

Conflicts Between PTAB Orders and Rules

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The following text is taken from an email I sent to PTAB practitioner's email list service on 8/7/2013.²

Whenever an APJ orders action or inaction inconsistent with a rule, it should be required by Board policy to identify the inconsistency and expressly notify the parties that it is waiving or suspending that rule.

Rule 42.5 states that "(b) The Board may waive or suspend a requirement of parts 1, 41, and 42 and may place conditions on the waiver or suspension." Rule "42.70 (b) Demonstrative exhibits" states that: Demonstrative exhibits must be served at least five business days before the oral argument and filed no later than the time of the oral argument. [Added, 77 FR 48612, Aug. 14, 2012, effective Sept. 16, 2012; emphasis supplied.]

In Motivpower, Inc. v. Cutsforth, Inc., IPR2013-00267, paper 32 (PTAB 8/5/2014) (Order by APJ Ward, for a panel consisting of APJs Ward, Quinn, and DeFranco), the panel expunged filed demonstrative exhibits, stating:

On July 30, 2014, Patent Owner filed a document titled "Patent Owner's Updated Exhibit List" and Exhibit 2062, containing 3 parts, in each of the above referenced inter partes review proceedings. ... The three parts of Exhibit 2062 filed in each case provide copies of Patent Owner's demonstratives for the oral hearing. See *id.* We did not authorize these filings. In fact, the Trial Hearing Order specifically stated that "[t]he parties shall not file any demonstrative exhibits in this proceeding without prior authorization from the Board." *** Instead, we requested that the parties serve the exhibits by email to the Board. *** ORDERED ... [that these documents] shall be expunged from the records of these proceedings. [Second italics added for emphasis.]

That Order, paper 32, was inconsistent with rule 42.70(b).

Order, paper 32 refers to the "Trial Hearing Order". There is no Order in the record titled "Trial Hearing Order". There is an Order in the record dated July 9, 2014, titled "Order Request for Oral Argument 37 C.F.R. § 42.70" which states in relevant part:

Under 37 C.F.R. § 42.70(b), the parties shall serve any demonstrative exhibits upon each other at least five (5) business days prior to the hearing. The

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² The PatentInterPartes email list. See: <https://groups.yahoo.com/neo/groups/PatentInterPartes/info>.

parties also shall provide a courtesy copy of any demonstrative exhibits to the Board at least five (5) business days prior to the hearing by emailing them to Trials@uspto.gov. The parties shall not file any demonstrative exhibits in this proceeding without prior authorization from the Board. *** The hearing will commence at 10:00 AM ET, on August 6, 2014

This "Order Request for Oral Argument" contains no express waiver or suspension of the 42.70(b) requirement that demonstrative exhibits must be "filed no later than the time of the oral argument." The prohibition on filing demonstratives appears only in this Order, and only in the text in one sentence in seven paragraphs of the Order. The prohibition is not reiterated at the end of the document in a paragraph beginning with "ORDER THAT:"

I do not think it proper for the Board to place the parties in the position of guessing, and living with the consequences of, whether an Order trumps a rule. I do not think it proper for the Board to embed a prohibition on action that is inconsistent with a rule only in the prose of an Order.

Admittedly, counsel should have carefully reviewed the Order, recognized that the Order was inconsistent with the Rule, and updated their docket to specifically require requesting authorization from the Board instead of their default docket entry of filing the exhibits. But that supposes both a certain level of attention to detail and a certain depth of knowledge of applicable rules; a pretty high standard. Moreover, in this case, it was the Patent Owner's demonstratives that were expunged. The Patent Owner is not the one that initiated the proceeding and therefore not the one having counsel presumably experienced in Board practice and procedure, for example counsel having the depth of knowledge of Board rules sufficient to have identified the rule/order inconsistency upon reading the Order.

Consider the clients response to the expungement of its demonstrative exhibits:

Client: Counsel, our demonstratives (that you spent so much time and our money in preparing) are expunged? What is it about the Board's order you failed to understand? Maybe we should look elsewhere for counsel.

Furthermore, I assume that a request for rehearing on an order/rule inconsistency would not be well received by the Board. Consider the scenario between Counsel, Board, and Client on a request for rehearing:

Counsel: Hey Board, you told us to do X, but your rule says to not do X. We request rehearing.

Board: You have not identified a fact misapprehended or overlook. Why are you bothering us?

Client: Counsel, it looks like you do not know what you are doing. Maybe we should look elsewhere for counsel.

Of course, I have presented some extreme scenarios, but the fact remains that the parties,

counsel, and the Board, would be well served if the APJs were required to expressly identify when they are waiving or suspending a rule.