



21 March 2019

The Honorable Andrei Iancu
Under Secretary of Commerce for Intellectual Property
& Director of the United States Patent and Trademark Office
The Honorable Scott Boalick
Chief Judge for the Patent Trial and Appeal Board
Mail Stop Patent Board
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Director Iancu and Chief Judge Boalick:

On 6 March 2019 the IPO Board of Directors adopted a resolution concerning the rules of practice for post grant proceedings before the Patent Trial and Appeal Board. The resolution arises from the Federal Circuit’s decision in Arthrex, Inc. v. Smith & Nephew, Inc., 880 F.3d 1345 (Fed. Cir. 2018). In that case, the patent owner disclaimed all of the challenged patent claims prior to PTAB’s institution of inter partes review, stating that it was “not requesting an adverse judgment.” Id. at 1347. Nonetheless, the PTAB entered adverse judgment against the patent owner under Rule 42.73(b)(3), which caused an estoppel to attach that precluded the patent owner from “taking action inconsistent with the adverse judgment, including obtaining in any patent . . . a claim that is not patentably distinct from a finally refused or cancelled claim.” Id.(citing 37 C.F.R. § 42.73(d)(3)(i)).

PTAB justified its entry of adverse judgment on the ground that Rule 42.73(b) permits a party to take adverse judgment against itself during a proceeding, which “begins with the filing of a petition for instituting a trial.” 37 C.F.R. § 42.2. The Federal Circuit concluded that the regulation, as written, was properly interpreted by the PTAB. Judge O’Malley concurred but questioned whether the PTAB had authority to enter adverse judgment on statutory disclaimers prior to institution. Judge Newman dissented, arguing that the phrase “in the trial” in Rule 42.73(b)(2) precluded the PTAB from entering adverse judgment.

IPO’s Board adopted the following resolution to amend the rules of practice to explicitly provide for disclaimers and cancellation of claims pre-institution and clarify that such cancellations would not result in a judgment against the patent owner. These amendments would aid judicial economy by permitting a patent owner to cancel claims prior to institution of a PTAB trial without invoking estoppel. In short, it would avoid IPR trials, reduce the PTAB’s workload, and save expenses for parties.

RESOLVED, that IPO supports an amendment to 37 C.F.R. § 42.73(b) as follows (strikeout indicates deletion, underscoring indicates addition):

“A party may request judgment against itself at any time after institution during a proceeding trial. Actions construed to be a request for adverse judgment include:

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INTELLECTUAL PROPERTY OWNERS ASSOCIATION

- (1) Disclaimer of the involved application or patent;
- (2) Cancellation or disclaimer of a claim such that the party has no remaining claim in the trial;
- (3) Concession of unpatentability or derivation of the contested subject matter; and
- (4) Abandonment of the contest.”

*FURTHER RESOLVED*, that IPO supports amendments to 37 C.F.R. § 42.107(e) and § 42.207(e) as follows:

(e) Disclaim Patent Claims. The patent owner may file a statutory disclaimer under 35 U.S.C. § 253(a) in compliance with § 1.321(a) of this chapter, disclaiming one or more claims in the patent. When such disclaimer is filed prior to institution of a trial, such disclaimer shall not be construed as a request for an adverse judgment under 37 C.F.R. § 42.73(b). No inter partes review will be instituted based on disclaimed claims.

IPO did not take a position on whether the U.S. Patent and Trademark Office had authority to adopt rules concerning patent owner estoppel, which is an issue raised but not resolved in the *Arthrex* decision.

We would be happy to discuss this recommendation with you if desired. Please let us know if we can otherwise be of assistance.

Sincerely,



Mark Lauroesch  
Executive Director