
Impact on Procedures

PTAB Proposed Rule Changes

Thursday, June 8, 2023

Frank Bernstein

Jennifer Bush

David Holt

Trenton Ward

Webinar Series – USPTO Proposed Rule Changes

- June 8: Impact on procedures
- June 12, 10 am PT/1 pm ET: Impact on parties
- June 16, 11 am PT/2 pm ET: Impact on PTAB discretion

DISCLAIMER

The views expressed today are our individual views, and are not intended to represent views of our firms, our clients, or the PTAB Bar Association.

Advance Notice of Proposed Rulemaking (ANPRM)

Background



ANPRM, not NPRM

- USPTO has emphasized that this ANPRM process precedes the normal “Notice of Proposed Rulemaking” procedure
- ANPRM synthesizes numerous proposals from the public, and attempts to address stated concerns
- ANPRM comments accepted until June 20, 2023 – a firm deadline
- USPTO will use ANPRM comments to formulate actual proposed rulemaking (NPRM)

Leadup to ANPRM

- Numerous listening sessions around the country
- Various requests for comments
- Changes to *Fintiv* considerations – interim procedures
- Compelling merits (*OpenSky*)
- Director review

ANPRM Areas

- Definitions
 - “Substantial relationship”
 - “Substantial overlap”
 - “Compelling merits”
- Discretionary denials
 - For-profit entities, under-resourced patent owners
 - *Fintiv* considerations
 - Prior final adjudication (district court or PTAB)
- Restriction on Future District Court and AIA Proceedings
 - *Sotera* stipulations
 - Petitioners, privies, and RPIs have not filed claim challenges
- Briefing and Page/Word Limitations
- Settlement Agreements

Initial Reaction

- USPTO is legislating, not rulemaking
 - “Compelling merits”
 - Filing within six months instead of 12
 - USPTO proposals motivating Congress to act
- Filling in where statute is silent
 - Settlement agreements
- Ambiguity or clarity?
 - “Compelling merits”
 - “Substantial relationship”

Today's Topics

- Higher word counts (for a price)
- Separate discretionary denial briefing pre-institution
- Filing of pre-institution settlement agreements

Proposed Rule to Allow Payment for More Words



More Money

=



More Words

Current PTAB Word-Count Limits

Rule 42.24 provides the following word-count limits:

- IPR Petition: 14,000 words
- IPR Preliminary Response: 14,000 words
- IPR Patent Owner Response: 14,000 words

- PGR Petition: 18,700 words
- PGR Preliminary Response: 18,700 words
- PGR Patent Owner Response: 18,700 words

Proposal to Allow Payment to Expand the Word-Count Limit for Petitions

- “The USPTO is considering changes to provide that, instead of filing multiple petitions, a petitioner may pay additional fees for a higher word-count limit.” ANPRM at 24513.
 - for additional fees of 50% or 100%, the petitioner could receive an equivalent expansion in the number of words, 50% or 100%
 - If the petitioner pays the fees for higher word count, the patent owner may file with a proportionally higher word-count at no additional charge to either party
- Alternatively, the ANPRM identifies a proposal to “exclud[e] sections of the petition and the preliminary response that address discretionary denial issues from the word-count limit.” *Id.*

The Ability to Pay for Additional Words Would Prohibit Multiple Petitions

- “**Filing more than one petition** with a higher word-count limit (i.e., two or more long parallel petitions) challenging the same patent by the same petitioner, however, **would not be permitted.**” ANPRM at 24513.
- “Under this change, a petitioner may file effectively two petitions as one long petition equal in length to two current petitions.” *Id.*

Rule 42.24(a)(2) – Motion to Waive the Word Count

- “Petitions to institute a trial must comply with the stated word counts but may be accompanied by a **motion to waive the word counts**. The petitioner must show in the motion how a waiver of the word counts is in the interests of justice and must append a copy of proposed petition exceeding the word count to the motion. **If the motion is not granted, the proposed petition exceeding the word count may be expunged or returned.**”

Rule 42.24(a)(2) – Motion to Waive the Word-Count

- **244 Total Motions to Waive Word-Count have been filed at the PTAB and 171 were granted, a 70% Grant rate** (source Docket Navigator)
- We note, however, that Rule 42.24(a)(2) has rarely if ever been relied upon by a petitioner attempting to expand the number of words for a petition. It has most often been requested to expand a Petitioner Reply brief and, less frequently, a Patent Owner Response.

FENWICK

**Impact on Procedures: PTAB
Proposed Rule Changes**
*Separate Briefing on Discretionary
Denials*

Presented by Jennifer R. Bush
June 8, 2023



Impact on Procedures: PTAB Proposed Rule Changes

Separate briefing on discretionary denials—real change or merely an effective increase in word count for pre-institution briefing?

The Office is considering amending the rules to provide a procedure for separate briefing on discretionary denial under any of 35 U.S.C. 314(a), 324(a), and 325(d).

Separate Briefing on Discretionary Denials

Current Procedure

- Petitioner may preemptively address discretionary denial issues under any of 35 U.S.C. 314(a), 324(a) and 325(d) in the petition (within word count)
- POPR argues for discretionary denial (within word count)
- Petitioner requests a Reply to further address discretionary denial issues—Board grants or does not, with or without corresponding conference call

Separate Briefing on Discretionary Denials

Proposal

- Separate briefing on discretionary denial
- Patent Owner files a request (10 pages) prior to POPR:
 - Petitioner response (10 pages)
 - Patent Owner reply (5 pages)
- Board could also raise discretionary denial *sua sponte*
- Whether, as a precondition, patent owners should be required to disclose related entities, defined broadly as including any stake any party has in the outcome or any parallel proceedings on the challenged claims

Separate Briefing on Discretionary Denials

What Would Change?

- No need for Petition to preemptively address; saves word count
- Saves POPR word count
- Saves separate request to Board for Reply/Sur-reply
- Unclear impact on timing
- Unclear impact of disclosure precondition related to parties with stake in outcome—might be related to other proposals regarding third parties

Separate Briefing on Discretionary Denials

Who Benefits?

- Petitioner
 - Saves Petition word count (up to ~2,000 words)
 - Doesn't have to guess what discretionary denial challenges PO might raise
 - Doesn't need to contact the Board to request Reply, which is not granted as a matter of right
- Patent Owner
 - Saves POPR word count (up to ~2,000 words)

Separate Briefing on Discretionary Denials

Real Change?

- Procedurally, yes:
 - Eliminates deciding how much of initial paper (Petition/POPR) to dedicate to the issue
 - Likely separate timelines for Request/Response/Reply
 - *Sua sponte* by Board; stakeholder preconditions
- In substance/effect, unclear:
 - Aside from separate papers, arguably codifies current procedure of Petitioner requesting a Reply if further briefing is needed

Separate Briefing on Discretionary Denials

Relation to Other Proposals

- Discretionary denials are the subject of many of the other proposals:
 - Modifying the discretionary denial analysis for petitioners engaging in certain commercial activities, serial petitions or petitions with parallel litigation
 - Providing for discretionary denials of petitions by nonmarket competitors against micro- or small-entities meeting certain criteria
- Allowing a higher word count for a fee — possible reduced need for overall word count reduction if 10 pages are saved via separate briefing
- Expanding RPI analysis also references relationship to discretionary denial

Impact on Procedures: PTAB Proposed Rule Changes



Questions?

Separate briefing on discretionary denials—real change or merely an effective increase in word count for pre-institution briefing?

Filing of Settlement Agreements

Current Requirements

- 35 U.S.C. § 317(b) Agreements in Writing.—
 - Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, **the termination of an *inter partes* review under this section** shall be in writing and a true copy of such agreement or understanding shall be filed in the Office before the termination of the *inter partes* review as between the parties. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.
- Similar language in 35 U.S.C. §§ 135(e) and 327(b) for derivations and PGRs

Current Requirements

- 37 C.F.R. § 42.74(b)
 - **Agreements in writing.** Any agreement or understanding **between the parties** made in connection with, or in contemplation of, **the termination of a proceeding** shall be in writing and a true copy shall be filed with the Board before the termination of the trial.
- 37 C.F.R. § 42.2
 - *Proceeding* means a trial **or preliminary proceeding**.
 - *Preliminary Proceeding* begins with the filing of a petition for instituting a trial and ends with a written decision as to whether a trial will be instituted.
- The Board has construed requirement broadly to encompass agreements between other parties, if those other agreements are referenced in the filed settlement agreement. See, e.g., *DTN, LLC v. Farms Tech., LLC*, IPR2018-01412 (Paper 21)

Inconsistent Filing of Pre-Institution Agreements

- ANPRM notes that “some petitioners have recently filed motions to dismiss or withdraw the petition before institution, arguing that they should not be required to file a copy of the parties’ settlement agreements, and some panels in those cases have granted the motions and terminated the proceedings without requiring the parties to file their settlement agreements.”
- ANPRM cites several cases as examples:
 - *Samsung Elecs. Co. v. Telefonaktiebolaget LM Ericsson*, IPR2021-00446, Paper 7 (PTAB Aug. 3, 2021) (Order—Dismissal Prior to Institution of Trial) (over the dissent of one Administrative Patent Judge (APJ), granting the petitioner’s motion to dismiss the petition and terminating the proceeding, without requiring the parties to file their settlement agreements)
 - *Huawei Techs. Co. v. Verizon Patent & Licensing Inc.*, IPR2021-00616, -00617, Paper 9 (PTAB Sept. 9, 2021) (Order—Dismissal Prior to Institution of Trial) (same dispute among a panel of APJs)
 - *AEP Generation Res. Inc. v. Midwest Energy Emissions Corp.*, IPR2020-01294, Paper 11 (PTAB Dec. 14, 2020)

Proposed Rule Change/Clarification

- “For consistency and predictability, the considered changes would ensure that pre-institution settlement agreements, like post-institution settlement agreements, are filed with the Board.”
- “In short, all settlement agreements between the parties made in connection with, or in contemplation of, the termination of an AIA proceeding would need to be in writing and filed with the Board. Parties would not be able to circumvent this requirement by filing merely a motion to dismiss or withdraw the petition, as granting such a motion would effectively terminate the proceeding.”
- Appears consistent with enforcing current wording of 37 C.F.R. § 42.74(b) and its broader use of the word “proceeding”
- Does this requirement go beyond the statute? Is that permissible?
 - 35 U.S.C. § 317 is aimed at termination of “*inter partes* review **instituted** under this chapter.”

Binding Term Sheets

- There have been several cases where parties have sought termination based on binding term sheets, but before a full settlement agreement has been signed.
- Some panels have granted the termination based on a binding term sheet alone. Others have held termination and the case in abeyance to wait for the full settlement agreement
- The Office is considering granting a motion to terminate based on the binding term sheet if the parties certify in their motion that:
 - (1) there are no other agreements or understandings, including any collateral agreements, between the parties with respect to the termination of the proceeding; and
 - (2) they will file a true copy of any subsequent settlement agreement between the parties, including collateral agreements, made in connection with the termination of the proceeding, within one month from the date that the settlement agreement is executed.

Why Does This Matter?

- 35 U.S.C. § 317(b): “. . . At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and **shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.**”
- Parties concerned about implications of access to settlement agreements, particular by the public
 - Who will have access and for what purpose?
 - Ways to mitigate potential future harm?
- **ANPRM:** “Having a depository of all settlement agreements in connection with contested cases, including AIA proceedings, in the USPTO would assist the Federal Trade Commission (FTC) and the Department of Justice in determining whether antitrust laws were being violated.”

Questions?

Are you a member of the PTAB Bar Association?



We are an association for everyone who practices before the Patent Trial and Appeal Board.



Exclusive and wide-ranging member benefits



Members are connected, engaged, and informed

Learn more about this growing and dynamic Bar Association



Unique networking opportunities with PTAB judges



Only Association focused exclusively on practice before the PTAB



Dedicated on growing diversity within our Association in all ways

CLE Credit

- For those of you who require CLE credits please note the following states are pending for 1.0 hour of CLE (AZ, CA, NJ and NY)
- Please write down the following affirmation code [ANPRM608]
- After today's session you will receive a Uniform Certificate of Attendance to submit to Robin Hallagan at Squire Patton Boggs (robin.hallagan@squirepb.com). Please add the code to your form if you are a remote attendee.
- Please indicate whether you require CLE credit in another jurisdiction