

MEMORANDUM

TO: NYIPLA c/o Peter Thurlow

FROM: Edward A. Meilman and Charles Miller

DATE: May 23, 2011

RE: STREAMLINED PATENT REEXAMINATION PROCEEDINGS;
NOTICE OF PUBLIC MEETING; 76 FED. REG. 22854-22861
(April 25, 2011)

For those who have been involved in patent reexamination proceedings which took years to complete, a PTO effort to streamline the proceedings is most welcome. The public meeting notice of April 25, 2011 ("NOTICE") sets out laudable objectives but, as always, problems lie in the details. In that connection, the Notice raises several issues about consistency with Title 35 and fundamental fairness. Also, the PTO has not established the details about how certain procedures are going to be structured (proposals 1-3).

To expedite reexamination proceedings, the Notice seeks to limit the Patent Owner's ability to amend or present evidence to a single submission. As described in the Notice, the proposal would eliminate rights provided by the ex parte reexamination statutory provisions, and is unfair to patent owners in both types of reexamination.

The right to file a Patent Owner's Statement (POS) in an ex parte reexamination does not arise under 35 U.S.C. § 304 until the PTO issues an order for reexamination. The statutory section gives the Patent Owner the right to file a POS but does not require it. There is nothing wrong in asking the Patent Owner to waive that

right, although it is unrealistic to believe that such a waiver will occur very often when the Patent Owner is not the Requestor given the fact that the PTO has not yet looked at the request for reexamination on its merits. However, a problem with the waiver request proposal results from the proposed limitation on amendment and evidence submission.

Title 35 gives the Patent Owner the ability to make two amendments as a matter of right during ex parte reexamination. Thus, §304 gives the Patent Owner a reasonable period of not less than two months to file a POS which may include “any amendment to his patent and any new claim or claims he may wish to propose, for consideration in the reexamination.” Under the statutory scheme set up by Congress in 35 U.S.C. § 305, ex parte reexaminations are conducted pursuant to §132 and §133 after the POS (possibly containing amendments and evidence) is filed. Section 132(a) provides that after receiving a rejection, the applicant can persist in his claim for a patent, “with or without amendment” and the application will be reconsidered when the applicant responds. A determination that a SNQ exists is not a rejection, and therefore filing a POS with amendments and/or evidence does not effect the right to amend the claims or present evidence under §132. Accordingly, the Patent Owner can make two amendments as a matter of statutory right.

Under the proposed change 6, the submission of amendments and evidence is effectively limited to the optional POS in those instances when the Patent Owner does not agree to waive the right to file the POS. This means that if a waiver is not made and the Patent Owner then decides not to exercise the statutory option to file a POS, the right to amend and present evidence is forfeited under the proposal. The proposal thus eliminates the right to amend in response to the examiner’s first Office action on the

merits (FAOM) when the statutory right to decide whether or not to file a Patent Owner Statement is not waived. The limitation on amendment and/or evidence submission needs to be revised since the PTO cannot by rule abolish rights provided by statute.

Also, the limitation in the proposal needs to be revised since the right to amend and/or present evidence would be lost if the Patent Owner elects not to file a POS and did not waive such filing in advance of a determination of the existence of a SNQ. As a result, the proposed changes would require the Patent Owner to file a POS to preserve the right to amend and submit evidence if the existence of a SNQ is found to be present, thereby effectively reading the Patent Owner's statutory right not to file a POS out of the law.

As to the proposal to limit amendments to those which effect the SNQ (proposal 7), this is inconsistent with the patent statute, notwithstanding the attempted justification in the meeting notice. In ex parte cases, 35 USC §304 provides that the POS may contain "any amendment to his patent and any new claim or claims he may wish to propose, for consideration in the reexamination." There is nothing in §304 which requires that the amendment or a new claim, which the patent owner has a right to file, be addressed either to the prior art cited under §301 or that it be limited to the SNQ. The only restriction on amending the claims is found in §305 which prohibits any amended or new claim from enlarging the scope of the patent. Similarly, in an inter partes reexamination, §314 also gives the patent owner the right to "propose any amendment of the patent and enter any new claims or claims" subject only to the prohibition against enlargement.

The language in *In re Freeman*, 31 USPQ2d 1444 (Fed. Cir. 1994) quoted in the meeting notice does not support the proposed limitation. Not only is such language

merely dicta, but it is taken out of context and is contrary to another statement in the same decision. The rejection involved in *Freeman* was based on the enlargement prohibition of 35 U.S.C. §305, and the quotation comes from a section of the court's decision concerning collateral estoppel. There was no issue in *Freeman* relating to the permissible scope of reexamination amendment other than enlargement. This is apparent from the fact that the two cases cited in connection with the quoted portion of *Freeman* were comparing and contrasting the right to amend in the PTO and in Federal district court, and did not otherwise deal with restriction on the scope of any amendment. Moreover, the fact that the *Freeman* court also noted in 31 USPQ2d at 1451 n. 5 that claims may be amended during reexamination to comply with 35 U.S.C. § 112, which has nothing to do with the SNQ issue, also shows the court's language is being improperly cited as support for limiting amendments to those which address the SNQ issue.

The additional proposed limitation on the ability to further amend after a first amendment has been made (proposal C3) is not justified for the following reason. The current PTO rule embodied in 37 CFR §1.116 provides that after a final Office action in an application or in an ex parte reexamination or an action closing prosecution in an inter partes reexamination, an amendment presenting claims in better form for consideration on appeal and also an amendment touching on the merits may be admitted on a showing of good and sufficient reasons why the amendment is necessary and was not presented earlier. Likewise, the rule provides that an affidavit or other evidence similarly presented may be admitted upon a showing of good and sufficient reasons why the affidavit or other evidence is necessary and was not presented earlier. Thus, the same rule applies before patent issuance and during reexamination even

though there is an important difference between the two types of proceedings: In application proceedings, the applicant has the right to file an RCE or a continuing application after a final rejection and gives the applicant the ability to amend the claims as a matter of right. In a reexamination, the Patent Owner has no such ability. There is already a limitation on additional amendments in 37 CFR § 1.116 and there is no justification for further restricting the ability to amend or to present evidence when the Patent Owner has no procedure available to effect a change or submit evidence than when such a procedure is available. However, that is just what the public meeting notice proposes to do.

The portions of the proposal relating to “representative” rejections (proposal 5) raises an issue of fundamental fairness because it gives the reexamination examiner and the BPAI the ability to change the rejection being made at a time when the Patent Owner is prohibited (under the proposal) from making any amendments or presenting evidence, and, if made in the BPAI decision, when the Patent Owner has no ability even to present arguments in response. Telling the Patent Owner that it is “advisable” to respond to rejections which are held in reserve is manifestly unfair, especially when the very basis for reserving those rejections is a determination that they will “clearly fall if the representative rejection is not sustained.” Both the examiner and the BPAI should have the ability to decide whether that determination was wrong, but if they do, the Patent Owner should have the right to respond.