

April 9, 2012

Mail Stop Patent Board
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Attention: Lead Judge Michael Tierney

Re: Request for Comments on
Proposed Patent Trial Rules

Dear Judge Tierney:

Oliff & Berridge, PLC is a private intellectual property law firm that files and prosecutes and defends many reexamination proceedings and interferences, on behalf of a wide range of U.S. and foreign applicants, patent owners, and third-party requesters. Our practice before the U.S. Patent and Trademark Office (USPTO) provides a perspective and depth of experience necessary to provide the following comments regarding the proposed rules.

We appreciate the rule-making burden on the USPTO as a result of the America Invents Act (AIA). We would like to commend the USPTO on its efforts to efficiently and effectively implement the many impending changes brought by the (AIA).

For the most part, we believe that the USPTO has proposed fair and effective patent trial rules. However, as discussed in detail below, we are concerned with (A) proposed new 37 C.F.R. §42.51(b)(3) requiring routine discovery of inconsistent information, (B) proposed new 37 C.F.R. §42.73(d)(3) creating an estoppel against a patent applicant or owner, (C) the timing for motions to amend under proposed new 37 C.F.R. §42.121; (D) the use of the number of claims as the basis for the *inter partes* review and post grant review fees; (E) the manner of service of documents on an opposing party; (F) use of the term "interrogatories" in proposed new 37 C.F.R. §42.53(e)(2); and (G) the lack of a provision for alternative citations of recent court decisions.

A. Routine Discovery of Inconsistent Information Places an Unreasonable and Undefined Burden on Parties and is Inconsistent With Patent Office Policy

Proposed new 37 C.F.R. §42.51(b)(3) requires that parties to a trial before the Board must provide "noncumulative information that is inconsistent with a position advanced by the patent owner or petitioner during the proceeding." Further, "the party submitting the information must specify the relevance of the information, including where the information is presented in a

document and, where applicable, how the information is pertinent to the claims." As the commentary on the proposed rules recognizes, this standard is far broader than the *Therasense* standard, which the Patent Office has proposed to adopt by revising 37 C.F.R. §1.56 for *ex parte* matters. However, the commentary to the presently proposed rules reasons that placing an affirmative duty on the parties to provide noncumulative inconsistent information will ensure the integrity and timeliness of the proceeding.

The reality of requiring such a broad category of information is experienced by patent examiners on a daily basis. Fearful of potential noncompliance and the associated consequences (in this case, sanctionable misconduct under proposed new 37 C.F.R. §42.12 and inequitable conduct allegations in future litigation), parties will routinely submit all information that someone could possibly later allege was noncumulative inconsistent information. The necessary result of this practice is that the parties will (1) submit far more information than the Board will find useful, and (2) be burdened with meeting the added requirements of specifying the relevance of the information, where the information is presented in a document, and how the information is pertinent to the claims, for each piece of information, in a relatively short period of time. As a result, the Board and parties will be overwhelmed, and routine discovery of noncumulative inconsistent information will actually delay and unduly complicate trials rather than ensure timeliness or the integrity of the proceeding.

Further, because this proposed rule requires the submission of information that is inconsistent with a position advanced by either party, the proposed rule will, in effect, provide for page-limit-free supplemental oppositions during routine discovery by both parties with little to no opportunity for reply. For example, during routine discovery, a petitioner could provide any number of new references that are "inconsistent" with the patent owner's positions including claim charts, etc., without being subject to the page limits of the original petition.

Furthermore, there will necessarily be disagreements among the parties regarding to which claim(s) a particular piece of information is relevant and why the information is relevant (or whether it is even relevant at all). These disagreements could provide the basis for requests for sanctions under proposed new 37 C.F.R. §42.12 and inequitable conduct litigation, which the AIA was meant to reduce.

It has long been recognized that a duty of disclosure and a duty of candor are necessary for *ex parte* proceedings before the Patent Office. However, in *inter partes* proceedings, the Board need only evaluate the merits of the petitioners' arguments and the patent owners' amendments and replies—the Board need not initiate a new examination of all of the claims. In this respect, proposed new rule 42.11 requiring a duty of candor, should be enough to ensure that information known to a party and that is inconsistent with a position that party is espousing is made known to the Board. To the extent that the Board will require parties to submit any information during routine discovery, the information required for submission should be limited to "but for" material information in accordance with the proposed revisions to 37 C.F.R. §1.56.

B. Proposed New 37 C.F.R. §42.73(d)(3) Creating an Estoppel Against a Patent Applicant or Owner Should be Removed

Proposed new 37 C.F.R. §42.73(d)(3) states that:

...A patent applicant or owner whose claim is canceled is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:

(i) A claim to substantially the same invention as the finally refused or cancelled claim;

(ii) A claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or canceled claim; or

(iii) An amendment of a specification or of a drawing that was denied during the trial proceeding.

These proposed rules do not identify any statutory authority for this provision, and there does not appear to be any authority for such a provision anywhere in the AIA.

The provisions of paragraphs (i) and (ii) are unreasonable in view of the limited opportunities that a patent owner will have to amend the claims during a trial. The commentary to the proposed rules states that "[t]here is a general presumption that only one substitute claim would be needed to replace each challenged claim." Based on this presumption, a patent owner cannot possibly present enough claims to ensure (a) complete coverage of anything that might be considered "substantially the same invention" under paragraph (i) or, (b) presentation of every claim that could be filed in response to every properly raised ground of unpatentability. Thus, paragraphs (i) and (ii) are unreasonably broad.

Even if the general presumption that only one substitute claim would be needed to replace each challenged claim is not followed or even eliminated, as a result of paragraph (ii), in its first motion to amend, a patent owner will have to add every possible claim that could conceivably be filed in response to each properly raised ground of unpatentability to avoid being estopped from ever obtaining a such a claim in a reissue or pending family member of the patent that is the subject of the trial. The necessary result is that patent owners will submit numerous claims in the first motion to amend, which will increase the burden on the parties and the Board. Furthermore, as discussed below, these additional claims will not be subject to additional fees under the proposed fee structure.

To the extent that the Board is concerned with patent owners attempting to obtain allowance of claims that are not identical, but similar to a finally refused or canceled claim in a subsequent Patent Office proceeding, it should be sufficient that the patent owner will have to

make (1) an examiner aware of the prior trial under 37 C.F.R. §1.56 in a reissue application, (2) an examiner aware of the prior trial under 37 C.F.R. §1.555 in a subsequent *ex parte* reexamination, and (3) the Board aware of the prior trial in a subsequent trial under proposed new rules 37 C.F.R. §§ 42.8(b)(2) and 42.11.

Paragraph (iii) should be eliminated because an amendment to a specification or drawing in a subsequent proceeding can easily be denied by an examiner or the board as being unsupported by the original disclosure.

Accordingly, 37 C.F.R. §42.73(d)(3) should be rewritten as follows:

...A patent applicant or owner whose claim is canceled is precluded from ~~taking action inconsistent with the adverse judgment, including obtaining in any patent:-~~
—(i) ~~A claim to substantially the same invention as the finally refused or cancelled claim;-~~
—(ii) ~~A claim that could have been filed in response to any properly raised ground of unpatentability for a claim that is not narrower in any respect than a finally refused or canceled claim;-~~
~~or~~
—(iii) ~~An amendment of a specification or of a drawing that was denied during the trial proceeding.~~

C. The First Motion to Amend Under Proposed New 37 C.F.R. §42.121 Should be Required By Rule to Be Filed On or Before the Due Date for the Patent Owner's Response

Under currently proposed 37 C.F.R. §42.121, a patent owner may, as a matter of right, file a first motion to amend, but only after conferring with the Board. Additional motions to amend may not be filed without Board authorization. Proposed 37 C.F.R. §42.121 does not include a timing requirement for this first motion to amend.

Section (II)(G)(3) of the "Practice Guide for Proposed Trial Rules" (Practice Guide) correctly recognizes that "amendments are expected to be filed at the due dates set for filing a patent owner response.... For amendments sought later in the proceeding, a demonstration of good cause will be required." The fact that motions to amend should be filed at the due dates set for filing a patent owner response is also reflected in the Scheduling Order in Appendix A-1 of the Practice Guide.

In addition to the Board's preferences indicated in the Practice Guide, we believe that the Board should require by rule that the first motion to amend be filed on or before the due date for the patent owner's response. There are a number of reasons for this. First, as recognized by the

Practice Guide, it will be difficult for a petitioner to respond meaningfully to any motion to amend submitted after the due date for the patent owner's response because the petitioner will not have sufficient time to address the motion to amend in its 50-page reply to the patent owner's response and may only have the much shorter 15-page opposition to the motion to amend to address the amendments. Second, allowing the first motion to amend later in the *inter partes* review will result in the petitioner wasting time and resources by preparing arguments to be filed in the reply to the patent owner's response directed to claims that will later be changed by a subsequently filed motion to amend. Third, if a motion to amend is not filed by the due date for the patent owner's response, a motion to amend could still be filed with Board authorization under the "additional motions to amend" provision of currently proposed 37 C.F.R. §42.121(a) (§42.121(b) in the proposed revision below). Fourth, such a rule will give force to the stated preference of the Board indicated in the Practice Guide, while preventing patent owners from attempting to file a first motion to amend after the patent owner's response.

Accordingly, we recommend that proposed 37 C.F.R. §42.121 be rewritten as follows:

(a) A patent owner may file one motion to amend a patent but only after conferring with the Board.

(b) Any additional motions to amend may not be filed without Board authorization.

~~(b)~~(c) A motion to amend must set forth:

(1) The support in the original disclosure of the patent for each claim that is added or amended; and

(2) The support in an earlier filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.

~~(c)~~(d) A motion to amend the claims of a patent will not be authorized where:

(1) The amendment does not respond to a ground of unpatentability involved in the trial; or

(2) The amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.

(e) A motion to amend filed under paragraph (a) of this section must be filed on or before the due date for the patent owner's response under §§ 42.120 or 42.220.

D. The Number of Grounds for Which Review is Requested Would Provide a Better Basis for Determining Fees

The fee structure set forth in proposed new 37 C.F.R. §§ 42.15(a) and (b) incrementally increases the fee for filing a petition for *inter partes* review or post grant review based on the number of claims challenged in the petition. However, as discussed below, when properly

defined, we believe that the number of grounds for which review is requested is a better basis for determining the amount of the fee for *inter partes* review and post grant review.

1. The Rules Should Provide a Definition of "Grounds for Which Review is Requested"

In existing *inter partes* reexamination, challenges to a claim must be presented in the form of non-alternative proposed rejections. Defining a ground for which review is requested in the same manner for *inter partes* review and post grant review would both provide a familiar format for practitioners to assert grounds of review and simplify the calculation of fees based on grounds for which review is requested. Accordingly, 37 C.F.R. §42.15 should include a definition of a "ground for review," for example, as follows:

A ground for review is a proposed non-alternative rejection of one or more claims based on:

- (a) 35 U.S.C. §102 over the same reference;*
- (b) 35 U.S.C. §103 over the same combination of references;*
- (c) 35 U.S.C. §112 for the same reason;*
- (d) 35 U.S.C. §101 for the same reason; or*
- (e) 35 U.S.C. §251 for the same reason.*

For the purpose of this section, a compilation of separate works or chapters by different authors will not be considered a "reference." Each work or chapter in the compilation will be considered a separate "reference."

According to this definition, a book or periodical including a compilation of chapters or articles by different authors will not be considered a "reference" because the chapters or articles will not be by the same author. Instead, each chapter or article will separately be considered a reference. Also, according to this definition, a "reason" will be a specific reason for the rejection. Thus, for example, a first proposed rejection of a hypothetical claim 1 and claims 2-5 depending therefrom for lack of enablement under 35 U.S.C. §112, second paragraph, would be considered a single ground for review. But, a second proposed rejection of claims 3-5 for lack of enablement under 35 U.S.C. §112, second paragraph, for a different reason than the first proposed rejection of claim 1 would be considered a different ground for review. Also, a third proposed rejection of claims 1-5 under 35 U.S.C. §112, second paragraph, for indefiniteness would be considered a different ground for review. Such examples could be included in the commentary on the rules.

2. The Number of Grounds for Which Review is Requested is a Better Measure of the Complexity of the Petition

According to the commentary in the proposed rulemaking, the Board believes that the number of claims "often impacts the complexity of the request and increases the demands placed on the deciding officials." Of course, the number of claims is a factor that will affect the complexity of a petition and increase the demands on the panel. However, the number of claims is not the only factor, and can be misleading. Frequently, many claims will rise or fall based on a single proposed rejection. For example, in most cases, a petition filed challenging 60 claims based on a single proposed rejection will be far simpler than a petition filed challenging 20 claims based on 12 separate proposed rejections. Yet, under the currently proposed fee structure, in the first scenario, the Patent Office will collect a fee more than two times larger than the fee in the second scenario.

3. The Number of Grounds for Which Review is Requested is Just as Easily Determined and Administered as the Number of Claims Challenged

According to the commentary in the proposed rulemaking, the Board believes that "the number of claims for which review is requested can be easily determined and administered," while "the number of grounds in a [petition] may be contentious and difficult." However, if the grounds for review are defined as proposed above, the number of proposed rejections can simply be counted in the same way that the number of challenged claims can be counted.

Furthermore, the determination of the number of claims challenged is not as simple as described in the commentary. Specifically, the commentary does not address the situation in which the patent owner adds claims in a motion to amend during the trial, thereby increasing the number of claims challenged. As noted above, if the PTO retains the proposed estoppels on patentees, patent owners will often feel compelled to add large numbers of claims in the course of a proceeding.

4. Basing the Fee on the Number of Grounds for Which Review is Requested Should Reduce Delay and Cost at Least as Effectively as Basing the Fee on the Number of Claims Challenged

The commentary also states that "allowing for a large number of grounds to be presented on payment of additional fee(s) is not favored" because the issues will not be focused. The commentary in the proposed rulemaking cites interferences from the late 1980s and early 1990s as evidence that too many asserted grounds for review can result in delay and increased cost. Yet, if fees are determined based on the number of claims challenged there will be no limit on the number of grounds that can be asserted, other than the page limit. Thus, basing the fee on the number of claims does not do anything to alleviate this problem. Further, although the number

of proposed rejections asserted by a petitioner will be most directly influenced by the statutory estoppel provisions of new 35 U.S.C. §§ 315(e) and 325(e),¹ increasing the fee based on the number of grounds in a petition will certainly have more effect on focusing the issues on decision than the number of claims challenged by at least disincentiveizing the assertion of multiple redundant proposed rejections of the same claims.

5. Basing the Fee on the Number of Claims Provides an Easy Way for Patent Owners to Make *Inter Partes* Review or Post Grant Review Cost-Prohibitive for Small-Entities

If the fee for *inter partes* review or post grant review is based on the number of claims challenged, a patent owner can make *inter partes* review or post grant review cost-prohibitive for small entities by simply adding many relatively insignificant and possibly redundant dependent claims during prosecution to increase the number of claims in the patent. For example, a patent owner could add 80 such dependent claims (at a relatively reasonable cost) to a patent that would have otherwise had only 20 claims to increase the already large fee for filing a petition for *inter partes* review or post grant review that challenges every claim of the patent by a factor of six. Understandably, a petitioner does not need to challenge every claim of a patent in a petition. However, as a practical matter, if a petitioner is planning to use *inter partes* review or post grant review as a substitute for litigation (as many small entities must do), the petitioner must challenge every claim that the patent owner may assert against the petitioner because any unchallenged claim could still be asserted in a subsequent infringement litigation.

E. Proposed New 37 C.F.R. §42.6(e) Should Specify the Manner of Service

According to proposed rule 37 C.F.R. §42.6(e), documents filed by the parties in trials before the Board must be served on the other party. However, the proposed rules do not specify the method of service. In contrast, current 37 C.F.R. §41.106(e), governing interferences, specifies that "service must be made by EXPRESSMAIL® or by means at least as fast and reliable as EXPRESSMAIL®."

In view of the speed with which trials will proceed before the Board, and the fact that some deadlines can be as short as one week from the date of service, it is important that documents be received as soon as possible after the date served. Thus, we recommend that proposed 37 C.F.R. §42.6(e)(4) be added as follows:

¹ A petitioner will likely assert all known grounds for challenging a claim—even if redundant—because the petitioner will likely be statutorily estopped from later raising any known grounds that are not asserted.

(4) Service must be made by EXPRESSMAIL® or by means at least as fast and reliable as EXPRESSMAIL®. Alternatively, upon agreement of the parties, service may be made by facsimile or electronically.

F. Proposed New 37 C.F.R. §42.53(e)(2) Should Not Use the Term "Interrogatories"

The use of the term "interrogatories" in proposed new 37 C.F.R. §42.53(e)(2) appears to be used as generically referring to questions asked of a witness during a deposition rather than written interrogatories, for example, governed by Rule 33 of the Federal Rules of Civil Procedure. Thus, to avoid confusion, we recommend that proposed new 37 C.F.R. §42.53(e)(2) be rewritten to replace the term "interrogatories" with "questions."

G. Proposed New 37 C.F.R. §42.13 Should Allow for Alternative Citations When the Specified Reporter Does Yet Include the Cited Decision

Proposed new 37 C.F.R. §§ 42.13(a) and(b) specify the particular reporters that should be cited when referring to the decision of a court. However, the identified reporters may not include a particular decision for months and sometimes years after a decision is issued. Thus, we recommend that proposed 37 C.F.R. §42.13(e) be added as follows:

(4) When a decision has not yet been reported by the reporters identified in paragraphs (a) or (b), an alternative citation may be used.

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We thank you for consideration of our comments. If you have any questions, please feel free to contact the undersigned.

Respectfully submitted,



Jesse O. Collier