminary replies and additional discovery will likely be rarely granted, and viewing factual issues in the light most favorable to the petitioner will largely maintain the status quo.

Phillips-Type Construction Available, Upon Request, For Patents Expiring Within 18 Months

Courts typically construe disputed claim terms according to their ordinary and customary meaning under the framework outlined by the Federal Circuit in *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005). The



Board, conversely, gives a claim of an unexpired patent its broadest reasonable construction in light of the patent specification. The new rules allow for a party to seek *Phillips*-type construction of claims upon filing of a motion, within 30 days of the petition filing date, certifying that the patent will expire within 18 months from the petition filing date. The USPTO commented that if such a motion is filed, the petitioner may be given an opportunity to address the *Phillips*-type construction analysis before patent owner's preliminary response is due.

Rule 11-Type Sanctions Available In AIA Proceedings

In Federal court, when an attorney of record, or a party personally (if it is unrepresented), files a pleading, written motion, or other paper, the filer certifies under Rule 11 that it previously conducted an inquiry that is reasonable under the circumstances to ensure that the filing is non-frivolous and is not being presented for an improper purpose. Rule 11 also provides the court with a mechanism to impose sanctions for violations. The new USPTO rules add a Rule 11-type certification for AIA proceedings and set forth the conditions under which the USPTO will impose sanctions.

Certain AIA Briefing Now Subjected To Word Count Instead Of Page Limit

The new rules also implement a word count instead of a page count for petitions, responses, motions, and other papers. Specifically, petitions and responses to petitions, which were previously limited to 60 pages, will be limited to 14,000 words under the new rules. Replies to patent owner responses, which under the existing rules are limited to 25 pages, will be limited to 5,600 words. Further, oral hearing demonstratives, which were required to be exchanged at least five days in advance of the oral hearing, will now need to be exchanged at least seven days in advance of the hearing.

The USPTO will amend its Trial Practice Guide to reflect these developments, and anticipates that it will continue to refine the rules governing AIA trials to ensure fairness, efficiency and all congressional mandates.

If you have any questions about the above client alert, please contact your Lathrop Gage attorney or one of the attorneys listed above.