

77 FR 48680-01  
RULES and REGULATIONS  
DEPARTMENT OF COMMERCE  
Patent and Trademark Office  
37 CFR Part 42  
[Docket No. PTO-P-2011-0083]  
RIN 0651-AC71

Changes to Implement Inter Partes Review Proceedings, Post-Grant Review  
Proceedings, and Transitional Program for Covered Business Method Patents

Tuesday, August 14, 2012

AGENCY: United States Patent and Trademark Office, Commerce.

**\*48680 ACTION:** Final rule.

**SUMMARY:** The United States Patent and Trademark Office (Office or USPTO) is revising the rules of practice to implement the provisions of the Leahy-Smith America Invents Act ("AIA") that create the new inter partes review proceeding, post-grant review proceeding, and transitional post-grant review proceeding for covered business method patents, to be conducted before the Patent Trial and Appeal Board (Board). These provisions of the AIA will take effect on September 16, 2012, one year after the date of enactment.

**DATES:** Effective Date: September 16, 2012.

**Applicability Dates:** The changes for inter partes review proceedings apply to any patent issued before, on, or after September 16, 2012 (subpart B).

The changes for post-grant review proceedings generally apply to patents issuing from applications subject to first-inventor-to-file provisions of the AIA (subpart C). In addition, the Chief Administrative Patent Judge may, in the interests-of-justice, order an interferences commenced before September 16, 2012, to be dismissed without prejudice to the filing of a petition for post-grant review. See 42.200(d) and § 6(f)(3)(A) of the AIA.

The changes for transitional program for covered business method patents apply to any covered business method patent issued before, on, or after September 16, 2012 (subpart D).

**FOR FURTHER INFORMATION CONTACT:** Michael P. Tierney, Lead Administrative Patent Judge, Sally G. Lane, Administrative Patent Judge, Sally C. Medley, Administrative Patent Judge, Robert A. Clarke, Administrative Patent Judge, and Joni Y. Chang, Administrative Patent Judge, Board of Patent Appeals and Interferences, by telephone at (571) 272-9797.

**SUPPLEMENTARY INFORMATION:** Executive Summary: Purpose: On September 16, 2011, the AIA was enacted into law (Pub. L. 112-29, 125 Stat. 284 (2011)). The purpose of the AIA and this final rule 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 inter partes review proceedings, post-grant review proceedings, and transitional post-grant review proceedings for covered business method patents. The USPTO is engaged in a transparent process to create a timely, cost-effective alternative to litigation. Moreover, the rules are 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). This final rule would provide a set of rules relating to Board trial practice for inter partes review proceedings, post-grant review proceedings, and transitional post-grant review proceedings for covered business method patents.

Ex. 1010 01/92

Callidus Ex. 1010  
CBM2014-00118  
(Callidus v. Versata)

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Summary of Major Provisions: Consistent with section 6 of the AIA, this final rule sets forth for inter partes review: (1) The requirements for a petition to institute an inter partes review of a patent; (2) the standards for showing of sufficient grounds to institute an inter partes review; (3) the standards for instituting an inter partes review; (4) the procedures for conducting an inter partes review that permits a patent owner response, a submission of written comments, and an oral hearing; (5) the standards and procedures for discovery and for the patent owner to move to amend the patent; and (6) the time periods for completing the review (subpart B of 37 CFR part 42).

Consistent with section 6 of the AIA, this final rule sets forth for post-grant review: (1) The requirements for a petition to institute a post-grant review of a patent; (2) the standards for showing of sufficient grounds to institute a post-grant review; (3) the standards for instituting a post-grant review; (4) the procedures for conducting a post-grant review that permits a patent owner response, a submission of written comments, and an oral hearing; (5) the standards and procedures for discovery and for the patent owner to move to amend the patent; and (6) the time periods for completing the review (subpart C of 37 CFR part 42).

Consistent with sections 6 and 18 of the AIA, this final rule further sets forth for transitional post-grant review of covered business method patents: (1) The requirements for a petition to institute a post-grant review of a covered business method patent; (2) the standards for showing of sufficient grounds to institute a post-grant review of a covered business method patent; (3) the standards for instituting a post-grant review of a covered business method patent; (4) the procedures for conducting a post-grant review that permits a patent owner response, a submission of written comments, and an oral hearing; (5) the standards and procedures for discovery and for the patent owner to move to amend the patent; and (6) the time periods for completing the review (subpart D of 37 CFR part 42).

Costs and Benefits: This rulemaking is not economically significant, but is significant, under [Executive Order 12866 \(Sept. 30, 1993\)](#), as amended by [Executive Order 13258 \(Feb. 26, 2002\)](#) and [Executive Order 13422 \(Jan. 18, 2007\)](#).

Background: To implement sections 6 and 18 of the AIA, the Office published the following notices of proposed rulemaking: (1) [Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 6879 \(Feb. 9, 2012\)](#), to provide a consolidated set of rules relating to Board trial practice for inter partes review, post-grant review, derivation proceedings, the transitional program for covered business method patents, and judicial review of Board decisions by adding new parts 42 and 90 including a new subpart A to title 37 of the Code of Federal Regulations (RIN 0651-AC70); (2) [Changes to Implement Inter Partes Review Proceedings, 77 FR 7041 \(Feb. 10, 2012\)](#), to provide rules specific to inter partes review by adding a new subpart B to 37 CFR part 42 (RIN 0651-AC71); (3) [Changes to Implement Post-Grant Review Proceedings, 77 FR 7060 \(Feb. 10, 2012\)](#), to provide rules specific to post-grant review by adding a new subpart C to 37 CFR part 42 (RIN 0651-AC72); (4) [Changes to Implement Transitional Program for Covered Business Method Patents, 77 FR 7080 \(Feb. 10, 2012\)](#), to provide rules specific to the transitional program for covered business method patents by adding a new subpart D to 37 CFR part 42 (RIN 0651-AC73); (5) [Transitional Program for Covered Business Method Patents—Definition of Technological Invention, 77 FR 7095 \(Feb. 10, 2012\)](#), to add a new rule that sets forth the definition of technological invention for determining whether a patent is for a technological invention solely for purposes of the transitional program for covered business method patents (RIN 0651-AC75); and (6) [\\*48681 Changes to Implement Derivation Proceedings, 77 FR 7028 \(Feb. 10, 2012\)](#), to provide rules specific to derivation proceedings by adding a new subpart E to 37 CFR part 42 (RIN 0651-AC74).

This final rule adopts the proposed rules, with modifications, set forth in the three notices of proposed rulemaking: [Inter partes review proceedings \(77 FR 7041\)](#), [post-grant review proceedings \(77 FR 7060\)](#), and [transitional post-grant review proceedings for covered business method patents \(77 FR 7080\)](#), except for definitions of the terms “covered business method patent” and “technological invention” which are set forth in a separate final rule (RIN 0651-AC75). The definition of the term “technological invention” was proposed in another notice of proposed rulemaking ([77 FR 7095](#)).

In a separate final rule, the Office adopts the proposed rules, with modifications, set forth in [Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 6879 \(Feb. 9, 2012\)](#), to provide a consolidated set of rules relating to Board trial practice for inter partes review, post-grant review, derivation

proceedings, and the transitional program for covered business method patents, and judicial review of Board decisions by adding new parts 42 and 90 including a new subpart A to title 37 of the Code of Federal Regulations (RIN 0651-AC70).

In a third final rule, the Office adopts the proposed definitions of a “covered business method patent” and “technological invention” set forth in the following notices of proposed rulemaking: [Changes to Implement Transitional Program for Covered Business Method Patents, 77 FR 7080 \(Feb. 10, 2012\)](#); and [Transitional Program for Covered Business Method Patents—Definition of Technological Invention, 77 FR 7095 \(Feb. 10, 2012\)](#).

Additionally, the Office published a Patent Trial Practice Guide for the proposed rules in the Federal Register to provide the public an opportunity to comment. [Practice Guide for Proposed Trial Rules, 77 FR 6868 \(Feb. 9, 2012\)](#) (Request for Comments) (hereafter “Practice Guide for Proposed Trial Rules” or “Office Patent Trial Practice Guide”). The Office envisions publishing a revised Patent Trial Practice Guide for the final rules. The Office also hosted a series of public educational roadshows, across the country, regarding the proposed rules for the implementation of the AIA.

In response to the notices of proposed rulemaking and the Practice Guide notice, the Office received 251 submissions of written comments from intellectual property organizations, businesses, law firms, patent practitioners, and others, including a United States senator who was a principal author of section 18 of the AIA. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. The Office's responses to the comments are provided in the 124 separate responses based on the topics raised in the 251 comments in the Response to Comments section infra.

In light of the comments, the Office has made modifications to the proposed rules to provide clarity and to balance the interests of the public, patent owners, patent challengers, and other interested parties, in light of the statutory requirements and considerations, such as 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 complete the proceedings timely.

#### **Differences between the Final Rule and the Proposed Rule**

The major differences between the rules as adopted in this final rule and the proposed rules include:

The final rule clarifies that the one-year period for completing an inter partes or post-grant review may be adjusted by the Board in the case of joinder (§§ 42.100(c) and 42.200(c)).

The final rule clarifies that a petitioner must certify that it is not estopped from requesting an inter partes or post-grant review for the challenged claims, as opposed to the patent (§§ 42.104(a) and 42.204(a)).

The final rule eliminates the requirement that the petitioner must contact the Board to discuss alternate modes of service when the petitioner cannot effect service of the petition for inter partes, post-grant and covered business method patent reviews (§§ 42.105(b) and 42.205(b)). Instead, the final rule further clarifies that (1) upon agreement of the parties, service may be made electronically, (2) personal service is not required, and (3) service may be by EXPRESS MAIL[supreg] or by means at least as fast and reliable as EXPRESS MAIL[supreg] (§§ 42.105(b) and 42.205(b)).

The time period for filing a patent owner preliminary response for inter partes, post-grant and covered business method patent reviews is extended from two months to three months (§§ 42.107(b) and 42.207(b)). Likewise, the default time period for filing a patent owner response is extended from two months to three months (§§ 42.120(b) and 42.220(b)).

With respect to motions to amend challenged claims, the final rule clarifies that a patent owner may file one motion to amend but only after conferring with the Board, and it must be filed no later than the filing of a patent owner response for inter partes, post-grant and covered business method patent reviews (§§ 42.121(a) and 42.221(a)). The final rule provides that an additional motion to amend may be authorized during inter partes, post-grant and covered business method patent reviews when there is a

good cause showing or a settlement (§§ 42.121(c) and 42.221(c)). In addition, the final rule clarifies that a reasonable number of substitute claims is presumed to be one substitute claim per challenged claim, which may be rebutted by a demonstration of need. The final rule further clarifies that a motion to amend may be denied where: (1) The amendment does not respond to a ground of unpatentability, or (2) the amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter (§§ 42.121(a) and 42.221(a)). The final rule also clarifies that an additional motion to amend may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement (§§ 42.121(c) and 42.221(c)). Moreover, the final rule provides that in determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in § 42.121(a)(1) or 42.221(a)(1).

For joinder, the final rule clarifies that a joinder may be requested by a patent owner or petitioner during inter partes, post-grant or covered business method patent reviews, but provides that such a request must be filed, as a motion, no later than one month after institution of any review for which joinder is requested (§§ 42.122(b) and 42.222(b)). With respect to inter partes reviews, the time period set forth in § 42.101(b) does not apply when the petition is accompanied by a request for joinder (§ 42.122).

As to filing a supplemental information during inter partes, post-grant and covered business method patent reviews, the final rule clarifies that a request for the authorization to file a motion to submit supplement information is made within one month of the date the trial is instituted, and the information must be relevant to a claim \*48682 for which the trial has been instituted (§§ 42.123(a) and 42.223(a)). A petitioner who seeks to submit late information, or information that is not relevant to a claim under review, will be required to show why the information reasonably could not have been earlier obtained, and that consideration of the information would be in the interests-of-justice (§§ 42.123(b)-(c), 42.223(b)-(c)).

For covered business method patent reviews, the final rule defines the term “charged with infringement” to mean “a real and substantial controversy regarding infringement of a covered business method patent such that the petitioner would have standing to bring a declaratory judgment action in Federal court” (§ 42.302(a)). In addition, the final rule clarifies that a petitioner may challenge a claim based on the specific statutory grounds permitted under 35 U.S.C. 282(b)(2) or (3), except as modified by section 18(a)(1)(C) of the AIA (§ 42.304(b)).

## Discussion of Relevant Provisions of the AIA

### Inter Partes Review

Section 6 of the AIA is entitled “POST-GRANT REVIEW PROCEEDINGS” (Pub. L. 112-29, 125 Stat. 284, 299-305 (2011)). Section 6(a) of the AIA, entitled “INTER PARTES REVIEW,” amends chapter 31 of title 35, United States Code, also entitled “INTER PARTES REVIEW.” In particular, section 6(a) of the AIA amends 35 U.S.C. 311-318 and adds 35 U.S.C. 319.

Section 6(a) of the AIA amends 35 U.S.C. 311, entitled “Inter partes review.” 35 U.S.C. 311(a), as amended, provides that, subject to the provisions of chapter 31 of title 35, United States Code, a person who is not the owner of a patent may file a petition with the Office to institute an inter partes review of the patent. As amended, 35 U.S.C. 311(a) also provides that the Director will establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review. 35 U.S.C. 311(b), as amended, provides that a petitioner in an inter partes review may request to cancel as unpatentable one or more claims of a patent only on a ground that could be raised under 35 U.S.C. 102 or 103 and only on the basis of prior art consisting of patents or printed publications. As amended, 35 U.S.C. 311(c) provides that a petition for inter partes review may be filed after the later of either: (1) The date that is nine months after the grant of a patent or issuance of a reissue of a patent; or (2) if a post-grant review is instituted under chapter 32 of title 35, United States Code, the date of the termination of that post-grant review.

The grounds for seeking an inter partes review will be limited compared with post-grant review. The grounds for seeking inter partes review are limited to issues raised under 35 U.S.C. 102 or 103 and only on the basis of prior art consisting of patents or printed publications. In contrast, the grounds for seeking post-grant review include any ground that could be raised under 35

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