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PTAB Rules of Practice for Instituting on All Challenged Patent Claims and All Grounds and Eliminating the Presumption at Institution Favoring Petitioner as to Testimonial Evidence

A Rule by the [Patent and Trademark Office](#) on 12/09/2020

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United States Patent and Trademark Office, Department of Commerce.

ACTION:

Final rule.

SUMMARY:

The United States Patent and Trademark Office (USPTO or Office) revises the rules of practice for instituting review on all challenged claims or none in *inter partes* review (IPR), post-grant review (PGR), and the transitional program for covered business method patents (CBM) proceedings before the Patent Trial and Appeal Board (PTAB or Board) in accordance with the U.S. Supreme Court decision in *SAS Institute Inc. v. Iancu* (*SAS*). Consistent with *SAS*, the Office also revises the rules of practice for instituting a review, if at all, on all grounds of unpatentability for the challenged claims that are asserted in a petition. Additionally, the Office revises the rules to conform to the current standard practice of providing sur-replies to principal briefs and providing that a reply and a patent owner response may respond to a decision on institution. The Office further revises the rules to eliminate the presumption that a genuine issue of material fact created by the patent owner's testimonial evidence filed with a preliminary response will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute a review.

DATES:

Effective date: The changes in this final rule are effective January 8, 2021.

Applicability date: This final rule applies to all IPR and PGR petitions filed on or after January 8, 2021.

FOR FURTHER INFORMATION CONTACT:

Michael Tierney, Vice Chief Administrative Patent Judge, by telephone at 571-272-9797.

SUPPLEMENTARY INFORMATION:

Executive Summary

Purpose: The final rule revises the rules of practice for IPR, PGR, and CBM proceedings that implemented provisions of the Leahy-Smith America Invents Act (AIA) providing for trials before the Office.

The U.S. Supreme Court held in *SAS* that a decision to institute an IPR under 35 U.S.C. 314 (<https://www.govinfo.gov/link/uscode/35/314>) may not institute on fewer than all claims challenged in a petition. *See SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018). The Court held that the Office has the discretion to institute on either all of the claims challenged in the petition or to deny the petition. Previously, the Board exercised discretion to institute an IPR, PGR, or CBM on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted in a petition. For example, the Board exercised discretion to authorize a review to proceed on only those claims and grounds for which the required threshold had been met, thus narrowing the issues for efficiency in conducting a proceeding.

In light of *SAS*, the Office provided guidance that, if the Board institutes a trial under 35 U.S.C. 314 (<https://www.govinfo.gov/link/uscode/35/314>) or 324 (<https://www.govinfo.gov/link/uscode/35/324>), the Board will institute on all claims and all grounds included in a petition of an IPR, PGR, or CBM. To implement this practice in the regulation, this final rule revises the rules of practice for instituting an IPR, PGR, or CBM to require institution on either all challenged claims (and all of the grounds) presented in a petition or none. Under the amended rule, therefore, in all pending IPR, PGR, and CBM proceedings before the Office, the Board will either institute review on all of the challenged claims and grounds of unpatentability presented in the petition or deny the petition.

The second change is conforming the rules to certain standard practices before the PTAB in IPR, PGR, and CBM proceedings. Specifically, this final rule amends the rules to set forth the briefing requirements of sur-replies to principal briefs and to provide that a reply and a patent owner response may respond to a decision on institution.

Finally, this final rule amends the rules to eliminate, when deciding whether to institute an IPR, PGR, or CBM review, 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. As with all other evidentiary questions at the institution phase, the Board will consider all evidence to determine whether the petitioner has met the applicable standard for institution of the proceeding.

Costs and Benefits: This rulemaking is not economically significant under Executive Order 12866 (Sept. 30, 1993).

Background

On September 16, 2011, the AIA was enacted into law (Pub. L. 112–29 (<https://www.govinfo.gov/link/plaw/112/public/29>), 125 Stat. 284 (2011)), and within one year, the Office implemented rules to govern Office practice for AIA trials, including IPR, PGR, CBM,^[1] and derivation proceedings pursuant to 35 U.S.C. 135 (<https://www.govinfo.gov/link/uscode/35/135>), 316 (<https://www.govinfo.gov/link/uscode/35/316>), and 326 (<https://www.govinfo.gov/link/uscode/35/326>) and AIA 18(d)(2). *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 48612 (/citation/77-FR-48612) (Aug. 14, 2012); Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 FR 48680 (/citation/77-FR-48680) (Aug. 14, 2012); and Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent

and Technological Invention, 77 FR 48734 (/citation/77-FR-48734) (Aug. 14, 2012). Additionally, the Office published a Patent Trial Practice Guide to advise the public on the general framework of the regulations, including the structure and times for taking action in each of the new proceedings. See Office Patent Trial Practice Guide, 77 FR 48756 (/citation/77-FR-48756) (Aug. 14, 2012) (TPG2012). This guide has been periodically updated. See Office Patent Trial Practice Guide, August 2018 Update, 83 FR 39989 (/citation/83-FR-39989) (Aug. 13, 2018) (TPG2018); and Office Patent Trial Practice Guide, July 2019 Update, 84 FR 33925 (/citation/84-FR-33925) (July 16, 2019) (TPG2019). A consolidated Trial Practice Guide, incorporating updates to the original August 2012 Practice Guide, was published in November 2019. See Consolidated Trial Practice Guide, 84 FR 64280 (/citation/84-FR-64280) (Nov. 21, 2019) (CTPG).

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Previously, under 37 CFR 42.108(a) ([https://www.ecfr.gov/current/title-37/section-42.108#p-42.108\(a\)](https://www.ecfr.gov/current/title-37/section-42.108#p-42.108(a))) and 42.208(a) ([https://www.ecfr.gov/current/title-37/section-42.208#p-42.208\(a\)](https://www.ecfr.gov/current/title-37/section-42.208#p-42.208(a))), the Board exercised the discretion to institute an IPR, PGR, or CBM on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim presented in a petition. For example, the Board exercised the discretion to authorize a review to proceed on only those claims and grounds for which the required threshold under 35 U.S.C. 314(a) (<https://www.govinfo.gov/link/uscode/35/314>) or 324(a) (<https://www.govinfo.gov/link/uscode/35/324>) had been met, narrowing the issues for efficiency.

The U.S. Supreme Court held in *SAS*, however, that a decision to institute an IPR trial under 35 U.S.C. 314 (<https://www.govinfo.gov/link/uscode/35/314>) may not institute review on fewer than all claims challenged in a petition. The Court held that the Office has the discretion to institute trial on either all of the claims challenged in the petition or to deny the petition. On April 26, 2018, the Office posted guidance on the impact of *SAS* on AIA trial proceedings at <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial> (<https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>). In light of *SAS*, the guidance states that if the Board institutes a trial for an IPR, PGR, or CBM under 35 U.S.C. 314 (<https://www.govinfo.gov/link/uscode/35/314>) or 324 (<https://www.govinfo.gov/link/uscode/35/324>), the Board will institute on all claims and all grounds included in a petition. The guidance provides that “the PTAB will institute as to all claims or none,” and “[a]t this time, if the PTAB institutes a trial, the PTAB will institute on all challenges raised in the petition.” *Id.*

Subsequently, the U.S. Court of Appeals for the Federal Circuit (the Federal Circuit) has held that “[e]qual treatment of claims and grounds for institution purposes has pervasive support in *SAS*.” *PGS Geophysical AS v. Iancu*, 891 F.3d 1354, 1360 (Fed. Cir. 2018) (noting that the Supreme Court in *SAS* wrote that “the petitioner is master of its complaint and normally entitled to judgment on all of the claims it raises,” *SAS*, 138 S. Ct. at 1355, and that section 314 “indicates a binary choice—either institute review or don’t,” *id.*, adding that “Congress didn’t choose to pursue” a statute that “allows the Director to institute proceedings on a claim-by-claim and ground-by-ground basis” as in *ex parte* reexamination, *id.* at 1356). The Federal Circuit has also held that “if the Board institutes an IPR, it must similarly address all grounds of unpatentability raised by the petitioner.” *AC Techs. S.A. v. Amazon.com, Inc.*, 912 F.3d 1358, 1364 (Fed. Cir. 2019).

Consistent with *SAS*, the Office's guidance, and Federal Circuit's case law, this final rule revises §§ 42.108(a) and 42.208(a) to provide for instituting an IPR, PGR, or CBM trial on all challenged claims or none. This final rule also revises these rules for instituting a review, if at all, on all of the grounds of unpatentability for the challenged claims that are presented in a petition. In all pending IPR, PGR, and CBM proceedings before the Office, the Board will either institute on all of the challenged claims and on all grounds of unpatentability asserted for each claim or deny the petition.

In addition, consistent with the TPG2018, this final rule amends §§ 42.23, 42.24, 42.120, and 42.220 to permit (1) replies and patent owner responses to address issues discussed in the institution decisions, and (2) sur-replies to principal briefs (*i.e.*, to a reply to a patent owner response or to a reply to an opposition to a motion to amend). TPG2018 at 14–15.

As noted in the TPG2018, in response to issues arising from *SAS*, the petitioner is permitted to address in its reply brief issues discussed in the institution decision. Similarly, the patent owner is permitted to address the institution decision in its response and a sur-reply, if necessary to respond to the petitioner's reply. However, the sur-reply may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness. Sur-replies may only respond to arguments made in reply briefs, comment on reply declaration testimony, or point to cross-examination testimony. A sur-reply may also address the institution decision if necessary to respond to the petitioner's reply. This sur-reply practice essentially replaces the previous practice of filing observations on cross-examination testimony.

In 2012, the Office also promulgated §§ 42.107(c) and 42.207(c), which initially included a prohibition against a patent owner filing new testimonial evidence with its preliminary response. In particular, these rules stated: “No new testimonial evidence. The preliminary response shall not present new testimonial evidence beyond that already of record, except as authorized by the Board.” 37 CFR 42.107(c) ([https://www.ecfr.gov/current/title-37/section-42.107#p-42.107\(c\)](https://www.ecfr.gov/current/title-37/section-42.107#p-42.107(c))) and 42.207(c) ([https://www.ecfr.gov/current/title-37/section-42.207#p-42.207\(c\)](https://www.ecfr.gov/current/title-37/section-42.207#p-42.207(c))) (2012).

In April 2016, after receiving comments from the public and carefully reviewing them, the Office promulgated a rule to allow new testimonial evidence to be submitted with a patent owner's preliminary response. Amendments to Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 FR 18750 (/citation/81-FR-18750) (April 1, 2016). The Office also amended the rules to provide a presumption in favor of the petitioner for a genuine issue of material fact created by such testimonial evidence solely for purposes of deciding whether to institute an IPR, PGR, or CBM review. *Id.* at 18755–57.

Stakeholder feedback received in party and amicus briefing as part of the Precedential Opinion Panel (POP) review process in *Hulu, LLC v. Sound View Innovations, LLC*, Case IPR2018–01039, Paper 15 (PTAB Apr. 3, 2019) (granting POP review), indicated that the rule has caused some confusion at the institution stage for AIA proceedings. For example, certain stakeholders indicated that the presumption in favor of the petitioner for genuine issues of material fact created by patent owner testimonial evidence also creates a presumption in favor of the petitioner for questions relating to whether a document is a printed publication. *Hulu*, Paper 29 at 16. The Office has clarified in *Hulu* that this is not the case—the only presumption in favor of the petitioner is set forth in 37 CFR 42.108(c) ([https://www.ecfr.gov/current/title-37/section-42.108#p-42.108\(c\)](https://www.ecfr.gov/current/title-37/section-42.108#p-42.108(c))) applying to genuine issues of material fact created by testimonial evidence. *Id.* As to that presumption, the Office's experience is consistent with the concerns raised by commenters here that the presumption may discourage patent owners from filing testimonial evidence with their preliminary responses to avoid creating a presumption against the patent owner where none would otherwise exist.

Section 314(a) of 35 U.S.C. provides that “[t]he Director may not authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. 314(a) (<https://www.govinfo.gov/link/uscode/35/314>). That is, the statute provides that a petitioner is required to present evidence and arguments sufficient to show that it is reasonably likely that it will prevail in showing unpatentability. *Hulu*, Paper 29, at 12–13 (citing 35

U.S.C. 312(a)(3) (<https://www.govinfo.gov/link/uscode/35/312>), 314(a) (<https://www.govinfo.gov/link/uscode/35/314>). For a PGR proceeding, the standard for institution is whether it is “more likely than not” that the □ petitioner would prevail at trial. *See* 35 U.S.C. 324(a) (<https://www.govinfo.gov/link/uscode/35/324>). In determining whether the information presented in the petition meets the standard for institution, the PTAB considers the totality of the evidence currently in the record. *See Hulu*, Paper 29, at 3, 19. Thus, a petitioner carries the burden in both IPRs and PGRs at the institution stage. The Office's experience with the 2016 rule change, however, is that having a presumption in favor of the petitioner at the institution stage for one class of evidence may lead to results that are inconsistent with this statutory scheme.

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Accordingly, the Office has an interest in ensuring that testimonial evidence is treated similarly to other evidence for purposes of institution and consistently with the statutory scheme. This final rule amends the rules of practice 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 when deciding whether to institute an IPR, PGR, or CBM review. Thus, consistent with the statutory framework, any testimonial evidence submitted with a patent owner's preliminary response will be taken into account as part of the totality of the evidence. Doing so will remove a disincentive to patent owners submitting pre-institution testimony, eliminate a source of confusion, and align the Board's practice with its treatment of other evidence at the time of institution, without adversely impacting petitioners' ability to ensure that otherwise meritorious petitions proceed to trial. Further, while parties normally do not have an opportunity to depose the testifying parties prior to institution, the Board's experience is that cross-examination is not necessary to weigh the strengths and weaknesses of the testimony for purposes of institution.

Discussion of Specific Rules

37 CFR (<https://www.ecfr.gov/current/title-37>), part 42, is amended as follows:

Section 42.23

Section 42.23 is amended to permit patent owners and petitioners to file sur-replies to principal briefs (*i.e.*, to a reply to a patent owner response or to a reply to an opposition to a motion to amend). In particular, the title and § 42.23(a) are amended to add “sur-replies” so that the rule is amended as follows: “42.23 Oppositions, replies, and sur-replies. (a) Oppositions, replies, and sur-replies . . . and, if the paper to which the opposition, reply, or sur-reply . . . ”

Paragraph (b) of § 42.23 is amended to permit petitioners to address issues discussed in the institution decision in the reply briefs. Specifically, § 42.23(b) is amended to replace the second sentence with: “A reply may only respond to arguments raised in the corresponding opposition, patent owner preliminary response, patent owner response, or decision on institution.” Paragraph (b) of § 42.23 is amended to address the content of a sur-reply by adding the following: “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.”

Section 42.24

The title and § 42.24(c) are amended to provide for word count limit for sur-replies so that they are amended as follows: “§ 42.24 Type-volume or page limits for petitions, motions, oppositions, replies, and sur-replies” and “(c) *Replies and Sur-replies*. The following word counts or page limits for replies and sur-replies apply . . . ”

Paragraph (c) of § 42.24 is amended to add a new paragraph (4) that would limit sur-replies to replies to patent owner responses to petitions to 5,600 words.

Section 42.71

The third sentence of § 42.71(d) is amended to add “a sur-reply” so that a rehearing request may identify matters in a sur-reply consistent with §§ 42.23 and 42.24 that allow the parties to file sur-replies to principal briefs.

Sections 42.108 and 42.208

Each of §§ 42.108(a) and 42.208(a) is amended to state that when instituting IPR or PGR, the Board will authorize the review to proceed on all of the challenged claims and on all grounds of unpatentability asserted for each claim.

Each of §§ 42.108(b) and 42.208(b) is amended to state that at any time prior to institution of IPR or PGR, 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 IPR or PGR.

The second sentence in each of §§ 42.108(c) and 42.208(c) is amended to delete the phrase “but a genuine issue of material fact created by such testimonial evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to institute [a] review.” Therefore, the second sentence in each of §§ 42.108(c) and 42.208(c) states the following: “The Board's decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence.”

Sections 42.120 and 42.220

The first sentence of each of §§ 42.108(a) and 42.208(a) is replaced with the following: “(a) *Scope*. A patent owner may file a single response to the petition and/or decision on institution.”

Response to Comments

In the notice of proposed rulemaking, the Office sought comments on these proposed changes. PTAB Rules of Practice for Instituting on All Challenged Patent Claims and All Grounds and Eliminating the Presumption at Institution Favoring Petitioner as to Testimonial Evidence, 85 FR 31728 (/citation/85-FR-31728) (May 27, 2020). The Office received a total of 40 comments, including 5 comments from individuals, 30 comments from associations, 1 comment from a law firm, and 4 comments from corporations. The Office appreciates the thoughtful comments representing a diverse set of views from the various public stakeholder communities. All of the comments are posted on the PTAB website at <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/comments-proposed-rules-aia-trial> (<https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/comments-proposed-rules-aia-trial>).

Upon careful consideration of the public comments, and taking into account the effect of the rule changes on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete instituted proceedings, the Office adopts the proposed rule changes (with minor deviations in the rule language, as discussed below). Any deviations from the proposed rule are based upon a logical outgrowth of the comments received.

The Office's responses address the comments that are directed to the proposed changes set forth in the notice of proposed rulemaking, 85 FR 31728 (/citation/85-FR-31728). Any comments directed to topics that are beyond the scope of the notice of proposed rulemaking will not be addressed at this time.

Instituting on All Claims and All Grounds

Comment 1: Most comments strongly supported the proposed rules that codify the Board's existing practice for instituting on all challenged claims and all grounds presented in a petition when the Board institutes a review. Several comments indicated that instituting on all challenged claims and grounds is the most efficient course of action to fully address the parties' dispute before the Board and to allow district courts to apply AIA estoppel in the most efficient manner during any subsequent, parallel litigation, including making the estoppel provisions of section 315(e)(2) more predictable and robust. A number of comments also stated that this type of review structure is consistent with the Supreme Court's decision in *SAS* and promotes efficiency by resolving all challenges presented in a single proceeding, which will increase certainty for patent owners. A few comments further noted that instituting on all claims and grounds may strike a balance that helps achieve the Congressional objective of providing a fair, comprehensive, and efficient alternative to district court litigation, and adopting the proposed rules may help promote clarity.

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Response: The Office appreciates the thoughtful comments and agrees with them. In this final rule, the Office adopts the proposed rules that codify the Board's existing practice that has been in place for over two years. Under the amended rules, when instituting a 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.

Comment 2: A comment stated that the Supreme Court in *SAS* did not squarely address partial-grounds institution and that if the rules were implemented rigidly, they would harm patent owners, petitioners, and the public affected by the challenged patent. In particular, the comment suggested that denying petitions that have some meritorious grounds or instituting reviews that have some non-meritorious grounds would constitute waste, making this rulemaking economically significant under Executive Orders 12866 and 13771.

Response: The Federal Circuit has held that “[e]qual treatment of claims and grounds for institution purposes has pervasive support in *SAS*.” *PGS Geophysical AS*, 891 F.3d at 1360. The Federal Circuit noted that the Supreme Court in *SAS* wrote that “the petitioner is master of its complaint and normally entitled to judgment on all of the claims it raises” and that section 314 “indicates a binary choice—either institute review or don't,” adding that “Congress didn't choose to pursue' a statute that ‘allows the Director to institute proceedings on a claim-by-claim and ground-by-ground basis’ as in *ex parte* reexamination.” *Id.* (quoting *SAS*, 138 S. Ct at 1355–1356). The Federal Circuit has also held that “if the Board institutes an IPR, it must similarly address all grounds of unpatentability raised by the petitioner.” *AC Techs. S.A.*, 912 F.3d at 1364.

As discussed above, this final rule codifies the Board's existing practice that has been in place for over two years for instituting on all challenged claims and grounds when the Board institutes a review. The Office of Management and Budget (OMB) has determined this rule to be not economically significant under Executive Order 12866. Further, there is no significant economic impact as the rule merely implements the law, as mandated by *SAS* and further supported by subsequent Federal Circuit precedent like *PGS Geophysical AS*, 891 F.3d at 1360. As some of the comments have recognized, on balance, the amended rules promote clarity and efficiency by addressing in one proceeding all challenges asserted in a petition.

In short, instituting on all challenged claims and grounds is consistent with the Supreme Court's decision in *SAS*, is mandated by the Federal Circuit, and is consistent with the Board's existing practice. In adopting the proposed rules, the Office has considered the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted.

Comment 3: Some comments encouraged the Office to clarify that the preexistence of a claim where no reasonable likelihood of success has been demonstrated does not create a presumption against institution where there is another claim that does have a reasonable likelihood of succeeding. A few comments urged the Office not to apply the rules for instituting on all claims and grounds to deny meritorious petitions as to some claims or grounds.

Response: The Office appreciates the thoughtful comments. Even when a petitioner demonstrates a reasonable likelihood of prevailing with respect to one or more claims, institution of review remains discretionary. *SAS*, 138 S. Ct. at 1356 (“[Section] 314(a) invests the Director with discretion on the question whether to institute review . . .” (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”). In exercising that discretion, the Board is guided by the statutory requirement, in promulgating regulations for IPR, PGR, and CBM, to consider the effect of any regulations on “the efficient administration of the Office [and] the ability of the Office to timely complete proceedings,” 35 U.S.C. 316(b) (<https://www.govinfo.gov/link/uscode/35/316>) and 326(b) (<https://www.govinfo.gov/link/uscode/35/326>), as well as the requirement to construe our rules to “secure the just, speedy, and inexpensive resolution of every proceeding,” 37 CFR 42.1(b) ([https://www.ecfr.gov/current/title-37/section-42.1#p-42.1\(b\)](https://www.ecfr.gov/current/title-37/section-42.1#p-42.1(b))). The Office's guidance, issued on June 5, 2018, also explains that the Board may consider the number of claims and grounds that meet the reasonable likelihood standard when deciding whether to institute a review. *SAS* Q&As, Part D, Effect of *SAS* on Future Challenges that Could Be Denied for Statutory Reasons (June 5, 2018), available at https://www.uspto.gov/sites/default/files/documents/sas_qas_20180605.pdf (https://www.uspto.gov/sites/default/files/documents/sas_qas_20180605.pdf) (“[T]he panel will evaluate the challenges and determine whether, in the interests of efficient administration of the Office and integrity of the patent system (*see* 35 U.S.C. 316(b) (<https://www.govinfo.gov/link/uscode/35/316>)), the entire petition should be denied under 35 U.S.C. 314(a) (<https://www.govinfo.gov/link/uscode/35/314>).”).

Comment 4: One comment suggested several changes in the language of § 42.108. For example, the comment suggested (1) changing the title of § 42.108 from “Institution of *inter partes* review” to “Decision whether to institute review”; (2) changing “When” to “If” in the phrase “When instituting *inter partes* review” in § 42.108(a); (3) deleting the phrase “the Board will authorize” in § 42.108(a); and (4) replacing “all of the challenged claims” with “all involved claims.”

Response: The Office appreciates the comment. The suggested changes are not necessary to codify the existing practice for instituting on all challenged claims and grounds when the Board institutes a review. Notably, the title of § 42.108 is consistent with the title of 35 U.S.C. 314 (<https://www.govinfo.gov/link/uscode/35/314>), which is “Institution of *inter partes* review.” Moreover, the term “challenged claims” is consistent with 35 U.S.C. 318 (<https://www.govinfo.gov/link/uscode/35/318>) and 328 (<https://www.govinfo.gov/link/uscode/35/328>), each of which states “a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added.”

Addressing the Institution Decision

Comment 5: Most comments strongly supported the proposed rules codifying the Board's existing practice that allows the parties to address issues raised in the institution decision. Several comments recognized that the institution decision is a vehicle by which the Board can solicit responsive evidence and arguments on certain issues and that allowing the parties to address those issues may lead to developing a more complete written record, clarifying the issues, and ensuring fairness. A few comments sought clarification about whether a patent owner may file a response to either or both the petition and decision on institution, and whether a petitioner may file a reply when the patent owner elects not to file a response. □

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Response: The Office appreciates the thoughtful comments. In this final rule, the Office adopts the proposed rules codifying the Board's existing practice that allows the parties to address issues raised in the institution decision. Under the amended rules, a patent owner may file a single response to address issues raised in either or both the petition and institution decision, and a petitioner may file a single reply to address issues raised in either or both the patent owner response and institution decision. For those rare circumstances in which the patent owner elects not to file a response, the patent owner must arrange a conference call with the parties and the Board, as required by the scheduling order, and the petitioner is expected to notify the Board during the conference call whether it intends to file a reply to the decision on institution. The absence of a patent owner response will not prevent a petitioner from filing a reply where appropriate to address the institution decision.

Comment 6: One comment does not support the rule changes that allow the parties to address the issues raised in the institution decision because the Board should not take sides in the dispute. Another comment suggested that the rules should not provide a basis for parties to re-litigate the institution decision.

Response: As noted above, a few comments have recognized that the institution decision is a vehicle by which the Board can solicit responsive evidence and arguments on certain issues. Notably, a decision instituting a review does not make a final determination with respect to the patentability of the challenged claims or with respect to the claim construction. Allowing the parties to address the issues raised in the institution decision may promote developing a more complete written record, clarify the issues, and ensure fairness in issuing the final written decision on patentability.

Sur-Replies

Comment 7: Most comments strongly supported the proposed rules that codify the Board's existing practice of allowing sur-replies to principal briefs. Several comments indicated that allowing sur-replies provides certainty to Board processes. Some comments also noted that allowing sur-replies gives a patent owner an opportunity to respond to new exhibits or other new information in a petitioner's reply, providing balance during AIA proceedings and affording patent owners a fair opportunity to be heard. Some comments stated that sur-replies are preferable to the previous procedure of authorizing a patent owner to file observations on cross-examination testimony in response to testimonial evidence submitted with a reply because they provide a more complete record.

Response: The Office appreciates these thoughtful comments. The amended rules are intended to conform to existing practice. Consistent with the practice as outlined in the TPG2018, and the CTPG published in November 2019, the new rules will permit sur-replies to principal briefs (*i.e.*, to a reply to a patent owner response or to a reply to an opposition to a motion to amend). However, a sur-reply may not be accompanied by new evidence other than transcripts of the cross-examination testimony of any reply witness. Sur-replies are permitted only to respond to arguments made in reply briefs, comment on reply declaration testimony,

or point to cross-examination testimony. A sur-reply also may address the institution decision if necessary to respond to the petitioner's reply. This sur-reply practice essentially replaces the previous practice of filing observations on cross-examination testimony.

Comment 8: Some comments expressed concern that the amended rules do not expressly provide for a sur-reply as a matter of right, stating that this may lead to uncertainty among parties involved in an AIA trial proceeding.

Response: See response to comment 7. Consistent with existing practice as provided in the TPG2018 and the CTPG, no prior authorization is required to file a sur-reply to a reply to a patent owner response or to a reply to an opposition to a motion to amend.

Comment 9: Some comments expressed concern that the Proposed Rules do not place limits on the introduction of new evidence in a sur-reply, which could lead to uncertainty and gamesmanship.

Response: The Office appreciates these thoughtful comments. The Office has revised the text of rule 42.23(b) to clarify that the sur-reply “may not be accompanied by new evidence other than transcripts of the cross-examination testimony of any reply witness.” This conforms to existing practice as stated in the TPG2018 and the CTPG.

Word Limits for Sur-Replies

Comment 10: Most comments strongly supported the proposed rule change to 37 CFR 42.24(c) ([https://www.ecfr.gov/current/title-37/section-42.24#p-42.24\(c\)](https://www.ecfr.gov/current/title-37/section-42.24#p-42.24(c))), which imposes a limit of 5,600 words for sur-replies to patent owner responses to petitions. Some comments noted that this rule provides certainty as well as fairness.

Response: The Office appreciates these comments. The amended rule is intended to conform to existing practice. Consistent with the practice as outlined in the TPG2018 and the CTPG, sur-replies are subject to the same word or page limit as a reply.

Comment 11: The Office has also received comments on the existing practice of requiring, in response to a paper that contains a statement of material fact, a listing of facts that are admitted, denied, or cannot be admitted or denied.

Response: The Office appreciates the comments received; however, they are beyond the scope of the current rulemaking. No changes to that practice are implemented in the amended rules. The Office will take these comments into account as the Office continually seeks to improve the AIA review process to maintain fair procedures.

Comment 12: The Office has also received some comments suggesting changes to the word count limit. For example, one comment requested that the word count be a function of the number of claims in a challenged patent or the length of those claims. Another comment expressed concern about perceived unfairness in word counts, wherein patent owners may file both a preliminary response and an opposition, each containing 14,000 words, in addition to a sur-reply of 5,600 words, whereas a petitioner is limited to a petition of 14,000 words followed by a reply of 5,600 words. This comment suggested that some of this disparity could be mitigated if petitioners are allowed to file a reply whenever a patent owner files a preliminary response.

Response: The Office appreciates the comments received; however, they are beyond the scope of the current rulemaking. The Office will take these comments into account as the Office continually seeks to improve the AIA review process to maintain fair procedures.

Eliminating the Presumption at Institution

Comment 13: Most comments favored adoption of the proposed rule eliminating the presumption at institution that a genuine issue of material fact created by testimonial evidence will be viewed in a light most favorable to petitioner for purposes of deciding whether to institute. However, a number of comments opposed adopting the proposed rule.

Response: The Office appreciates the input from the public on this issue, whether supporting or opposing the proposed rule. The suggestion that the present rule be retained is not adopted. The presumption in favor of the petitioner where there is a genuine dispute of material fact created by testimonial evidence in a patent owner preliminary response has created confusion as to how other evidence should be weighed. This confusion was resolved in large part in *Hulu*, but *Hulu* highlights an inconsistency in the treatment of evidence that the proposed rule is intended to resolve. In particular, in *Hulu*, the Board held that disputed questions of material fact raised by evidence other than testimonial evidence are resolved by the Board at the institution phase without a presumption, even where additional evidence or discovery might have illuminated them. *See Hulu*, Paper 29, at 16–20 (addressing the standard for proving printed publication pre-institution). The proposed rule confirms that no presumption applies in favor of institution regardless of the existence or nature of a factual dispute in the pre-institution record and regardless of the type of evidence, testimonial or otherwise.

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Many of the comments opposing the proposed rule are arguments in favor of an institution presumption generally. This would conflict with the statute, which makes clear that the burden is on the petitioner to meet the applicable standard that it would prevail with respect to at least one of the claims challenged in the petition. *See* 35 U.S.C. 314(a) (<https://www.govinfo.gov/link/uscode/35/314>), 324(a) (<https://www.govinfo.gov/link/uscode/35/324>). Moreover, the presumption provided by the existing rule has proved unnecessary to resolve the institution question in other contexts. Disputed questions of material fact raised by other than testimonial evidence are resolved by the Board at the institution phase without a presumption. *See Hulu*, Paper 29, at 16–20 (addressing the standard for proving printed publication pre-institution).

Comment 14: A number of comments supporting the rule change asserted that the current presumption in favor of the petitioner is biased towards institution and discourages patent owners from submitting conflicting testimonial evidence with a preliminary response. One comment suggested that, in view of the presumption of validity, testimonial evidence should instead be viewed in the light most favorable to patentability and that a presumption in favor of the patent owner would be appropriate. Another comment suggested that a neutral presumption is best in the interest of fairness and reduces the risk that innovators will be deprived of their innovations.

Response: The Office appreciates the comments and agrees that any presumption in favor of institution is inappropriate. The Office also agrees that under the current rule, a patent owner might not be inclined to submit pre-institution testimony that might, under the presumption, create an issue of material fact. As in the proposed rule, the final rule modifies the existing rule to address these concerns and no longer specifies

that a genuine issue of material fact created by testimonial evidence results in a presumption in favor of a petitioner. The rule change removes any bias or appearance of bias in favor of petitioner, and provides a balanced approach to ensure that all testimonial evidence submitted by the parties is fairly considered.

Comment 15: Several comments in support of the rule change noted that the practice to view testimonial evidence in the light most favorable to the petitioner for purposes of instituting a review conflicts with the decision of Congress to place the burden of proof on the petitioner. One comment noted that, by eliminating the presumption, the proposed rule change enables the PTAB to consider the totality of the evidence in deciding whether the petition meets the standard for institution. Another comment opposing the rule change stated the change thwarts Congress's purposes in establishing the AIA by hampering the ability to challenge low-quality patents.

Response: The Office appreciates these thoughtful comments. As set forth in the statutes established by Congress, the burden is on the petitioner to meet the applicable standard that it would prevail with respect to at least one of the claims challenged in the petition. *See* 35 U.S.C. 314(a) (<https://www.govinfo.gov/link/uscode/35/314>), 324(a) (<https://www.govinfo.gov/link/uscode/35/324>). In response to recent feedback received from the public, the Office agrees it is inconsistent with the statutory framework to view testimonial evidence in the light most favorable to petitioners. The presumption has caused confusion at the institution stage for AIA proceedings and has proved unnecessary to resolve the institution question in other contexts. With the elimination of the presumption, the PTAB will consider the totality of the evidence to determine whether the petitioner has met the standard for institution of the procedure.

The Office disagrees that elimination of the presumption frustrates the intention of Congress. To the contrary, Congress provided that institution of IPR is discretionary and conditioned on the petitioner meeting the applicable standard for review. *Id.* Elimination of the presumption furthers Congressional intent. In addition, elimination of the presumption does not impact the ability of petitioners to file with the Office a petition to institute a review of a patent.

Comment 16: A number of comments opposing the proposed rule questioned the fairness of the proposed rule to petitioners. One comment expressed concern that under the proposed rule, the patent owner would have a “one-sided ability to enter unchallenged evidence prior to institution.” Other comments expressed concern that crediting a patent owner's testimonial evidence without providing cross-examination or an opportunity to respond may lead to denials of institution that cannot be appealed, even where the patent owner's factual contentions are mistaken. Several comments expressed the view that the lack of cross-examination is especially concerning when the patent owner introduces testimony asserting “secondary considerations” such as unexpected results, commercial success, copying by others, and long-felt but unmet need. One comment expressed concern that the proposed rule would lead to more discretionary denials of institution. One comment expressed concern that the proposed rule would reduce patent quality, drive up costs, and invite “gamesmanship.”

Response: The Office appreciates these comments but does not adopt them. The Office believes the Board is adequately able to weigh the parties' testimonial evidence and fairly resolve factual disputes at the institution stage without a presumption crediting the petitioner's testimony. For example, testimony must still disclose the underlying facts and data upon which it relies, or it will be entitled to little weight. *See* 37 CFR 42.65(a) ([https://www.ecfr.gov/current/title-37/section-42.65#p-42.65\(a\)](https://www.ecfr.gov/current/title-37/section-42.65#p-42.65(a))); CTPG, at 35. Moreover, consistent with existing practice, limited pre-institution discovery may be granted at the discretion of the Board.

Nonetheless, although cross-examination of pre-institution testimony might be helpful in a few cases, as a general matter, the Office believes that its benefits will be outweighed by the greater expense to the Office and the parties, where the Board is able to reach a decision on institution based on the briefs and documents as submitted by the parties.

Comment 17: Several comments expressed concern that adopting the proposed rule would unduly complicate the pre-institution phase for AIA trials. This is sometimes described in the comments as creating a “trial within a trial.” One comment expressed concern that the proposed rule could give rise to “almost universal requests” for pre-institution discovery and additional □ briefing, leading to greater costs and burdens to the parties. Another comment expressed concern that there are no procedural guidelines in place to prevent this. This comment expressed concern that “over complication” of the pre-institution stage advantages more experienced parties, and that the costs and burdens to the Office may increase due to pre-institution depositions and additional briefing. Several other comments suggested that the rule should give petitioners the opportunity to reply if a patent owner submits testimony with the preliminary response that raises a genuine issue of material fact. One comment expressed the view that the chances of error by the Board are greater if institution is decided without the safeguards of discovery, cross-examination, additional briefing, and a hearing. Another comment opposed the proposed rule because it endorses resolution of disputes of fact at the institution phase on an incomplete record and without judicial review.

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Response: The Office appreciates these thoughtful comments and concerns on this issue. At present, although timely and well-supported requests are permitted, as consistent with existing practice, no additional briefing or discovery (*e.g.*, depositions of declarants) during the institution phase is contemplated as a result of the submission of testimony with the preliminary response. In this way, no trial within a trial is anticipated, and the parties will not be burdened with greater costs. The Board has the benefit of the documentary evidence of record, as well as elucidating argument from the parties, in evaluating the testimonial evidence. In most cases, in the Board's experience, this evidence is sufficient to resolve the facts in dispute. For instance, declaration evidence alleging secondary considerations would, consistent with normal practice, be given little weight absent supporting documentary evidence. Thus, a declaration alleging commercial success would not be given much weight on institution absent sufficient supporting evidence demonstrating sales figures, etc.

Comment 18: Several comments opposing the proposed rule expressed concern about unfairness to the petitioner if the patent owner withdraws its reliance on testimony submitted with the preliminary response. One comment suggested that the patent owner might be “incentivized” to introduce less supportable testimony prior to institution that can be withdrawn if a trial is instituted. Another comment expressed concern that, because eliminating the presumption may allow a patent owner to introduce disputes of material fact via expert testimony on the patentability of the challenged claims that lead to a denial of institution, the petitioner should be entitled to take the deposition of an expert whose declaration is submitted with the preliminary response. The comment stated that if a new expert declaration is submitted with the patent owner response, the petitioner should also be permitted to take the deposition of that expert as well.

Response: The Office appreciates but does not adopt the comments. Under the current rule, once a trial is instituted, a patent owner may choose not to rely on testimony submitted with the preliminary response. CTPG, at 51. That would not change under the final rule. Once a trial commences, petitioners can also

withdraw evidence. *See Hulu*, Paper 29, at 6 (additional evidence regarding the date of publication at issue raised more questions than it answered and was withdrawn). If both parties can withdraw their reliance on evidence that turns out to be weak, there is no unfairness.

The Office does not believe patent owners will be motivated to provide “less supportable” testimony from their declarants as a result of the rule change. The Office believes parties generally recognize that their goals are best served by providing the most credible testimony from their declarants. *See* 37 CFR 42.65(a) ([https://www.ecfr.gov/current/title-37/section-42.65#p-42.65\(a\)](https://www.ecfr.gov/current/title-37/section-42.65#p-42.65(a))); CTPG, at 51. If, after trial is initiated, the patent owner withdraws reliance on a declarant and a declaration submitted with the preliminary response, that declarant will usually not be subject to a deposition on the withdrawn declaration. CTPG, at 51.

Comment 19: One comment expressed a concern that the new rule should not alter the standard for instituting a trial.

Response: The Office agrees. The final rule does not change the standard for instituting trial and does not shift the burden of proving unpatentability away from the petitioner.

Comment 20: One comment opposing the rule change suggested that a presumption in favor of the petitioner should continue and should apply to all disputed evidentiary issues, including questions of whether a document is a printed publication.

Response: The Office appreciates but does not adopt this comment. The final rule eliminates the presumption as to genuine issues of material fact. The *Hulu* decision expressly provides guidance on establishing a document as a printed publication. *Hulu*, Paper 29, at 11–19.

Comment 21: Several comments addressed the standard of review under the rule. One comment expressed concern that the rule does not make it clear how pre-institution testimony will be evaluated. Another stated that the rule should specify the burden and asserted that removing the summary judgment standard in the proposed rule would make Board decisions on disputed facts arbitrary and capricious.

Response: The Office appreciates but does not adopt the comments. The final rule provides no presumption as to disputed issues of material fact. However, the decision in *Hulu* provides guidance on the institution standard and evidentiary dynamics, albeit in the context of a printed publication issue. *Hulu*, Paper 29, at 11–19. The Office has ample experience in evaluating declaration testimony without cross-examination in a variety of contexts and does not see the need to provide further guidance in the rule itself. Additional guidance on the application of the rule change may be provided in future precedential and informative Board decisions.

Comment 22: Several comments opposing the rule change expressed concerns that removal of the presumption would violate due process requirements because it would allow for a decision not to institute based on unchallenged testimonial evidence. One comment asserted the change would be unconstitutional because it does not allow a petitioner to confront an adverse witness.

Response: The Office appreciates the comments but disagrees the final rule violates due process requirements or is unconstitutional. Institution of AIA review proceedings is discretionary, and there is no right provided in the statutory framework to challenge testimony at the institution stage. *See* 35 U.S.C. 314(a) (<https://www.govinfo.gov/link/uscode/35/314>), 324(a) (<https://www.govinfo.gov/link/uscode/35/324>). Under the final rule, both the petitioner and patent owner are able to submit testimonial evidence. The Office

has ample experience in evaluating declaration testimony without cross-examination in a variety of contexts. Such testimony must be supported as appropriate, or it will be accorded little weight. *See* 37 CFR 42.65(a) ([https://www.ecfr.gov/current/title-37/section-42.65#p-42.65\(a\)](https://www.ecfr.gov/current/title-37/section-42.65#p-42.65(a))); CTPG, at 51. The Board will consider the totality of the evidence presented to determine if the petitioner meets the threshold standard to institute review.

Comment 23: A number of comments expressed concern that the Office did not provide adequate justification for the rule change and asserted the rationale for the change is inconsistent with the Office findings in the 2016 rulemaking that established the □ presumption. A few comments suggested that any stakeholder confusion caused by the rule does not justify abandoning the rule but should instead be addressed by precedential decisions or the next revision of the Trial Practice Guide.

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Response: As part of ongoing efforts to improve AIA proceedings, the Office continuously evaluates its procedures based on feedback from the public. Upon evaluation of recent feedback, the Office has determined that the presumption causes confusion at the institution stage and potentially discourages patent owners from submitting testimonial evidence. In addition, the Office's experience is that having a presumption in favor of the petitioner at the institution stage may lead to results that are inconsistent with the statutory scheme, which places the burden on the petitioner.

Although there were valid reasons for promulgating the original rule, the Office has determined that the problems and confusion engendered by the rule, discussed above, outweigh those reasons. The Office has ample experience in evaluating declaration testimony without cross-examination in a variety of contexts. The Office believes, therefore, that the Board will remain able to fairly and efficiently resolve factual disputes at the institution phase in deciding whether to institute the requested trial without the current presumption. The Office received numerous comments that support and agree with the Office's rationale for the change as eliminating a source of confusion, removing a disincentive to patent owners to provide pre-institution testimonial evidence, and better according with the statutory standards for institution. *See* 35 U.S.C. 314(a) (<https://www.govinfo.gov/link/uscode/35/314>), 324(a) (<https://www.govinfo.gov/link/uscode/35/324>). Accordingly, the Office has elected to revise its rule.

Comment 24: A few comments expressed concern with the retroactive application of the rule change and requested that the rule not go into immediate effect. Several other comments stated that the Office should provide an opportunity for further discussion and consideration on this proposed rule change.

Response: The Office acknowledges the concerns with the retroactive application of the rule. The change to eliminate the presumption will apply only to petitions filed on or after the effective date of the rule. The Office appreciates all comments submitted in response to the proposed rule and does not believe further discussion is needed.

Comment 25: A few comments stated the rulemaking fails to comply with the procedural requirements imposed by the Administrative Procedure Act and Executive Order 12866. The comments assert that the rule making is significant—economically significant—and the 30-day comment period failed to provide the public a meaningful opportunity to respond to the comments.

Response: The OMB has determined this rule to be not significant for purposes of Executive Order 12866. Further, the Office disagrees that the final rule will impose additional costs because no additional briefing or discovery is contemplated as a result of the rule change.

Rulemaking Considerations

A. Administrative Procedure Act (APA): This final rule revises the rules relating to Office trial practice for IPR, PGR, and CBM proceedings. The changes set forth in this final rule do not change the substantive criteria of patentability. These changes involve rules of agency procedure and interpretation. *See Perez v. Mortg. Bankers Ass'n*, 135 S. Ct. 1199, 1204 (2015) (Interpretive rules “advise the public of the agency’s construction of the statutes and rules which it administers.”) (citation and internal quotation marks omitted); *Bachow Commc’ns, Inc. v. F.C.C.*, 237 F.3d 683, 690 (D.C. Cir. 2001) (Rules governing an application process are procedural under the Administrative Procedure Act.); *Inova Alexandria Hosp. v. Shalala*, 244 F.3d 342, 350 (4th Cir. 2001) (Rules for handling appeals were procedural where they did not change the substantive requirements for reviewing claims.); *Nat’l Org. of Veterans’ Advocates, Inc. v. Sec’y of Veterans Affairs*, 260 F.3d 1365, 1375 (Fed. Cir. 2001) (Rule that clarifies the interpretation of a statute is interpretive.); *JEM Broadcasting Co. v. F.C.C.*, 22 F.3d 320, 328 (D.C. Cir. 1994) (Rules are not legislative because they do not “foreclose effective opportunity to make one’s case on the merits.”).

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) (<https://www.govinfo.gov/link/uscode/5/553>) or (c) (<https://www.govinfo.gov/link/uscode/5/553>) (or any other law). *See Perez*, 135 S. Ct. 1199, 1206 (Notice-and-comment procedures are required neither when an agency “issue[s] an initial interpretive rule” nor “when it amends or repeals that interpretive rule.”); *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553 (<https://www.govinfo.gov/link/uscode/5/553>), and thus 35 U.S.C. 2(b)(2)(B) (<https://www.govinfo.gov/link/uscode/35/2>), do not require notice and comment rulemaking for “interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice”) (quoting 5 U.S.C. 553(b)(3)(A) (<https://www.govinfo.gov/link/uscode/5/553>)).

The Office, nevertheless, published the notice of proposed rulemaking for comment, as it sought the benefit of the public’s views on the Office’s proposed changes. *See* 85 FR 31728 (/citation/85-FR-31728).

B. Regulatory Flexibility Act: For the reasons set forth herein, the Deputy General Counsel for General Law of the USPTO has certified to the Chief Counsel for Advocacy of the Small Business Administration that changes adopted in this final rule will not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b) (<https://www.govinfo.gov/link/uscode/5/605>).

This final rule revises certain trial practice procedures before the Board in light of the Supreme Court’s ruling in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), that a decision to institute an IPR under 35 U.S.C. 314 (<https://www.govinfo.gov/link/uscode/35/314>) may not institute on fewer than all claims challenged in a petition. In accordance with that ruling, this final rule revises the rules of practice for instituting review on all challenged claims or none in IPR, PGR, and CBM proceedings before the PTAB. This final rule also revises the rules of practice for instituting a review on all grounds of unpatentability for the challenged claims that are asserted in a petition. Additionally, this final rule revises the rules to conform to the current standard practice of providing sur-replies to principal briefs and providing that a patent owner response and reply may respond to a decision on institution. This final rule further revises the rules to eliminate the presumption that a genuine issue of material fact created by the patent owner’s testimonial evidence filed with a preliminary response will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute a review. The changes in this final rule are procedural in nature, and any requirements resulting from these changes are of minimal or no additional burden to those practicing before the Board.

For the foregoing reasons, the changes in this final rule will not have a significant economic impact on a substantial number of small entities.

C. Executive Order 12866 (Regulatory Planning and Review): This rulemaking has been determined to be not significant for purposes of Executive Order 12866 (Sept. 30, 1993).

D. Executive Order 13563 (/executive-order/13563) (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563 (/executive-order/13563) (Jan. 18, 2011). Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided online access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

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E. Executive Order 13771 (/executive-order/13771) (Reducing Regulation and Controlling Regulatory Costs): This final rule is not expected to be an Executive Order 13771 (/executive-order/13771) (Jan. 30, 2017) regulatory action because this final rule is not significant under Executive Order 12866 (Sept. 30, 1993).

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

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

H. Executive Order 12988 (/executive-order/12988) (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (/executive-order/12988) (Feb. 5, 1996).

I. Executive Order 13045 (/executive-order/13045) (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (/executive-order/13045) (Apr. 21, 1997).

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

K. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 (<https://www.govinfo.gov/link/uscode/5/801>) *et seq.*), prior to issuing any final rule, the USPTO will submit a report containing the rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller

General of the Government Accountability Office. The changes in this final rule are not expected to result in an annual effect on the economy of \$100 million or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.

Therefore, this rulemaking is not a “major rule” as defined in 5 U.S.C. 804(2)

(<https://www.govinfo.gov/link/uscode/5/804>).

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

(<https://www.govinfo.gov/link/uscode/2/1501>) *et seq.*

M. National Environmental Policy Act: This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 (<https://www.govinfo.gov/link/uscode/42/4321>) *et seq.*

N. National Technology Transfer and Advancement Act: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note (<https://www.govinfo.gov/link/uscode/15/272>)) are not applicable because this rulemaking does not contain provisions that involve the use of technical standards.

O. Paperwork Reduction Act: The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549 (<https://www.govinfo.gov/link/uscode/44/3501>)) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This final rule does not involve an information collection requirement that is subject to review by the OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549 (<https://www.govinfo.gov/link/uscode/44/3501>)). This rulemaking does not add any additional information requirements or fees for parties before the Board. Therefore, the Office is not resubmitting information collection packages to OMB for its review and approval because the revisions in this rulemaking do not materially change the information collections approved under OMB control number 0651–0069.

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

List of Subjects in 37 CFR Part 42 (<https://www.ecfr.gov/current/title-37/part-42>)

- Administrative practice and procedure
- Inventions and patents
- Lawyers

For the reasons set forth in the preamble, the Office amends part 42 of title 37 as follows:

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(d) * * * The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, a reply, or a sur-reply. * * *

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5. Revise § 42.108 to read as follows:

§ 42.108 Institution of inter partes review.

(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.

6. Amend § 42.120 by revising paragraph (a) to read as follows:

§ 42.120 Patent owner response.

(a) *Scope.* A patent owner may file a single response to the petition and/or decision on institution. A patent owner response is filed as an opposition and is subject to the page limits provided in § 42.24.

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7. Amend § 42.208 by revising paragraphs (a), (b), and (c) to read as follows:

§ 42.208 Institution of post-grant review.

(a) When instituting post-grant 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 institution of post-grant 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 post-grant review.

(c) Post-grant review shall not be instituted unless the Board decides that the information presented in the petition demonstrates that it is more likely than not that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, 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.

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8. Amend § 42.220 by revising paragraph (a) to read as follows:

§ 42.220 Patent owner response.

(a) *Scope.* A patent owner may file a single response to the petition and/or decision on institution. A patent owner response is filed as an opposition and is subject to the page limits provided in § 42.24.

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Andrei Iancu,

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

Footnotes

1. *The transitional covered business method patent review program expired on September 16, 2020, in accordance with AIA 18(a)(3). Although the program has sunset, existing CBM proceedings, based on petitions filed before September 16, 2020, are still pending.*

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