

# Proposed USPTO Rules for Derivation Proceedings

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## Subpart E—Derivation

### § 42.400 Procedure; pendency

- (a) A derivation proceeding is a trial subject to the procedures set forth in subpart A of this part.
- (b) The Board may for good cause authorize or direct the parties to address patentability issues that arise in the course of the derivation proceeding.

### § 42.401 Definitions

In addition to the definitions in § 42.2, the following additional definitions apply to proceedings under this subpart:

*Agreement or understanding under 35 U.S.C. 135(e)* means settlement for the purposes of § 42.74.

*Applicant* includes a reissue applicant.

*Application* includes both an application for an original patent and an application for a reissued patent.

*Petitioner* means a patent applicant who petitions for a determination that another party named in an earlier-filed patent application allegedly derived a claimed invention from an inventor named in the petitioner's application and filed the earlier application without authorization.

*Respondent* means a party other than the petitioner.

### § 42.402 Who may file a petition for a derivation proceeding

An applicant for patent may file a petition to institute a derivation proceeding in the Office.

### § 42.403 Time for filing

A petition for a derivation proceeding must be filed within one year after the first publication of a claim to an invention that is the same or substantially the same as the earlier application's claim to the allegedly derived invention.

### § 42.404 Derivation fee

- (a) A derivation fee set forth in § 42.15(c) must accompany the petition.
- (b) No filing date will be accorded to the petition until payment is complete.

### § 42.405 Content of petition

- (a) *Grounds for standing.* The petition must:
  - (1) Demonstrate compliance with §§ 42.402 and 42.403; and
  - (2) Show that the petitioner has at least one claim that is:
    - (i) The same or substantially the same as the respondent's claimed invention; and
    - (ii) Not patentably distinct from the invention disclosed to the respondent.
- (b) In addition to the requirements of §§ 42.8 and 42.22, the petition must:
  - (1) Provide sufficient information to identify the application or patent for which the petitioner seeks a derivation proceeding;
  - (2) Demonstrate that an invention was derived from an inventor named in the petitioner's application and, without authorization, the earliest application claiming such invention was filed; and
  - (3) For each of the respondent's claims to the derived invention,
    - (i) Show why the claimed invention is not patentably distinct from the invention disclosed to the respondent, and
    - (ii) Identify how the claim is to be construed. Where the claim to be construed contains a means-plus-function or step-plus-function limitation as permitted under 35 U.S.C. 112, sixth paragraph, the construction of the claim must identify the specific portions of the specification that describe the structure,

material, or acts corresponding to each claimed function.

- (c) *Sufficiency of showing.* A derivation showing is not sufficient unless it is supported by substantial evidence, including at least one affidavit addressing communication of the derived invention and lack of authorization that, if unrebutted, would support a determination of derivation. The showing of communication must be corroborated.

#### **§ 42.406 Service of petition**

In addition to the requirements of § 42.6, the petitioner must serve the petition and exhibits relied upon in the petition as follows:

- (a) The petition and supporting evidence must be served at the correspondence address of record for the earlier application. The petitioner may additionally serve the petition and supporting evidence on the respondent at any other address known to the petitioner as likely to effect service.
- (b) If the petitioner cannot effect service of the petition and supporting evidence at the correspondence address of record for the subject application or patent, the petitioner must immediately contact the Board to discuss alternate modes of service.

#### **§ 42.407 Filing date**

- (a) *Complete petition.* A petition to institute a derivation proceeding will not be accorded a filing date until the petition satisfies all of the following requirements:
  - (1) Complies with § 42.405,
  - (2) Service of the petition on the correspondence address of record as provided in § 42.406, and
  - (3) Is accompanied by the fee to institute required in § 42.15(c).
- (b) *Incomplete request.* Where the petitioner files an incomplete request, no filing date will be accorded, and the Office will dismiss the request if the deficiency in the request is not corrected within the earlier of either one month from notice of the incomplete request, or the expiration of the statutory deadline in which to file a petition for derivation.

### **Instituting Derivation Proceeding**

#### **§ 42.408 Institution of derivation proceeding**

- (a) An administrative patent judge institutes, and may as necessary reinstitute, the derivation proceeding on behalf of the Director.
- (b) *Additional derivation proceeding.* The petitioner may suggest the addition of a patent or application to the derivation proceeding. The suggestion should make the showings required under § 42.405 of this part and explain why the suggestion could not have been made in the original petition.

### **After Institution of Derivation Proceeding**

#### **§ 42.409 Settlement agreements**

An agreement or understanding under 35 U.S.C. 135(e) is a settlement for the purposes of § 42.74.

#### **§ 42.410 Arbitration**

- (a) Parties may resort to binding arbitration to determine any issue. The Office is not a party to the arbitration. The Board is not bound by, and may independently determine, any question of patentability.
- (b) The Board will not set a time for, or otherwise modify the proceeding for, an arbitration unless:
  - (1) It is to be conducted according to Title 9 of the United States Code;
  - (2) The parties notify the Board in writing of their intention to arbitrate;
  - (3) The agreement to arbitrate:
    - (i) Is in writing;

- (ii) Specifies the issues to be arbitrated;
  - (iii) Names the arbitrator, or provides a date not more than 30 days after the execution of the agreement for the selection of the arbitrator;
  - (iv) Provides that the arbitrator's award shall be binding on the parties and that judgment thereon can be entered by the Board;
  - (v) Provides that a copy of the agreement is filed within 20 days after its execution; and
  - (vi) Provides that the arbitration is completed within the time the Board sets.
- (c) The parties are solely responsible for the selection of the arbitrator and the conduct of the arbitration.
  - (d) The Board may determine issues the arbitration does not resolve.
  - (e) The Board will not consider the arbitration award unless it:
    - (1) Is binding on the parties;
    - (2) Is in writing;
    - (3) States in a clear and definite manner each issue arbitrated and the disposition of each issue; and
    - (4) Is filed within 20 days of the date of the award.
  - (f) Once the award is filed, the parties to the award may not take actions inconsistent with the award. If the award is dispositive of the contested subject matter for a party, the Board may enter judgment as to that party.

**§ 42.411 Common interests in the invention**

The Board may decline to institute, or if already instituted the Board may issue judgment in, a derivation proceeding between an application and a patent or another application that are commonly owned.

**§ 42.412 Public availability of Board records**

(a) *Publication*—

- (1) *Generally.* Any Board decision is available for public inspection without a party's permission if rendered in a file open to the public pursuant to § 1.11 of this chapter or in an application that has been published in accordance with §§ 1.211 to 1.221 of this chapter. The Office may independently publish any Board decision that is available for public inspection.
- (2) *Determination of special circumstances.* Any Board decision not publishable under paragraph (a)(1) of this section may be published or made available for public inspection if the Director believes that special circumstances warrant publication and a party does not petition within two months after being notified of the intention to make the decision public, objecting in writing on the ground that the decision discloses the objecting party's trade secret or other confidential information and stating with specificity that such information is not otherwise publicly available.

(b) *Record of proceeding.*

- (1) The record of a Board proceeding is available to the public, unless a patent application not otherwise available to the public is involved.
- (2) Notwithstanding paragraph (b)(1) of this section, after a final Board decision in or judgment in a Board proceeding, the record of the Board proceeding will be made available to the public if any involved file is or becomes open to the public under § 1.11 of this title or an involved application is or becomes published under §§ 1.211 to 1.221 of this chapter.