



Comments by CONNECT

**Submitted to the United States Patent and Trademark Office
related to the Notice of Proposed Rulemaking on the
Rules of Practice for Trials Before the
Patent Trial and Appeal Board and
Judicial Review of Patent Trial and Appeal Board Decisions
America Invents Act**

Docket No. PTO-P-2011-0082

April 9, 2012

Summary:

CONNECT's mission is to propel creative ideas and emerging technologies to the marketplace by connecting entrepreneurs with the comprehensive resources they need to sustain viability and business vibrancy. That mission will be impacted as the United States Patent and Trademark Office (USPTO) considers changes to the rules of patent practice under the America Invents Act.

It is critical that the Agency consider the impact of proposed rules on the U.S. innovation ecosystem because a strong patent portfolio is a critical factor in an emerging company's ability to successfully break into a market.

Introduction:

CONNECT is a nonprofit organization dedicated to creating and sustaining the growth of innovative technology and related businesses. Since 1985, CONNECT has assisted in the formation and development of over 3,000 companies across a broad spectrum of technologies and is widely recognized as one of the world's most successful regional programs linking investors and entrepreneurs with the resources they need for success. As a leading voice in the innovation community, CONNECT believes it is compelled to add its unique perspective to the voices being heard by the USPTO.

CONNECT is hosting a series of AIA Regulatory Review Meetings where IP counsels and other IP experts in San Diego's innovation community have an opportunity to learn more about AIA Regulations and how they will impact start-up/emerging companies. CONENCT and



San Diego's innovation community greatly appreciates USPTO's assistance in providing key USPTO leaders to participate in AIA Regulatory Review Meetings.

These comments and suggestions were developed in partnership with the aforementioned San Diego based IP experts present at CONNECT's AIA Regulatory Review Meetings. CONNECT heartily commends the Office for their proactive step in establishing the AIA Roadshow and hopes the Office will accept the suggestions expressed herein in a constructive manner.

I. Section 42.53(a) should be amended to provide the standard by which the Board will determine whether to allow or require live or video-recorded testimony.

Section 42.53 provides that "uncompelled direct testimony must be submitted in the form of an affidavit;" however, "[a]ll other testimony, including testimony compelled. . . must be in the form of a deposition transcript. In addition, the Board may authorize or require live or video-recorded testimony." The Office should revise the rule to provide a standard for the Board to apply in making this decision. As the rule stands, it is unclear why the Board would not allow live or video recorded testimony and what factors will be weighed when making this determination. The Board should allow live or video-recorded testimony unless there is a strong efficiency argument against doing so that is not outweighed by the interests of the parties in providing such testimony.

II. The USPTO should consider how to revise estoppel rule §42.73(d)(1) to repair the estoppel imbalance that occurs between the Petitioner and Patent Owner when settling under 35 U.S.C. 317 or 327.

Sections 42.73 (d)(1) and (d)(3) estop petitioners and patent owners from asserting inconsistent positions. There appears to be an imbalance between the Petitioner and Patent Owner under these provisions because estoppel does not attach to a petitioner who settles, but once a claim is cancelled, estoppel attaches to the patentee as to that claim. This shifts the balance in favor of the petitioner. Also, if a broader claim was cancelled during a PGR and there exists a continuation application (which by definition has the same specification) with a claim narrower in scope than the cancelled broader claim, the patentee could be estopped from pursuing that narrower claim in the continuation since the narrower claim could have been



presented as a substitute for the broad claim in the PGR. The Office should consider how to create a solution for this imbalance which will not disadvantage the Patent Owner.

III. The Office should revise §42.74(a) to clarify the effect of a settlement on a proceeding and indicate that the Board will be predisposed to terminate a proceeding after the parties reach settlement.

Proposed rule §42.74 provides the rules for settlement in a proceeding; however, the proposed rule is vague as to what the Board may do if all parties settle. Also, the rule does not adequately explain the impact a settlement between the parties would have on a proceeding. The Office should revise the rule to allow a party to the proceeding to make a motion to terminate if a settlement is imminent or has been reached. The rule should also indicate that the Board would be predisposed to terminate a proceeding after the parties have agreed to a settlement.

Conclusion:

In summary, the USPTO should revise the rule regarding testimony evidence by providing a standard the Board will apply in determining whether to authorize live or video-recorded testimony. The Office should also revise its rule regarding estoppel to balance the rule's impact on patent owners and petitioners, and revise the rule on settlement to clarify the effect of settlement on a proceeding.

Respectfully submitted,

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