

**Before the
United States Patent and Trademark Office
Alexandria, VA 22313**

In the Matter of)	
)	Docket No. PTO-P-2011-0072
Changes to Implement Miscellaneous)	
Post Patent Provisions of the)	
Leahy-Smith America Invents Act)	

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TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	THE PTO SHOULD IMPLEMENT PROPOSED 37 C.F.R. § 1.510(b)(6)-(7) TO ENSURE CONSISTENCY WITH ITS PENDING RULEMAKINGS AND <i>INTER PARTES</i> REEXAMINATION PRACTICE	4
	A. The PTO Should Confirm That The Certification Requirements Incorporate A Meaning Of “Real Party In Interest” And “Privy” That Turns On The Entity’s Control Of A Proceeding.....	4
	B. The PTO Should Confirm That Challenges To The Certification Requirements Will Be Governed By Existing <i>Inter Partes</i> Reexamination Practice	7
III.	CONCLUSION.....	9

I. INTRODUCTION

Essential to the success of the Leahy-Smith American Invents Act (“AIA”)¹ is regulatory guidance to provide clarity regarding the requirements for, and the legal ramifications of, filing a petition for post-grant or *inter partes* review (collectively, “post-issuance review”). In the AIA, Congress sought to improve the U.S. economy through the creation of post-issuance proceedings which, if employed by the private sector, will improve patent quality and free resources for innovation that would otherwise be spent in costly and protracted federal court patent litigation.² The private sector thus plays an indispensable role in Congress’s plan for comprehensive patent reform and productive members of the private sector, whether small or large businesses, stand to benefit from such reform. For this reason, we have urged the PTO to implement the AIA in a manner that incentivizes all segments of the private sector to seek to improve patent quality through these new administrative proceedings.³ Such a framework requires regulations—or, at the very least, express regulatory guidance—that make clear *ex ante* the filing requirements for post-issuance review and the extent to which any participation in the administrative process, including a pooling of resources among entities that cannot bear the cost of participation alone, could prejudice future legal rights.

The Notice of Proposed Rulemaking on Changes to Implement Miscellaneous Post Patent Provisions of the Leahy-Smith America Invents Act⁴ seeks comments on proposed rules relating to, *inter alia*, the filing of a petition for *ex parte* reexamination. In particular, the NPRM

¹ Pub. L. 112-29, 125 Stat. 284 (2011).

² H.R. Rep. 112-98 at 39-40 (2011).

³ See Preliminary Comments of Verizon Communications Inc., Google Inc., Cisco Systems, Inc., and Intuit, Inc. Regarding Implementation of *Inter Partes* and Post-Grant Reviews under the Leahy-Smith America Invents Act (filed Nov. 6, 2011) (“Preliminary Comments”).

⁴ 77 Fed. Reg. 442 (Jan. 5, 2012).

contains rules to implement the “estoppel that may attach with respect to *ex parte* reexamination based on an *inter partes* review or post grant review proceeding.”⁵ To this end, the rules would require *ex parte* reexamination petitioners to: (1) certify that the *inter partes* and post-grant review estoppel provisions, which apply to the petitioner as well as its real party in interest and privies, do not bar the request for *ex parte* reexamination;⁶ and (2) identify the real party in interest in the *ex parte* reexamination to allow the Office to determine whether a subsequently filed post-issuance review triggers the *inter partes* or post-grant estoppel provisions and bars the maintenance of the *ex parte* reexamination.⁷

These proposed regulations thus relate to the larger question of how to define a real party in interest and privy of a petitioner. The Office recently addressed this question in its proposed Practice Guide for Proposed Trial Rules (“Practice Guide”)⁸ and its Notice of Proposed Rulemaking on Rules of Practice for Trials Before the Patent Trial and Appeal Board (“PTAB rulemaking”).⁹ There, the Office appropriately looked to precedent that limits the availability of non-party estoppel based on a “control” test in order to protect the due process rights of entities that have not yet had “a full and fair opportunity to litigate the claims and issues” at stake.¹⁰

We applaud that general approach and urge the PTO to follow that same path here. As Verizon, Google, Cisco and Intuit detailed in our pre-comment submission on the implementation of *inter partes* and post-grant reviews, the PTO’s adoption of the common law

⁵ *Id.* at 442.

⁶ *Id.* at 448 (quoting proposed 37 C.F.R. § 1.510(b)(6)).

⁷ *Id.* (quoting proposed 37 C.F.R. § 1.510(b)(7)).

⁸ 77 Fed. Reg. 6868, 6870-71 (Feb. 9, 2012).

⁹ 77 Fed. Reg. 6879, 6883-84 (Feb. 9, 2012). We intend to provide similar comments on the Practice Guide and PTAB proposed regulations as well.

¹⁰ *Taylor v. Sturgell*, 553 U.S. 880, 892-93 (2008).

“control” test for the determination of non-party estoppel is absolutely critical to the utility of post-issuance reviews that are dependent on voluntary private participation. Without clarity that estoppel will be so constrained, there will be little incentive for private parties to participate in, or assist others with, an administrative review of a patent in lieu of litigation given the risk that such administrative participation could disproportionately hamper a defense to future infringement allegations. All entities with an interest in effectively and efficiently improving patent quality through administrative channels will then be harmed, and especially those smaller entities that cannot afford the significant costs and fees involved in seeking post-issuance review and who therefore need to pool their resources the most. The end result will be to undermine Congress’s intent that patent quality be advanced through administrative review pursued by productive entities of all sizes.

The PTO should therefore take special care to ensure that its construction of post-issuance estoppel in the instant rulemaking is consistent with, and does not undermine, the federal common-law standard that is needed to incentivize the private role in administrative patent reform more generally. In particular, in its final order here, the PTO should confirm that control of a proceeding is required to render a non-party a “real party in interest” or “privy of the petitioner” for purposes of 35 U.S.C. §§ 315(e) and 325(e), such that the certification requirement of proposed 37 C.F.R. § 1.510(b)(6) requires solely the consideration of those entities that have controlled a pertinent post-issuance review in the past and that the identification requirement of proposed 37 C.F.R. § 1.510(b)(7) requires solely the identification of those entities that controlled the filing of the *ex parte* reexamination petition under

consideration.¹¹ Additionally, the PTO should confirm that, consistent with *inter partes* reexamination practice, challenges to real party in interest certifications made pursuant to proposed 37 C.F.R. § 1.510(b)(7) will not succeed based solely on evidence that a non-party cooperated with the real party in interest in a patent invalidation effort; rather, a challenge that seeks to add a real party in interest to an *ex parte* reexamination request requires objective evidence that the nonparty assumed control of the reexamination petition itself.¹²

II. THE PTO SHOULD IMPLEMENT PROPOSED 37 C.F.R. § 1.510(b)(6)-(7) TO ENSURE CONSISTENCY WITH ITS PENDING RULEMAKINGS AND *INTER PARTES* REEXAMINATION PRACTICE.

A. The PTO Should Confirm That The Certification Requirements Incorporate A Meaning Of “Real Party In Interest” And “Privy” That Turns On The Entity’s Control Of A Proceeding.

The PTO’s proposed regulations highlight the need to provide the private sector with clear definitions of “real party in interest” and “privy of the petitioner” because the meaning of the terms bears directly on the initial filing required for an *ex parte* reexamination. Proposed 37 C.F.R. § 1.510(b)(6) requires that a petitioner seeking *ex parte* reexamination certify “that the statutory estoppel provisions of both *inter partes* review (35 U.S.C. § 315(e)(1)) and post grant review (35 U.S.C. § 325(e)(1)) do not prohibit the *ex parte* reexamination,” and proposed 37 C.F.R. § 1.510(b)(7) requires the petitioner to identify “real party(ies) in interest” for use in determining whether the *inter partes* and post-grant estoppel provisions are triggered in the

¹¹ The Office has properly concluded that the AIA does not deny private entities the right to seek *ex parte* reexamination anonymously and that the Office may maintain the confidentiality of the real party in interest in an *ex parte* reexamination when requested. 77 Fed. Reg. at 445. The PTO should take all possible legal measures to safeguard the confidentiality of such information once obtained.

¹² See MPEP § 2612; see also *In re Arviv Reexamination Proceeding*, Control No. 95/001,526, Decision Dismissing § 1.182 and § 1.183 Petitions (Apr. 18, 2011); *In re Beierbach Reexamination Proceeding*, Control No. 95/000,407, Decision on § 1.182 and § 1.183 Petitions (July 28, 2010); *In re Schlecht Inter Partes Reexamination Proceeding*, Control No. 95/001,206, Decision Dismissing Petition (June 22, 2010).

future.¹³ A petitioner, as a result, must know what entities qualify as “real parties in interest” or “privies” under the estoppel provisions of Sections 315(e)(1) and 325(e)(1) in order to satisfy the *ex parte* reexamination filing requirements.

The PTO has considered this need in connection with proceedings before the PTAB. In its proposed Practice Guide and PTAB rulemaking, the PTO appropriately directed practitioners to the federal common law, which properly limits the availability of non-party estoppel.¹⁴ We applaud that general approach. As the Supreme Court in its recent decision on the issue explained, non-party estoppel must be a narrow exception to the “deep-rooted historic tradition that everyone should have his own day in court.”¹⁵ Therefore, although a non-party may be bound by a judgment if it “assumed control” over a proceeding, such control must be significant enough that the non-party can be said to have “‘had his day in court’ even though he was not a formal party to the litigation.”¹⁶ It is not enough that a party to the litigation “understood herself to be acting in a representative capacity” or that “the original court took care to protect the interests of the nonparty.”¹⁷ Due process requires more; for example, the D.C. Circuit recently concluded that a non-party had sufficiently assumed “control” where it signed each merits brief and presented oral argument alongside the party, and, importantly, both entities were wholly-owned subsidiaries of the same parent corporation.¹⁸ That is far different from where a non-party “merely contributed funds or advice in support of the party, supplied counsel to the party,

¹³ 77 Fed. Reg. at 448 (quoting proposed 37 C.F.R. § 1.510(b)(6), (7)).

¹⁴ See 77 Fed. Reg. at 6870, 6884.

¹⁵ *Taylor*, 553 U.S. at 893.

¹⁶ *Id.* at 895.

¹⁷ *Id.* at 900.

¹⁸ *Gulf Power Co. v. F.C.C.*, -- F.3d --, 2012 WL 539371, *2-3 (D.C. Cir. Feb. 21, 2012).

or appeared as amicus curiae.”¹⁹ Such “an interest in the litigation, cooperation and discussions between individuals/entities, is not the same as control.”²⁰

The PTO has recognized that estoppel may not equitably attach “against parties who had no control over the request for reexamination” in decisions issued by the Office of Patent Legal Administration,²¹ which the PTO appropriately cited in its proposed Practice Guide.²² As the decisions explain, “even a search for prior art, review of possibly useful prior art with respect to the patent claims, preparation of an invalidity defense based on found and evaluated prior art to support a litigation defense, and financial support to carry out a litigation defense” does not estop a non-party.²³

In the instant rulemaking, the PTO should confirm that this control-based approach to non-party estoppel is fully applicable in the *ex parte* reexamination context and governs the certification requirements of proposed 37 C.F.R. § 1.510(b)(6)-(7). Appropriate control-focused definitions will further Congress’s intention that post-issuance proceedings under the AIA offer meaningful opportunities to interested parties of all sizes and do not deter participation based on cost or the risk of litigation preclusion.²⁴ Congress emphasized that the provisions should be implemented in such a way as to “remove current disincentives to current administrative processes.”²⁵ Because estoppel has historically served as a particularly strong deterrent to post-

¹⁹ Restatement 2d Judgments § 39 cmt. c.

²⁰ *Id.*

²¹ *Arviv* at 6; *Beierbach* at 6; *Schlecht* at 5.

²² *See* 77 Fed. Reg. at 6870-71.

²³ *Arviv* at 5; *Beierbach* at 6.

²⁴ Preliminary Comments at 1-4.

²⁵ H.R. Rep. 112-98 at 48.

issuance review,²⁶ and because the new review proceedings require filing entities to bear fees and costs that could prove too heavy to shoulder alone, it is vitally important that non-party estoppel be given its appropriately limited role under the AIA. The PTO, therefore, should follow here the control-focused approach recently proposed in the Practice Guide and PTAB rulemaking.

B. The PTO Should Confirm That Challenges To The Certification Requirements Will Be Governed By Existing *Inter Partes* Reexamination Practice.

In the instant rulemaking, the PTO stated that “[t]he certification and identification [requirements] in new §§ 1.510(b)(6) and 1.510(b)(7) are consistent with the practice of real party(ies) in interest identification certification used for existing *inter partes* reexamination.”²⁷ The PTO should confirm that this consistency extends to the practice followed by the Office with respect to challenges to a petition’s certification. Specifically, the PTO should reaffirm that a challenge alleging a failure to identify a real party in interest will not succeed based solely on evidence that a non-party cooperated with the certified entity in a patent invalidation effort; rather, evidence will be required that shows that the non-party assumed control of the *ex parte* reexamination petition under consideration.

In the *inter partes* reexamination context, the PTO has confirmed that “the challenger [to a certification] cannot rely on an argument that the . . . party requesting reexamination was, at one point, involved with a party barred under [estoppel provisions], and should thus be considered as a real party in interest (and barred from filing the request).”²⁸ For “[i]nvolvement

²⁶ Preliminary Comments at 3.

²⁷ 77 Fed. Reg. at 445.

²⁸ MPEP § 2512; *see also Arviv* at 5; *Beierbach* at 5 (“The certification cannot be successfully challenged merely because, at one point, the certified real party in interest was ‘involved’ with another party, or there was some collaboration in a matter other than the request for reexamination.”).

per se does not facially establish that the other party is a real party in interest.”²⁹ Control over the request for post-issuance review is required.³⁰ The same should be true for the new *ex parte* reexamination certification requirement.

Therefore, as the Office confirmed, “[t]he fact that a second party may benefit from an earlier reexamination request filed by a first party or a civil action conducted by the first party, or that the second party may have collaborated with the first party in a matter, does not facially evidence the second party was a real party in interest with the first party.”³¹ Rather, should a challenger seek to label an entity a “real party in interest,” it bears the burden of coming forward with objective evidence of the entity’s intentional participation in the request for reexamination that rises to the level of control.³² Accordingly, evidence that the entity conducted a “search for prior art, review[ed] possibly useful prior art with respect to the patent claims, prepar[ed] an invalidity defense based on found and evaluated prior art to support a litigation defense, and [provided] financial support to carry out a litigation defense” is not enough to support a challenge.³³

Where a challenge to certification is undertaken, the PTO should require that it be filed at the outset of the reexamination process and decided at or before the determination is made whether to proceed with a review on the merits. Such a requirement would increase efficiency for all interested parties and avoid merits proceedings that may prove irrelevant should the certification challenge succeed. To this end, in the *ex parte* reexamination context, the PTO

²⁹ MPEP § 2512.

³⁰ *Arviv* at 5.

³¹ MPEP § 2512.

³² *Arviv* at 5-6; *Beierbach* at 5-6; *Schlecht* at 4-5.

³³ *Arviv* at 5; *Beierbach* at 6; *Schlecht* at 4.

should require that the challenge be made and decided before the Director makes his substantial new question of patentability determination pursuant to 35 U.S.C. § 303(a).

III. CONCLUSION

For these reasons, as well as those presented in the Preliminary Comments of Verizon, Google, Cisco and Intuit, the PTO should make clear that control of a proceeding is required to render a non-party a “real party in interest” or “privy of the petitioner” for purposes of 35 U.S.C. §§ 315(e) and 325(e), such that the certification requirement of 37 C.F.R. § 1.510(b)(6) requires solely the consideration of those entities that have controlled a post-issuance review and the identification requirement of 37 C.F.R. § 1.510(b)(7) requires solely the identification of those entities that controlled the filing of the *ex parte* reexamination petition. The PTO should further confirm that, consistent with *inter partes* reexamination, certification challenges in the *ex parte* reexamination context will not succeed based solely on the fact that a non-party assisted with a patent invalidation effort absent evidence that the non-party assumed control of the *ex parte* reexamination petition.