

April 10, 2012

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

**By Email**

Attention: Lead Judge Michael Tierney

Re: Request for Comments on Proposed Changes  
to Implement Post-Grant Review Proceedings

Dear Judge Tierney:

Oliff & Berridge, PLC is a private intellectual property law firm that files, prosecutes, and defends many reexamination proceedings, on behalf of a wide range of U.S. and foreign 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 rules to implement post-grant review proceedings. However, as discussed in detail below, we are concerned with (A) the use of the number of claims as the basis for the post-grant review fee, (B) the lack of any provisions for refunding a portion of the fee, (C) the extent to which challenged claims must be construed in a petition under proposed new 37 C.F.R. §42.104(b)(3), (D) how a petitioner is expected to determine whether or not service has been effected under proposed new 37 C.F.R. §42.105(b), (E) the timing for motions to amend under proposed new 37 C.F.R. §42.121, and (F) the type of typographical or clerical errors that can be corrected by motion under proposed new 37 C.F.R. §42.104(c) without changing the filing date of the petition.

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

Proposed new 37 C.F.R. §42.203(a) incorporates the fee structure set forth in proposed new 37 C.F.R. 42.15(b). This fee structure incrementally increases the fee for filing a petition for 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 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 post-grant review (and *inter partes* 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 of \$89,500, and in the second scenario, the Patent Office will only collect a fee of \$35,800.

**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. If the Board retains proposed new 37 C.F.R. §42.73(d)(3) (discussed in detail in our April 9 comments on the proposed rules regarding practice before the Board (77 Fed. Reg. 7041)), which creates estoppels on patent owners, 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. §325(e),<sup>1</sup> 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 disincentivizing 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 Post-Grant Review Cost-Prohibitive for Small-Entities**

If the fee for post-grant review is based on the number of claims challenged, a patent owner can make 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 to a patent that would have otherwise had only 20 claims for less than \$5,000, to increase the fee for filing a petition for post-grant review that challenges every claim of the patent from \$35,800 to \$232,700. 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 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.

**B. The Fee Structure Should Permit Refunds When the *Inter Partes* Review is Terminated by One or Both of the Parties Before the Board Has Instituted the Post-Grant Review or Before the Board Has Taken Up the Case for Judgment**

The AIA mandates that the fee for post-grant review take into account the aggregate cost of the review. 35 U.S.C. §321(a). When a post-grant review is terminated by one or both of the parties before the Board has instituted the post-grant review under proposed new 37 C.F.R. §42.208, the Board will have expended very little time and effort, and thus the cost of the review will be only a small percentage of the collected fee. Similarly, when a post-grant review is terminated by one or both of the parties before the Board has taken up the case for judgment under proposed new 37 C.F.R. §42.73(a), the Board will have expended far less time and effort than it would have if it had issued a judgment, and thus the cost of the review will be only a percentage of the collected fee. In both cases, the Board should refund a portion of the collected fee to the petitioner.

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<sup>1</sup> 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.

Citing 35 U.S.C. §42(d), the commentary on the proposed rules states that "the Office does not have authority to refund fees were not paid by mistake or in excess of that owed." However, §42(d) does not prohibit refunds in this case. §42(d) states "the Director may refund any fee paid by mistake or any amount paid in excess of that required." Thus, 35 U.S.C. §42(d), permits refunds in certain cases, but does not prevent refunds in other cases. This fact is evidenced by the Patent Office's practice of refunding search and excess claim fees when a patent application is expressly abandoned before an examination has been made on the application. *See* 37 C.F.R. 1.138(d). Furthermore, even if §42(d) were construed to define the limits of the Patent Office's authority to refund fees, in the cases in which the post-grant review is terminated before either (1) the Board institutes the post-grant review under proposed new 37 C.F.R. §42.208, or (2) the Board takes up the case for judgment under proposed new 37 C.F.R. §42.73(a), any refund would clearly fall within the "fees paid in excess of that owed" provision of 35 U.S.C. §42(d), because the cost of the review would be less than the amount of the collected fee.

Further, such refunds would be beneficial to foster settlement between the parties. That is, a party may be more inclined to request an adverse judgment under proposed new 37 C.F.R. §42.73(b) in conjunction with a settlement agreement if the petitioner can recover a portion of the substantial post-grant review fee (and optionally share the refund as incentive for settlement).

Accordingly, we suggest that the proposed fee structure be revised to include (1) a refund of a portion of the post-grant review fee when a post-grant review is terminated by one or both of the parties before the Board has instituted the post-grant review under proposed new 37 C.F.R. §42.208, and (2) a refund of a portion of the post-grant review fee when a post-grant review is terminated by one or both of the parties before the Board has taken the case up for judgment under proposed new 37 C.F.R. §42.73(a).

**C. Proposed New 37 C.F.R. §42.204(b)(3) Should Only Require Claim Construction to the Extent Necessary to Establish the Challenged Claim is Unpatentable**

Proposed new 37 C.F.R. §42.204(b)(3) states that a petition must:

*...Provide a statement of the precise relief requested for each claim challenged. The statement must identify the following:...*

*(3) How the challenged 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;*

However, construing the full breadth of each claim term in each challenged claim should not be required. Similarly, it is unnecessary for a petitioner to pontificate on the full scope of a means-plus-function or step-plus-function limitation under 35 U.S.C. §112, sixth paragraph (soon to be §112(f)). If the petitioner is expected to construe the full breadth of each limitation of each of the challenged claims, the parties will engage in useless debate over the boundaries of the scope of claim terms that might only be relevant for infringement issues, but not at all relevant to validity issues.

In particular, parties to a litigation and courts spend scores or even hundreds of hours addressing claim construction issues in determining the outer limits of claim scope. Even then, they generally do so only after having been made aware of the contextual facts of the products or processes accused of infringement and the prior art or other issues forming the basis of invalidity allegations. Furthermore, courts routinely limit briefing and consideration of the parties' claim construction analyses to be directed to claim terms actually at issue between the parties, in order to avoid wasting the parties' and the courts' resources on non-contested claim construction issues or claim construction issues as to which the parties may disagree but the disagreement is not relevant to the issues that the court must decide.

We recognize that the claim construction standard during trials before the Board is not the same as in Federal court. Nonetheless, due to the prospect of future or even copending litigation, if a petitioner is required to fully construe all the limitations of all challenged claims in the abstract, the parties and the Board will engage in needless hours of analysis of hypothetical future issues. Furthermore, comprehensive claim construction of all the limitations of all challenged claims will require most of the allotted 70 pages of the petition and most of the allotted 70 pages of the patent owner's reply, leaving little room for the actual discussion of the patentability of the challenged claims.

In addition, as to 35 U.S.C. §112, 6<sup>th</sup> paragraph (soon to be §112(f)), the petitioner may believe that the specification does not describe any structure, material, or acts corresponding to the recited function. The proposed rule fails to take this common scenario into account.

For the purpose of post-grant review, it should be enough that the petitioner construe the claim limitations to the extent necessary to establish that each limitation reads on or is obvious over the compound, structure, process, etc. disclosed in the asserted reference(s). Accordingly, we recommend revising new 37 C.F.R. §§ 42.204(b)(3) and (4) as follows:

*...The statement must identify the following:...*

(3) *How the challenged claim is unpatentable under the statutory grounds identified in paragraph (b)(2) of this section, including ~~How-how~~ the challenged claim is to be construed to the extent necessary to demonstrate how the challenged claim is unpatentable.* Where the *challenged claim ~~to be construed~~ contains a means-plus-function or step-plus-function limitation as permitted*

*under 35 U.S.C. 112(f), ~~sixth paragraph, to the extent necessary,~~ the construction of the means-plus-function or step-plus-function limitation claim must should identify the specific portions of the specification that ~~describe the structure, material, or acts~~ corresponding to each claimed functions support the basis for the unpatentability of the challenged claim;*

*(4) ~~How the construed claim is unpatentable under the statutory grounds identified in paragraph (b)(2) of this section. The petition must specify w~~Where each element of the claim is found in the prior art patents or printed publications relied upon; and...*

**D. Proposed new 37 C.F.R. §42.205(b) Should Clarify the Situations in Which a Petitioner Cannot Effect Service**

Proposed new 37 C.F.R. §42.205(b) states that:

*(b) If the petitioner cannot effect service of the petition and supporting evidence on the patent owner at the correspondence address of record for the subject patent, the petitioner must immediately contact the Board to discuss alternate modes of service.*

However, it is unclear under what circumstances a petitioner will be deemed to have not been able to have effected actual service. Is this situation limited to a copy of the petition mailed to the patent owner at the correspondence address of record at the Patent Office being returned as undeliverable? Alternatively, does this situation encompass a situation in which a copy of the petition mailed to the patent owner at the correspondence address of record at the Patent Office is not returned, but there is no affirmative indication that the petition was received? In the second situation, is the petitioner expected to follow up to make sure that the service was actually effected? Because proposed new 37 C.F.R. §42.205(b) places a burden on the petitioner to immediately contact the Board, the situations in which a petitioner will be deemed to have not been able to have effected service should be clearly defined in the rule or associated commentary.

In our April 9 comments on the proposed rules regarding practice before the Board (77 Fed. Reg. 7041), we suggested that 37 C.F.R. §42.6(e)(4) be added to specify that service must be made by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL®, or upon agreement of the parties, service may be made by facsimile or electronically. Because proposed new 37 C.F.R. §42.205(b) places a burden on the petitioner to immediately contact the Board, we further suggest that proposed new 37 C.F.R. §42.205 be rewritten as follows:

*(a) The petition and supporting evidence must be served on the patent owner at the correspondence address of record for the subject patent. The petitioner may additionally serve the petition and supporting evidence on the patent owner at any other address known to the petitioner as likely to effect service. Service must be made in accordance with §42.6(e)(4) in a manner that provides for confirmation of delivery.*

*(b) If the petitioner cannot ~~effect service of the petition and supporting evidence on the patent owner~~ confirm delivery at the correspondence address of record for the subject patent, the petitioner must immediately contact the Board to discuss alternate modes of service.*

**E. The First Motion to Amend Under Proposed New 37 C.F.R. §42.221 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. §42.221, 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. §42.221 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 70-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 post-grant 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. §42.221(a) (§42.221(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. §42.221 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.*

~~(e)~~~~(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 §42.220.*

**F. Proposed New 37 C.F.R. §42.204(c) Should Specify That Only Non-Substantive Clerical or Typographical Errors Can be Corrected Without Changing the Filing Date of the Petition**

Proposed new 37 C.F.R. §42.204(c) states that:

*(c) A motion may be filed that seeks to correct a clerical or typographical mistake in the petition. The grant of such a motion does not change the filing date of the petition.*

We are concerned that certain that the correction of certain "clerical or typographical mistakes," such as mistakes in the number of the patent challenged, the filing date of the challenged patent, or identifying prior art relied upon, can have a substantial substantive effect on the petition. We understand that in some cases changing the filing date may cause a particular challenged patent to become ineligible for post-grant review. However, the petitioner should not be allowed to correct such substantive mistakes by motion without changing the filing date of the petition, because changing the substance of the petition after it has been filed without changing the filing date can substantially disadvantage the patent owner.

For example, if the patent owner files a motion to correct a clerical or typographical mistake that affects the substance of the petition more than two months after the petition has been filed, the patent owner will have already lost the ability to file a preliminary response under proposed new 37 C.F.R. §42.207. But, if the petition had originally been filed without the mistake, the patent owner may have elected to file a preliminary response under proposed new 37 C.F.R. §42.207. The correction of a mistake should not be permitted to have such an effect. Thus, we recommend that proposed 37 C.F.R. §42.204(c) be rewritten as follows:

*(c) A motion may be filed that seeks to correct a clerical or typographical mistake in the petition, if the correction of the mistake does not affect the substance of the petition. The motion must set forth the reasons why the correction of the mistake does not affect the substance of the petition. The grant of such a motion does not change the filing date of the petition.*

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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

JOC/hs