



ARE Patent Law Alert: USPTO Publishes Rules Affecting AIA Trial Procedures

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On December 9, 2020, the United States Patent and Trademark Office (“USPTO”) published a final rule addressing three aspects of AIA trial proceedings. The rules go into effect for IPR and PGR petitions filed on or after 30 days after the date of publication of the rules in the Federal Register.

First, the USPTO addressed the Supreme Court’s ruling in *SAS Institute Inc. v. Iancu*, which held that the USPTO has the discretion to institute on either all of the claims challenged in the petition or to deny the petition. See *SAS Institute v. Iancu*, 138 S. Ct. 1348 (2018).

Previously, under 37 CFR 42.108(a) and 42.208(a), the board exercised its discretion to institute on all or some of the challenged claims and on all or some of the grounds of patentability asserted for each claim presented in a petition.

The final rule revises the rules of practice for instituting an IPR, PGR or CBM to require institution on either all challenged claims presented in a petition or none. The final rule also revises the rules for instituting a review, if at all, on all grounds of unpatentability for all the challenged claims that are presented in a petition. The revision of the rule under § 42.108, which cover institution of inter partes review, now provides:

- (a) When instituting inter partes review, the board will authorize the review to proceed on all of the challenged claims and on all grounds of unpatentability asserted for each claim.
- (b) At any time prior to a decision on institution of inter partes review, the board may deny all grounds for unpatentability for all of the challenged claims. Denial of all grounds is a board decision not to institute inter partes review.
- (c) Inter partes review shall not be instituted unless the board decides that the information presented in the petition demonstrates that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The board’s decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence. A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c). Any such request must make a showing of good



cause.

See 37 CFR 42.108. The revision of the rule under § 42.208, which covers institution of post-grant review, reflects the same changes made to § 42.108.

Second, the Office conformed the rules to certain standard practices before the Patent Trial and Appeal Board (“PTAB”). Consistent with the Patent Trial Practice Guide (August 2018 update) published by the office, the final rule amends §§ 42.23, 42.24, 42.120, and 42.220 to allow (1) replies and patent owner responses to address issues discussed in the institution decisions, and (2) sur-replies to principal briefs (e.g., to reply to a patent owner response, or to a reply to an opposition to a motion to amend). See *Office Patent Trial Practice Guide, August 2018 Update*, 83 FR 39989 (Aug. 13, 2018). The sur-reply practice essentially replaces the previous practice of filing observations on cross-examination testimony. The petitioner is permitted to address in its reply brief issues discussed in the institution decision, and the patent owner may address the institution decision in its response and a sur-reply.

However, the sur-reply may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness, and may only respond to arguments made in reply briefs, comment on reply declaration testimony, or point to cross-examination testimony. The revision of § 42.23 now provides:

- (a) Oppositions, replies and sur-replies must comply with the content requirements for motions and, if the paper to which the opposition, reply or sur-reply is responding contains a statement of material fact, must include a listing of facts that are admitted, denied or cannot be admitted or denied. Any material fact not specifically denied may be considered admitted.
- (b) All arguments for the relief requested in a motion must be made in the motion. A reply may only respond to arguments raised in the corresponding opposition, patent owner preliminary response, patent owner response, or decision on institution. A sur-reply may only respond to arguments raised in the corresponding reply and may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness.

See 37 CFR 42.23.

Third, the final rule amends the rules to eliminate the presumption in favor of the petitioner for a genuine issue of material fact created by testimonial evidence submitted with a patent



owner's preliminary response.

After applying a rule change in 2016 to provide a presumption in favor of the petitioner for a genuine issue of material fact created by new testimonial evidence submitted with a patent owner's preliminary response, the office found that its experience in having this presumption at the institution stage for one class of evidence may lead to results that are inconsistent with 35 U.S.C. 314(a) (which requires that a petitioner present evidence and arguments sufficient to show that it is reasonably likely that it will prevail in showing unpatentability).

The final rule provides that any testimonial evidence submitted with the patent owner's preliminary response will be taken into account as part of the totality of the evidence and the presumption in favor of the petitioner will be eliminated.

During the notice-and-comment phase of this rulemaking, the NYIPLA provided comments to the USPTO which endorsed the adoption of the USPTO's proposed revisions to §§ 42.108(a) and 42.208(a) regarding the implementation of the SAS decision.

In regard to the presumption issue, the NYIPLA also took the neutral position (which was the position adopted by the USPTO) that neither party should receive the presumption when there is genuine issue of material fact created by testimonial evidence submitted with a patent owner's preliminary response.

We will continue to monitor cases and other further revisions to AIA trial procedures regarding this and similar patent issues. Please contact us if you have any questions about how these new rules may impact your rights.

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