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Sent: Wednesday, June 29, 2011 8:24 PM
To: reexamimprovementcomments
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Subject: Comments on the Streamlined Patent Reexamination Proposals

Attached please find comments on the Streamlined Patent Reexamination Proposals, 76 Fed.Reg. 22854.

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**COMMENTS ON THE PROPOSED CHANGES TO
STREAMLINE PATENT REEXAMINATION PROCEEDINGS**

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On April 25, 2011, the USPTO published for public comment a set of proposed changes intended to streamline patent reexaminations, entitled “Streamlined Patent Reexamination Proceedings; Notice of Public Meeting.” See 76 Fed. Reg. 22854. We submit the following written comments in response to the proposals and questions presented in that notice as a supplement to our presentation at the June 1, 2011 roundtable meeting. The proposals set forth in the notice are hereinafter collectively referred to as the “Streamlined Patent Reexamination Proposals.”

A. Proposed Changes to Both Ex Parte and Inter Partes Reexaminations

1. *Requester Must Separately Explain How Each SNQ Presented in the Request Is “New” Relative to Other Examinations of the Patent Claims*

This proposal is consistent with the Central Reexamination Unit’s (CRU’s) existing practice. We concur that this practice should be formalized.

2. *Requester Must Explain How the References Apply to Every Limitation of Every Claim for Which Reexamination Is Requested*

The proposal states that “[i]n all cases, a limitation-by-limitation explanation of the manner of applying the references must be presented in the form of a claim chart or narrative explanation, but not both, as providing both tends to lengthen the request and may result in inconsistencies between the two explanations.” 76 Fed. Reg. 22855–56. In many cases, this proposal could serve to shorten verbose requests and help to streamline the reexamination process.

However, this language should not be interpreted as a bar to any substantial repetition between the narrative explanation and the claim chart. For instance, a reexamination request might set forth in prose the manner in which the references would be combined by a skilled artisan together with the motivations for such a combination and then set forth in a claim chart a limitation-by-limitation explanation of how the references meet the claim elements. This is an advisable practice given that the former matters are more readily expressed in a narrative not tied to any particular claim element. We believe that the Office should allow this practice, especially since the full limitation-by-limitation explanation is given only once, in the claim chart.

¹ The views expressed herein are those of the authors and not necessarily those of the firm Irell & Manella LLP

So long as this proposal is interpreted as permitting a reasonable and appropriate repetition between the narrative and the claim chart, this proposal should help to streamline the reexamination process.

3. *Requester Must Explain How Multiple SNQs Raised in the Same Request Are Non-Cumulative of Each Other; Cumulative SNQs Will Be Deemed to Constitute a Single SNQ*

This proposal is consistent with the CRU's existing practice. We concur that this practice should be formalized in the manner consistent with the comments in the section immediately below.

4. *The Examiner May Select One or More Representative Rejections From Among a Group of Adopted Rejections.*

A common frustration among practitioners is that the reexamination file history sometimes fails to explain why arguments raised by the Patent Owner overcome not only the proffered rejection but also other prior art of record, in particular the art cited in the reexamination request. In such a case there could well be sound reasons why the Examiner believed that the other references could not be combined to make at least a *prima facie* case of obviousness but if that rationale is not set forth in an official action the file history may, by that silence, allow for a perception that the Office did not fully consider all the evidence before it.

The Streamlined Patent Reexamination Proposals take one step in the direction of avoiding this difficulty by acknowledging that “[i]f the Patent Owner subsequently overcomes the representative rejections of a claim, then the examiner will consider whether any other rejection within the group overcomes the deficiency of the representative rejections, and will do so prior to confirming the patentability of that claim.” 76 Fed.Reg. 22856

We encourage the Office to take the further step of requiring examiners to expressly set forth an explanation of the reasons why the amendments and/or arguments raised by the Patent Owner overcome each of the other rejections within the group. In order to ensure that each prior art reference is given full consideration, a **separate explanation should be set forth as to each rejection overcome** within the group.

On a related note, Patent Owners should be required to explain in Office Action responses why an amendment or argument traverses all rejections in the group. This explanation should be likewise set forth separately as to each rejection in the group.

These mechanisms will bolster confidence in the process by preempting misperceptions that the Examiner might have failed to fully consider certain evidence. It will also bolster quality by helping ensure that all aspects of the prior art presented in a reexamination are considered before the close of prosecution on the merits.

5. *Requester's Declaration and Other Evidence Will Be Mainly Limited to the Request*
6. *Patent Owner's Amendments and Evidence Will Be Mainly Limited to the First Action Response*

This section jointly addresses Proposals A.5 and A.6.

We recognize that encouraging early submission of evidence can lead to greater efficiency in the reexamination process, consistent with the Office's stated goal of "compact prosecution." Further to this objective, the CRU's approach to rebuttal evidence under Rules 116 and 948 sometimes has appeared to reflect the *de facto* imposition of a "could not have submitted the evidence earlier" standard. This approach errs strongly in favor of compact prosecution at the expense of thoroughness. There is a need to strike a different, more appropriate balance between encouraging early submission of evidence, on the one hand, and recognizing the practical impossibility (and undesirability) of submitting evidence on every conceivable issue in the first instance, on the other hand.

A better balance between these competing concerns will serve the public interest. Under current CRU practice, later requesters cannot initiate a subsequent reexamination on the same issue after the first requester is barred from submitting additional evidence relating to that teaching. Where such evidence would have been case dispositive, this bar tends to erode patent quality by preventing the cancellation of invalid claims in a relatively efficient and cost-effective administrative proceeding.

It is not uncommon for a CRU Examiner to adopt a position that could not reasonably have been addressed beforehand, particularly if reexamination requests and office action responses are to be kept at a reasonable length. For example, Examiners sometimes adopt claim interpretations inconsistent with and substantially broader or narrower than the plain meaning of the claim language. As another example, Examiners sometimes find the prior art is deficient with respect to its teachings of a fundamental technological principle, such as the manner in which a TCP/IP network operates. A complementary example is the circumstance in which a CRU Examiner finds that a given claim recitation is insufficient to distinguish a prior art teaching even though the Tech Center Examiner and the applicant appeared to have been in agreement that the claim language in question did in fact distinguish over the relevant teaching. Lastly, final rejections may include new grounds of rejection (e.g., for new claims). The Patent Owner sometimes has little ability or opportunity to foresee the new grounds of rejection, especially when new rejections are based on prior art identified in a supplemental search by the Examiner.

To appropriately balance the interests of early submission of evidence against the practical impossibility of submitting evidence that addresses every conceivable position that might be taken by the Examiner, we believe that admission of rebuttal evidence should be based on a **clear foreseeability** standard or other similar standard. For example, where the Examiner adopts a claim interpretation that was not clearly foreseeable, the party would be allowed to submit additional evidence in response to the unexpected interpretation. Similarly, where the Examiner finds the cited prior art deficient as to teaching a fundamental technological principle, the Requester would be allowed to submit additional evidence if the Examiner's position was not clearly foreseeable.

To help achieve the goal of compact prosecution in a manner consistent with the foregoing comments, the Office could adopt a **page limit for *ex parte* responses** to office actions and take a **strict stance with respect to extension of page limits in *inter partes* reexaminations to accommodate discussion of new evidence.**

It also worth noting that limiting Requesters to evidence submitted in the Request will cause Requesters, on the whole, to include in their requests various alternative theories together with associated exhibits, argument and claim charts. Many of the alternative theories will be relevant only in the event the Examiner takes certain positions on, for instance, claim construction. The Requests themselves, on the whole, will be substantially longer and may prove substantially more difficult to process promptly and effectively, thereby frustrating the Office's stated goal of reducing pendency.

To recap, we believe this proposal needs to balance the interests of encouraging the early submission of evidence and early amendment of claims against the practical impossibility of anticipating every position before it is formulated. We suggest application of a clear foreseeability or similar standard, coupled with page limits that limit the impact of new evidence on reexamination pendency.

7. *Claim Amendments Will Not Be Entered Unless Accompanied by a Statement Explaining How the Proposed New Claim Language Renders the Claims Patentable in Light of an SNQ*

We think this proposal could help prevent claim amendments that are tailored solely to parallel enforcement efforts and not to overcoming prior art rejections. However, the phrase "in light of an SNQ" should be interpreted broadly enough to comply with the Patent Act. Section 305 of Title 35 provides that the "patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited" The statute is not limited to amendments specifically addressing an SNQ. Rather, the statute expressly requires that proposal of "any amendment" or new claim "will be permitted" so long as the proposal is made "in order to distinguish the invention as claimed from the prior art cited." USPTO practice cannot forbid "any amendments" that the statute requires "will be permitted."

For example, suppose a claim which is the subject of reexamination, includes elements A, B, C and D. The SNQ relates specifically to element C. However, rather than amending element C, suppose the Patent Owner presents new element E. Under the USPTO's current proposal, whether the amendment is permitted depends on the interpretation of "in light of an SNQ." Interpreted narrowly, the amendment might not be deemed to render the claim patentable in "light of the SNQ" because it does not address the particular element that was the subject of the SNQ. Interpreted more broadly, the introduction of element E renders the claim patentable in spite of the SNQ raised with respect to element C. The latter interpretation comports with Section 305: the introduction of element E clearly serves to "distinguish the invention as claimed from the prior art cited" and is allowable under the Patent Act.

For the foregoing reasons the Office should **permit proposed amendments and new claims that distinguish the prior art cited**, consistent with the statutory language. The Office should not refuse entry of an amendment on the basis that it does not relate directly to an SNQ.

8. *Petitions Practice Will Be Clearly Defined*

We support the Office's effort to bring additional clarity to petition process. We concur that the practices set forth in this proposal should be formalized.

B. Proposed Changes Specific to Ex Parte Reexaminations

1. *Make Permanent the Pilot That Allows the Patent Owner to Optionally Waive the Patent Owner's Statement*

We concur that this practice should be formalized and made permanent.

2. *Where the Patent Owner Does Not Waive the Statement, the Order Granting Reexamination Will Include a Provisional FAOM, Which May Be Made Final in the Next Action*

This approach will likely promote efficiency and reduce pendency. We concur that it should be adopted.

C. Proposed Changes Specific to Inter Partes Reexaminations

1. *Third Party Requester May Dispute the Examiner's Designation That a Rejection is "Representative" of Other Rejections in the Group*

As explained above in connection with Proposal A.4, *supra*, we encourage the Office to take the further step of **requiring** examiners to **expressly set forth the reasons why the amendments and/or arguments raised by the Patent Owner overcome each of the other**

rejections within the group. In order to ensure that each prior art reference is given full consideration, a **separate explanation should be set forth as to each rejection overcome.**

2. *Final Office Action Closes Prosecution and Triggers Appeal Rights*

This approach might reduce pendency substantially. However, we suggest that the Office clarify whether the Requester will have the opportunity to comment on the final action and any amendments in response by the patent owner. Consistent with the existing practice, we believe that the Third Party Requester should have participation rights following the Final Office Action.

3. *Third Party Requester's Appellant Brief Is Limited to Appealing an Examiner's Decision That a Claim is Patentable; Additional Bases to Cancel a Rejected Claim Can Only Be Argued in a Respondent Brief Following Patent Owner's Appellant Brief*

We have no current objection to this proposal.

D. USPTO Questions

1. *Should the USPTO proceed with any efforts to streamline the procedures governing ex parte and/or inter partes reexamination proceedings?*

Yes. Practices of the sort set forth in the Streamlined Patent Reexamination Proposals could help make reexamination proceedings even more effective which in turn will cause district courts to defer more frequently to the Office's validity determinations. The overall efficiency of the patent system is promoted where district courts rely on the PTO's specialized experience to more effectively and efficiently resolve validity disputes.

2. *Should the USPTO place word limits on requests for ex parte and/or inter partes reexamination?*

No. To achieve the goal of getting all of the evidence and arguments in the early papers—as targeted by proposal A.5—the USPTO should not limit what can be included and argued. Moreover, to the extent Requesters are precluded by page limits from including references in a first request, they may simply file additional Requests, thereby frustrating the objective of the word limits.

3. *Should the USPTO revise its existing page or word limits in inter partes reexamination following the request?*

No, so long as the Office continues the existing practice of granting page limit extensions where there are many issues to address. Maintenance of the existing default page limits, however, will tend to encourage parties to focus arguments on the key issues.

4. *Should the USPTO place any limitation or criteria on the addition of new claims by a Patent Owner in reexamination? If so, what kind of limitation or criteria?*

The proposed limitations on the addition of new claims during reexamination may run counter to the Patent Act. See discussion on Proposal A.7, *supra*.

5. *Should the USPTO change its interpretation of “a substantial new question of patentability” to require something more than “a substantial likelihood that a reasonable examiner would consider the prior art patent or printed publication important in deciding whether or not the claim is patentable”? See MPEP §§ 2242, 2642. If so, how should it be interpreted?*

Probably. If the claims are simply going to be confirmed in a first action NIRC then there is little point in granting the Request in the first instance. Simply denying such requests in the first instance will lead to reduced pendency and will lower the grant rate, which in turn will **promote the perceived legitimacy of reexamination**.

6. *How much time should Patent Owners and Third Party Requesters ordinarily be given to submit a statement, response, or appeal where the time for filing the statement, response, or appeal is set by the USPTO rather than by statute?*

The current time limits are appropriate.

7. *Under what conditions should the USPTO grant a Patent Owner’s request for an extension of time under 37 CFR 1.550(c) or 1.956, both of which provide that extensions of time may only be granted for “sufficient cause and for a reasonable time specified”?*

The CRU’s current practice is acceptable, with at least one notable exception. A request for extension should be granted for genuine unavailability of the Examiner or lead attorney.

8. *Should the USPTO require that any information disclosure statement (IDS) filed by a Patent Owner in a reexamination comply with provisions analogous to 37 CFR 1.97 and 1.98, and further require that any IDS filed after a Notice of Intent to Issue a Reexamination Certificate (NIRC) or notice of appeal be accompanied by: (1) an explanation of why the information submitted could not have been submitted earlier, and (2) an explanation of the relevance of the information with regard to the claimed invention?*

No. A better course of action is to treat the issuance of a NIRC as closing prosecution on the merits, after which time no additional art submissions will be considered absent the grant of an appropriate petition. The proposed requirement of a relevance explanation is problematic because any explanation set forth by the Patent

Owner is likely to be criticized in subsequent litigation proceedings and may give rise to an inequitable conduct allegation.

9. *Under what conditions should a reexamination proceeding be merged with another reexamination or reissue proceeding?*

We note that reissue proceedings are assigned to the Tech Center, not the CRU, and pendency of reissue proceedings can be well over three years. This factor should be considered when deciding to merge reissue and reexam proceedings. Erring in favor of staying the reissue proceedings may be advisable in view of the recent progress in reduction of reexamination pendency.

10. *What relief can and should be given to a Third Party Requester that shows that it did not receive a Patent Owner's statement or response within a certain number of days after the date listed on the Patent Owner's certificate of service? How many days and what kind of showing should be required?*

A standard of reasonable diligence should be applied. The Office should retain flexibility to grant relief as circumstances and justice require.

11. *Should the USPTO encourage and/or require that all correspondence in reexamination proceedings be conducted electronically (e.g., e-filing parties' documents, e-mailing notices of Office actions and certificates)?*

Yes. This approach will lessen delays associated with mail delivery and the scanning and OCRing of voluminous materials, such as reexamination requests including in excess of 1,000 pages of materials. Parties in *inter partes* proceedings should also be required to serve papers electronically, as this will obviate certain requests for extensions of time based on delays caused by mail delivery and scanning.

We also note that the Office could achieve substantial efficiencies by permitting submission of reexamination filings in color, including electronically, without petition. Colorizing is one of the most effective ways to succinctly communicate complex concepts such as those addressed in many Requests. We understand that, to date, the Office may have been unable to make this improvement due to limitations associated with the Office's IT infrastructure and related budgetary constraints that may have prevented any upgrade of that infrastructure. Nevertheless, we would like to take this opportunity to emphasize the practical importance of the infrastructure upgrade, including for the reason that it may enable submission of colorized documents.

12. *Should reexamination proceedings remain with the Board in cases where the Board has entered a new ground of rejection on appeal and the Patent Owner seeks to introduce new evidence and amendments? In particular, is it more efficient for three administrative patent judges or a single examiner to decide issues involving new evidence and amendments?*

No. Even if this proposal would promote systemic efficiency, it would do so at the expense of the Patent Owner's rights. For example, in *ex parte* reexamination, the Patent Owner's rights would be significantly abridged by this proposal because the Patent Owner would not have an opportunity to address the issues in the first instance in an interview.

13. *What other changes can and should the USPTO make in order to streamline reexamination proceedings?*

See other comments, *supra*.