

Problems with the Rules for Derivation Proceedings

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I note two problems regarding the rules for derivation proceedings.

The first problem I note is an inconsistency in the rules. 37 CFR 42.400(a) (which is a rule in 37 CFR Part 42, Subpart E, which contains the rules governing derivation proceedings) specifies that "a derivation proceeding is a trial *subject to the procedures set forth in subpart A*" (of 37 CFR Part 42). Derivation proceedings involve one application and a respondent's patent or application. However, Subpart A rules generally refer only to the "patent owner" and thereby fail to apply to an applicant respondent in a derivation proceeding. Consequently, I see the references in the following rules in Subpart A to be inconsistent with the existence of an applicant respondent in a derivation proceeding.

42.2 "Definitions ... Trial means a contested case instituted by the Board based upon a petition. A trial begins with a written decision notifying the petitioner and *patent owner* of the institution of the trial. The term trial specifically includes a derivation proceeding under 35 U.S.C. 135;";

42.9 "Action by patent owner. ... (b) Part interest. An owner of a part interest *in the subject patent* may move to act to the exclusion of an inventor or a co-owner. The motion must show the inability or refusal of an inventor or coowner to prosecute the proceeding or other cause why it is in the interests of justice to permit the owner of a part interest to act in the trial. In granting the motion, the Board may set conditions on the actions of the parties.";

42.23 "Oppositions and replies. ... (b) All arguments for the relief requested in a motion must be made in the motion. A reply may only respond to arguments raised in the corresponding opposition or *patent owner response*.";

42.24 "Page limits for petitions, motions, oppositions, and replies. ... (b) *Patent owner* responses and oppositions. The page limits set forth in this paragraph do not include a listing of facts which are admitted, denied, or cannot be admitted or denied. (1) The page limits for a *patent owner preliminary response* to petition are the same as the page limits for the petition. ... (c) Replies. ... (1) Replies to *patent owner responses* to petitions: 15 pages.";

42.51 "Discovery. (a) Mandatory initial disclosures. (1) With agreement. Parties may agree to mandatory discovery requiring the initial disclosures set forth in the Office Patent Trial Practice Guide. (i) The parties must submit any agreement reached on initial disclosures by no later than the filing of the *patent owner preliminary response* or the expiration of the time period for filing such a response. The initial disclosures of the parties shall be filed as exhibits.";

42.55 "Confidential information in a petition. (a) Default protective order. Where a motion to seal requests entry of the default protective order set forth in the Office Patent Trial Practice Guide, the petitioner must file, but need not serve, the confidential information under seal. The *patent owner* may only access the filed sealed information prior to the institution of the trial by agreeing to the terms of the default protective order or obtaining relief from the Board.";

and

42.63 "Form of evidence. ... (c) Exhibit numbering. Each party's exhibits must be uniquely numbered sequentially in a range the Board specifies. For the petitioner, the range is

1001-1999, and for the *patent owner*, the range is 2001-2999."

I find references to patent owner "or applicant" in 42.8 in Subpart A to be applicable to a respondent applicant in a derivation proceeding because it expressly refers to the patent owner "patent owner, or applicant in the case of derivation".

The second problem I note with the rules for derivation proceedings is in the scheduling order for derivation proceedings in the Office Patent Trial Practice Guide, Appendix A-2. In comparing the Office Patent Trial Practice Guide's Appendix A-1 and A-2 scheduling orders, I note only two distinctions between Appendix A-1 (for IPRs, PGRs, and CBMs) and Appendix A-2 (for DERs).

First, wherever Appendix A-1 refers to "patent owner" the corresponding reference in Appendix A-is "respondent".

Second, Appendix A-1 section A.1.b states "The *patent owner* may file ... b. A motion to amend the patent" whereas Appendix A-2 section A.1.b states "The *respondent* may file ... b. A motion to amend, *if authorized*."

It is Appendix A-2 section A.1.b's reference to a motion to amend, and the "if authorized" with which I have a problem. I recognize that the authorizing statutory section for derivation proceedings does not, and therefore the rules do not, expressly provide a right to the respondent to amend the claims. And the statement "if authorized" indicates that a motion to amend is not of right. There is no reason to include in the scheduling order specification of a motion that requires prior Board authorization. This is because all motions in board trials must be authorized either by rule, order of general applicability, or special order. Why include a reference in an order of general applicability (the scheduling order) to a motion that has not authorized by that order? Why distinguish between the two scheduling orders on this basis, and what does that distinction imply?

Moreover, why distinguish in the scheduling order for derivation proceedings between the applicant respondent and the applicant petitioner's rights to amend claims? In the IPR, PGR, and CBM context, the petitioner is not an applicant and has nothing to amend. However, in DERs, the petitioner is an applicant and therefore has claims subject to amendment. Assuming there is common subject matter not initially claimed when the derivation proceeding is instituted, discriminating against the petitioner (by not providing the petitioner applicant the same right as the respondent applicant to amend) would be inconsistent with the broad estoppel law applicable to predecessor interferences. Cf. Meitzner v. Mindick, 549 F.2d 775, 193 USPQ 17 (CCPA), cert. denied, 434 U.S. 854, 98 S.Ct. 171, 54 L.Ed.2d 124 (1977). Or at least it would tilt the playing field toward the applicant respondent by allowing the applicant respondent to amend without providing a corresponding right to the applicant petitioner to amend. For example, the applicant petitioner find themselves in a situation where patentability of the petitioner's claims was impugned during the proceeding. Why suggest that only the applicant respondent may have a right to amend, if authorized?

It is also possible that someone will latch onto the concept of "amending" their involved patent because of the reference to a right to the respondent to amend via motion, if authorized. I doubt that is what the Board had in mind since amendment by a respondent patentee is not specified by 35 USC 135(a).

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