Search

Search

RSS Feeds

- All
- /USPTO
- /trademarks
- /patents
- /copyright
- /ip
- /America Invents Act
- /International Affairs
- Comments

Navigation

Director's Forum: A Blog from USPTO's Leadership

« Modernization of... | Main | New Patents Petition... »

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PTAB Update: Proposed Changes to Rules Governing PTAB Trial Proceedings

Blog by Under Secretary of Commerce for Intellectual Property and Director of the USPTO Michelle K. Lee

When the Leahy-Smith America Invents Act of 2011 (AIA) created three new kinds of post-patent issuance review proceedings to be conducted by the Patent Trial and Appeal Board (PTAB), it also explicitly gave the USPTO broad regulatory authority to create and improve these new proceedings. As such, since we first issued rules and guidance for the proceedings in 2012, the agency has engaged the public and received extensive input through events like our eight-city public listening tour and responses to our request for formal comments last year. Based on this input, in March, we issued a first set of changes – or "quick fixes" – that were relatively simple in scope, and I promised that the agency would have a second package of more involved proposed rules ready to share with you this summer. So today, I am pleased to tell you about that promised set of additional proposed improvements (as further detailed in our Federal Register Notice) as well as share some key PTAB statistics to date, and detail some further opportunities for public input that are coming up.

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First, by way of additional background, I wanted to share with you a few key statistics. The AIA created three new post-issuance review proceedings in 2011, which the PTAB practice rules govern: inter partes review (IPR); post-grant review (PGR); and the transitional post-grant review for covered business method patents (CBM).

While we have only three years' worth of data at this point, the following provide a helpful picture of the significant activity occurring before the PTAB to date – and, in particular, how and by whom these proceedings are being used:

• As of July 31, 2015, the PTAB has received a total of 3,655 petitions, of which 3,277 are IPRs, 368 are CBMs, and 10 are PGRs.

• Of all of the AIA petitions filed so far, 63 percent were filed in the electrical/computer technology centers (TCs), 23 percent in the mechanical/business methods TCs, 9 percent in the bio/pharma TC, and 5 percent in the chemical TC.

• Trials have been instituted on 1,389 of 3,277 IPR petitions, 185 of 368 CBM petitions, and 2 of 10 PGR petitions.

• Of the first IPRs to reach a conclusion, 12 percent of total claims available to be challenged (4,496 of 38,462), were determined by the PTAB to be unpatentable in a final written decision. Other claims were either not challenged, resolved by settlement, cancelled, or upheld as patentable.Of the first IPRs to reach a conclusion, 25 percent of claims actually challenged (4,496 of 17,675) were found to be unpatentable.

More PTAB data and statistics (as of the end of July 2015) are available **here**.

Although the total number petitions filed to date reflect around three times more than what we initially anticipated, we are especially pleased that the PTAB has nonetheless maintained a perfect record in rendering all its final decisions within the mandated time frame of one year. (And without using the six-month "good cause" extension for any trial or employing the temporary safety-valve "cap" provided by Congress to decline further petitions.) We are also pleased that those final PTAB decisions that have been appealed to the U.S.

Court of Appeals for the Federal Circuit (CAFC) have been affirmed at a very high rate. Taken together, the demand for these new proceedings (as reflected by the large number of filings) and the results we are seeing at the CAFC appear to indicate that the PTAB proceedings are succeeding in their Congressional mandate to effectively and efficiently resolve patent validity disputes, while providing timely, low-cost alternatives to district court litigation.

We recognize that, while we believe the proceedings are working well, there are improvements that could be made based on our and the public's experiences with the proceedings. Along with the PTAB's refinement and improvement of its proceedings that it has made through specific decisions, today's proposed rules represent the next step in making improvements to these proceedings. In particular, the package of changes:

• Proposes to allow patent owners to include, with their opposition to a petition to institute a proceeding, new testimonial evidence such as expert declaration. This change responds to commentary raising concerns that patent owners are disadvantaged by current rules that let petitioners' evidence go unanswered before a trial is instituted.

• Proposes a new requirement on practitioners before the PTAB, akin to the Rule 11 requirements in federal courts, to give the USPTO a more robust means with which to police misconduct.

• Proposes to clarify that the PTAB will use the claim construction standard used by district courts for patents that will expire during proceedings and therefore cannot be amended, while confirming the use of broadest reasonable interpretation (BRI) for all other cases.

• Notes the PTAB's development of motions-to-amend practice through its own body of decisions, including a recent decision that clarified what prior art a patent owner must address to meet its burden of proof.

In addition, the proposed rulemaking in this Federal Register Notice also addresses comments made about requests for additional discovery, live testimony, and confidential information.

I encourage you to review the proposed rule package which addresses the comments provided to us during our listening tour and request for comments. We welcome your comments to our proposed rules, and ask that you submit them on or before October 19, 2015.

In addition to this current Notice, we are also considering issuing a request for comments related to the staffing of the PTAB panels for the institution phase of the proceedings shortly. Given the still-continuing rise in petitions being filed, the agency is seeking sensible ways to proactively manage its operations and resources by making these proceedings more efficient, while being fair and continuing to provide decisions of high quality. Please consider filing comments in this upcoming request. (Update: the request for comments on a pilot program has now been posted and is available **here**. Comments are due on October 26, 2015.)

And finally, in cooperation with the American Intellectual Property Law Association (AIPLA), we will conduct further public **road shows** later this month to discuss these proposed rules and improvements to PTAB proceedings, continuing to gain your valuable feedback. The road shows, entitled "Enhancing Patent Quality and Conducting AIA Trials," will be held: August 24th in **Santa Clara, CA**, August 26th in **Dallas, TX**, and August 28th at **USPTO headquarters in Alexandria, VA**. Our goal is to issue final rules, based on the input we receive on these proposals, before the end of the year.

Thank you to all who provided feedback during our listening tours and/or request for comments. We are committed to working with you, now and in the future, to ensure that the PTAB proceedings are as effective and fair as possible within the Congressional mandate, and we look forward to continuing this productive partnership as we review and improve the PTAB trial proceedings to better meet your needs.

Posted at **09:03AM Aug 19, 2015** in ip |

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