designated representatives. Normally such actions are categorically excluded from further review under paragraph L61 of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1. A preliminary Record of Environmental Consideration supporting this determination is available in the docket. For instructions on locating the docket, see the **ADDRESSES** section of this preamble. We seek any comments or information that may lead to the discovery of a significant environmental impact from this proposed rule.

G. Protest Activities

The Coast Guard respects the First Amendment rights of protesters. Protesters are asked to call or email the person listed in the **FOR FURTHER INFORMATION CONTACT** section to coordinate protest activities so that your message can be received without jeopardizing the safety or security of people, places, or vessels.

V. Public Participation and Request for Comments

We view public participation as essential to effective rulemaking and will consider all comments and material received during the comment period. Your comment can help shape the outcome of this rulemaking. If you submit a comment, please include the docket number for this rulemaking, indicate the specific section of this document to which each comment applies, and provide a reason for each suggestion or recommendation.

Submitting comments. We encourage you to submit comments through the Federal Decision-Making Portal at *https://www.regulations.gov.* To do so, go to *https://www.regulations.gov,* type USCG–2024–0169 in the search box and click ''Search.'' Next, look for this document in the Search Results column, and click on it. Then click on the Comment option. If you cannot submit your material by using *https://www.regulations.gov,* call or email the person in the **FOR FURTHER INFORMATION CONTACT** section of this proposed rule for alternate instructions.

Viewing material in docket. To view documents mentioned in this proposed rule as being available in the docket, find the docket as described in the previous paragraph, and then select ''Supporting & Related Material'' in the Document Type column. Public comments will also be placed in our online docket and can be viewed by following instructions on the *https://www.regulations.gov* Frequently Asked Questions web page. Also, if you click on the Dockets tab and then the proposed rule, you should see a ''Subscribe'' option for email alerts. The option will notify you when comments are posted, or a final rule is published.

We review all comments received, but we will only post comments that address the topic of the proposed rule. We may choose not to post off-topic, inappropriate, or duplicate comments that we receive.

Personal information. We accept anonymous comments. Comments we post to *https://www.regulations.gov* will include any personal information you have provided. For more about privacy and submissions to the docket in response to this document, see DHS's eRulemaking System of Records notice (85 FR 14226, March 11, 2020).

List of Subjects in 33 CFR Part 100

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security measures, Waterways.

For the reasons discussed in the preamble, the Coast Guard is proposing to amend 33 CFR part 100 as follows:

PART 100—SAFETY OF LIFE ON NAVIGABLE WATERS

■ 1. The authority citation for part 100 continues to read as follows:

Authority: 46 U.S.C. 70041; 33 CFR 1.05–1.

■ 2. Add § 100.T01–0169 to read as follows:

§ 100.T01–0169 Sail Grand Prix 2024, Upper Bay New York Harbor, New York City, NY.

(a) *Regulated area.* The regulations in this section apply to the following area: All waters of the Upper Bay of New York Harbor, from surface to bottom, encompassed by a line connecting the following points beginning at 40°42′10.6″ N, 74°01′48.5″ W; thence to 40°41′50.0″ N, 74°01′08.7″ W; thence to 40°41′35.6″ N 74°01′08.8″ W; thence along the shore to 40°41′02.4″ N 74°01′29.3″ W; thence to 40°40′46.9″ N 74°01′49.3″ W; thence to 40°40′49.0″ N 74°02′25.5″ W; thence to 40°41′13.3″ N 74°02′26.2″ W; thence to 40°41′31.0″ N 74°02′18.7″ W; thence to 40°41′54.6″ N 74°02′01.3″ W; thence to 40°42′03.9″ N 74°01′56.8″ W and thence back to the point of origin. These coordinates are based on North American Datum 83 (NAD 83).

(b) *Definitions.* As used in this section—

Designated representative means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the Captain of the Port New York (COTP) in the enforcement of the regulations in this section.

Participant means all persons and vessels registered with the event sponsor as a participant in the race.

(c) *Regulations.* (1) All non-participants are prohibited from entering, transiting through, anchoring in, or remaining within the regulated area described in paragraph (a) of this section unless authorized by the Captain of the Port New York (COTP) or their designated representative.

(2) To seek permission to enter, contact the COTP or the COTP's representative by VHF–FM Channel 16. Those in the regulated area must comply with all lawful orders or directions given to them by the COTP or the designated representative.

(3) The COTP will provide notice of the regulated area through advanced notice via broadcast notice to mariners and by on-scene designated representatives.

(d) *Enforcement periods.* This section will be enforced from 1 p.m. to 4 p.m. on June 21, 2024, and from 3:30 p.m. to 6:30 p.m. on June 22, 2024, through June 23, 2024.

Zeita Merchant,

Captain, U.S. Coast Guard, Captain of the Port Sector New York.

[FR Doc. 2024–08433 Filed 4–18–24; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No. PTO–P–2023–0048]

RIN 0651–AD72

Patent Trial and Appeal Board Rules of Practice for Briefing Discretionary Denial Issues, and Rules for 325(d) Considerations, Instituting Parallel and Serial Petitions, and Termination Due to Settlement Agreement

AGENCY: United States Patent and Trademark Office, Department of Commerce.

ACTION: Notice of proposed rulemaking.

SUMMARY: The United States Patent and Trademark Office (USPTO or Office) proposes modifications to the rules of practice for inter partes review (IPR) and post-grant review (PGR) proceedings before the Patent Trial and Appeal Board (PTAB or Board) that the Director and, by delegation, the PTAB will use

in exercising discretion to institute IPRs and PGRs. The Office proposes these provisions in light of stakeholder feedback received in response to an October 2020 Request for Comments (RFC) and an April 2023 Advance Notice of Proposed Rulemaking (ANPRM). The proposals enhance and build on existing precedent and guidance regarding the exercise of the Director's discretion pursuant to the America Invents Act (AIA) to determine whether to institute an IPR or PGR proceeding with regard to serial petitions, parallel petitions, and petitions implicating the same or substantially the same art or arguments previously presented to the Office. The proposed rules also provide a separate briefing process for discretionary institution arguments and align the procedures for termination of proceedings pre- and post-institution.

DATES: Comments must be received by June 18, 2024 to ensure consideration.

ADDRESSES: *For reasons of Government efficiency,* comments must be submitted through the Federal eRulemaking Portal at *https://www.regulations.gov.* To submit comments via the portal, one should enter docket number PTO–P–2023–0048 on the homepage and click ''search.'' The site will provide search results listing all documents associated with this docket. Commenters can find a reference to this notice and click on the ''Comment'' icon, complete the required fields, and enter or attach their comments. Attachments to electronic comments will be accepted in Adobe® portable document format (PDF) or Microsoft Word® format. 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.

Visit the Federal eRulemaking Portal for additional instructions on providing comments via the portal. If electronic submission of, or access to, comments is not feasible due to a lack of access to a computer and/or the internet, please contact the USPTO using the contact information below for special instructions.

FOR FURTHER INFORMATION CONTACT: Michael P. Tierney, Vice Chief Administrative Patent Judge; Amber L. Hagy, Lead Administrative Patent Judge; or

Jamie T. Wisz, Lead Administrative Patent Judge, at 571–272–9797.

SUPPLEMENTARY INFORMATION:

Background

The USPTO is charged with promoting innovation through patent protection. U.S. Const., art. I, section 8. The patent system is a catalyst for jobs, economic prosperity, and world problem-solving. It fosters innovation by encouraging the public disclosure of ideas and by providing inventors time-limited exclusive rights to their patented innovation, thereby incentivizing research and development and investment in the same, as well as the investment necessary to bring that research and development to market. The patent system works most efficiently and effectively when the USPTO issues and maintains robust and reliable patents upon which patent owners and the public can rely to engage in technology transfer and licensing (including cross-licensing), invest in innovations to bring them to market and commercialize ideas, and/or to enforce patent rights.

Congress granted the Office ''significant power to revisit and revise earlier patent grants'' as a mechanism to ''improve patent quality and restore confidence in the presumption of validity that comes with issued patents.'' *Cuozzo Speed Techs., LLC* v. *Lee,* 579 U.S. 261, 272 (2016) (quoting H.R. Rep. No. 112–98, pt. 1, at 45, 48). Congress also sought to ensure that the proceedings provided ''a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity.'' S. Rep. No. 110–259, at 20. At the same time, Congress instructed that ''the changes made by [the AIA] are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent,'' as ''[d]oing so would frustrate the purpose of the section as providing quick and cost-effective alternatives to litigation.'' H.R. Rep. No. 112–98, at 48 (2011).

Under 35 U.S.C. 316(a) and 326(a), the Director shall prescribe regulations for certain enumerated aspects of AIA proceedings and 35 U.S.C. 2(b)(2)(A) gives the Director authority to establish regulations that ''shall govern the conduct of proceedings in the Office.'' The proposed rules are in furtherance of this statutory authority.

The AIA gives the Director discretion to institute an IPR or PGR proceeding that satisfies the relevant statutory institution standard. Sections 314(a) and 324(a) of 35 U.S.C. provide the Director with discretion to deny a petition, even when meritorious. *See, e.g.,* 35 U.S.C. 314(a) (stating ''[t]he Director may not authorize an *inter partes* review to be instituted unless . . .''); *Cuozzo,* 579 U.S. at 273 (''[T]he agency's decision to deny a petition is a matter committed to the Patent Office's discretion.''). The Director's discretion to institute an AIA trial is informed by 35 U.S.C. 316(b) and 326(b), which require that ''the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under'' 35 U.S.C. 316 and 326. In addition, 35 U.S.C. 325(d) provides that ''[i]n determining whether to institute or order a proceeding . . . , the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.''

The powers and discretion granted to the Director to determine whether to institute an AIA proceeding have been delegated to the PTAB. 35 U.S.C. 6(a), 314, 324; 37 CFR 42.4(a). To promote the delegated authority being exercised consistent with how the Director would exercise their discretion and consistently across panels, and to promote more transparency and consistency for those appearing before the PTAB and the public, the Director and the PTAB have issued guidance and precedential decisions. In particular, to take into account the 35 U.S.C. 316(b) and 326(b) considerations of the economy, the integrity of the patent system, and the ability of the USPTO to provide timely and cost-effective post-grant proceedings, as outlined in the AIA, this guidance and precedential decisions have set forth factors to consider when determining whether to institute an AIA review, including whether: (1) more than one AIA petition challenging the same patent is filed by the same petitioner at the same time as the first petition or up until the filing of the preliminary response in the first filed proceeding (''parallel petitions''); (2) additional AIA petitions are filed by the same petitioner (or privy or real party in interest with a petitioner) challenging overlapping claims of the same patent as the first petition after the patent owner has filed a preliminary response to the first petition (''serial'' or ''follow-on'' petitions); or (3) an AIA petition relies on the same or substantially the same prior art or arguments previously addressed by the USPTO in connection with the challenged patent (implicating considerations under 35 U.S.C. 325(d)).

The changes under consideration would amend the rules of practice for IPR and PGR proceedings to codify and

build on that guidance and those precedential decisions as well as formalize PTAB's current practices, while creating more uniformity across PTAB panels. In proposing these changes, the Director considered ''the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under'' 35 U.S.C. 316 and 326. The Director has also considered the comments received from stakeholders, including those in response to the ''Request for Comments on Discretion To Institute Trials Before the Patent Trial and Appeal Board'' (85 FR 66502 (Oct. 20, 2020)), and received in response to the ANPRM titled ''Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board'' (88 FR 24503 (Apr. 21, 2023)). In light of the robust, extensive feedback from diverse stakeholders, and the Board's experience in implementing the AIA for over a decade, the Office proposes rule revisions intended to help ensure fairness, transparency, and efficiency. This rulemaking is consistent with comments received from stakeholders in response to the RFC and the ANPRM, as well as those received in other contexts, expressing a preference that key policy changes be made and formalized through rulemaking.

The Office is now proposing rules addressing a subset of topics from the ANPRM. The Office continues to consider issuing proposed rules, with associated opportunities to comment, on other topics raised in the ANPRM.

The Office proposes to incorporate into the rules the factors the Board will consider in determining whether to institute an IPR or PGR for parallel petitions and serial petitions as well as set forth the framework the Board will use to conduct an analysis under 35 U.S.C. 325(d) when determining whether to institute an IPR or PGR. These proposed changes enhance and build on existing precedent and guidance regarding the exercise of the Director's discretion to determine whether to institute an AIA proceeding.

Another proposed change would provide a procedure in which a patent owner may, in a separate paper filed prior to a preliminary response, request discretionary denial of institution, in which case each of the parties will have the opportunity, in a separate responsive briefing, to address relevant factors for discretionary denial. This separate briefing avoids encroaching on the parties' word-count limits for briefing on the merits.

An additional proposed change would amend the rules of practice for the termination of proceedings in view of settlement to align the requirements for terminating proceedings pre- and post-institution, requiring that pre-institution settlement agreements be filed timely with the Board to support termination of a proceeding pre-institution. This proposed change would also align with the ''Executive Order on Promoting Competition in the American Economy'' (E.O. 14036, 86 FR 36987 (July 9, 2021)) by facilitating a depository for all settlement agreements in connection with contested cases, including AIA proceedings, to assist the Federal Trade Commission (FTC) and the Department of Justice (DOJ) in ensuring compliance with antitrust laws.

Development of the Changes Under Consideration

On September 16, 2011, the AIA was enacted into law (Pub. L. 112–29, 125 Stat. 284 (2011)), and in 2012, the USPTO implemented rules to govern Office practice for AIA proceedings, including IPRs, PGRs, covered business method (CBM) patent reviews, and derivation proceedings pursuant to 35 U.S.C. 135, 316, and 326 and AIA 18(d)(2). *See* 37 CFR part 42; Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 48612 (Aug. 14, 2012); Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 FR 48680 (Aug. 14, 2012); Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 FR 48734 (Aug. 14, 2012). Additionally, the USPTO published a ''Patent Trial Practice Guide'' to advise the public on the general framework of the regulations, including the structure and times for taking action in each of the new proceedings. *See* Office Patent Trial Practice Guide, 77 FR 48756 (Aug. 14, 2012). Since then, the USPTO has designated numerous decisions in such proceedings as precedential or informative, issued several Director memoranda providing agency guidance on the PTAB's implementation of various statutory provisions, and issued several updates to the ''Trial Practice Guide.''

Prior Request for Comments Regarding Discretionary Institution

On October 20, 2020, the USPTO published an RFC to obtain feedback from stakeholders on case-specific approaches by the PTAB for exercising discretion on whether to institute an AIA proceeding and whether the USPTO should promulgate rules based on these approaches. *See* Request for Comments on Discretion To Institute Trials Before the Patent Trial and Appeal Board, 85 FR 66502 (Oct. 20, 2020). The USPTO received 822 comments from a wide range of stakeholders, including individuals, associations, law firms, companies, and three United States Senators. In January 2021, the USPTO published an executive summary encapsulating stakeholder feedback received from the RFC.[1]

Prior Advance Notice of Proposed Rulemaking

On April 20, 2023, as a follow-up to the RFC, the USPTO published an ANPRM to obtain feedback from stakeholders on a range of concepts relating to how the Director, and, by delegation, the PTAB, exercises discretion to institute IPRs and PGRs under 35 U.S.C. 314(a), 324(a), and 325(d). *See* Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board, 88 FR 24503 (Apr. 20, 2023). In the ANPRM, the USPTO also solicited comments regarding whether it should provide a separate briefing process for discretionary institution arguments, and/or clarify that parties that settle prior to institution must file copies of any settlement agreements that exist with the PTAB.

Engagement on the ANPRM was extensive. During the two-month comment period, which ended on June 20, 2023, diverse stakeholders submitted over 14,500 comments, reflecting the nation's deep interest in shaping the future of the patent system. The comments provided support for, opposition to, and diverse recommendations on the concepts discussed. The Office appreciates the thoughtful comments and has considered and analyzed them thoroughly.

[1] USPTO, Executive Summary: Public Views on Discretionary Institution of AIA Proceedings (Jan. 2021), available at *https://www.uspto.gov/sites/default/files/documents/USPTOExecutiveSummaryofPublicViewsonDiscretionaryInstitutiononAIAProceedingsJanuary2021.pdf.*

The vast majority of comments were from individuals, whose views generally fell on the opposite ends of the spectrum—stating either that AIA review is an important protection against unwarranted litigation and unpatentable claims and the Office should have fewer bases for discretionarily denying review of patents or that AIA review is being misused, for example, to the detriment of small inventors.

The USPTO also received many comments from trade and legal associations representing numerous members, many of which provided detailed, point-by-point comments on each concept discussed in the ANPRM. Individual companies also weighed in, from large, established corporations to small startups. These comments also spanned the spectrum, with some supporting or opposing all or most of the concepts discussed.

Discussion of Proposed Changes

In this section, the Office describes the proposed changes to specific sections in part 42 of Title 37 of the Code of Federal Regulations. Each subsection describes a related group of regulatory changes and discusses stakeholder comments relevant to the proposed changes. The Office solicits additional comments on the specific proposed changes.

Definitions: Section 42.2

Section 42.2: Adds definitions of ''serial petition'' and ''parallel petitions'' as follows:

A ''serial petition'' is a petition that (1) challenges overlapping claims of the same patent that have already been challenged by the petitioner, the petitioner's real party in interest, or a privy of the petitioner; and (2) is filed after (a) the filing of a patent owner preliminary response to the first petition; or (b) the expiration of the period for filing such a response under § 42.107(a)(2) or § 42.207(a)(2), or as otherwise ordered, if no preliminary response to the first petition is filed.

Discussion: Comments were mixed as to whether the definition of a serial petition should apply to petitions filed by parties other than the original petitioner, and what degree of relationship between the parties is sufficient to bring a subsequent petition under the definition of a serial petition. Some comments expressed uncertainty as to the definition of ''significant relationship'' as set forth in *Valve Corp.* v. *Electronic Scripting Products, Inc.,* IPR2019–00062, Paper 11 (PTAB Apr. 2, 2019), and asked for clarity as to the degree of relationship that would be considered sufficient. The Office has determined that applying the real party in interest and privity concepts in exercising discretion in the serial petition context carries out Congress's desire that the Director balance concerns about harassment in exercising discretion. Further, adopting the established common-law concepts of real party in interest and privity (*see Taylor* v. *Sturgell,* 553 U.S. 880 (2008)) provides a body of case law from which the PTAB and the public can draw when assessing whether the relationship between the parties is sufficiently significant to warrant discretionary denial. The Office notes that though *Valve* used the term ''significant relationship'' to examine the relationship between the petitioners, the analysis was consistent with privity concepts.

''Parallel petitions'' are two or more petitions that (1) challenge the same patent and (2) are filed by the same petitioner on or before: (a) the filing of a patent owner preliminary response to any of the petitions, or (b) the due date set forth in § 42.107(a)(2) or § 42.207(a)(2) for filing a patent owner preliminary response to the first petition (if no patent owner preliminary response to the petitions is filed).

Discussion: In response to the ANPRM, some commenters expressed concern that the definition of parallel petitions in the ANPRM was overly restrictive, as the definition focused on petitions challenging the same ''patent'' as opposed to petitions challenging overlapping ''claims'' of the patent. The Office is moving forward with the ''same patent'' definition as opposed to the ''overlapping claims'' definition at this time to provide a mechanism for the Board to review filing behaviors to assess whether there are any abuses or misuses of the post-grant procedures, including ones that may place unwarranted and unnecessary burdens on the patent owner (*e.g.,* filing, without explanation, multiple petitions challenging a single patent where each petition challenges a single claim of the patent). That said, even if two petitions are considered parallel under this definition, if the petitions challenge different claims given a large claim set or different art relevant to the different claim sets, the Board may still exercise its discretion to institute both petitions under proposed §§ 42.108(d) and 42.208(e).

Some commenters requested more clarity regarding the difference in timing between petitions the Office deems to be filed in parallel and those it deems to be filed serially. To provide better clarity on this issue, the Office proposes to define a parallel petition in the rule as one filed during the time period for filing a patent owner preliminary response in the first proceeding. This timing reflects current practice, as noted in the Board's 2019 Consolidated Trial Practice Guide.

Briefing on Motions for Discretionary Denial: Sections 42.24, 42.107, 42.207, 42.108(c)(1), 42.208(c)(1)

Section 42.24: Provides page limits for briefing on requests for discretionary denial (which are provided for in §§ 42.107 and 42.207, and which further provide that a patent owner may file the request for discretionary denial without Board authorization under 37 CFR 42.20(b)). A patent owner request for discretionary denial is limited to 10 pages, a petitioner opposition is also limited to 10 pages, and a patent owner sur-reply is limited to 5 pages.

Sections 42.107 and 42.207: Amend the rules on preliminary responses to provide that the patent owner preliminary response shall not address discretionary denial unless authorized by the Board, and further provide that a patent owner may raise and address discretionary denial issues in a separate request for discretionary denial of the petition, which would be limited to addressing any applicable discretionary institution issues and factors. Issues and factors applicable to requests for discretionary institution include those provided for in proposed §§ 42.108 and 42.208, except §§ 42.108(d) and 42.208(e) governing parallel petitions, as well as any issue that the patent owner believes warrants discretionary denial of the petition in view of the Office's rules, precedents, or guidance. The proposed amendment also provides the following due dates: (1) a request for discretionary denial must be filed no later than two months after the date of a notice indicating that the petition to institute an IPR has been granted a filing date; (2) the opposition to the request must be filed no later than one month after the filing of the request for discretionary denial; and (3) a reply in support of the request must be filed no later than two weeks after the filing of the opposition. The proposed amendment also provides that the Board may *sua sponte* raise discretionary denial, in which case the Board will provide the parties with the opportunity for briefing on the relevant factors set forth in this section. However, nothing in the rules prevents the Board, when the circumstances warrant, from exercising discretion and authorizing the patent owner to include discretionary denial issues in the patent owner preliminary response. Further, to the extent the merits are relevant to

discretionary denial, the parties may direct the Board's attention to the petition and patent owner preliminary response for discussion of the merits as contained in those documents.

Sections 42.108(c)(1) and 42.208(c)(1): Provide that the Board's decision on institution will take into account a patent owner's request for discretionary denial when such a request is filed, including any opposition and reply.

Discussion: The Office has found the practice of allowing parties to file separate papers ranking their petitions in the order in which petitioner desires the Board to consider the merits is helpful in evaluating parallel petitions while preserving the parties' word count to focus on the merits of the challenge. The Office solicited feedback in the ANRPM on a similar procedure to allow parties to address discretionary denial in separate briefing. In response, most commenters favored separate briefing to discuss discretionary denial issues, noting that it would free up space in the petitions and patent owner responses to address the merits and allow more fulsome discussion of discretionary denial issues. That response is consistent with the responses the USPTO received from the RFC.

In response to the ANPRM, some commenters expressed concern that allowing separate briefing on discretionary denial would only favor petitioners because it would give a petitioner an automatic right to respond to a patent owner preliminary response. The proposed rules address these concerns by limiting the petitioner's opposition to the patent owner's request for discretionary denial to the issues raised in that request, and then allowing a patent owner the opportunity to file a reply brief limited to responding to the petitioner's opposition.

The USPTO also recognizes that there may be instances in which it is appropriate for the Office to address discretionary denial even if the patent owner does not file a request. The Office is further proposing amendments to §§ 42.107 and 42.207 to provide that the Board may raise discretionary denial *sua sponte,* in which case the Board will provide the parties with the opportunity for briefing.

Termination and Settlement Agreements: 37 CFR 42.72 and 42.74

Section 42.72: Revises the provisions for termination of a proceeding in view of settlement, clarifying that the Board may terminate a proceeding on its own initiative before or after institution. Provides that the parties may jointly move for termination of a proceeding, before or after institution.

Section 42.74: Provides that a joint motion for termination of a proceeding, filed before or after institution, must be accompanied by any written settlement agreement.

Discussion: Since FY2020, the settlement rate for AIA proceedings has been approximately 30% per year, with pre-institution being over 50% of the settlements each year. *See https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2023__roundup.pdf.* For consistency and predictability, the USPTO is proposing changes to the rules to ensure that pre-institution settlement agreements are filed with the Office, similar to post-institution settlement agreements. Although 35 U.S.C. 135(e), 317(b), and 327(b) require filing of settlement agreements made in connection with, or in contemplation of, the termination of an AIA proceeding that has been instituted, by their own terms these statutory provisions do not expressly govern AIA pre-institution settlement. *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 48612, 48625 (Aug. 14, 2012) (final rule) (stating that ''35 U.S.C. 135(e) and 317, as amended, and 35 U.S.C. 327 will govern settlement of Board trial proceedings but do not expressly govern pre-institution settlement''). Pursuant to the Board's authority to establish procedural rules for post-grant proceedings, 35 U.S.C. 316(a)(4) and 326(a)(4), we propose to extend the same practice required by statute to encompass current practice and require filing of pre-institution settlement agreements.

This proposed rule aligns with the policy set forth in Executive Order 14036, which encourages government agencies to cooperate on policing unfair, anticompetitive practices. In addition, having a depository for all settlement agreements in connection with contested cases, including AIA proceedings, in the USPTO would assist the FTC and the DOJ in determining whether antitrust laws have been violated.

Since the inception of AIA proceedings, the Board has been generally uniform in requiring the filing of a settlement agreement prior to terminating an AIA proceeding based on a joint motion by the parties, pre- or post-institution. Nevertheless, some petitioners have filed motions to dismiss or withdraw the petition before institution, arguing that they should not be required to file a copy of the parties' settlement agreements, and panels in some of those cases have granted the motions and terminated the proceedings without requiring the parties to file their settlement agreements. *See, e.g., Samsung Elecs. Co.* v. *Telefonaktiebolaget LM Ericsson,* IPR2021–00446, Paper 7 (PTAB Aug. 3, 2021) (Order—Dismissal Prior to Institution of Trial) (over the dissent of one Administrative Patent Judge (APJ), granting the petitioner's motion to dismiss the petition and terminating the proceeding without requiring the parties to file their settlement agreements); *Huawei Techs. Co.* v. *Verizon Patent & Licensing Inc.,* IPR2021–00616, Paper 9 and IPR2021–00617, Paper 9 (PTAB Sept. 9, 2021) (Order—Dismissal Prior to Institution of Trial) (same dispute among a panel of APJs); *AEP Generation Res. Inc.* v. *Midwest Energy Emissions Corp.,* IPR2020–01294, Paper 11 (PTAB Dec. 14, 2020).

Stakeholder comments in response to the ANPRM were divided on whether the filing of pre-institution settlement agreements should be required to terminate a proceeding pre-institution. A number of comments supported the filing of pre-institution settlement agreements to provide greater transparency and to curb the potential for abusive filings. The Office agrees. The proposed changes provide consistency and predictability by making clear that pre-institution settlement agreements must be filed with the Office. This approach provides the USPTO a greater ability to monitor and curb potential abusive filings and, consistent with Executive Order 14036, allows the USPTO to cooperate with other government agencies to police unfair, anticompetitive practices.

A few ANPRM comments opposed the proposed requirement to file pre-institution settlement agreements, taking the position that the statute only requires the filing of agreements post-institution. Some believed that parties should have the option to voluntarily file pre-institution settlement agreements. A few comments expressed concern that the Office lacks authority to require the filing of settlement agreements to terminate a proceeding before institution. As noted above, the statute requires the filing of settlement agreements made in connection with, or in contemplation of, the termination of a proceeding that has been instituted, and is silent on AIA pre-institution settlement. The proposed rule is promulgated within the Director's authority to prescribe regulations establishing and governing an IPR under the AIA provisions. *See* 35 U.S.C. 316(a)(4).

Further, as discussed above, the Board has been generally uniform in requiring

the filing of a settlement agreement prior to terminating an AIA proceeding both pre- and post-institution, pursuant to 37 CFR 42.74(b). The proposed rule ensures greater predictability and consistency.

Some ANPRM comments expressed concern that requiring the filing of settlement agreements would discourage or complicate pre-institution settlement negotiations. As noted above, the proposed rule is consistent with the prior general uniform practice of the Board of requiring the filing of settlement agreements if parties would like termination based on settlement prior to a decision on institution. Any concerns regarding possible disclosure to nonparties of settlement terms from such filings have not been borne out in practice, given the availability of filing such documents with the designation ''Board and Parties Only.''

Factors for Discretionary Denial: 37 CFR 42.108 and 42.208

Sections 42.108 and 42.208: Revise the rules for institution of IPRs to include factors to be addressed in consideration of discretionary denial on the basis of parallel petitions (§§ 42.108(d), 42.208(e)) and serial petitions (§§ 42.108(e), 42.208(f)), and in accordance with 35 U.S.C. 325(d) (§§ 42.108(f), 42.208(g)).

Sections 42.108(c)(1) and 42.208(c)(1) provide that the factors set forth for discretionary denial shall not be construed to limit the Board's discretion to deny institution or dismiss a proceeding as a sanction or in response to evidence of improper conduct or gamesmanship.

Sections 42.108(c)(2) and 42.208(c)(2) provide that, in reaching a decision on institution of a petition accompanied by a timely motion for joinder to a petition that was instituted, the Board will not consider arguments against initiating that petition on the basis of discretionary considerations under §§ 42.108(d) and 42.208(e) (parallel petitions) or §§ 42.108(f) and 42.208(g) (petitions implicating 35 U.S.C. 325(d)) where those considerations were available in the already-instituted petition. However, the Board may deny motions for joinder and the later-filed petition where a patent owner successfully identifies other bases for discretionary denial.

Sections 42.108(d) and 42.208(e) provide that the Board will not institute parallel petitions absent a threshold showing of good cause as to why more than one petition is necessary. The petitioner must provide information relevant to a good cause determination either in the petition or a separate filing, and the patent owner may respond in a separate filing. Various factors relevant to the good cause determination may be considered by the Board, including: (1) a petitioner's ranking of their parallel petitions in the order in which petitioner wishes the Board to consider the merits, (2) an explanation of the differences between parallel petitions, (3) the number of claims challenged by the petitioner and asserted by the patent owner, (4) whether the parties dispute the priority date of the challenged patent, (5) whether there are alternative claim constructions requiring different prior art, (6) whether the petitioner lacked information at the time of filing the petition; and (7) the complexity of the technology in the case, as well as any other information believed to be pertinent to the good cause determination.

Sections 42.108(e) and 42.208(f) provide that the Board may deny institution of any serial petition when it challenges claims of the same patent that overlap with claims challenged in a previously filed petition for IPR, PGR, or CBM patent review. The Board will consider various factors in determining whether to deny institution of a serial petition, including: (1) whether, at the time of filing of the first petition, the petitioner knew of the prior art asserted in the second petition or should have known of it; (2) whether, at the time of filing of the second petition, the petitioner had already received the patent owner preliminary response to the first petition or had received the Board's institution decision for the earlier petition; (3) the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition; and (4) whether the petitioner provided an adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent. (As discussed below, these are factors (2) through (5) from the 2017 *General Plastic* precedential decision. Factor (1) from *General Plastic* is incorporated into the proposed rule's definition of a ''serial petition,'' and factors (6) and (7) are not included in the proposed rule.)

Sections 42.108(f) and 42.208(g) provide that the Board may deny a petition for IPR under 35 U.S.C. 325(d) if the same or substantially the same prior art or arguments previously presented were meaningfully addressed by the Office with respect to the challenged patent or a related patent or application, unless the petitioner establishes material error in the Office's previous evaluation. The rule provides an opportunity for a patent owner to file a request for discretionary denial under 35 U.S.C. 325(d), for the petitioner to file an opposition, and for the patent owner to file a reply. The Board may deny the petition if section 325(d) is sufficiently implicated such that instituting on all grounds of unpatentability would not promote the efficient administration of the Office or support the integrity of the patent system.

Discussion

Statutory Authority

Some comments assert generally that discretionary denials frustrate Congress's intent by depriving parties of the ability to seek AIA review. Some comments express the view that the Director does not have the authority to preclude serial or parallel petitions.

Congress specifically granted the Director of the USPTO the authority to institute a review. 35 U.S.C. 314 and 324. The AIA statute does not require the Director to institute a review in any case, and gives the Director discretion not to institute even where the statutory requirements for institution are met. The Director's discretion is informed by 35 U.S.C. 316 and 326, which require that ''the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.'' 35 U.S.C. 316 and 326. Congress also empowered the Director to prescribe regulations related to the implementation of the AIA. *See* 35 U.S.C. 316(a) and 326(a) (stating that the Director shall prescribe regulations for certain enumerated aspects of AIA proceedings). Under 35 U.S.C. 2(b)(2)(A), the Director may establish regulations that ''shall govern the conduct of proceedings in the Office.'' The language and intent of the above statutes therefore support evaluating whether parallel or serial petitions advance the mission and vision of the Office to promote innovation or the intent behind the AIA to provide a less-expensive alternative to district court litigation when exercising the Director's discretion to institute. 35 U.S.C. 316(b) and 326(b). Also, under 35 U.S.C. 325(d), ''the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.''

Parallel Petitions

Comments pertaining to parallel petitions challenging the same patent, as defined in § 42.2, were mixed.

Many comments supported denying parallel petitions absent a showing of good cause. Some comments that supported the concept of requiring a showing of good cause for filing parallel petitions asserted that this practice is in line with the congressional intent to allow discretionary denials based on the volume of AIA petitions. In line with these comments, the proposed rule implements the current practice of requiring that petitioners demonstrate why parallel petitions should be allowed to proceed. This framework supports the Office's goal of reducing duplicative challenges to a patent and balances the interests of parties by preventing undue harassment of patent owners through the filing of multiple challenges to a patent, while allowing petitioners reasonable opportunities to seek review.

Many comments asserted that denials of meritorious challenges are an unnecessary restraint on review. Yet, some comments urged that the restrictions on parallel petitions do not go far enough. Some urged greater restrictions on parallel petitions, asserting that most, if not all, parallel petitions should be denied to prevent companies from harassing patent owners. The proposed rule strikes a balance between denying all parallel petitions and instituting all parallel petitions that meet the statutory threshold for institution in 35 U.S.C. 314(a) and 35 U.S.C. 324(a) by requiring a showing by the petitioner of good cause as to why more than one petition is necessary.

Some comments asserted that there are no justifications for limiting multiple petitions because there is little, if any, evidence of petitioners abusing the system by filing multiple petitions. A USPTO study of parallel petitions found that from fiscal year 2015 through fiscal year 2018, parallel petitions represented roughly 15–18% of all challenges. *https://www.uspto.gov/sites/default/files/documents/executive_summary_ptab_multiple_petitions_study_fy2021-2022_update.pdf.* In fiscal year 2019, parallel petitions represented roughly 20% of all challenges, but then in fiscal years 2020 through 2022, the percent of challenges involving parallel petitions steadily dropped, down to roughly 7% in fiscal year 2022 (the final year of the study). *See id.* The decrease in the number of parallel petition filings was influenced by USPTO guidance (*see* Consolidated Trial Practice Guide (2019)), which the USPTO is now codifying and clarifying through the rulemaking process.

Serial Petitions

Comments on proposed discretionary denials of serial petitions, as defined in § 42.2, were sharply divided, with most comments favoring either fewer or greater restrictions.

Some comments supported the adoption of the *General Plastic* factors as a compromise between denying all serial petitions and instituting all serial petitions that meet the statutory threshold for institution in 35 U.S.C. 314(a) and 35 U.S.C. 324(a). In *General Plastic Co.* v. *Canon Kabushiki Kaisha,* IPR2016–01357, 2017 WL 3917706, at *7 (PTAB Sept. 6, 2017) (precedential), the PTAB referred to the AIA's goals ''to improve patent quality and make the patent system more efficient by the use of post-grant review procedures'' but also ''recognize[d] the potential for abuse of the review process by repeated attacks on patents.'' 2017 WL 3917706, at *7 (citing H.R. Rep. No. 112–98, part 1, at 48 (2011)). To aid the Board's assessment of ''the potential impacts on both the efficiency of the inter partes review process and the fundamental fairness of the process for all parties,'' *General Plastic* identified a number of non-exclusive factors that the Board will consider in exercising discretion in instituting an IPR, especially as to ''follow-on'' petitions challenging a patent that was challenged previously in an IPR, PGR, or CBM proceeding. *Id.* at *8. The *General Plastic* non-exclusive factors include: (1) whether the same petitioner previously filed a petition directed to the same claims of the same patent; (2) whether, at the time of the filing of the first petition, the petitioner knew of the prior art asserted in the second petition or should have known of it; (3) whether, at the time of the filing of the second petition, the petitioner had already received a patent owner preliminary response (if filed) to the first petition or received the Board's decision on whether to institute review in the first petition; (4) the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition; and (5) whether the petitioner provided an adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent. *Id.* at *7. Additional factors include: (6) the finite resources of the Board, and (7) the requirement to issue a final determination not later than one year after the date on which the Director notices institution of review. *Id.*

The proposed serial petition definition and rules generally adopt the *General Plastic* factors approach, striking a balance between denying all serial petitions versus removing all restrictions on serial petitions. Specifically, *General Plastic* factor (1) is included in the definition of ''serial petition'' in § 42.2, and factors (2) through (5) are included in the proposed rules at § 42.108(e) and § 42.208(f). The other two *General Plastic* factors—(6) and (7)—are not proposed for regulatory adoption in light of stakeholder feedback that parties lack sufficient information to opine on the finite resources of the Board and the Board's ability to issue a final determination within one year. While the parties need not address existing factors (6) and (7), the Board may still weigh the considerations reflected by those factors in rendering its decision on serial petition issues.

Comments that urged greater restrictions on serial petitions asserted that most, if not all, serial petitions should be presumptively denied to prevent companies from harassing patent owners or contesting the same patent repeatedly. Some of these comments offered limited exceptions to presumptive denials, including requiring the petitioner to demonstrate it could not reasonably have discovered earlier the prior art presented in the subsequent petition and requiring a heightened burden for subsequent petitions of demonstrating unpatentability by clear and convincing evidence.

As discussed, the proposed rule implements the current practice of applying substantially the same factors as those stated in *General Plastic.* This framework supports the Office's goal of reducing duplicative challenges to a patent and balances the interests of parties by preventing undue harassment of patent owners through serial challenges while allowing petitioners reasonable opportunities to seek review.

A USPTO study of serial petitions filed by the same petitioner found a notable decrease in the filing of serial petitions, as well as institution of AIA trials based on serial petitions, after the Office issued *General Plastic* in late 2017. *See https://www.uspto.gov/sites/default/files/documents/executive_summary_ptab_multiple_petitions_study_fy2021-2022_update.pdf.* This data showed that in fiscal year 2015, serial petitions represented roughly 9.0% of all challenges, and in fiscal years 2016 and 2017 serial petitions represented roughly 8% of all

challenges. After the issuance of *General Plastic* in late 2017, serial petition filings began immediately dropping, representing 5.6% of filings in fiscal year 2018, approximately 2% of filings fiscal years 2019 and 2020, 1.4% of filings in fiscal year 2021, and 1.7% of filings in fiscal year 2022. Additionally, of the 17 petitions involving a serial petition attempt by the same petitioner in fiscal year 2022, only 3 petitions resulted in institution (roughly 18%), as compared to 42 out of 99 serial petition filings that resulted in institution (roughly 42%) in fiscal year 2015. Although the data suggests that only small number of serial petition challenges continue to occur each year, in the wake of *General Plastic,* the USPTO believes that there is a public benefit to codifying and clarifying the existing practice related to serial petition challenges through the rulemaking process.

Some stakeholders commented that multiple filings are often the result of a patent owner's litigation tactics. The Office believes the articulated factors provide adequate means to strike the appropriate balance between denying and allowing all serial petitions because they allow the Board to weigh relevant and appropriate evidence and, for example, to identify instances of improper roadmapping, in which a petitioner engages in a litigation tactic to gain an advantage by tailoring a ''follow on'' petition based on information gleaned from a patent owner's preliminary response to an earlier petition. As the Board noted in *General Plastic:* ''Multiple, staggered petitions challenging the same patent and same claims raise the potential for abuse. The absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review.'' 2017 WL 3917706, at *7.

Previously Presented Art or Arguments

On March 24, 2020, the Office designated as precedential *Advanced Bionics, LLC* v. *Med-El Elektromedizinische Geräte GmbH,* IPR2019–01469, Paper 6 (PTAB Feb. 13, 2020). This precedent lays out a two-part framework for evaluating whether to exercise discretion under 325(d). The first part of the test relates to whether the same or substantially the same art or arguments were previously presented to the Office. The second part of the test looks to whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of the challenged claims.

The Office does not have any studies evaluating the impact of the *Advanced Bionics* precedent on the application of 325(d). Comments received in response to the ANPRM, however, generally expressed the view that *Advanced Bionics* provides the public with a simplified framework for evaluating 325(d) issues, even if application of the *Advanced Bionics* framework would not alter the outcome of the majority of cases where 325(d) issues arose.

Specific comments on the application of 35 U.S.C. 325(d) to deny petitions on the basis of previously presented prior art or arguments were split, primarily on the question of whether the Office should consider prior art that was made of record, but not applied or substantively discussed by the examiner, as having been ''previously presented.''

Some comments supported a proposed rule that would limit the application of discretionary denial under section 325(d) to situations in which the prior art was previously applied or substantively discussed during examination. One comment stated that applying discretionary denial in situations in which prior art was listed on an Information Disclosure Statement (IDS), without more involvement in examination, would encourage ''dumping'' of references on the Office during prosecution. Another comment agreed that a requirement that a prior art reference be previously addressed would increase efficiency by providing a clear test that reduces unnecessary briefing.

Section 325(d) provides discretion for the Director, when determining whether to institute a proceeding, to take into account whether the same (or substantially the same) art or arguments were previously presented to the Office. The USPTO agrees that the application of section 325(d) should be limited to situations in which the prior art or arguments were meaningfully addressed by the Office. The proposed rule provides that art or arguments are deemed to have been meaningfully addressed where the Office has evaluated the art or arguments and articulated its consideration of the art or arguments in the record of the application from which the patent issued or the record of a related application or patent with claims that are substantially the same. For purposes of this section, an application or patent is ''related'' to the challenged patent if it claims priority to a common application or is a parent application or parent patent of the challenged patent. This definition of ''related application or patent'' only applies to part 42 and does not apply to other sections that discuss the term (*e.g.,* 37 CFR 1.77(b)(2), 1.78(d)(5)).

Some comments favored the broader application of discretionary denial in circumstances in which prior art references were made of record during prosecution (such as on an IDS) but not applied or substantively discussed by the examiner. Comments expressed concern that requiring a patent owner to identify prior art or arguments that were meaningfully addressed by the Office is inconsistent with the text of 325(d). One comment noted patent applicants do not have control over what references an examiner chooses to cite in the record and believed that excluding art that was merely cited on an IDS may deter compliance with the duty of disclosure. Another comment expressed concern with a blanket rule that section 325(d) only applies to art and arguments previously evaluated by the Office. One comment suggested that if prior art and arguments are limited to art and arguments addressed by the Office, petitioners should face a higher ''material error'' burden. In response to the concern that patent applicants do not have control over what references an examiner chooses to address, the rule does not prevent patent applicants from drawing attention to specific references.

As noted above, 35 U.S.C. 325(d) gives the Director the authority to take into account whether the same or substantially the same prior art was previously presented to the Office, but does not require the Director to do so. After careful consideration of the comments, and to best support the integrity of the patent system, the USPTO proposes to limit the application of 325(d) to circumstances in which the same or substantially the same prior art or arguments previously presented to the Office were meaningfully addressed by the Office. Under these circumstances, the proposed rule installs the current Board practice of requiring petitioners to establish a ''material error'' by the Office. *Advanced Bionics, LLC* v. *Med-El Elektromedizinische Geräte GmbH,* IPR2019–01469, Paper 6 (PTAB Feb. 13, 2020) (precedential). A material error may include misapprehending or overlooking clear, specific evidence in the prior record, including teachings of the relevant prior art that impact the patentability of the challenged claims; evidence demonstrating an inherent feature of the prior art; or evidence rebutting a showing of unexpected results. A material error may also include a legal error, including an

erroneous claim construction that impacts the patentability of the challenged claims.

The proposed rule also seeks to carry out the purpose of 325(d), and give appropriate deference to prior findings made by the Office when meaningfully addressing prior art references, by focusing on instances in which a petitioner seeks to apply a reference in a manner that is directly contrary to prior Office findings. The proposed rule thus defines ''the same prior art'' as a reference that forms the basis of a challenge in a petition, where that reference was previously meaningfully addressed by the Office and the petition relies on the reference for a factual proposition that directly contradicts a finding made by the Office when the reference was previously meaningfully addressed. Therefore, if the ''same prior art'' was meaningfully addressed, the petition may be denied under 35 U.S.C. 325(d) unless the petitioner establishes material error by the Office.

The proposed rule ensures greater predictability and consistency in the application of 325(d) and focuses the application of 325(d) on circumstances in which the prior record is clear. The proposed rule further supports the Office's goal of reducing duplicative challenges to a patent by considering whether the same or substantially the same challenge was meaningfully addressed by the Office previously. The proposed rule does not reduce or eliminate a patent applicant's duty of disclosure under 37 CFR 1.56.

One comment suggested that where a patent owner asserts that the same or substantially the same prior art was previously presented in a related application, the requirement for the patent owner to identify how the claims are substantially the same as those in the challenged patent should only apply to related applications that are not direct ancestors.

Under the proposed rule, a patent owner must identify, in a request for discretionary denial under 35 U.S.C. 325(d), where the same or substantially the same prior art or arguments were meaningfully addressed by the Office. If the art or arguments were previously evaluated by the Office in the record of a related application, the patent owner must establish that the art or arguments were previously evaluated with respect to claims that are substantially the same as the claims in the challenged patent. Claims in a direct ancestor patent may not be substantially the same as those in the challenged patent, and therefore the requirement of establishing that the claims are substantially the same as those in the challenged patent to related applications that are not direct ancestors is still necessary. Additionally, where the claims are substantially the same as those in a related application, a petitioner could identify inconsistent positions taken by an examiner in the related application as part of its burden of establishing material error.

Discretionary Denial Considerations for Joinder Petitions

Proposed rule § 42.208(c)(2) installs current Board practice regarding the analysis of 35 U.S.C. 325(d) and parallel petition issues in the joinder context. Joinder petitions may present the same discretionary denial considerations as the petition upon which the IPR sought to be joined was instituted. *See Facebook, Inc.* v. *Windy City Innovations, LLC,* 973 F.3d 1321, 1335–38 (Fed. Cir. 2020) (holding that 35 U.S.C. 315(c) prohibits a joined party from bringing new issues through its petition into the proceeding being joined). Additionally, section 325(d) or parallel petition issues implicated by the joinder petition were already implicated by the previously instituted petition. Issues raised by discretionary considerations under 35 U.S.C. 325(d) are directed to the prosecution history of the challenged patent and to whether the same or substantially the same prior art or arguments were previously presented to the Office. Arguments under section 325(d) were available to the patent owner in the context of the already instituted petition. Similarly, parallel petition issues require the showing of good cause for multiple petitions filed by the same petitioner based on particular considerations (*e.g.,* the number of claims the petitioner is challenging, whether there is a priority date dispute, whether there are alternative claim constructions, the number of claims the patent owner is asserting in litigation, etc.). In the scenario in which a joinder petitioner seeks to join multiple instituted IPRs, the need to justify multiple IPR trials is implicated by the already instituted petitions.

Accordingly, under current practice, Board panels presented with 35 U.S.C. 325(d) or parallel petition issues for joinder petitions have declined to consider those issues in light of the decision to institute the previously instituted petition(s) to be joined. In order to maintain consistency with current practice, in reaching a decision on institution of a petition accompanied by a timely motion for joinder, Board panels will not consider arguments on discretionary considerations under § 42.108(d) (parallel petitions) or § 42.108(f) (35 U.S.C. 325(d)) where the petition(s) sought to be joined was instituted and those discretionary considerations were available in the already instituted petition. The Board may, however, deny motions for joinder where the later-filed petition implicates other bases for discretionary denial.

Rulemaking Considerations

A. Administrative Procedure Act: The changes proposed by this rulemaking involve rules of agency practice and procedure, and/or interpretive rules, and do not require notice-and-comment rulemaking. *See Perez* v. *Mortg. Bankers Ass'n,* 575 U.S. 92, 97, 101 (2015) (explaining that interpretive rules ''advise the public of the agency's construction of the statutes and rules which it administers'' and do not require notice and comment when issued or amended); *Cooper Techs. Co.* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), do not require notice-and-comment rulemaking for ''interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice''); and *JEM Broadcasting Co.* v. *F.C.C.,* 22 F.3d 320, 328 (D.C. Cir. 1994) (explaining that rules are not legislative because they do not ''foreclose effective opportunity to make one's case on the merits'').

Nevertheless, the USPTO is publishing this proposed rule for comment to seek the benefit of the public's views on the Office's proposed regulatory changes.

B. Regulatory Flexibility Act: For the reasons set forth in this notice, the Senior Counsel for Regulatory and Legislative Affairs, Office of General Law, USPTO, has certified to the Chief Counsel for Advocacy of the Small Business Administration that changes set forth in this notice of proposed rulemaking (NPRM) would not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b).

The changes in this NPRM set forth express modifications to the rules of practice for IPR and PGR proceedings before the PTAB that the Director and, by delegation, the PTAB, will use in exercising discretion to institute IPRs and PGRs under 35 U.S.C. 314(a), 324(a), and 325(d). The changes pertaining to discretionary institution are largely formalizing existing Board practice, as set forth in precedential decisions and the Trial Practice Guide. Additionally, the changes allowing parties to separately brief discretionary institution issues and the filing of pre-existing settlement agreements prior to

institution would not cause any party to incur significant additional cost.

As a result, the Office estimates that any requirements resulting from these proposed changes would create little, if any, additional burden to those practicing before the Board. The Office proposes to formalize rules that, for the most part, implement current PTAB practices with regard to discretionary denial of serial and parallel petitions for review, petitions implicating considerations under 35 U.S.C. 325(d), procedures for separate briefing on discretionary denial, and practices regarding termination due to settlement. Accordingly, any economic impact would be minimal.

Regarding parallel petitions, the proposed rule providing that the Board will not institute parallel petitions absent a showing of good cause as to why more than one petition is necessary reflects current practice. The Board's Consolidated Trial Practice Guide (November 2019) already makes clear that one petition should be sufficient in most situations and requires petitioners to rank any parallel petitions. In response to stakeholder comments, the proposed rule articulates specific circumstances that may establish good cause and promotes greater efficiency and transparency in the Board's determination whether to go forward with parallel petitions. Accordingly, the proposed change is expected to have minimal economic impact.

With regard to serial petitions, the proposed rule adopts the factors set forth in the Board's precedential decision in *General Plastic.* Accordingly, the proposed rule generally reflects current practice, including practice based on binding precedent, to reduce duplicative proceedings, and is expected to have minimal economic impact.

With regard to petitions implicating considerations under 35 U.S.C. 325(d), the proposed rule clarifies that mere prior citation of prior art in an IDS will not automatically satisfy the first prong of the analytical framework in the Board's decision in *Advanced Bionics, LLC* v. *Med-El Elektromedizinische Geräte GmbH,* IPR2019–01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential). The proposed rule resolves an issue that has caused confusion and resulted in unnecessary briefing and the consumption of significant time and effort in the past in the absence of credible evidence that the art or arguments were meaningfully addressed by the Office. Accordingly, the proposed change is expected to mitigate the need for parties and the Board to expend resources in trying to assess examiner error where the examiner did not meaningfully address the art and arguments. As such, the proposed rule is expected to increase efficiency for the parties and the Board and therefore is not expected to have a significant economic impact.

The proposed rule regarding separate briefing on discretionary denial issues is likewise expected to increase efficiency for the parties and the Board. The parties already brief the same issues and provide the same information that would be presented in the separate briefing in any existing patent owner preliminary response and any petitioner sur-reply, but will merely do so in a different format going forward. The proposed rule will help highlight and focus attention on the key issues concerning discretionary denial. As such, the proposed rule will not substantially change existing practice and is unlikely to have any significant economic impact.

Finally, with respect to practices regarding termination, the proposed change aligns the requirements for terminating proceedings pre- and post-institution by clarifying that pre-institution settlement agreements must be filed with the Board for termination of a proceeding, which includes pre-institution terminations as well as post-institution terminations. This proposal aligns with already widespread practice, where most parties requesting termination pre-institution have provided such agreements. 35 U.S.C. 135(e), 317(b), and 327(b), concerning settlement, do not expressly address settlements pre-institution, but the Board has been generally uniform in requiring agreements to be filed prior to termination. As such, the proposed rule reflects existing practice and eliminates potential confusion. Under the proposed rule, parties will simply be filing existing documents, not creating any additional documents, and accordingly, any cost for compliance will be minimal.

For these reasons, the proposed changes in this NPRM would not have a significant economic impact on a substantial number of small entities.

C. Executive Order 12866 (Regulatory Planning and Review): This rulemaking is significant under Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 14094 (Apr. 6, 2023).

D. Executive Order 13563 (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563 (Jan. 18, 2011). Specifically, and as discussed above, the Office has, to the extent feasible and applicable: (1) made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided online access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across Government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13132 (Federalism): This rulemaking pertains strictly to federal agency procedures and does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

F. Executive Order 13175 (Tribal Consultation): This rulemaking will not: (1) have substantial direct effects on one or more Indian tribes, (2) impose substantial direct compliance costs on Indian tribal governments, or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

G. Executive Order 13211 (Energy Effects): This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996).

I. Executive Order 13045 (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property): This rulemaking will not affect a taking of private property or otherwise have taking implications

under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*), prior to issuing any final rule, the USPTO will submit a report containing the rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this NPRM are not expected to result in an annual effect on the economy of $100 million or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this rulemaking is not a ''major rule'' as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995: The changes set forth in this NPRM do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of $100 million (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of $100 million (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

M. National Environmental Policy Act of 1969: This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 *et seq.*

N. National Technology Transfer and Advancement Act of 1995: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions that involve the use of technical standards.

O. Paperwork Reduction Act of 1995: The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This NPRM involves information collection requirements that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). The collection of information involved in this rulemaking have been reviewed and previously approved by OMB under OMB control numbers 0651–0069. This rulemaking does not add any additional information requirements or fees for parties before the Board.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to, a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

P. E-Government Act Compliance: The USPTO is committed to compliance with the E-Government Act to promote the use of the internet and other information technologies, to provide increased opportunities for citizen access to Government information and services, and for other purposes.

List of Subjects in 37 CFR Part 42

Administrative practice and procedure, Inventions and patents, Lawyers.

For the reasons set forth in the preamble, the Office proposes to amend 37 CFR part 42 as follows:

PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

■ 1. The authority citation for 37 CFR part 42 is revised to read as follows:

Authority: 35 U.S.C. 2(b)(2), 6, 21, 23, 41, 135, 311–319, 321–329; Pub. L. 112–129, 125 Stat. 284; and Pub. L. 112–274, 126 Stat. 2456.

■ 2. Amend § 42.2 by adding, in alphabetical order, the definitions for ''parallel petitions'' and ''serial petition'' to read as follows:

§ 42.2 Definitions.

* * * * *

Parallel petitions means two or more petitions that:

(1) Challenge the same patent by the petitioner; and

(2) Are filed on or before:

(i) The filing of the first patent owner preliminary response to any of the petitions; or

(ii) The due date set forth in § 42.107(a)(2) or § 42.207(a)(2) for filing a patent owner preliminary response to the first petition, if no patent owner preliminary response to the petitions is filed.

* * * * *

Serial petition means a petition that:

(1) Challenges same or overlapping claims of the same patent that have already been challenged by the petitioner, the petitioner's real party in interest, or a privy of the petitioner; and

(2) Is filed after:

(a) The filing of a patent owner preliminary response to the first petition; or

(b) The expiration of the period for filing such a response under § 42.107(a)(2) or § 42.207(a)(2), or as otherwise ordered, if no preliminary response to the first petition is filed.

* * * * *

■ 3. Amend § 42.24 by adding paragraph (e) to read as follows:

§ 42.24 Type-volume or page limits for petitions, motions, oppositions, replies, and sur-replies.

* * * * *

(e) *Requests for discretionary denial.* The following page limits apply to briefing in connection with a patent owner request for discretionary denial but do not include a table of contents; a table of authorities; a listing of facts that are admitted, denied, or cannot be admitted or denied; a certificate of service; or an appendix of exhibits:

(1) *Patent owner request:* 10 pages.

(2) *Petitioner opposition:* 10 pages.

(3) *Patent owner reply:* 5 pages.

■ 4. Revise § 42.72 to read as follows:

§ 42.72 Termination of proceeding.

(a) *The Board may terminate a proceeding.* The Board may terminate a proceeding, where appropriate, before institution or after institution, including where the proceeding is consolidated with another proceeding or pursuant to a joint request under 35 U.S.C. 317(a) or 327(a).

(b) *Motion for termination of a proceeding.* With prior authorization from the Board, parties may file a joint request for termination of a proceeding before institution, or after institution pursuant to 35 U.S.C. 317(a) or 327(a), by filing a joint motion accompanied by any written agreement or understanding, including any collateral agreements, between the parties as required by § 42.74.

■ 5. Amend § 42.74 by revising paragraph (b) to read as follows:

§ 42.74 Settlement.

* * * * *

(b) *Agreements in writing.* Any agreement or understanding between the parties made in connection with, or in contemplation of, the termination of a proceeding shall be in writing, and a true copy shall be filed with the Board before the termination of a proceeding.

* * * * *

■ 6. Amend § 42.107 by revising the section heading and paragraphs (a) and (b) to read as follows:

§ 42.107 Preliminary response to petition and request for discretionary denial.

(a) *Patent owner preliminary response.* (1) The patent owner may file a preliminary response to the petition. The response is limited to setting forth the reasons why no *inter partes* review should be instituted under 35 U.S.C. 314 based on issues other than discretionary denial, and can include supporting evidence. The preliminary response is subject to the word count under § 42.24. A patent owner preliminary response shall not address discretionary denial, which may only be raised pursuant to § 42.107(b), unless otherwise authorized by the Board.

(2) The preliminary response must be filed no later than three months after the date of a notice indicating that the petition to institute an *inter partes* review has been granted a filing date. A patent owner may expedite the proceeding by filing an election to waive the patent owner preliminary response.

(b) *Request for discretionary denial.* (1) In addition to a preliminary response to the petition, the patent owner may file a single request for discretionary denial of the petition. 37 CFR 42.20(b) notwithstanding, no prior Board authorization is required to file the single request for discretionary denial. The request is limited to addressing any applicable discretionary institution issues and factors, other than those involving parallel petitions under § 42.108(d). Applicable discretionary institution issues include those enumerated in § 42.108(e) and (f), as well as any issue that the patent owner believes, based on Office rules, precedent, or guidance, warrants discretionary denial of the petition. If the patent owner files a request for discretionary denial, the petitioner may file an opposition limited to the issues raised in the request, and the patent owner may file a reply limited to the issues raised in the opposition. The request, opposition, and reply are subject to the page limits under § 42.24(e). The Board may also *sua sponte* raise any applicable discretionary denial issue, in which case the Board will provide an opportunity for briefing by the parties.

(2) A request for discretionary denial must be filed no later than two months after the date of a notice indicating that the petition to institute an *inter partes* review has been granted a filing date. An opposition to the request for discretionary denial must be filed no later than one month after the filing of the request for discretionary denial. A reply in support of the request must be filed no later than two weeks after the filing of the opposition.

* * * * *

■ 7. Amend § 42.108 by revising paragraph (c) and adding paragraphs (d) through (f) to read as follows:

§ 42.108 Institution of inter partes review.

* * * * *

(c) *Institution considerations. Inter partes* review shall not be instituted unless the Board decides that the information presented in the petition demonstrates that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response when such a response is filed, including any testimonial evidence. A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c). Any such request must make a showing of good cause.

(1) *Consideration of discretionary denial.* The Board's decision will also take into account, when filed, a patent owner's request for discretionary denial, including any opposition and reply, and a petitioner's filing pursuant to § 42.108(d). To the extent the patent owner contends that there are substantive weaknesses in the petitioner's grounds of unpatentability that are relevant to the exercise of discretion under 35 U.S.C. 314(a), the patent owner may indicate in their request that they will address those substantive weaknesses in the preliminary response permitted by § 42.107(a). Nothing in § 42.108 shall be construed to limit the Board's discretion to deny institution or dismiss a proceeding as a sanction or for any other reason deemed warranted by the Board.

(2) *Discretionary considerations for joined petitions.* In reaching a decision on institution of a petition accompanied by a timely motion for joinder, the Board will not consider arguments on discretionary considerations under § 42.108(d) (parallel petitions) or § 42.108(f) (35 U.S.C. 325(d)) where the petition sought to be joined was instituted. However, the Board may deny the accompanying motion for joinder where the later-filed petition implicates other bases for discretionary denial.

(d) *Parallel petitions challenging the same patent.* The Board will not institute parallel petitions, as defined in § 42.2, absent a showing of good cause as to why more than one petition is necessary. A petitioner filing a parallel petition may, either in the petition or in a separate paper filed concurrently with the petition and limited to no more than five pages, provide information relevant to the good cause determination. 37 CFR 42.20(b) notwithstanding, the patent owner is authorized, without prior Board authorization, to file a separate paper of no more than five pages, on or before the deadline for the preliminary response, limited to providing an explanation of why the Board should not institute more than one petition. Information relevant to the good cause determination may include:

(1) A petitioner's ranking of their petitions in the order in which petitioner desires the Board to consider the merits of their petitions relative to the other parallel petitions;

(2) An explanation of the differences between the petitions and why the issues addressed by the differences are material;

(3) The number of patent claims of the challenged patent that have been asserted by the patent owner in district court litigation;

(4) The number of claims the petitioner is challenging;

(5) Whether there is a dispute about the priority date of the challenged patent;

(6) Whether there are alternative claim constructions that require different prior art references on mutually exclusive grounds;

(7) Whether the petitioner lacked information, such as the identity of asserted claims, at the time they filed the petitions;

(8) The complexity of the technology in the case; and

(9) Any other information believed to be pertinent to the good cause determination.

(e) *Institution factors for serial petitions.* The Board, in its discretion, may deny institution of any serial petition, as defined in § 42.2, for *inter partes* review challenging claims of the same patent that overlap with claims challenged in a previously filed petition for *inter partes* review, post-grant review, or covered business method patent review. The Board will consider the following factors in determining whether to deny institution:

(1) Whether, at the time of filing of the first petition, the petitioner knew of the prior art asserted in the second petition or should have known of it;

(2) Whether, at the time of filing of the second petition, the petitioner had already received the patent owner preliminary response to the first petition or had received the Board's decision on

whether to institute review in the first petition;

(3) The length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition; and

(4) Whether the petitioner provided an adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent.

(f) *Discretion based on previously presented art or arguments.* A petition for *inter partes* review may be denied under 35 U.S.C. 325(d) if the same or substantially the same prior art was previously meaningfully addressed by the Office or the same or substantially the same arguments were previously meaningfully addressed by the Office with regard to the challenged patent or a related patent or application, unless the petitioner establishes material error by the Office. If some, but not all, of the grounds of unpatentability presented in a petition implicate considerations under 35 U.S.C. 325(d), the Board may deny the petition if section 325(d) is sufficiently implicated such that instituting on all grounds of unpatentability would not promote the efficient administration of the Office or support the integrity of the patent system.

(1) *Request to deny institution pursuant to discretion under 35 U.S.C. 325(d).* A patent owner may file a request for discretionary denial under 35 U.S.C. 325(d) under the provisions of § 42.107(b). Such request must identify whether the same or substantially the same prior art was previously meaningfully addressed by the Office and/or whether the same or substantially the same arguments were previously meaningfully addressed by the Office. A petitioner may file an opposition under the provisions of § 42.107(b) to argue that the same or substantially the same prior art or arguments were not previously meaningfully addressed by the Office and/or to argue that there was material error by the Office. The patent owner may file a reply to the opposition under the provisions of § 42.107(b).

(2) *The same prior art.* Prior art is deemed to be ''the same prior art'' if a reference that forms the basis of the challenges in the petition was previously meaningfully addressed by the Office and the petition relies on the reference for a factual proposition that directly contradicts a finding made by the Office when the reference was previously meaningfully addressed.

(3) *Substantially the same prior art.* Prior art is ''substantially the same prior art'' if the disclosure in the prior art previously meaningfully addressed by the Office contains the same teaching as that relied upon in the petition.

(4) *Meaningfully addressed art or arguments.* Art or arguments are deemed to have been meaningfully addressed when the Office has evaluated the art or arguments and articulated its consideration of the art or arguments in the record of the patent or the application from which the patent issued or the record of a related application or patent with claims that are substantially the same. An initialed Information Disclosure Statement, without more, does not satisfy this standard. Art or arguments from a related application or patent will only be considered to be meaningfully addressed if they are addressed by the Office before the issuance of the challenged patent.

(5) *Related application or patent.* For purposes of this section, an application or patent is ''related'' to the challenged patent if it claims priority to a common application or is a parent application or parent patent of the challenged patent.

■ 8. Amend § 42.207 by revising the section heading and paragraphs (a) and (b) to read as follows:

§ 42.207 Preliminary response to petition and request for discretionary denial.

(a) *Patent owner preliminary response.* (1) The patent owner may file a preliminary response to the petition. The response is limited to setting forth the reasons why no post-grant review should be instituted under 35 U.S.C. 324 based on issues other than discretionary denial, and can include supporting evidence. The preliminary response is subject to the word count under § 42.24. A patent owner preliminary response shall not address discretionary denial, which may only be raised pursuant to paragraph (b) of this section, unless otherwise authorized by the Board.

(2) The preliminary response must be filed no later than three months after the date of a notice indicating that the petition to institute a post-grant review has been accorded a filing date. A patent owner may expedite the proceeding by filing an election to waive the patent owner preliminary response.

(b) *Request for discretionary denial.* (1) In addition to a preliminary response to the petition, the patent owner may file a single request for discretionary denial of the petition. Section 42.20(b) notwithstanding, no prior Board authorization is required to file the single request for discretionary denial. The request is limited to addressing any applicable discretionary institution issues and factors other than those involving parallel petitions under § 42.208(e). Applicable discretionary institution issues include those enumerated in § 42.208(f) and (g), as well as any issue that the patent owner believes, based on Office rules, precedent, or guidance, warrants discretionary denial of the petition. If the patent owner files a request for discretionary denial, the petitioner may file an opposition limited to the issues raised in the request, and the patent owner may file a reply limited to the issues raised in the opposition. The request, opposition, and reply are subject to the page limits under § 42.24(e). The Board may also *sua sponte* raise discretionary denial, in which case the Board will provide an opportunity for briefing by the parties.

(2) A request for discretionary denial must be filed no later than two months after the date of a notice indicating that the petition to institute a post-grant review has been accorded a filing date. An opposition to the request for discretionary denial must be filed no later than one month after the filing of the request for discretionary denial. A reply in support of the request must be filed no later than two weeks after the filing of the opposition.

* * * * *

■ 9. Amend § 42.208 by revising paragraph (c) and adding paragraphs (e) through (g) to read as follows:

§ 42.208 Institution of post-grant review.

* * * * *

(c) *Institution considerations.* Post-grant review shall not be instituted unless the Board decides that the information presented in the petition demonstrates that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response when such a response is filed, including any testimonial evidence. A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c). Any such request must make a showing of good cause.

(1) *Consideration of discretionary denial.* The Board's decision will also take into account, where filed, a patent owner's request for discretionary denial, including any opposition and reply, and a petitioner's filing pursuant to § 42.208(e). To the extent the patent owner contends that there are substantive weaknesses in the petitioner's grounds of unpatentability that are relevant to the exercise of discretion under 35 U.S.C. 324(a), the

patent owner may indicate in their request that they will address those substantive weaknesses in the preliminary response permitted by § 42.207(a). Nothing in this section shall be construed to limit the Board's discretion to deny institution or dismiss a proceeding as a sanction or for any other reason deemed warranted by the Board.

(2) *Discretionary considerations for joined petitions.* In reaching a decision on institution of a petition accompanied by a timely motion for joinder, the Board will not consider arguments on discretionary considerations under paragraph (e) of this section (parallel petitions) or paragraph (g) of this section (35 U.S.C. 325(d)) where the petition sought to be joined was instituted. However, the Board may deny the accompanying motion for joinder where the later-filed petition implicates other bases for discretionary denial.

* * * * *

(e) *Parallel petitions challenging the same patent.* The Board will not institute parallel petitions, as defined in § 42.2, absent a showing of good cause as to why more than one petition is necessary. A petitioner filing a parallel petition may, either in the petition or in a separate paper filed concurrently with the petition and limited to no more than five pages, provide information relevant to the good cause determination. Section 42.20(b) notwithstanding, the patent owner is authorized, without prior Board authorization, to file a separate paper of no more than five pages, on or before the deadline for the preliminary response, limited to providing an explanation of why the Board should not institute more than one petition. Information relevant to the good cause determination may include:

(1) A petitioner's ranking of their petitions in the order in which petitioner desires the Board to consider the merits of their petitions relative to their other parallel petitions;

(2) An explanation of the differences between the petitions and why the issues addressed by the differences are material;

(3) The number of patent claims of the challenged patent that have been asserted by the patent owner in district court litigation;

(4) The number of claims the petitioner is challenging;

(5) Whether there is a dispute about the priority date of the challenged patent;

(6) Whether there are alternative claim constructions that require different prior art references on mutually exclusive grounds;

(7) Whether the petitioner lacked information, such as the identity of asserted claims, at the time they filed the petitions;

(8) The complexity of the technology in the case; and

(9) Any other information believed to be pertinent to the good cause determination.

(f) *Institution factors for serial petitions.* The Board, in its discretion, may deny institution of any serial petition, as defined in § 42.2, for post-grant review challenging claims of the same patent that overlap with claims challenged in a previously filed petition for *inter partes* review, post-grant review, or covered business method patent review. The Board will consider the following factors in determining whether to deny institution:

(1) Whether, at the time of filing of the first petition, the petitioner knew of the prior art asserted in the second petition or should have known of it;

(2) Whether, at the time of filing of the second petition, the petitioner had already received the patent owner preliminary response to the first petition or had received the Board's decision on whether to institute review in the first petition;

(3) The length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition; and

(4) Whether the petitioner provided an adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent.

(g) *Discretion based on previously presented art or arguments.* A petition for post-grant review may be denied under 35 U.S.C. 325(d) if the same or substantially the same prior art was previously meaningfully addressed by the Office or the same or substantially the same arguments were previously meaningfully addressed by the Office with regard to the challenged patent or a related patent or application, unless the petitioner establishes material error by the Office. If some, but not all, of the grounds of unpatentability presented in a petition implicate considerations under 35 U.S.C. 325(d), the Board may deny the petition if section 325(d) is sufficiently implicated such that instituting on all grounds of unpatentability would not promote the efficient administration of the Office or support the integrity of the patent system.

(1) *Request to deny institution pursuant to discretion under 35 U.S.C. 325(d).* A patent owner may file a request for discretionary denial under 35 U.S.C. 325(d) under the provisions of § 42.207(b). Such request must identify whether the same or substantially the same prior art was previously meaningfully addressed by the Office and/or whether the same or substantially the same arguments were previously meaningfully addressed by the Office. A petitioner may file an opposition under the provisions of § 42.207(b) to argue that the same or substantially the same prior art or arguments were not previously meaningfully addressed by the Office and/or to argue that there was material error by the Office. The patent owner may file a reply to the opposition under the provisions of § 42.207(b).

(2) *The same prior art.* Prior art is deemed to be ''the same prior art'' if a reference that forms the basis of the challenges in the petition was previously meaningfully addressed by the Office and the petition relies on the reference for a factual proposition that directly contradicts a finding made by the Office when the reference was previously meaningfully addressed.

(3) *Substantially the same prior art.* Prior art is ''substantially the same prior art'' if the disclosure in the prior art previously meaningfully addressed by the Office contains the same teaching as that relied upon in the petition.

(4) *Meaningfully addressed art or arguments.* Art or arguments are deemed to have been meaningfully addressed when the Office has evaluated the art or arguments and articulated its consideration of the art or arguments in the record of the patent or the application from which the patent issued or the record of a related application or patent with claims that are substantially the same. An initialed Information Disclosure Statement, without more, does not satisfy this standard. Art or arguments from a related application or patent will only be considered to be meaningfully addressed if they are addressed by the Office before the issuance of the challenged patent.

(5) *Related application or patent.* For purposes of this section, an application or patent is ''related'' to the challenged patent if it claims priority to a common application or is a parent application or parent patent of the challenged patent.

Dated: April 15, 2024.

Katherine K. Vidal,

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

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