DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No.: PTO–P–2011–0094]

Practice Guide for Proposed Trial Rules

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Request for Comments.

SUMMARY: The Leahy-Smith America Invents Act establishes several new trial proceedings to be conducted by the Patent Trial and Appeal Board (Board) including *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings. The Leahy-Smith America Invents Act also requires the United States Patent and Trademark Office (Office or USPTO) to promulgate rules specific to each proceeding. In separate rulemakings elsewhere in this issue and in the February 10, 2012, issue of the **Federal Register**, the Office proposes rules relating to Board trial practice for the new proceedings. The Office publishes in this document a practice guide for the proposed trial rules to advise the public on the general framework of the proposed regulations, including the structure and times for taking action in each of the new proceedings.

DATES: Written comments must be received on or before April 9, 2012 to ensure consideration.

ADDRESSES: Comments on the practice guide should be sent by electronic mail message over the Internet addressed to: *patent_trial_rules@uspto.gov*. Comments may also be submitted by postal mail addressed to: Mail Stop Patent Board, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313–1450, marked to the attention of ''Lead Judge Michael Tierney, Practice Guide for Patent Proposed Trial Rules.'' Comments on the proposed rules should be directed to the addresses provided in the notices of proposed rulemaking.

Comments may also be sent by electronic mail message over the Internet via the Federal eRulemaking Portal. *See* the Federal eRulemaking Portal Web site (*http://www.regulations.gov*) for additional instructions on providing comments via the Federal eRulemaking Portal.

Although comments may be submitted by postal mail, the Office prefers to receive comments by electronic mail message over the Internet because sharing comments with the public is more easily accomplished. Electronic comments are preferred to be submitted in plain text, but also may be submitted in ADOBE® portable document format or MICROSOFT WORD® format. Comments not submitted electronically should be submitted on paper in a format that facilitates convenient digital scanning into ADOBE® portable document format.

The comments will be available for public inspection at the Board of Patent Appeals and Interferences, currently located in Madison East, Ninth Floor, 600 Dulany Street, Alexandria, Virginia. Comments also will be available for viewing via the Office's Internet Web site (*http://www.uspto.gov*). Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT: Michael Tierney, Lead Administrative Patent Judge, Board of Patent Appeals and Interferences, by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION:

Executive Summary

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

Background

The Leahy-Smith America Invents Act (AIA) establishes several new trial proceedings to be conducted by the Board including: (1) *Inter partes* review (IPR); (2) post-grant review (PGR); (3) a transitional program for covered business method patents (CBM); and (4) derivation proceedings. The AIA requires the USPTO to promulgate rules specific to each proceeding, with the PGR, IPR and CBM rules in effect one year after AIA enactment and the derivation rules in effect 18 months after AIA enactment. This Practice Guide is intended to advise the public on the general framework of the proposed rules, including the structure and times for taking action in each of the new proceedings.

In developing the proposed rules and this guide, the Office expresses its gratitude for the thoughtful and comprehensive comments provided by the public, which are available on the USPTO Web site: *http://www.uspto.gov/patents/law/comments/aia_implementation.jsp.*

Statutory Requirements

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

Proceedings begin with the filing of a petition to institute a trial. The petition must be timely filed and be accompanied by the evidence the petitioner seeks to rely upon. For IPR, PGR, and CBM, the patent owner is afforded an opportunity to file a preliminary response. 35 U.S.C. 313, as amended, and 35 U.S.C. 323.

The Director may institute a trial where the petitioner establishes that the standards for instituting the requested trial are met. Conversely, the Director may not authorize a trial where the information presented in the petition, taking into account any preliminary patent owner response, fails to meet the requisite standard for instituting the trial, *e.g.,* 35 U.S.C. 314, as amended, and 35 U.S.C. 324. Where there are multiple matters in the Office involving the same patent, the Director may determine how the proceeding will proceed, including providing for stay, transfer, consolidation, or termination of any such matter, *e.g.,* 35 U.S.C. 315, as amended, and 35 U.S.C. 325.

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

A petitioner and a patent owner may terminate the proceeding with respect to the petitioner by filing a written agreement with the Office, unless the Office has already decided the merits of the proceeding, *e.g.,* 35 U.S.C. 317, as amended, and 35 U.S.C. 327. If no petitioner remains in the proceeding,

the Office may terminate the review or proceed to a final written decision. For derivation proceedings, the parties may arbitrate issues in the proceeding, but nothing precludes the Office from determining the patentability of the claimed inventions involved in the proceeding. 35 U.S.C. 135, as amended. Where a trial has been instituted and not dismissed, the Board will issue a final written decision with respect to the involved patent and/or applications. 35 U.S.C. 135 and 35 U.S.C. 318, as amended, and 35 U.S.C. 328.

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

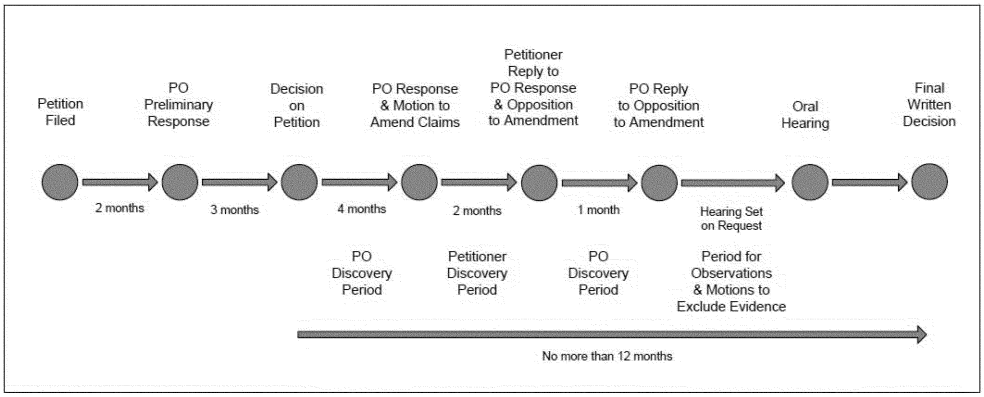
General Overview

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

In instituting a trial, the Board will narrow the issues for final decision by authorizing the trial to proceed only on the challenged claims for which the threshold requirements for the proceeding have been met. Further, the Board will identify which of the grounds the trial will proceed upon on a claim-by-claim basis. Any claim or issue not included in the authorization for review is not part of the trial. A party dissatisfied with the Board's determination may request rehearing as to points believed to have been overlooked or misapprehended. *See* proposed § 42.71(c)(1).

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

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



Sequence of discovery. Once instituted, absent special circumstances, discovery will proceed in a sequenced fashion. For example, the patent owner may begin deposing the petitioner's declarants once the proceeding is instituted. After patent owner has filed a patent owner response and any motion to amend the claims, the petitioner may depose the patent owner's declarants. Similarly, after the petitioner has filed a reply to the patent owner's response and an opposition to an amendment, the patent owner may depose the petitioner's declarants and file a reply in support of its claim amendments. Where the patent owner relies upon new declaration evidence in support of its amendments, the petitioner will be authorized to depose the declarants and submit observations on the deposition. Once the time for taking discovery in the trial has ended, the parties will be authorized to file motions to exclude evidence believed to be inadmissible. Admissibility of evidence is generally governed by the Federal Rules of Evidence.

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

Summary of the Proposed Rules

The following is a general summary of the rules for the proceedings.

I. General Procedures

The rules are to be implemented so as to ensure the just, speedy, and inexpensive resolution of a proceeding

and, where appropriate, the rules may be modified to accomplish these goals, proposed § 42.1(b); proposed § 42.5(a) and (b) (references to proposed § 42.x refer to title 37 of the Code of Federal Regulations).

A. Jurisdiction and Management of the Record

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

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

Arranging a conference call with the Board. When arranging a conference call, be prepared to discuss with a Trial Section paralegal why the call is needed and what materials may be needed during the call, *e.g.,* a particular exhibit.

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

B. Counsel

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

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

Pro hac vice. The Board, consistent with current practice, may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause, subject to such conditions as the Board may impose. Proposed § 42.10(c). Proceedings before the Office can be technically complex. For example, it is expected that amendments to a patent will be sought. Consequently, the grant of a motion to appear *pro hac vice* is a discretionary action taking into account the specifics of the proceedings. Similarly, the revocation of *pro hac vice* is a discretionary action taking into account various factors, including incompetence, unwillingness to abide by the Office's Rules of Professional Conduct, and incivility.

C. Electronic Filing

Electronic filing is the default manner in which documents are to be filed with the Board. Proposed § 42.6(b). Electronic filing of legal documents is being implemented across the country in state and federal courts. The use of electronic filing aids in the efficient administration of the proceeding, improves public accessibility, and provides a more effective document management system for the Office and parties. The manner of submission will be established by the Board and will be published on the Web site of the Office (*www.uspto.gov*).

Paper filing may be used where appropriate, but must be accompanied by a motion explaining the need for non-electronic filing. Based upon experience with contested cases, the Board does not expect to receive many requests to file paper submissions. Circumstances where a paper filing may be warranted include those occasions where the Office's electronic filing system is unable to accept filings. Alternatively, if a problem with electronic filing arises during normal business hours, a party may contact the Board and request a one-day extension of time for due dates that are set by rule or orders of the Board.

D. Mandatory Notices

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

1. *Real Party in Interest or privy:* The identification of the real party in interest helps the Office identify potential conflicts of interests and helps identify potential statutory bars.

Whether a party who is not a named participant in a given proceeding nonetheless constitutes a ''real party in interest'' or ''privy'' to that proceeding is a highly fact-dependent question. *See generally Taylor* v. *Sturgell,* 553 U.S. 880 (2008); 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice & Procedure §§ 4449, 4451 (2d ed. 2011). Such questions will be handled by the Board on a case-by-case basis taking into consideration how courts have viewed the terms ''real party in interest'' and ''privy.'' *See, e.g., Taylor,* 553 U.S. at 893–895 and 893 n.6 (noting that ''[t]he list that follows is meant only to provide a framework [for the decision], not to establish a definitive taxonomy'').

While there are multiple bases upon which a non-party may be recognized as a ''real party in interest'' or ''privy,'' a common consideration is whether the non-party exercised or could have exercised control over a party's participation in a proceeding. *See, e.g., Id.* at 895; *see generally* Wright & Miller § 4451. The concept of control generally means that ''it should be enough that the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties.'' Wright & Miller § 4451. Courts and commentators agree, however, that there is no ''bright-line test'' for determining the necessary quantity or degree of participation to qualify as a ''real party in interest'' or ''privy'' based on the control concept. *Gonzalez* v. *Banco Cent. Corp.,* 27 F.3d 751, 759 (1st Cir. 1994). *See also* Wright & Miller § 44512 (''The measure of control by a nonparty that justifies preclusion cannot be defined rigidly.''). Accordingly, the proposed rules do not enumerate particular factors regarding a ''control'' theory of ''real party in interest'' or ''privy'' under the statute.

Many of the same considerations that apply in the context of ''res judicata'' will likely apply in the ''real party in interest'' or ''privy'' contexts. *See Gonzalez,* 27 F.3d at 759; *see generally* Wright & Miller § 4451. Other considerations may also apply in the unique context of statutory estoppel. *See generally, e.g., In re Arviv*

Reexamination Proceeding, Control No. 95/001,526, Decision Dismissing § 1.182 and § 1.183 Petitions, at 6 (Apr. 18, 2011); *In re Beierbach Reexamination Proceeding,* Control No. 95/000,407, Decision on § 1.182 and § 1.183 Petitions, at 6 (July 28, 2010); *In re Schlecht Inter Partes Reexamination Proceeding,* Control No. 95/001,206, Decision Dismissing Petition, at 5 (June 22, 2010); *In re Guan Inter Partes Reexamination Proceeding,* Control No. 95/001,045, Decision Vacating Filing Date, at 8 (Aug. 25, 2008).

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

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

E. Public Availability and Confidentiality

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

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

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

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

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

5. *Confidential information in a petition:* A petitioner filing confidential information with a petition may file a motion to seal concurrent with the petition, where the motion to seal contains a proposed protective order. The confidential information may be served to the patent owner under seal. The patent owner may only access the sealed information if it agrees to the terms of the proposed protective order. The institution of the proceeding will constitute a grant of the motion to seal unless otherwise ordered by the Board. Proposed § 42.55.

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

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

F. Discovery

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

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

2. *Additional discovery:* A request for additional discovery must be in the form of a motion, although the parties may agree to discovery amongst themselves. The standard for granting such requests varies with the proceeding. An ''interests of justice'' standard applies in IPR and derivations, whereas the more liberal ''good cause'' standard applies in PGR and CBM. An additional discovery request could be granted under either standard, for example, when a party raises an issue where the evidence on that issue is uniquely in the possession of the party that raised it.

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

4. *Live testimony:* Cross-examination may be ordered to take place in the presence of an administrative patent

judge. Occasionally, the Board will require live testimony where the Board considers the demeanor of a witness critical to assessing credibility. Examples of where such testimony has been ordered in contested cases before the Board include cases where derivation or inequitable conduct is an issue or where testimony is given through an interpreter.

5. *Times and locations for taking cross examination:* The rules do not provide specific time limits for cross examination. The Board expects to handle such issues via an Order requiring the parties to confer to reach agreement on reasonable times, dates, and locations for cross examination of witnesses.

The Board has issued such Orders in contested cases and has not experienced problems arising from such Orders.

II. Petitions and Motions Practice

A. General Motions Practice Information

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

2. *Prior authorization:* Generally, a motion will not be entered without prior Board authorization. Proposed § 42.20(b). Exceptions include motions where it is impractical for a party to seek prior Board authorization and motions for which authorization is automatically granted. Motions where it is not practical to seek prior Board authorization include motions to seal and motions filed with a petition, such as motions to waive page limits. Motions where authorization is automatically granted include requests for rehearing, observations on cross-examination, and motions to exclude evidence. The Board expects that the Scheduling Order will pre-authorize and set times for the filing of observations on cross-examination and motions to exclude evidence based on inadmissibility. *See* Appendix A, Scheduling Order.

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

3. *Page Limits:* Petitions, motions, oppositions, and replies filed in a proceeding are subject to page limits in order to streamline the proceedings. Proposed § 42.24. The rules set a limit of 50 pages for petitions requesting inter partes reviews and derivation proceedings, 70 pages for petitions requesting post-grant review and covered business method patent reviews, and 15 pages for motions. Proposed § 42.24(a). Oppositions are limited to an equal number of pages as the corresponding motion. Proposed § 42.24(b). Replies to petitions are limited to 15 pages and replies to motions are limited to 5 pages. Proposed § 42.24(c).

Federal courts routinely use page limits to manage motions practice as ''[e]ffective writing is concise writing.'' *Spaziano* v. *Singletary,* 36 F.3d 1028, 1031 n.2 (11th Cir. 1994). Federal courts have found that page limits ease the burden on both the parties and the courts, and patent cases are no exception. *Broadwater* v. *Heidtman Steel Prods., Inc.,* 182 F. Supp. 2d 705, 710 (S.D. Ill. 2002) (''Counsel are strongly advised, in the future, to not ask this Court for leave to file any memoranda (supporting or opposing dispositive motions) longer than 15 pages. The Court has handled complicated patent cases and employment discrimination cases in which the parties were able to limit their briefs supporting and opposing summary judgment to 10 or 15 pages.'').

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

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

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

6. *Secondary Indicia of Nonobviousness:* The Board expects that most petitions will raise issues of obviousness. In determining whether the subject matter of a claim would have been obvious over the prior art, the Board may review objective evidence of secondary considerations.

B. Petition

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

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

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

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

4. *Covered Business Method/ Technological Invention:* A petitioner in a CBM proceeding must demonstrate that the patent for which review is sought is a covered business method patent. Proposed § 42.304(a). Covered business method patents do not include patents for technological inventions.

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

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

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

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

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

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

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

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

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

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

5. *General Practice Tips:*

Claim Charts. While not required, a petitioner may file a claim chart to explain clearly and succinctly what the petitioner believes a claim means in comparison to something else, such as another claim, a reference, or a specification. Where appropriate, claim charts can streamline the process of identifying key features of a claim and comparing those features with specific evidence. Claim charts submitted as part of a petition or motion count towards applicable page limits. A claim chart from another proceeding that is submitted as an exhibit, however, will not count towards page limits.

C. Preliminary Patent Owner Response

For IPR, PGR, and CBM proceedings, a patent owner may file a preliminary response no later than two months after the grant of a filing date. Proposed §§ 42.107(b) and 42.207(b). The preliminary response may present evidence other than testimonial evidence to demonstrate that no review should be instituted. Proposed §§ 42.107(c) and 42.207(c).

Potential preliminary responses include:

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

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

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

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

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

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

Where a patent owner seeks to expedite the proceeding, the patent owner may file an election to waive the preliminary patent owner response. Proposed §§ 42.107(b) and 42.207(b). No adverse inference will be taken by such an election. Moreover, a patent owner may file a statutory disclaimer of one or more challenged claims to streamline the proceedings. Where no challenged claims remain, the Board would terminate the proceeding. Where one or more challenged claims remain, the Board's decision on institution would be based solely on the remaining claims. See *Sony* v. *Dudas,* 2006 WL 1472462 (E.D.Va. 2006).

D. Institution of Review

1. *Statutory Threshold Requirements:* Generally, the Director may institute a proceeding where a petitioner meets the threshold requirements, although each proceeding has a different threshold requirement for institution. Each of the statutory threshold requirements are summarized below.

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

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

(c) *Covered Business Method Patent Review:* Section 18(a)(1) of the AIA provides that the transitional proceeding for covered business method patents will be regarded as, and will employ the standards and procedures of, a post-grant review under chapter 32 of title 35 United States Code, subject to certain exceptions. Section 18(a)(1)(B) of the Leahy-Smith America Invents Act specifies that a person may not file a petition for a transitional proceeding with respect to a covered business method patent, unless the person or person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent. A covered business method patent means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service. Covered business method patents do not include patents for technological inventions.

(d) *Derivation:* 35 U.S.C. 135(a), as amended, provides that an applicant for a patent may file a petition to institute a derivation proceeding. 35 U.S.C.

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

2. *Considerations in Instituting a Review:* The Board institutes the trial on behalf of the Director. Proposed § 42.4(a). In instituting the trial, the Board will consider whether or not a party has satisfied the statutory institution requirements. As part of its consideration, the Board may take into account the existence of another proceeding before the Board under 35 U.S.C. 315(d), as amended, and whether the same or substantially the same prior art or arguments were previously presented to the Office under 35 U.S.C. 325(d).

3. *Content of Decision on Whether to Institute:* In instituting a trial, the Board will streamline the issues for final decision by authorizing the trial to proceed only on the challenged claims for which the threshold requirements for the proceeding have been met. The Board will identify the grounds the trial will proceed upon on a claim-by-claim basis. Any claim or issue not included in the authorization for review is not part of the trial.

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

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

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

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

F. Patent Owner Response

For IPR, PGR, and CBM, the patent owner will be provided an opportunity to respond to the petition once a trial has been instituted. 35 U.S.C. 316(a)(8), as amended, and 35 U.S.C. 326(a)(8). For a derivation proceeding, the applicant or patent owner alleged to have derived the invention will be provided an opportunity to respond to the petition once the trial has been instituted, App. A–2, Scheduling Order.

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

G. Amendments

1. *IPR, PGR, and CBM Amendments:* Patent owners in IPR, PGR and CBM may file amendments subject to certain conditions. Only one motion to amend will be permitted, absent a joint request by the petitioner and patent owner to materially advance settlement of the proceeding, or upon the request of the patent owner for good cause showing. 35 U.S.C. 316(d)(1), as amended, and 35 U.S.C. 326(d)(1). Patent owners seeking to amend their claims would identify their intent to file such a motion in a conference call with the Board. During the call, the patent owner will be expected to identify the number and general scope of substitute claims that would be filed in the motion to amend. Proposed §§ 42.121(a) and 42.221(a). A patent owner will not be required to identify a fully developed claim set.

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

3. *General Practice Tips on Amendments:* Amendments are expected to be filed at the due dates set for filing a patent owner response or respondent opposition to a petition. For amendments sought later in the proceeding, a demonstration of good cause will be required. Amendments filed late in the proceeding may impair a petitioner's ability to mount a full response in time to meet the statutory deadline for the proceeding. Hence, in evaluating good cause, the Board will take into account the timing of the submission with requests made earlier in the proceeding requiring less compelling reasons than would be required for amendments later in the proceeding. Cancellation of claims, however, will generally be permitted even late in the proceeding as will amendments seeking to correct simple and obvious typographical error to reduce the number of issues in dispute.

Amendments should clearly state ''original,'' ''cancelled,'' ''replaced by proposed substitute,'' or ''proposed substitute for original claim X.''

Amendments should clearly state where the specification and any drawings disclose all the limitations in

the proposed substitute claims. If the Board is unable to determine how the specification and drawings support the proposed substitute claims, entry of the amendment will not be permitted.

Amendments should clearly state the patentably distinct features for proposed substitute claims. This will aid the Board in determining whether the amendment narrows the claims and if the amendment is responsive to the grounds of unpatentability involved in the trial.

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

H. Petitioner Opposition to Amendment

A petitioner will be afforded an opportunity to fully respond to a patent owner's amendment. The time for filing an opposition will generally be set in a Scheduling Order. No authorization is needed to file an opposition to an amendment. Petitioners may supplement evidence submitted with their petition to respond to new issues arising from proposed substitute claims. This includes the submission of new expert declarations that are directed to the proposed substitute claims.

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

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

J. Additional Motions

There are many types of motions that may be filed in a proceeding in addition to motions to amend. Examples of additional motions include motions to exclude evidence, motions to seal, motions for joinder, motions to file supplemental information, motions for judgment based on supplemental information, motions for observations on cross-examination, etc.

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

K. Oral Argument

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

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

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

Demonstrative exhibits. The Board has found that elaborate demonstrative exhibits are more likely to impede than help an oral argument. The most effective demonstrative exhibits tend to be a handout or binder containing the demonstrative exhibits. The pages of each exhibit should be numbered to facilitate identification of the exhibits during the hearing, particularly if the hearing is recorded.

Live testimony. The Board does not expect live testimony at oral argument.

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

L. Settlement

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

M. Final Decision

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

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

N. Rehearing Requests

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

Appendix A–1: Scheduling Order for Inter Partes Review, Post-Grant Review, and Covered Business Method Patents Review (Based on the Proposed Trial Rules)

A. Due Dates

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

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

1. Due Date 1

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

a. A response to the petition, and

b. A motion to amend the patent, if authorized.

Any response or amendment must be filed by Due Date 1. If the patent owner elects not to file anything, the patent owner must arrange a conference call with the parties and the Board.

2. Due Date 2

Any reply to the patent owner's response and opposition to amendment filed by petitioner under proposed § 42.23 must be filed by this date.

3. Due Date 3

The patent owner must file any reply to the petitioner's opposition by this date.

4. Due Date 4

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

b. Each party must file any motion to exclude evidence (proposed § 42.64(c)) and any request for oral argument (proposed § 42.70(a)).

5. Due Date 5

a. The patent owner must file any response to a petitioner observation on cross examination testimony.

b. Each party must file any opposition to a motion to exclude.

6. Due Date 6

Each party must file any reply for a motion to exclude.

B. Cross Examination

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

1. Cross examination begins after any supplemental evidence is due (proposed § 42.64(b)).

2. Cross examination ends five business days before the next due date (proposed § 42.64(b)).

C. Motion for Observation on Cross Examination

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

DUE DATE APPENDIX

Due Date 1	4 months.
Patent owner post-institution response to the petition	
Patent owner post-institution motion to amend patent	
Due Date 2	2 months.
Petitioner reply to patent owner response	
Petitioner opposition to patent owner amendment	
Due Date 3	1 month.
Patent owner reply to petitioner opposition	
Due Date 4	3 weeks.
Petitioner motion for observation regarding cross examination of reply witness	
Motion to exclude	
Request for oral argument	
Due Date 5	2 weeks
Patent owner response to observation	
Opposition to motion to exclude	
Due Date 6	1 week.
Reply to opposition to motion to exclude	
Due Date 7	Set on request.
Oral argument	

Appendix A–2: Scheduling Order for Derivation Proceedings (Based on the Proposed Trial Rules)

A. Due Dates

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

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

1. Due Date 1

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

a. A response to the petition, and

b. A motion to amend, if authorized.

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

2. Due Date 2

The petitioner must file any reply to the respondent's response and opposition to amendment.

3. Due Date 3

The respondent must file any reply to the petitioner's opposition by this date.

4. Due Date 4

a. The petitioner must file any observation on the cross examination testimony of a reply witness (see section C, below).

b. Each party must file any motion to exclude evidence (proposed § 42.64(c)) and any request for oral argument (proposed § 42.70(a)).

5. Due Date 5

a. The respondent must file any response to a petitioner observation on cross examination testimony.

b. Each party must file any opposition to a motion to exclude.

6. Due Date 6

Each party must file any reply for a motion to exclude.

B. Cross Examination

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

1. Cross examination begins after any supplemental evidence is due (proposed § 42.64(b)(2)).

2. Cross examination ends five business days before the next due date.

C. Motion for Observation on Cross Examination

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

The patent owner may respond to the observation. Any response must be equally concise and specific.	

DUE DATE APPENDIX

Due Date 1	4 months.
Respondent post-institution response to the petition	
Respondent post-institution motion to amend	
Due Date 2	2 months.
Petitioner reply to Respondent response	
Petitioner opposition to Respondent amendment	
Due Date 3	1 month.
Respondent reply to petitioner opposition	
Due Date 4	3 weeks.
Petitioner motion for observation regarding cross examination of reply witness	
Motion to exclude	
Request for oral argument	
Due Date 5	2 weeks.
Respondent response to observation	
Opposition to motion to exclude	
Due Date 6	1 week.
Reply to opposition to motion to exclude	
Due Date 7	Set on request.
Oral argument	

Appendix B: Protective Order Guidelines (Based on the Proposed Trial Rules)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Where confidentiality is alleged as to some but not all of the information submitted to the Board, the submitting party shall file

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

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

(5) *Confidential Testimony.* Any person subject to deposition in a proceeding may, on the record at the deposition, preliminarily designate the entirety of the person's testimony and all transcriptions thereof as Confidential, pending further review. Within 10 days of the receipt of the transcript of the deposition, that person, or the person's representative, shall advise the opposing party of those portions of the testimony to which a claim of confidentiality is to be maintained, and the reasons in support of that claim. Such portions shall be treated as confidential and maintained under seal in any filings to the Board unless, upon motion of a party and after a hearing on the issue, or *sua sponte,* the Board determines that some or all of the redacted information does not qualify for confidential treatment.

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

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

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

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

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

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

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

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

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

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

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

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

DEFAULT PROTECTIVE ORDER

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

Standing Protective Order

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[CAPTION]

Standard Acknowledgment for Access to Protective Order Material

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

[Signature]

Dated: January 31, 2012.

David J. Kappos,

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

[FR Doc. 2012–2523 Filed 2–8–12; 8:45 am]

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DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Parts 42 and 90

[Docket No. PTO–P–2011–0082]

RIN 0651–AC70

Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Notice of proposed rulemaking.

SUMMARY: The United States Patent and Trademark Office (Office or USPTO) proposes new rules of practice to implement the provisions of the Leahy-Smith America Invents Act that provide for trials before the Patent Trial and Appeal Board (Board). The proposed rules would provide a consolidated set of rules relating to Board trial practice for *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings. The proposed rules would also provide a consolidated set of rules to implement the provisions of the Leahy-Smith America Invents Act related to seeking judicial review of Board decisions.

DATES: The Office solicits comments from the public on this proposed rulemaking. Written comments must be received on or before April 9, 2012 to ensure consideration.

ADDRESSES: Comments should be sent by electronic mail message over the Internet addressed to: *patent_trial_rules@uspto.gov.* Comments may also be submitted by postal mail addressed to: Mail Stop Patent Board, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313–1450, marked to the attention of ''Lead Judge Michael Tierney, Patent Trial Proposed Rules.''

Comments may also be sent by electronic mail message over the Internet via the Federal eRulemaking Portal. *See* the Federal eRulemaking Portal Web site (*http://www.regulations.gov*) for additional instructions on providing comments via the Federal eRulemaking Portal.

Although comments may be submitted by postal mail, the Office prefers to receive comments by electronic mail message over the Internet because sharing comments with the public is more easily accomplished. Electronic comments are preferred to be submitted in plain text, but also may be submitted in ADOBE® portable document format or MICROSOFT WORD® format. Comments not submitted electronically should be submitted on paper in a format that facilitates convenient digital scanning into ADOBE® portable document format.

The comments will be available for public inspection at the Board of Patent Appeals and Interferences, currently located in Madison East, Ninth Floor, 600 Dulany Street, Alexandria, Virginia. Comments also will be available for viewing via the Office's Internet Web site (*http://www.uspto.gov*). Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT: Michael Tierney, Lead Administrative Patent Judge, Scott Boalick, Lead Administrative Patent Judge, Robert Clarke, Administrative Patent Judge, and Joni Chang, Administrative Patent Judge, Board of Patent Appeals and Interferences, by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION: On September 16, 2011, the Leahy-Smith America Invents Act was enacted into law (Pub. L. 112–29, 125 Stat. 284 (2011)). The purpose of the Leahy-Smith America Invents Act and these proposed regulations is to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs. The preamble of this notice sets forth in detail the procedures by which the Board will conduct trial proceedings. The USPTO is engaged in a transparent process to create a timely, cost-effective alternative to litigation. Moreover, the rulemaking process is designed to ensure the integrity of the trial procedures. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b). The proposed rules would provide a consolidated set of rules relating to