

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re:

RIN 0651-AC70

For: **Notice of Proposed Rulemaking:  
Rules of Practice for Trials Before  
the Patent Trial and Appeal Board  
and Judicial Review of Patent Trial  
and Appeal Board Decisions**

**77 Fed. Reg. 6879  
(February 9, 2012)**

**Comments In Reply To the Notice of Proposed Rulemaking Entitled “Rules  
of Practice for Trials Before the Patent Trial and Appeal Board and Judicial  
Review of Patent Trial and Appeal Board Decisions”**

Via Internet to: patent\_trial\_rules@uspto.gov

Mail Stop Comments-Patents  
Commissioner for Patents  
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Due: April 9, 2012

Attention: Lead Judge Michael Tierney, Patent Trial Proposed Rules  
**Mail Stop:** Patent Board  
Director of the United States Patent and Trademark Office

Dear Lead Judge Tierney:

In reply to the Notice of Proposed Rulemaking published February 9, 2012, at 77 Fed. Reg. 6879, we respectfully submit the following comments.

**A. GENERAL COMMENTS**

**1. Petition – Page Limits, Font Size, Spacing and Margin Requirements**

The current proposed rules related to page limits, font size, spacing, and margins together severely restricts the ability of a party to fully and fairly present its positions in an *inter partes* review, post grant review, covered business method proceeding,<sup>1</sup> or derivation

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<sup>1</sup> Unless otherwise noted, the use of “post grant review” is intended to encompass covered business method review proceedings.

proceeding. The intent of Congress in creating these new reviews and proceedings is to create a more powerful alternative in the Office to the Federal Courts and the USITC on the issues addressed in these reviews and proceedings. To limit a party by severe restrictions in the petition is contrary to Congressional intent and raises fundamental issues about their effectiveness, fairness and scope. The estoppel provisions that are contained in the AIA require the Office to be less restrictive.

**a. The Office has increased the font size, margins and spacing requirements for *inter partes* review, post grant review and derivation proceedings.**

The proposed rules have increased font size, margin and spacing requirements from the requirements imposed for reexamination proceedings. As discussed in the next section, these requirements when combined with the page limit restrictions increase expenses for the parties and limit the ability of a party to fully and fairly present its arguments during a proceeding.

- a) 37 C.F.R. § 1.52 which applies to patent applications and reexamination proceedings specifies the margins for papers submitted to the Office as “a top margin of at least 2.0 cm (3/4 inch), a left side margin of at least 2.5 cm (1 inch), a right margin of at least 2.0 cm (3/4 inch), and a bottom margin of at least 2.0 cm (3/4 inch).” In proposed rule 37 C.F.R. § 42.6(a)(2)(iv), the Office increases the margins to “2.5cm (1 inch) on all sides.” This is a significant increase from the margin requirements of current reexamination proceedings.
- b) 37 C.F.R. §1.52(b)(2)(ii) allows for font sizes provided that the “lettering style [has] capital letters which should be at least 0.3175 cm (0.125 inch) high, but may be no smaller than 0.21 (0.08 inch) high (*e.g.*, a font size 6).” Current rule 41.106(a)(2)(i) for contested cases requires a “proportional font” of “12-point or larger.” In proposed rule 37 C.F.R. § 42.6(a)(2)(ii)(A) and (B), the Office mandates that the “proportional font must be 14-point or larger.” This is an increase in font size from both current reexamination proceedings and current contested cases.
- c) Current rule 41.106(a)(2)(ii) for contested cases allows for block quotations to “be single-spaced and must be indented.” However, proposed rule 42.6(a)(2)(iii) requires block quotations to be 1.5 spaced.

**b. When combined with the font size, margin and spacing rules, the page limits proposed by the Office are not sufficient.**

Congress did not explicitly direct the Office to institute page limits on papers filed during an *inter partes* review, post grant review or derivation proceeding. Sections 316(a)(4) and 326(a)(4) require the Office to prescribe regulations “... governing *inter*

*partes*/post grant review.” However, such regulations should be balanced to achieve the intent of statute to provide a reasonable and fair alternative to District Court litigation and USITC investigations, and to achieve the goal of preserving the “integrity of the patent system.”

The current page limits specified in 37 C.F.R. § 42.24 will increase inefficiency and cost by forcing a petitioner to file multiple co-pending *inter partes* reviews or post grant reviews for a single patent. For example, a petition requesting *inter partes* review is currently limited to 50 pages (constrained by the font size, margin and spacing rules). Each petition for *inter partes* review is required to include, among other items, claim construction for each challenged claim and an explanation of how the construed claim is unpatentable under the identified statutory grounds. A petitioner may only be able to effectively address a small subset of patent claims given the page restrictions. Therefore, the petitioner may be forced to file multiple petitions on the same patent. This likely strategy increases the cost for the patent owner who now must participate in multiple co-pending trials. Additionally, the possibility exists for the Board to take different positions on claim construction or patentability across the different proceedings, particularly if they are filed by different parties.

The current page limits specified in 37 C.F.R. § 42.24 do not change regardless of the fees paid by the petitioner. For example, a petitioner in an *inter partes* review or post grant review may pay additional fees to challenge more claims. However, in return for those additional fees, the petitioner is not automatically allocated additional pages.

Because the Patent Owner is permitted to have a preliminary response and a response after institution, the Patent Owner will have twice the number of pages to address the issues than the petitioner has to present the issues. Additionally, the Patent Owner has the ability to present a motion to amend claims which further increases the number of pages for the Patent Owner to present its case. This creates an imbalance and potential unfairness in *inter partes* and post grant review proceedings.

**Consideration A:** The Office should move from limitations based on pages to limitations based on pages and/or word count. By moving to a word count limitation, the Office can remove the impact on the parties introduced by the increase in font size, margins, and spacing.

**Consideration B:** The Office states that the average *inter partes* reexamination request was 246 pages. The Office set the page limitations for *inter partes* review to 20% of this size and post grant review to approximately 25% of this size. The Office at a minimum should increase the page limits for petitions for *inter partes* review and post grant review to reflect the history of the Office with *inter partes* proceedings. This is needed because of the impact of the estoppel provisions and the scope of defenses that can be raised in a post grant review proceeding. Both post grant review and covered business method review allow the petitioner to raise multiple defenses. With regard to post grant review, the estoppel

provisions force the petitioner to raise all possible defenses or waive them in concurrent litigation. The Office must understand the practical realities facing potential users of these new proceedings. Otherwise, it is quite possible that these proceedings will be used much less frequently than anticipated.

**Consideration C:** The Office should consider tying the fees to the number of pages allocated.

**Consideration D:** The Office should provide the petitioner with the same amount of pages to present its arguments as provided to the Patent Owner to rebut the arguments.

## 2. Consistency of Claim Construction

A claim in a patent may be subject to multiple *inter partes* reviews and/or post grant review proceedings at the Office. The Office should develop a procedure to insure that the Board utilizes consistent claim constructions across each proceeding.

## B. COMMENTS ON SPECIFIC RULES

### GENERAL

#### 1. 37 C.F.R. §42.1 Policy

In 37 C.F.R. §42.1(a), the Office proposes that “Sections 1.4, 1.7, 1.14, 1.16, 1.22, 1.23, 1.25, 1.26, 1.32, 1.34, and 1.36 of this chapter also apply to proceedings before the Board.”

- a) 37 C.F.R. §1.4(a)(2) refers to *ex parte* reexamination and *inter partes* reexamination. Will this rule be amended to incorporate *inter partes* review, post grant review, derivations, and covered business methods?
- b) 37 C.F.R. §1.25 states that an “authorization to charge to a deposit account the fee for a request for reexamination ... and other fees required in a reexamination proceeding in a patent may also be filed with the request for reexamination.” Will this rule be amended to incorporate *inter partes* review, post grant review, derivations, and covered business method review?
- c) 37 C.F.R. §1.26 allows for refunds of *ex parte* and *inter partes* reexamination fees “[i]f the Director decides not to institute a reexamination proceeding.” Refunds should also be extended to Petitioner for *inter partes* review, post grant review, and covered business method review if the Board decides not to institute a trial.

## 2. 37 C.F.R. §42.3 Jurisdiction

In 37 C.F.R. §42.3, the Office proposes that the “Board may exercise exclusive jurisdiction within the Office over every involved application and patent during the proceeding as the Board may order.”

- a) Additional clarification is requested regarding the scope and extent of “exclusive jurisdiction within the Office.” Section 6(b), as amended, limits the duties of the Board to four areas: (1) review adverse decisions of examiners upon applications for patents, (2) review appeals of reexaminations, (3) conduct derivation proceedings, and (4) conduct *inter partes* reviews and post-grant reviews. The statute does not extend Board duties to conducting any portion of *ex parte* or *inter partes* reexamination proceedings, prior to appeal. When a patent that is subject to a proceeding (as defined in 37 C.F.R. §42.2) is also involved in an *ex parte* reexamination, *inter partes* reexamination and/or reissue in the Office, what is the extent of the “exclusive jurisdiction” of the Board over that patent?
- b) Additional guidance is requested regarding the process and procedure for handling multiple proceedings involving the same patent and/or claim. Under the statute, the term “proceeding” has a broader meaning than the definition of 37 C.F.R. §42.2, encompassing both *inter partes* and *ex parte* reexamination proceedings. In 35 U.S.C. §§315(d), as amended and 325(d), “if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the *inter partes*/post grant review of the other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.”

Under what circumstances will the Director stay a co-pending *ex parte* reexamination, *inter partes* reexamination or reissue?

Does the Board have statutory authority under 35 U.S.C. §6 to transfer an *ex parte* reexamination and/or *inter partes* reexamination to the Board or consolidate an *ex parte* reexamination and/or *inter partes* reexamination with an *inter partes* review of the same patent? If so, under what circumstances will the Director transfer or consolidate and what rules will govern the merged proceeding?

Under what circumstances will the Director terminate a co-pending *ex parte* reexamination or *inter partes* reexamination?

## 3. 37 C.F.R. §42.4 Notice of Trial

The Practice Guide for Proposed Trial Rules describes that “[i]n instituting a trial .... The Board will identify the grounds the trial will proceed upon on a claim-by-claim basis.” 77 Fed. Reg. 6874. In proceedings where the construction of claim terms is disputed by the

parties, the Board should include a statement of the claim construction applied by the Board in making the decision to institute and that will be used by the parties during the trial. The statement would be equivalent to a claim construction Order issued during a District Court trial. The Board should take cognizance of other claims constructions of the same claim terms in District Court trials and USITC proceedings in reaching its claim construction.

**4. 37 C.F.R. §42.5 Conduct of the proceeding**

Rule 42.5(c)(2) refers to a “request for an extension of time.” However, the rules do not set forth the manner of submitting a request for an extension. Will extensions be requested by a motion? Or will extensions be requested by a petition (as currently the practice in *ex parte* and *inter partes* reexamination)? The factors that will be considered relevant to the grant of a request should be articulated by the Board to provide guidance to the public.

**5. 37 C.F.R. §42.6 Filing of documents, including exhibits; service**

**a. Electronic Filing**

Rule 42.6(b) specifies that electronic filing is the default manner in which documents are to be filed with the Board. The Practice Guide states that “if a problem arises during normal business hours, a party may contact the Board and request a one-day extension of time for due dates that are set by rule or order of the Board.” 77 Fed. Reg. 6870. Many filings occur after “normal business hours.” In cases where the electronic filing system goes down after normal business hours, a party may not have sufficient time to prepare a motion requesting acceptance of a paper filing. Will the Board consider making a member available after hours to handle and grant requests for one-day extensions of time when the electronic filing system malfunctions?

**b. Service**

Rule 42.6(e) specifies that “[e]ach document filed with the Board, if not previously served, must be served simultaneously on each opposing party.” Additional clarification is required by what is meant by “simultaneous” service. Does the Office consider service on the same day as simultaneous?

Currently, the mandatory notice requires a party to identify an electronic mail address, a postal mailing address, a hand-delivery address, and/or a facsimile number for service information. As part of the mandatory notices, each party should be required to specify its preferred method for service. Rule 42.6(e) should be amended to require a party to serve documents via the preferred method for service. This change would remove gamesmanship of a party serving documents using the slowest method of delivery.

## 6. 37 C.F.R. §42.7 Management of the record

Rule 42.7(b) permits the Board to “vacate or hold in abeyance any non-Board action directed to a proceeding while an application or patent is under the jurisdiction of the Board unless the action was authorized by the Board.” Additional clarification of the scope of this rule is required. For example,

- The rule refers to a “proceeding.” The term “proceeding” is defined in 37 C.F.R. §42.2 as “a trial or preliminary proceeding.” However, the term “proceeding” is used in the statute to also refer to *ex parte* reexamination and *inter partes* reexamination. Does the Board intend a “non-Board action directed to a proceeding” to apply to *ex parte* reexamination and/or *inter partes* reexamination actions while a patent is under jurisdiction of the Board in a post grant review, inter partes review, or derivation proceeding?
- If the rule is intended to apply to non-Board actions in *ex parte* reexamination, the statute is inconsistent in its direction to the Board. Section 305 of the statute covering *ex parte* reexaminations requires that “[a]ll reexamination proceedings under this section, including any appeal to the Board of Patent Appeals and Interferences, will be conducted with special dispatch within the Office.” In contrast, the *inter partes* reexamination statute allows the Office to deviate from “special dispatch” as provided by the Director for good cause. *See prior* 35 U.S.C. § 314(b). Section §315(d) of the statute (as amended) allows the Office to “stay, transfer, consolidate or terminat[e]” another proceeding or matter involving the patent before the Office.
- The rule also refers to a “non-Board action directed to a proceeding.” Clarification of the extent of what the Office considers as “directed to a proceeding” is required. Does the rule extend to a reissue involving a patent concurrently involved in a derivation, *inter partes* review or post grant review?

## 7. 37 C.F.R. §42.8 Mandatory notices

### a. Real Party-In-Interest

Rule 42.8(b)(1) requires a party to identify each real party-in-interest for the party. Additional clarification is requested for the scope and extent necessary to meet the real party-in-interest disclosure.

### b. Mandatory Notices

The mandatory notice of §42.6(b)(4) requires a party to identify an electronic mail address, a postal mailing address, a hand-delivery address, and/or a facsimile number for

service information. As part of the mandatory notices, each party should be required to specify its preferred method for service.

## **8. 37 C.F.R. §42.10 Counsel**

### **a. Lead and Back-up Counsel**

The mandatory notice rule, 37 C.F.R. § 42.8(a)(3), entitled “lead and backup counsel”, states that if “the party is represented by counsel then counsel must be identified.” Rule 42.10(a) states that if “the party is represented by counsel, the party should designate a lead counsel and a back-up counsel who can conduct business on behalf of the lead counsel.” However, neither rule indicates whether lead and/or back up counsel must be registered patent practitioners. The Office should require that lead counsel, at a minimum, should be a registered patent practitioner. Because counsel for a patent owner, in particular, may be under the duty of disclosure in parallel proceedings involving the same or similar claims before the Office, requiring lead counsel to be a registered patent practitioner is crucial.

### **b. Pro Hac Vice**

Rule 42.10(c) allows for the Board to recognize pro hac vice counsel during a proceeding “upon a showing of good cause, subject to such conditions as the Board may impose.” In addition to being technically complex, derivation proceedings, *inter partes* review and post grant review will be procedurally complex. Counsel without experience handling proceedings in front of the Office will likely cause inefficiency for all parties due to their unfamiliarity with Office rules thereby increasing expenses for all parties and decreasing the expeditious handling of proceedings. Instead of decreasing expenses for a party (such as a small entity), the use of pro hac vice counsel for a party may prove to be more expensive, as that counsel will be required to learn Office rules and procedures in a very short period of time. This complexity and time pressure could easily result in fundamental and possibly fatal mistakes by the pro hac vice practitioner, creating increased risk to the parties and the additional policing burdens on the Office.

Furthermore, because pro hac vice counsel are not registered patent practitioners, the ability to effectively control their conduct in an individual proceeding is limited. The sanctions enumerated in the rule are not sufficient deterrents. The sanctions proscribed in 37 C.F.R. §42.12 are focused primarily on the underlying client, not the attorney. Furthermore, a pro hac vice attorney may only handle a single or limited number of post grant proceedings, and therefore the risk of being barred from future practice in front of the Office may not be a significant threat. It is also submitted that the level of decorum and cooperation before the Office will likely decrease as the norms and mores of high stake patent litigation practice is foisted on the Office by these non-patent practitioner litigators.

Additionally, the rules do not provide for any public record of when a pro hac vice counsel has been sanctioned in a matter so that opposing counsel in future proceedings can oppose the pro hac vice entry motion for that attorney.

Historically, the patent attorney/agent examination was used as a gate keeper to protect the public and the Office. In these complex proceedings and reviews, these considerations are even more important.

Potential options for addressing pro hac vice admission include:

**OPTION 1:** The Office should limit participation in derivation, post grant review, and *inter partes* review to registered patent practitioners only.

**OPTION 2:** The Office appears to be driven to allow pro hac vice representation due to a concern for minimizing costs for small entities. As an alternative, the Office should limit pro hac vice representation to small entities only.

**OPTION 3:** As a compromise position, the Office could allow pro hac vice counsel to participate in limited aspects of the case such as taking and defending depositions and arguing a party's case at oral argument. The remaining aspects of the case including petition practice, motions practice, and telephone conferences with the Board should be limited to registered patent practitioners.

**OPTION 4:** The Office could create a designation for non-registered patent practitioners: Attorney – with recognition to participation in PTAB proceedings. In order to obtain this designation, an attorney would be required to demonstrate substantial proficiency in the rules of professional conduct of the Office and the rules for derivations, *inter partes* review, post grant review, and general rules for practice in front of PTAB. This would be analogous in some respects to the special recognition given to attorneys in certain states who have passed specialization examinations for particularly complex areas of the law.

## **9. 37 C.F.R. §42.11 Duty of Candor**

Rule 42.11 imposes a “duty of candor and good faith to the Office” on parties and individuals during the course of a proceeding. The proposed rules do not explicitly include a separate “duty of disclosure” for *inter partes* review, post grant review, or derivation proceedings similar to 37 C.F.R. § 1.555 for *ex parte* and *inter partes* reexamination proceedings. Rule 1.555 states that the “duty of candor and good faith in dealing with the Office ... includes a duty to disclose to the Office all information known to that individual to be material to patentability ....”

For *inter partes* review, post grant review and derivation proceedings, does the Office envision the duty of candor and good faith as including a general duty to disclose? If so, what is the mechanism by which a party should disclose information known to be material to patentability? How will this obligation operate with the very tight timeliness of

these trials? When in the proceedings will the obligation end? What about a situation where claims similar to the patent claims in the trial are also involved in other examinations (continuations or reissues) in the Office?

#### **10. 37 C.F.R. §42.12 Sanctions**

Rule 42.12 specifies types of misconduct and further specifies types of sanctions that could be entered.

- The sanctions explicitly listed in § 42.12 generally penalize the case and not the attorney. The Office should consider additional sanctions directed to an attorney and/or firm responsible for the misconduct. For example, the Office should consider an order barring an attorney involved in misconduct from participating in proceedings in front of the Board for a specified time period. Of course, it will need to be specified how the sanctioned party can appeal such a sanction, in an analogous manner that an attorneys fee award in concurrent patent litigation can be appealed to the Federal Circuit.
- The sanction provided in § 42.12(b)(7) requires a party to disclaim patent term. Similarly, the sanction provided in § 42.12(b)(8) – Judgment in the trial – could result in a final written decision not based on the merits of the case. A final written decision could result in valuable claims being canceled and/or estoppels for the third party requester. What is the basis for the Office’s authority to take patent term from a patent owner (either through a mandatory disclaimer or a judgment) absent a decision on the merits of a petition? What is the basis for the Office’s authority to cause estoppels to attach to a petitioner absent a decision on the merits of a petition? Under what circumstances would the Office impose these sanctions?

#### **11. 37 C.F.R. §42.14 Public availability**

Rule 42.14 provides that a “party intending a document or thing to be sealed shall file a motion to seal concurrent with the filing of the document or thing to be sealed. The document or thing shall be provisionally sealed on receipt of the motion and remain so pending the outcome of the decision on the motion.” The implication of the rule is that if the motion to seal is denied, the document or thing will be made available to the public. Because of the nature of confidential materials that may be the subject of a motion to seal, additional opportunities to retain the confidentiality of the information should be provided.

- The Office should consider retaining the document or thing under seal until the time for filing and deciding a request for rehearing is completed.
- A party should have the opportunity to file a motion to withdraw the document or thing or alternatively file a motion to expunge the document or thing prior to the documents being made available to the public by the Office.

## FEES

### 12. 37 C.F.R. §42.15 Fees

Rule 42.15 sets forth the fees for filing a petition for *inter partes* review, post grant review, or derivation proceeding.

- The rule indicates that the fees are based upon the number of “challenged claims.” The discussion of specific rules however states that “each claim challenged as well as any claim from which a claim depends, unless the parent claim is also separately challenged” will be counted for claim calculation purposes. 77 Fed. Reg. 6885.

The rule is inconsistent with the discussion provided by the Office. The rule or discussion should be modified to make clear whether fees are based on the number of claims challenged or the number of claims challenged plus the number of non-challenged parent claims.

The fees should be limited to only challenged claims. The Office argues that to understand the scope of a dependent claim, the claims from which the dependent claim depends must be construed along with the dependent claim. Therefore, additional fees are necessary for these unchallenged parent claims. However, this model is unnecessarily complicated. For example:

Claims 1 and 11-20 are challenged. Claim 1 is the independent claim. Claim 11 depends from claim 9 which depends from claim 6. Claim 12 depends from claim 8 which also depends from claim 6. How will the Office count claim fees? Will claim 6 be counted twice since it is combined with 2 different intervening claims?

Also, the fee model fails to recognize that efficiencies will likely occur in proceedings where the same independent claim is repeated across different independent claims. These efficiencies should cover any increase in cost from having to consider elements from unchallenged parent claims.

- The discussion of specific rules does not provide guidance on how multiple dependent claims will be handled for fee calculation purposes. Discussions and examples of multiple dependent claim fee calculation fees should be provided by the Office to assist petitioners.

## **PETITION AND MOTION PRACTICE**

### **13. 37 C.F.R. §42.21 Notice of basis for relief**

Rule 42.21 specifies that the “Board may require a party to file a notice stating the relief it requests and the basis for its entitlement to relief.” The discussion of specific rules does not specify when the Board will require a party to file a notice of basis for relief. Additional guidance and clarification of when the Board expects to require this notice is requested.

### **14. 37 C.F.R. §42.24 Page limits for petitions, motions, oppositions, and replies**

Rule 42.24 specifies the page limits for petitions, motions, oppositions and replies. The rules permit a party to file an affidavit with a petition, motion, opposition or reply. Will any pages in an affidavit be counted in the applicable page limit? If so, how will the Office assess which portion of an affidavit is counted? Will the Office place page limits on supporting affidavits?

The rule further explicitly includes the required statement of material facts to count towards the page limit. The Office pointed to a recent experiment by the Board in contested cases which permitted unlimited pages for the statement of facts as a factor in including the statement of material facts in the page count. The Board found a dramatic increase in the number of alleged facts and pages associated with those facts. In many cases, the statement of material facts may be large, further decreasing the number of pages available to a party for substantive argument. The Office should consider a compromise position. For example, the Office could set a page limit for the petition, motion, opposition and reply and a separate page limit for the statement of material facts.

## **TESTIMONY AND PRODUCTION**

### **15. 37 C.F.R. § 42.51 Discovery**

Rule 42.51(b)(3) requires that a party produce and file “noncumulative information that is inconsistent with a position advanced by the patent owner or petitioner during the proceeding.” The rule further requires that 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.”

The rule specifies that the information should be filed with the Board as part of a petition, motion, opposition, reply, preliminary patent owner response to petition, or patent owner response to petition.

The rule as written unduly burdens parties to a proceeding. The interests of each party to the proceeding would be served by requiring a party to serve these documents on

the opposing party and requiring the party to submit a disclosure document, similar to an information disclosure statement, to the Board. The burden would then shift to the receiving party to determine the weight and applicability of the document and whether the document justifies use in an opposition or reply argument.

**16. 37 C.F.R. §42.55 Confidential information in a petition**

Rule 42.55 allows a petitioner to file confidential information with a petition provided that the petitioner concurrently files a motion to seal with a proposed protective order as to the confidential information. The rule further states that the “petitioner may serve the confidential information under seal.” However, the rule does not state the manner or procedure for effectuating service under seal. Additionally, because the information is out of the control of the disclosing party after service, the Office should consider safeguards to prevent intentional or unintentional access to the confidential information prior to agreement on a protective order between the parties. Such safeguards could include permitting the disclosing party to serve the sealed confidential information after agreement to the protective order.

**17. 37 C.F.R. §42.56 Expungement of confidential information**

Rule 42.56 permits a party to file a “motion to expunge confidential information from the record” after denial of petition to institute trial or after a final judgment. The discussion of the rule indicates that “confidential information that is subject to a protective order ordinarily would become public 45 days after denial of a petition to institute trial or 45 days after final judgment in a trial.” 77 Fed. Reg. 6889. However, the default filing time rules provide that a party may file an opposition one month after service of a motion. Thus, the decision on a motion to expunge may occur more than 45 days following denial of a petition to institute trial or final judgment.

If a motion to expunge is pending and it is longer than 45 days after denial of petition to institute trial or final judgment, will the Office continue to retain the confidential information under seal until the motion to expunge is decided?

**18. 37 C.F.R. §42.63 Form of evidence**

Rule 42.63(d) requires that an exhibit “must conform with the requirements for papers in § 42.6.” As discussed above, § 42.6 sets forth font size requirements, margin requirements, and spacing requirements for documents. For certain exhibits such as conference papers and U.S. or foreign patents submitted as exhibits, the general format requirements of § 42.6 may not be possible to meet. Will this rule be amended to take into account existing evidence that is not in the format of § 42.6?

The rule also requires each party to maintain an exhibit list including an indication that an exhibit was not filed. The rules do not specify that the exhibit list is submitted or exchanged with the other parties to the proceeding. Does the Office intend for the exhibit

list to be available or provided to the Board or to other parties? If so, when and under what circumstances?

**19. 37 C.F.R. §42.64 Objection; motion to exclude; motion in limine**

Rule 42.64(c) specifies that a “motion to exclude evidence must be filed to preserve any objection.” Rule 42.64(d) further permits a party to “file a motion in limine for a decision on admissibility of evidence.” It is unclear the distinction between a motion to exclude evidence and a motion in limine regarding admissibility of evidence. Clarification and guidance regarding the difference and use of each is requested.

**ORAL ARGUMENT, DECISION AND SETTLEMENT**

**20. 37 C.F.R. §42.70 Oral Argument**

Section 316(a)(10) of the statute, as amended, requires the Office to “provid[e] either party with the right to an oral *hearing* as part of the proceeding.” (emphasis added)

- a) Rule 42.70 is entitled “Oral Argument” and not “Oral Hearing.” An oral argument is more limited than an oral hearing. In the Practice Guide for Proposed Trial Rules, the Office confirms that it intends to limit the scope of the oral argument. For example, the Practice Guide states the “Board does not expect live testimony at oral arguments.” 77 Fed. Reg. 6875.

A “hearing” is not limited to mere arguments by counsel. Administrative hearings in other Federal agencies under tight statutory deadlines allow for the presentation of testimony during a hearing. One pertinent example is the Section 337 proceeding in the USITC. There is no evidence that Congress intended oral hearings in the *inter partes* review, post grant review or derivation proceedings to be limited to mere argument. A limitation or restriction on the presentation of live testimony is contrary to the statute which requires that either party be provided with the right to a hearing.

The Office should prepare rules to allow for an “Oral Hearing.” The rules should explicitly permit and provide adequate time for a party to present witnesses and allow the opposing party to cross examine witnesses during the hearing. Credibility of the witness must be assessed in many situations by the Board in order to protect the new proceedings and reviews. This is particularly crucial with regard to many of the new defenses that can be raised beyond patents and printed publications.

- b) Neither the rules nor the Practice Guide specify the time that will be allocated to each side in the oral argument. Because a patent owner is defending a valuable intellectual property right and a petitioner is facing severe estoppels upon final written decision of the Board, the Office must provide adequate time for each side to present its issues to the panel during the oral argument. Allocating sufficient time

for the oral argument would help ensure the integrity of the patent system by providing each party with a full and fair opportunity to present its issues to the Board. Several hours or several days for the PTAB “trial” is more consistent with Congressional intent, rather than the Federal Circuit appellate review model that the Office appears to have adopted.

## **21. 37 C.F.R. §42.71 Decision on petitions or motions**

### **a. Decision**

Rule 42.71 states that the “*Board* may take up petitions or motions for decisions in any order, may grant, deny or dismiss any petition or motion, and *may enter any appropriate order.*” (emphasis added) Rule 42.2 defines the term “Board” as “a panel of the Board *or a member or employee acting with the authority of the Board.*” (emphasis added) This definition therefore appears to be in fundamental conflict with 35 U.S.C. § 35 U.S.C. 6(c) requires that “[e]ach appeal, derivation proceeding, post-grant review, and *inter partes* review *shall be heard by at least 3 members of the Patent Trial and Appeal Board*, who shall be designated by the Director.” (emphasis added) The rules must be amended to clarify that any substantive decision made during an *inter partes* review, post grant review or derivation proceeding will be made by a panel which is defined as “at least three members of the board.”

### **b. Rehearing a Non-Panel Decision**

Rule 42.71(b) states that “[i]f a decision is not a panel decision, the party may request that a panel rehear the decision. When rehearing a non-panel decision, a panel will review the decision for an abuse of discretion.” As noted above, the statute requires that each derivation proceeding, post-grant review and *inter partes* review shall be heard by at least 3 members of the Patent Trial and Appeal Board. If the Office retains the procedure allowing fewer than 3 members to decide a petition or motion, then the standard for review by a panel should be lower than “abuse of discretion.” The standard of review by a panel of a non-panel decision should be de novo since no deference should be accorded the decision.

### **c. Rehearing**

Rule 42.71(c) provides that a “party dissatisfied with a decision may file a request for rehearing.” The rule does not specify who will decide the request for rehearing and how timely the decision will be made. In the interest of providing a “just” resolution to the proceeding as specified in 37 C.F.R. § 42.1(c), the Office should specify that a request for rehearing is decided by a panel having at least one member not on the original panel that made the decision.

#### **d. Order of Decisions**

Rule 42.71 states that the “Board may take up petitions or motions for decisions in any order ....” Because the decision on certain motions may have a significant impact on the course and strategy of a proceeding, the Office should set time frames for decisions on motions likely to be filed during a proceeding. This will facilitate orderly proceedings and limit gamesmanship and inconsistent decision-making.

#### **22. 37 C.F.R. §42.72 Termination of Trial**

Sections 317(a) and 327(a) of the statute, as amended, permit the Office to terminate an *inter partes* review or post grant review or to proceed to a final written decision if no petitioner remains in the review. Rule 42.72(a) states that the “parties may agree to settle any issue in a proceeding, but the Board is not a party to the settlement and may independently determine any question of jurisdiction, patentability, or Office practice.” The statute provides that in circumstances where the review is terminated with respect to a petitioner under 35 U.S.C. §§ 317(a) or 327(a), no estoppel attaches to the petitioner or real party in interest or privy of the petitioner. Rule 42.72(d)(1) states that estoppel “shall not apply to a petitioner, or the real party in interest or privy of the petitioner who has settled under 35 U.S.C. 317 or 327.” However, 37 C.F.R. §42.73(d)(3) places estoppels on a patent owner whose claim is canceled, regardless of whether a settlement is reached between the parties.

These rules create an unfair situation for a Patent Owner. For example, the parties may jointly decide to settle their dispute and file a request to terminate the review with respect to all petitioners. In this case, no estoppels would attach to the petitioner(s). However, if the Board proceeds to a final written decision that results in cancellation of a claim, the Patent Owner would be bound by the estoppels of 37 C.F.R. § 42.73(d)(3) including limitations on prosecution of claims in co-pending or future applications.

The Office should provide detailed guidance outlining the circumstances when the Board would proceed to a final written decision if no petitioner remains in the review. Such guidance would permit the parties to more effectively negotiate settlement agreements. This was one of the intents of Congress in the AIA.

#### **23. 37 C.F.R. §42.73 Judgment**

##### **a. Recommendation**

Rule 42.73(a) specifies that a “judgment may include a recommendation for further action by an examiner or by the Director.” Additional clarification is required to provide examples of situations in *inter partes* review, post grant review, and derivation proceedings where additional action by an examiner or Director would be necessary.

## **b. Patent Applicant or Owner**

Rule 42.73(d)(3) specifies that a “patent applicant or owner whose claim is canceled is precluded from taking action inconsistent with the adverse judgment.” The rule further lists actions barred under the rule including obtaining in a patent a “claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim.”

- In the majority of cases, a wide variety of claim amendments or substitute claims could be filed in response to a properly raised ground of unpatentability. How will the Office assess the scope of claims barred under this rule?
- How will an Examiner examining claims in a co-pending case assess whether pending claims are barred under this rule? What grounds would an Examiner use to reject or object to such claims?
- Does this rule apply to only applications or reissues in the same family as the patent involved in the proceeding? Or, would this rule apply to any patent application assigned to or under an obligation to be assigned to the patent owner?
- The statute does not place estoppels on the patent owner whose patent is involved in an *inter partes* review or post grant review. What is the basis for the Office imposing this extensive restriction on a patent owner?

## **CERTIFICATE**

### **24. 37 C.F.R. §42.80 Certificate**

Rule 42.80 states that the Board will issue and publish a certificate after the Board issues a final written decision in an *inter partes* review, post grant review or covered business method review and time for appeal has expired or appeal has terminated. The certificate would incorporate any new or amended claim determined to be patentable.

How will the Office handle allowable dependent claims where the base claim has been amended or canceled? Will the Office sua sponte incorporate limitations of base claims and intervening claims where a dependent claim has been allowed? If not, will the Office provide the patent owner with the opportunity to amend dependent claims, where necessary, to place them in the proper form for issuance in the certificate?

## **Conclusion**

Consideration of the above comments is respectfully requested.

Respectfully submitted,

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*These comments are intended to foster dialog on the proposed rules. They do not necessarily reflect the views of the authors, their clients or their firm and are not to be attributed to any other person or entity including STERNE, KESSLER, GOLDSTEIN & FOX P.L.L.C., or any client of the firm.*