
OLIFF & BERRIDGE, PLC

ATTORNEYS AT LAW

277 SOUTH WASHINGTON STREET
ALEXANDRIA, VIRGINIA 22314TELEPHONE: (703) 836-6400
FACSIMILE: (703) 836-2787
EMAIL: EMAIL@OLIFF.COM
WWW.OLIFF.COM

April 10, 2012

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

Attention: Lead Judge Michael Tierney, Derivation Proposed Rules

Re: Request for Comments on Proposed Changes to Implement Derivation Proceedings Pursuant to the Leahy-Smith America Invents Act

Dear Judge Tierney:

Oloff & Berridge, PLC is a private intellectual property law firm that files and prosecutes thousands of patent applications each year. We have represented applicants in dozens of interference proceedings and numerous inventorship disputes, and that experience provides us with insights regarding issues that will apply to the newly-established derivation proceedings (as well as an understanding of what issues do *not* carry over from interference proceedings to derivation proceedings).

We appreciate the rule-making burden on the USPTO as a result of the America Invents Act (AIA), particularly in view of the ambiguous nature of many parts of the section establishing derivation proceedings. We commend the USPTO on its efforts to interpret and implement this section of the AIA in way that will result in efficient and fair handling of derivation proceedings.

We have several concerns with the proposed rules, as explained below, and we offer the following recommendations.

A. The Rules Should Not Impose Or Imply a Requirement That Petitioner's Application Claim The Same Invention As Respondent's Application, Or A Requirement That Petitioner's Claim Be "Otherwise In Condition For Allowance," For A Derivation Proceeding To Be Instituted

The AIA requires that a petitioner must be a patent applicant, and unless corrective legislation is enacted, the USPTO must implement this requirement in its Proposed Rules. However, the Proposed Rules go far beyond this requirement, imposing restrictions not contemplated, mandated, justified or even permitted by the AIA. The Proposed Rules should be revised to eliminate these additional restrictions as explained below.

The "Supplementary Information" of the Proposed Rules correctly interprets the intent of the AIA in the following terms:

Derivation proceedings were created to ensure that the first person to file the application is actually a true inventor. This new proceeding will ensure that a person will not be able to obtain a patent for the invention that he did not actually invent.

(Federal Register, Vol. 77, No. 28 page 7029). This interpretation is consistent with our understanding of the AIA. However, proposed §42.405(a)(2), and the accompanying policy that "A derivation is unlikely to be declared even where the Director thinks the standard for instituting a derivation proceeding is met if the petitioner's claim is not otherwise in condition for allowance" (Federal Register, Vol. 77, No. 28 page 7029), are contrary to these statements of the purpose for Congress having created derivation proceedings.

Specifically, proposed §42.405(a)(2) requires a showing that the petitioner has at least one claim that is the same or substantially the same as the respondent's claimed invention, and the "if...not otherwise in condition for allowance" statement makes it clear that the USPTO would require patentability of the petitioner's claim as a prerequisite for declaration of a derivation proceeding.

This is contrary to a proper interpretation of the AIA, and particularly revised 35 U.S.C. §135, under basic principles of statutory construction. §135(a) states that "An applicant for patent may file a petition to institute a derivation proceeding in the Office." The statute does not impose any limitations as to the subject matter of, or claims in, the petitioner's application. In contrast, 35 U.S.C. §291(a), which authorizes patentee-patentee civil actions for derivation under more limited circumstances, states that "The owner of a patent may have relief by civil action against the owner of another patent that claims the same invention" Thus, Congress made a clear distinction between situations when a person alleging derivation needs to claim the same invention and when such a person does not need to claim the same invention. In view of this clear expression of the intent of Congress, the PTO should not impose a requirement for claiming the same invention in the situation in which Congress expressly did not do so. For this reason alone, proposed §42.405(a)(2) should be deleted.

Furthermore, various circumstances could make a claim unpatentable to the petitioner yet patentable to the respondent/alleged deriver. As one example, prior art available after the respondent's filing but before the petitioner's filing could bring about such a result. Thus, a situation could easily arise in which a petitioner's claim is not patentable, and simply because of that fact the alleged deriver would not be subject to a derivation proceeding, *even if he or she had in fact derived the invention from the petitioner*. In such situations, derivation proceedings clearly would *not* "ensure that a person will not be able to obtain a patent for the invention that he did not actually invent." Thus, proposed §42.405(a)(2) is contrary to the basic reason for

derivation proceedings, as articulated by the PTO within the Proposed Rules commentary, as quoted above.

As one rationale for proposed §42.405(a)(2), the "Discussion of Specific Rules" states that "This proposed rule also ensures that the petitioner has taken steps to obtain patent protection for the same or substantially the same invention, thus promoting the useful arts." The "useful arts" are promoted by non-patenting, as well as by patenting. As stated by the U.S. Supreme Court in *Mayo Collaborative Services v. Prometheus Laboratories*, March 20, 2012, Slip Opinion at 23, "Patent protection is, after all, a two-edged sword. On the one hand, the promise of exclusive rights provides monetary incentives that lead to creation, invention, and discovery. On the other hand, that very exclusivity can impede the flow of information that might permit, indeed spur, invention," There is no need for the petitioner to obtain allowable claims in order for the public interest to be served by promotion of the "useful arts." Certainly, establishing rules by which non-inventors can freely obtain patents for inventions they did not make, just because the petitioner did not succeed in withholding the same subject matter from the public by successfully claiming the same invention in a patent application, does nothing to promote the useful arts.

Additionally, as support for the proposition that "A derivation is unlikely to be declared even where the Director thinks the standard for instituting a derivation proceeding is met if the petitioner's claim is not otherwise in condition for allowance" (Federal Register, Vol. 77, No. 28 page 7029), the Proposed Rules cite Supreme Court precedent that relates to *interference proceedings*, not derivation proceedings (which of course did not exist at the time). Interference proceedings were available to determine who, as between two actual inventors, is entitled to a patent. Derivation issues were included to permit elimination of an improper contestant from the proceeding. 35 U.S.C. §102(f) was available to others to contest inventorship. However, §102(f) is no longer available under the AIA, in view of the availability of derivation proceedings. Thus, reliance on interference case law, like the rationale for proposed §42.405(a)(2) discussed above, suggests that the USPTO is inappropriately applying interference proceeding policies and rules to derivation proceedings.

In addition to being inappropriate and contrary to the basic reason for derivation proceedings as explained above, such policies and restrictions would impose an unfair disadvantage upon victims of derivation, and ignore the fact that, unlike an interference proceeding, a petitioner's remedy in a derivation proceeding is limited to cancellation or refusal of the respondent's claim(s). It would be unfair to deny the petitioner the remedy of cancellation or refusal of the respondent's claim to derived subject matter, thus permitting a respondent to use its patent to block the true inventor and the rest of the public from freely practicing an invention, simply because the petitioner could not itself, or chose not to, obtain a claim to the same subject matter.

Furthermore, the Proposed Rules fail to address various complexities that would arise if such policies and restrictions are not deleted. For example, if a respondent amends its claim to avoid derivation issues, can (or must) the petitioner also amend its claims to match the respondent's claims in order to continue the proceeding? Such questions (and the various sub-issues they raise) would need to be addressed by the rules, if proposed §42.405(a)(2) and the "if the petitioner's claim is not otherwise in condition for allowance" policy are not deleted.

Accordingly, in order to "ensure that the first person to file the application is actually a true inventor," to "ensure that a person will not be able to obtain a patent for the invention that he did not actually invent," to grant relief (in the form of cancellation or refusal of the respondent's claim(s)) to a petitioner injured by derivation, and to avoid needless complexity, the inquiry in a derivation proceeding should focus on whether the petitioner can prove derivation by the respondent, rather than requiring patentability of the claim as to the petitioner.

To accomplish these objectives:

1. Proposed §42.405(a)(2) should be deleted; and
2. The "if the petitioner's claim is not otherwise in condition for allowance" policy should be deleted. To avoid needless expenditure of USPTO resources on proceedings involving claims patentable to neither party, a better rule or policy in this regard would be:

A derivation is unlikely to be declared even where the Director thinks the standard for instituting a derivation proceeding is met if the *respondent's* claim is not otherwise in condition for allowance.

B. Proposed §42.405(b)(3)(ii) Should Be Deleted Or Modified

Proposed §42.405(b)(3)(ii) requires that a petition "Identify how the [respondent's] claim is to be construed." The inquiry of a derivation proceeding should focus on whether the petitioner can prove derivation by the respondent (as discussed above), rather than focusing on the full scope of the respondent's claim in the abstract. In this sense, proposed §42.405(b)(3)(ii) appears to be a meaningless exercise, unless tied to proposed §42.405(b)(3)(i) in the context of showing why the respondent's claim is not patentably distinct from the invention disclosed to the respondent.

In particular, parties to 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 germane to the issues that the court must decide.

Nuances of claim construction would be overlooked, or would require needless hours of analysis of hypothetical future issues by the parties and the Board, if parties are to provide a full claim construction in the abstract at the stage of a derivation proceeding in accordance with proposed §42.405(b)(3)(ii).

We therefore recommend that proposed §42.405(b)(3)(ii) be deleted. Alternatively, we propose that it be merged with §42.405(b)(3)(i) to require only sufficient claim construction to show why the respondent's claim is not patentably distinct from the invention disclosed to the respondent, as follows:

(i) Show why the claimed invention is not patentably distinct from the invention disclosed to the respondent, and, to the extent necessary for such showing, identify how the claim is to be construed to be directed to the invention disclosed to the respondent. As part of any such construction, where a claim limitation to be construed is a means-plus-function or step-plus-function limitation as permitted under 35 U.S.C. 112(f), the construction must identify sufficient specific portions of the specification that describe structure, material, or acts that (a) correspond to each claimed function and (b) also correspond to features of the invention disclosed to the respondent.

C. §42.403 Should Be Clarified Consistent With USPTO Comments

Under "Discussion of Specific Rules," the discussion of §42.403 makes clear the USPTO's intent for the proposed rule to define the *respondent's* first publication of the allegedly derived invention as the trigger of the one-year bar date. We strongly agree with this interpretation of the AIA. However, the proposed rule itself is not as clear as the comment regarding it. The proposed rule (which currently mirrors the ambiguous statute language) should be clarified in this regard, e.g. as follows:

A petition for a derivation proceeding must be filed within one year after the *respondent's* first publication of a claim to an invention that is the same or substantially the same as the earlier application's claim to the allegedly derived invention.

D. "Publication" Should Be Further Defined

Under "Discussion of Specific Rules," the discussion of §42.403 specifies that a "publication" "*may be* the publication by the USPTO of an application for patent or patent or by the World Intellectual Property Organization of an international application designating the United States" (emphasis added). It is not clear whether "publication" is intended to include *any* publication, any publication *by the USPTO or WIPO* (including, e.g., IFW claim amendment entries in the USPTO's public PAIR database or Article 19 or Article 34 amendments entered in WIPO's public databases), or to be limited to publications by the USPTO under 35 U.S.C. §122 and §153 or by WIPO under PCT Article 21.

We do not believe that Congress intended that 35 U.S.C. §135(a) be interpreted to refer to a publication anywhere (e.g., in a journal article or a purely foreign national or regional patent publication). If the USPTO agrees, we suggest that it clarify that fact in its rules or associated commentary. If the USPTO does not agree that the statute's broad wording can be interpreted as so-limited, we suggest that it request Congress to clarify and so-limit the statute.

If "publication" includes amendments in IFW entries or WIPO counterparts thereof, a deriver might attempt to manipulate the system by, e.g., (i) allowing an application to be published under §122 with non-derived claims, and then (ii) adding claims to derived subject matter, which would be first "published" only in the IFW. Monitoring all potentially relevant applications in PAIR for such claim amendments, in addition to monitoring publications by the USPTO under 35 U.S.C. §122 or §153, or by WIPO under PCT Article 21, would impose a huge additional burden on potential victims of derivation, beyond what we believe was intended by the AIA. Again, if the USPTO does not agree that the statute's broad wording can be interpreted as so-limited, we suggest that it request Congress to clarify and so-limit the statute.

We therefore recommend that the proposed rule be clarified to define "publication" as "(i) a publication by the USPTO of a patent upon its issuance, (ii) a publication under 35 U.S.C. §122 by the USPTO of an application for patent, or (iii) a publication under PCT Article 21 by the World Intellectual Property Organization of an international application designating the United States."

E. The Rules Should Clarify What Proceedings Are Available When One Party's Application Or Patent Has A Post-AIA Effective Filing Date And Another Party's Application Or Patent Has A Pre-AIA Effective Filing Date

The AIA does not explicitly state what proceedings would be available in a situation in which one party's application only has an effective filing date and/or priority claim on or after the effective date of the derivation proceedings section of the Act, and another party's application only has an effective filing date and/or priority claim earlier than the effective date of this section of the Act. Presumably, in this case, the earlier party could seek declaration of an interference,

and the later party could petition for derivation proceedings to be instituted. The proposed rules should address this ambiguity by (i) confirming that the earlier party could seek declaration of an interference, and the later party could petition for derivation proceedings to be instituted, and (ii) indicating what action the USPTO would take when both types of proceedings are requested (e.g., whether the USPTO would simply proceed with the interference and address any derivation issues in it). Because the current interference proceeding rules already include provisions for handling derivation issues, we recommend that, when both types of proceedings are properly requested, the USPTO initiate the interference proceeding and handle the derivation issues as part of it.

F. Proposed §42.406(b) Should Clarify The Situations In Which A Petitioner Cannot Effect Service

Proposed new 37 C.F.R. §42.406(b) states that:

(b) If the petitioner cannot effect service of the petition and supporting evidence at the correspondence address of record for the subject application or 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 respondent 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 respondent 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. §42.406(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. §42.406(b) places a burden on the petitioner to immediately contact the Board, we further suggest that proposed new 37 C.F.R. §42.406 be rewritten as follows:

(a) The petition and supporting evidence must be served at the correspondence address of record for the earlier application *or subject patent*. The petitioner may additionally serve the petition

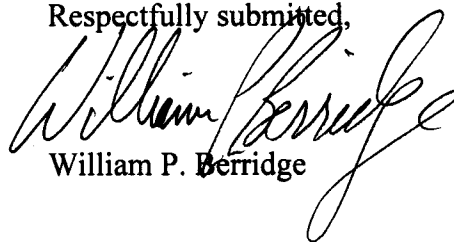
and supporting evidence on the respondent at any other address known to the petitioner as likely to effect service. *Service must be made in accordance with §42.6(e)(4) in a manner that provides for confirmation of delivery.*

(b) If the petitioner cannot *confirm delivery* at the correspondence address of record for the subject application or patent, the petitioner must immediately contact the Board to discuss alternate modes of service.

* * *

We thank you for consideration of our comments. If you have any questions, please feel free to contact the undersigned.

Respectfully submitted,



William P. Berridge

WPB:JAN/hs