

**From:** Rob Sterne  
**Sent:** Wednesday, June 29, 2011 9:30 PM  
**To:** reexamimprovementcomments; Laufer, Pinchus; Schor, Kenneth; Cygan, Michael  
**Cc:** Lori Gordon; Jon Wright; Rich Coller; Jason Eisenberg; Rob Sterne; Byron Pickard  
**Subject:** Sterne, Kessler, Goldstein & Fox, PLLC Submissions To PTO Proposed Reexamination Rules

Dear Ken, Pinchus, Michael and PTO Team,

Attached are the SKGF Submissions in the form of a Word document and a separate pdf.

Please confirm receipt and let us know if you have any difficulties with opening these documents.

Thank you for the opportunity to make this submission.

Best regards,

The SKGF Reexam Team

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**Sterne, Kessler, Goldstein & Fox, PLLC Comments  
to Proposed New Rules on Reexamination Process and Procedures**

**Submitted June 29, 2011**

*Note: These comments are intended to foster dialog on the proposed rule topics. They do not necessarily reflect the views of the authors, their clients or their firm. The approach used is to provide comments to the proposed rules from the separate perspectives of the Patent Owner and the Third Party Requester. In this way, it is intended that the PTO is provided with more robust input to the proposed rules.*

## Inter and Ex Parte

### A1. Requester Must Separately Explain How Each SNQ Presented in the Request Is “New” Relative to Other Examinations of the Patent Claims

#### Patent Owner

This is a good step. Under current practice it is too easy for a 3PR to prompt the PTO to declare SNQs that are no better than questions of patentability raised in original or subsequent examinations. This approach may assist the PTO in performing its necessary “gatekeeper” function for reexaminations and may help to focus the proceeding on only the best art.

The SNQ provides an essential gatekeeping function to balance the public need to address defective patents against the harassment of patent holders. “As part of the original 1980 reexamination statute, Congress struck a balance between curing allegedly defective patents and preventing the harassment of patentees. It adopted a standard requiring a request for reexamination to raise a 'substantial new question of patentability.'" See H.R. Rep. No. 107-120, at 1; See also *In re Recreative Technologies*, 83 F.3d 1394, 1397 (Fed. Cir. 1996). Congress enacted 35 U.S.C. § 303 (for *ex parte* reexamination) requiring the Commissioner to "determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request." This provision was intended to limit reexamination only to "new information about pre-existing technology which may have escaped review at the time of the initial examination of the application." See H.R. Rep. No. 96-1307, 96<sup>th</sup> Cong., 2d Sess. 3 (1980). A similar provision is found in the *inter partes* statute.

The legislative record is rife with additional statements describing the purpose of 35 U.S.C. § 303 (and the SNQ) as protection of the Patent Owner:

[The statute] carefully protects patent owners from reexamination proceedings brought for harassment or spite. The possibility of harassing patent holders is a classic criticism of some foreign reexamination systems and we made sure it would not happen here.

Comments by then PTO Commissioner Diamond, *Industrial Innovation & Patent & Copyright Law Amendments: Hearings on H.R. 6933, 6934, 3806, & 214 Before the Subcomm. On Courts, Civil Liberties and the Administration of Justice of the House Comm. On the Judiciary*, 96<sup>th</sup> Cong., 2d Sess. 594 (1980).

This "substantial new question" requirement would protect patentees from having to respond to, or participate in unjustified reexaminations.

Report by Congressman Kastenmeier, H.R. Rep. No. 1307 (part I), 96<sup>th</sup> Cong., 2d Sess. 7 (1980).

Because of the following safeguards in the proposed reexamination procedure, it is unlikely that there will be any substantial amount of harassment ... The Commissioner must find that "a new question of

patentability" has been created ... before ordering a reexamination.

Comments by Robert Benson on behalf of the American Bar Association, *Patent and Trademark Law Amendments of 1980: Hearings on H.R. 6933 Before the Subcomm. Of the House Comm. On Government Operations, 96<sup>th</sup> Cong., 2d Sess.* 178 (1980).

From discussion in the legislative history of the 1980 statute, the burden of establishing SNQ was placed on the requester of the reexamination:

The party requesting the reexamination would *have the burden* of convincing the Commissioner of Patents that a new question of patentability has been raised ...

Comments by Robert Benson on behalf of the American Bar Association, *Patent and Trademark Law Amendments of 1980: Hearings on H.R. 6933 Before the Subcomm. Of the House Comm. On Government Operations, 96<sup>th</sup> Cong., 2d Sess.* 178 (1980)(emphasis added).

To date, many Patent Owners believe that the requirements for establishing an SNQ have been poorly defined and as a result, the burden for establishing an SNQ is so low as to be non-existent. This proposal by the PTO provides important guidelines to help ensure that an issued patent is only subjected to reexamination when the 3PR meets the burden of establishing a truly “new technical teachings”

### Third Party Requester

This proposal may lead to an even more passive PTO determination of SNQs. It may also become another technicality upon which to “bounce” a reexamination request.

This proposal is contrary to the statute and provides little guidance to requesters on what is necessary to establish an SNQ. Furthermore, it is unclear how this requirement is different than what is currently required by statute. Many 3PRs feel that the bases used by the PTO to determine whether to adopt an SNQ are inconsistent across reexamination proceedings and are too subjective. In this proposal, the PTO states “for each SNQ presented in the request, a statement of how the technological teaching in the references that support the SNQ is new and non-cumulative of what had been *considered in any previous or pending USPTO examination of the patent claims.*” (emphasis added).

In light of a perceived overly strict interpretation by the Federal Circuit in *In re Portola Packaging*, Congress amended § 303 in 2002. H.R. Rep. No. 107-120, at 2. Specifically, § 303 was amended to include the language “[t]he existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or *considered by the Office.*” *Id.*, at 7.

Furthermore, the definition of “non-cumulative” is unclear. Prior art references are rarely identical as to every technical teaching. Is non-cumulative standard applied to the

reference or only to the features discussed in the rejections? If the latter, a 3PR is placed at a significant disadvantage due to the inconsistent presentation of rejections in original examination. In addition, it is often unclear what portions of a reference an Examiner is relying upon or what features of a claim the Examiner ultimately found allowable.

This proposal also increases the work on the 3PR in preparing the request and does not necessarily ensure that the added burden is appropriate in terms of a proper and effective reexamination process.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**Inter and Ex Parte**

**A2. Requester Must Explain How the References Apply to Every Limitation of Every Claim for Which Reexamination Is Requested**

Patent Owner

Seems fairly consistent with current practice and appears appropriate.

Third Party Requester

Seems fairly consistent with current practice and appears appropriate.

Sterne Kessler- Alternative Rule

NONE PRESENTED

## Inter and Ex Parte

### A3. 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

#### Patent Owner

This proposal is a good approach in that too many SNQs unnecessarily complicate the proceedings and require inappropriate extra work in order for the Patent Owner to effectively respond.

In this regard, the SNQ was created by Congress as the primary mechanism to prevent harassment of patentees. Reexaminations that force the Patent Owner to respond to rejections based on references presenting the same or very similar technical teachings do not further the primary goal of reexamination - addressing defective patents. Instead, this tactic forces the Patent Owner to expend valuable resources fighting the same issues over and over – resources that could be invested in further innovations. Additionally, the adoption of this tactic in “serial” reexamination proceedings by a requester places a cloud over a valuable patent right for many years. This proposal is an important step to focus the issues that must be addressed by the Patent Owner in a reexamination proceeding.

#### Third Party Requester

This proposal is unfair and inappropriate because it may mask the fact that the prior art was replete with invalidating references for the same claim limitation(s).

Moreover, Congress enacted 35 U.S.C. § 303 (for *ex parte* reexamination) requiring the Commissioner to "determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request." This provision was intended to limit reexamination only to "new information about pre-existing technology which may have escaped review at the time of the initial examination of the application." See H.R. Rep. No. 96-1307, 96<sup>th</sup> Cong., 2d Sess. 3 (1980). A similar provision exists for *inter partes* reexamination.

From the legislative intent, the references, and not the language of the claims, are the basis for assessing what meets the standard of "new information about pre-existing technology." The A3 proposal is counter to this intent, shifting the focus instead to a particular claim element:

For example, if a request cites ten prior art references in support of ten proposed SNQs, and all ten references are cited for the same claim limitation found missing in the a prior examination, the USPTO will construe the request as raising a single SNQ based on the single, new technological teaching.

When a request is filed, the third party requester is forced to guess at the claim construction that will be applied by the PTO and advocated by the Patent Owner during the reexamination proceeding. It is not uncommon for the same claim limitation, particularly in the case of broad claim limitations, to read on multiple distinct technical

teachings. Although these technical teachings may be applied to the same limitation, they are not cumulative to each other. Thus, the proceeding needs to include all of them.

Furthermore, the Congressional intent indicates the decision on an SNQ should be based on whether the technical teaching is non-cumulative to what was considered by the Examiner in prior examination or reexamination and not based on the technical teachings presented in the same request.

Furthermore, a requester should be provided with the opportunity to petition at any time during the reexamination the Examiner's decision that an SNQ is cumulative. For example, if the Patent Owner in a filing takes a position on claim construction counter to the basis used by the Examiner to assess whether an SNQ is "cumulative", the requester should be able to ask the PTO to reconsider the designation of certain SNQs as cumulative.

With the requirements under IPR statute that all SNQs that should have been submitted must be submitted or barred from being used in litigation, this provision would adversely affect a 3PR's ability to meet the statute and still provide a client with all viable arguments in the request to avoid the estoppel provisions.

#### Sterne Kessler- Alternative Rule

Proposal One: The PTO should have to conduct a more independent assessment of the SNQs presented before determining that an SNQ has been raised (i.e. less "rubber stamping").

Proposal Two: The goal of streamlining the number of SNQs presented in requests can be achieved by altering the fee structure placed on 3PRs (and Patent Owners when they file an *ex parte* request). The PTO should consider introducing a sliding fee scale for SNQs (similar to that in place for EOTs) that increases for each SNQ presented for a claim undergoing reexamination. For example:

1-3 SNQs (per claim): no additional fees  
\$500/per SNQ for each additional SNQ (per claim)

## Inter and Ex Parte

### A4. The Examiner May Select One or More Representative Rejections From Among a Group of Adopted Rejections

#### Patent Owner

This proposal does not reduce the burden on the Patent Owner but instead forces the Patent Owner to anticipate how the PTO may apply a reference. Specifically, the proposal states "For this reasons, it is advisable for the Patent Owner to explain, in its response to the FAOM, why the Patent Owner's arguments against any representative rejection would likewise overcome all rejections within the group." This will have the effect of increasing the possible inadvertent mistakes by the Patent Owner that will unintentionally negatively impact on the valuable patent right.

#### Third Party Requester

The intent of *inter partes* reexamination was to provide a meaningful alternative to litigation. In return for permitting a third party to participate in the reexamination proceeding at the PTO, Congress imposed certain estoppels on the requester. Specifically, in order to gain access to a forum with lower burdens of proof and a more permissive claim construction challenge, a requester is estopped from presenting in a later litigation any issues that the requester raised or could have raised. Through these estoppels, a requester is forgoing his right to raise invalidity issues in the District Court in return for the opportunity to have these issues addressed by the PTO.

The current proposal of selecting a representative rejection deprives the requester of the opportunity to have each of its validity issues fully examined in the PTO. The estoppels do not attach only to representative rejections – they attach to all issues that could have been raised. Because of this severe restriction, the requester should be permitted to select what validity issues it is willing to waive. This decision should not be made by the PTO.

Furthermore, the current proposal suggests that both the Patent Owner and the requester respond on the record to the representative and non-representative rejections. This position leaves both sides guessing as to how the Examiner would have applied the reference or references in an actual rejection.

For *ex parte* requests, this would be a great hardship on requesters since there is no real recourse if the Examiner has this power. The only recourse is to file additional *ex parte* requests knowing that each additional request has exponentially lesser chance of being ordered.

#### Sterne Kessler- Alternative Rule

NONE PRESENTED

## **Inter and Ex Parte**

### **A5. Requester's Declaration and Other Evidence Will Be Mainly Limited to the Request**

#### Patent Owner

The authorizing statute sets forth a very limited role for 3PRs. 35 U.S.C. § 314(b)(2). The PTO comments to the proposed rule acknowledge the requester's ability to once rebut a point made in an Office action or in the Patent Owner's response. This is consistent with current practice and consistent with the authorizing statute. Allowing more (or less) would likely conflict with the statute.

#### Third Party Requester

This is not a good proposal for very practical reason. Specifically, as the requester will not know what the Examiner or other PTO personnel will determine to be a deficiency or weakness in a piece of prior art, there needs to be more leeway of when evidence can be submitted so there is no barrier to properly rebutting either the Examiner or Patent Owner. Moreover, there are many situations where based on what the Patent Owner presents or argues in a patent owner statement or response, the 3PR needs to counter with additional record evidence.

#### Sterne Kessler- Alternative Rule

NONE PRESENTED

## **Inter and Ex Parte**

### **A6. Patent Owner's Amendments and Evidence Will Be Mainly Limited to the First Action Response**

#### Patent Owner

This is a bad proposal and will cause severe negative impact, particularly with concurrent litigation, especially if the litigation is in later stages. It is also unrealistic and inappropriate to force amendments by the Patent Owner before he knows whether substantive arguments will succeed with the examiner.

Claim amendments in reexamination are often an illusory option especially where the patent claims are in concurrent patent litigation. Substantively amended claims are subject to the doctrine of intervening rights, which can severely impact claims for past damages. 35 U.S.C. § 307(b). Many reexaminations are now initiated as part of an overall litigation defense strategy by the 3PR. Accused infringers may initiate reexamination at any point in the litigation, including after claim construction (Markman) hearings, on the eve of trial, or even following an unfavorable judgment.

Claim amendments may ultimately be necessary to overcome a prior art rejection. But forcing Patent Owners to amend in response to a first Office action is an extreme and unnecessary measure. It is highly unlikely that a Patent Owner will amend claims in response to a first Office action after having spent hundreds of thousands of dollars in a claim construction hearing, or millions of dollars on a trial, or after receiving a judgment worth tens of millions of dollars, or more.

Because Patent Owners will not likely amend in response to a first Office action, this rule would effectively foreclose any possibility of claim amendments for Patent Owners in concurrent litigation, or those considering an enforcement action where past damages are a significant portion of the remedy.

This rule, if enacted, must be considered in conjunction with the PTO's mandate to construe claims under the broadest reasonable interpretation ("BRI") rubric. As is well recognized in the applicable law, the sole underlying basis for BRI is the ability to freely amend claims. Indeed, where a patent term has expired, and claim amendments are no longer permitted, the PTO must revert to construing claims using the same standards as a district court. If this rule is enacted, and Patent Owners are foreclosed from amending claims, the PTO should no longer interpret claims under the BRI standard.

Quality reexamination, like *ex parte* prosecution of applications, by necessity requires an iterative process. Except in the simplest cases, the issues between the PTO and the Patent Owner cannot be properly joined or fully understood until at least one round of prosecution. At that point, the Patent Owner should be permitted to again submit relevant evidence in support of patentability, or to amend claims, if necessary. In *inter partes* reexamination, the 3PR would of course have its statutorily authorized opportunity to rebut. Essentially limiting reexamination to a single round of prosecution may increase the speed of reexamination, but with potentially extreme negative impact on overall

quality. Quality should be the most important concern in the reexamination process.

Currently, the reexamination process is already a heavily front-loaded process. With no real provisions for continued reexamination, it is already all but mandatory to get all the evidence in support of patentability into the record in response to the first Office action. To explicitly foreclose any other opportunity to admit evidence or amend claims is a needless additional step.

The provision limiting the presentment of amendments and evidence to the earlier of (1) the Patent Owner's optional statement, if the right is not waived; or (2) in response to the FAOM if the right is waived, must be reviewed in the context of proposed rules B1 and B2. When combined with B1 and B2, this provision further forces Patent Owners to waive their statutory right to file an optional patent owner statement.

For instance, if that right is not waived under B1, then under B2 the Order granting reexam will be accompanied by a provisional FAOM. The FAOM may be made final if the Patent Owner chooses not to respond in a patent owner statement. Failure to waive combined with an election not to file a patent owner statement will thus result in a final Office action and the Patent Owner will have had no opportunity to amend or present evidence in support of patentability. If the Patent Owner does elect to file a patent owner statement responding to the provisional FAOM, then the Requester has the ability to comment and even introduce new art and proposed rejections, thereby turning the *ex parte* process in to an *inter partes* process. Neither of these options will be satisfactory for Patent Owners. Application of A6 to the Patent Owner's optional statement, when combined with proposals B1 and B2, will thus force Patent Owners to blindly waive their statutory right to file a patent owner statement on the Order.

In sum, the consequences of a failure to blindly waive the right to file a patent owner's statement will simply be unacceptable to a vast majority of Patent Owners. We question the legality of crafting rules in a manner that all but forces Patent Owners to waive their statutory right under 35 U.S.C. § 304 to file a statement on the substantial new question of patentability set forth in the Order.

#### Third Party Requester

This is good because it acts to speed up the reexamination process.

#### Sterne Kessler- Alternative Rule

Proposal One: Considering implementing Requests for Continued Reexamination to allow for later submissions of evidence, arguments and/or amendments when reasonably necessary.

Proposal Two: Under the current and proposed rules, a Patent Owner has no avenue by which to challenge the credibility of declaratory evidence placed into the record by the 3PR. The 3PR, by providing comments after a Patent Owner filing, can challenge

declaratory evidence placed into the record by the Patent Owner. The Patent Owner does not have this ability. Thus, no checks and balances exist against the 3PR introducing suspect evidence. The PTO should introduce a mechanism to provide the Patent Owner with the ability to challenge the credibility of 3PR's declaratory evidence.

For example, the PTO could provide the Patent Owner with an opportunity to introduce rebuttal declaratory evidence following a declaration by the 3PR. Because this is not a response to an action on the merits, the PTO would not be required to provide the 3PR with an opportunity to submit comments.

## Inter and Ex Parte

### A7. 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

#### Patent Owner

This proposal is at odds with the language of 35 USC 305 and 314. Amendments are not so limited by these statutes. The PTO's reliance on the *Freeman* holding is misplaced.

Specifically, this proposal does not appear to recognize the statutory difference in the scope of allowed amendments between *inter partes* and *ex parte* reexam. It also relies heavily on what is arguably dicta in *In re Freeman*. In *ex parte* reexam, the statute states that "the patent owner will be permitted to propose any amendment to his patent and a new claim or claims, in order to distinguish the invention as claimed from the [cited prior art]." 35 U.S.C. § 305. The *inter partes* statute is not so limited, simply stating that "the patent owner shall be permitted to propose any amendment to the patent and a new claim or claims...." 35 U.S.C. § 314(a). There is no qualification in the *inter partes* statute that limits amendments to distinguish claims over the cited art. Both sections prohibit broadening the scope of issued claims.

The sole basis for the PTO's use of the broadest reasonable interpretation ("BRI") for construing claims is the ability of the Patent Owner to amend claims. The practical ability to amend claims in reexamination is already limited due to the doctrine of intervening rights and the practical realities of concurrent patent litigation or contemplated enforcement actions. Thus the basis for the PTO's continued use of BRI is already tenuous. Explicitly limiting the ability to amend claims by PTO rule further undermines the basis for continued use of BRI.

#### Third Party Requester

This is a good provision because serves to ensure a reexam is not converted into a *de facto* reissue.

Moreover, a common goal of both *inter partes* and *ex parte* reexam is to provide a forum to settle validity disputes more quickly and less expensively than litigation. In the past, defendants have been hesitant to file *ex parte* reexamination early in a litigation because a Patent Owner was given unfettered ability to add new claims, regardless of whether or on what basis rejections of the claims were made. These new claims were often tailored to a defendant's product and the knowledge of these products often only becomes available after the patent in reexamination has issued. Without the ability to participate in an *ex parte* reexamination, a requester risks being faced with more extensive claims in a litigation after a reexamination. Thus, the reexamination allows the Patent Owner to create narrower claims that can be more effective in litigation.

#### Sterne Kessler- Alternative Rule

NONE PRESENT

**Inter and Ex Parte**

**A8. Petitions Practice Will Be Clearly Defined**

Patent Owner

Petition practice is currently a “black art” only known by former PTO officials. Practitioners would generally welcome clarification and guidance of the sort noted in the proposed rule. In addition to this guidance, the MPEP should set forth procedures for OPLA and the CRU to closely coordinate resolution of petitions and continued prosecution of reexams, especially where resolution of the issue set forth in the petition may be dispositive of issues in the reexamination.

It is our observation that the OPLA and CRU currently do not sufficiently coordinate or work together, which sometimes results in great inefficiencies and delay. Accordingly, the petition guidance should also explicitly set forth who decides each of the various petitions (OPLA, SPEs, Primary Examiner, Director, Board, etc.), time limits for deciding petitions, and deadlines for opposing petitions, where appropriate.

Third Party Requester

The 3PR has the same issues as the Patent Owner as discussed above.

Sterne Kessler- Alternative Rule

NONE PRESENTED

## Ex Parte

### B1. Make Permanent the Pilot That Allows the Patent Owner to Optionally Waive the Patent Owner's Statement

#### Patent Owner

As the PTO's comments recognize, the vast majority of Patent Owners do not file a patent owner statement. The primary reason is that it opens the door for the 3PR to participate, virtually without limitation, in the *ex parte* reexam. But there are instances where a patent owner statement on the substantial new question of patentability may be warranted—*e.g.*, where a Patent Owner believes a reference supporting the SNQ is clearly cumulative, where proposed rejections are clearly missing a claimed feature or where time is of the essence for the Patent Owner and the risks of permitting 3PR comments are outweighed by the need for quick resolution of the reexamination. But the instances where a patent owner statement may be warranted cannot be determined in the blind—*i.e.*, before the PTO even makes a decision on the request. Practitioners simply cannot make an informed decision on waiver in advance of knowing how the PTO will respond to a request. For that reason, the waiver request should be made only after a decision on the request is made. Asking Patent Owner's to blindly forgo his statutory right to make a statement in advance of receiving the order for reexamination makes little sense, and most practitioners would strongly advise against blind waiver of this statutory right. However, in view of the proposal set forth in B2, that is just what practitioners may be forced to do.

Furthermore, this proposed rule cannot be considered in isolation of the next proposed rule B2 which instructs the PTO to set forth a provisional first Office action with the Order where the Patent Owner elects not to blindly waive their statutory right to file a patent owner statement. If the proposed rule set forth in B2 is enacted, the consequences of not blindly waiving the statutory right to file a patent owner statement are draconian—either file a comment to which the 3PR can respond without limitation, or not file a comment and risk the next Office action being made final.

#### Third Party Requester

This is a good proposal because it speeds up the reexamination process.

#### Sterne Kessler- Alternative Rule

NONE PRESENTED

## Ex Parte

### **B2. 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**

#### Patent Owner

The PTO proposes to request Patent Owners to blindly waive their statutory right to file a patent owner statement in advance of knowing what art the PTO found compelling in the request, and in advance of even knowing whether the reexam will be ordered. If the Patent Owner blindly waives its statutory right to file a comment, a first action on the merits will accompany the Order.

But if Patent Owner does not blindly waive the statutory right to file a comment, the PTO can set forth a provisional first Office action that accompanies the order, which can be made final in the next action. This puts the Patent Owner in a severe and untenable quandary: the Patent Owner can (1) submit a patent owner comment addressing the merits of the “provisional first Office action,” thereby opening the door to the 3PRs virtually unlimited right to respond and even propose new rejections; or (2) elect not to file a patent owner statement, but risk the next Office action being made final. Option (1) effectively transforms the *ex parte* reexam into an *inter partes* reexam for the first round of prosecution—an option unacceptable to most Patent Owners. Option (2) effectively forecloses the Patent Owner’s ability to submit any evidence or argument in support of patentability, especially when viewed in combination with proposal A6, which requires any amendments or evidence to be submitted with a Patent Owner’s comments.

Because neither of these alternatives is acceptable, this proposed rule seems designed to force Patent Owners to blindly waive their statutory right under 35 U.S.C. § 304 to file a patent owner statement. We strongly question the legality of crafting rules in a manner that all but forces Patent Owners to relinquish their statutory right to comment on the order granting an *ex parte* reexamination.

#### Third Party Requester

This is a good proposal because it speeds up the reexamination process.

#### Sterne Kessler- Alternative Rule

NONE PRESENTED

## Inter Partes

### C1. Third Party Requester May Dispute the Examiner's Designation That a Rejection is "Representative" of Other Rejections in the Group

Patent Owner

This is a bad proposal because it does not foster quality reexamination.

Third Party Requester

3PR does not like "representative" rejections because they do not foster a full and complete reexamination process.

However, if it is adopted, the 3PR agrees with the proposal to allow the "representative" rejection to be challenged. The proposed representative rejection is procedural in nature. In this proposal, the PTO states that a 3PR can challenge the designation of the representative rejection in its comments. The PTO imposes page count and word count limits on responses entered by parties in *inter partes* reexamination proceedings. Any argument related to disputing a "representative" rejection should not be counted against the 3PR. The PTO should consider allowing the 3PR to present these arguments in a separate paper.

Sterne Kessler- Alternative Rule

NONE PRESENTED

## **Inter Partes**

### **C2. Final Office Action Closes Prosecution and Triggers Appeal Rights**

#### Patent Owner

Quality patent prosecution is necessarily an iterative process. Quality in patent reexamination is paramount, especially considering the relative importance of patents that are put into reexamination. The current rules that allow for second, limited round of prosecution surrounding an ACP greatly improves quality *inter partes* reexamination. It helps to properly focus the issue prior to appeal and allows time to resolve any outstanding petition activity. Elimination of this important aspect of *inter partes* reexamination will reduce quality and unnecessarily increase the complexity of appeals to the Board. The PTO is encouraged not to eliminate the round of prosecution surrounding the ACP.

#### Third Party Requester

If the 3PR has not been successful in the *inter partes* reexamination process, this proposal is a bad one because it does not allow the 3PR to file comments.

#### Sterne Kessler- Alternative Rule

NONE PRESENTED

**Inter Partes**

**C3. 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**

Patent Owner

This acts to streamline the appeal process.

Third Party Requester

The word count should be adjusted to allow 3PR to effectively present its arguments.

Sterne Kessler- Alternative Rule

NONE PRESENTED

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

### Patent Owner

The PTO should devote the appropriate resources that allow the PTO itself to carry out its statutory mandate of special dispatch. The statute states that “All 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*.” 35 U.S.C. § 305 (emphasis added). Many of the proposed rules seem designed to rush applicants out the door under the guise of “compact prosecution” at the expense of quality reexamination by severely limiting the range of issues the PTO will consider [A4], severely front-loading the reexamination process for the Patent Owner and 3PRs [A5 and A6], or by forcing waiver of statutory rights [B1 and B2]. Reexamination could be greatly speeded if the PTO imposed upon *itself* deadlines for completing reexamination a timely fashion so that special dispatch is implemented *within the Office*, in a manner that ensures quality and fairness for sides. “Compact prosecution” is a recipe for poor quality reexamination of the patents deemed most important to Patent Owners and 3PRs alike. The PTO must dedicate the appropriate resources and share the statutory burden of special dispatch rather than foist that mandate on the parties at the expense of a quality reexamination process.

### Third Party Requester

The *ex parte* reexamination statute (Public Law 96-517) was "part of a larger effort to revive United States industry's competitive vitality by restoring confidence in the validity of patents issued by the PTO." *Patlex v. Mossinghoff*, 758 F.2d 594, 601 (Fed. Cir. 1985). The proponents of the *ex parte* reexamination bill foresaw three principal benefits:

First, the new procedure could settle validity disputes more quickly and less expensively than the often protracted litigation involved in such cases. Second, the procedure would allow courts to refer patent validity questions to the Patent Office. *See Senate Hearings* at 1, wherein Senator Bayh said that reexamination would be "an aid" to the trial court "in making an informed decision on the patent's validity". Third, reexamination would reinforce "investor confidence in the certainty of patent rights" by affording the PTO a broader opportunity to review "doubtful patents".

*Id.* at 602 (*citing* 126 Cong. Rec. 29,895 (1980)(Statement of Rep. Kastenmeier).

The Federal Circuit stressed the importance of reexamination as a corrective procedure noting in *In re Etter* that “[t]he innate function of the reexamination process is to increase the reliability of the PTO’s action in issuing a patent by reexamination of patents thought to be ‘doubtful’.”

The proposals presented by the PTO sacrifice quality of examination for speed, which is unacceptable for Patent Owner and 3PR alike. The public deserves a reexamination system that ensures a reliable result. A reexamination system that fails to

provide both sides with a full and fair opportunity to address validity issues undermines confidence in issued patents and invites serial reexaminations on the same issues. The PTO should develop procedures that focus less on speed and more on arriving at the proper result.

Sterne Kessler- Alternative Rule

NONE PRESENTED

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

### Patent Owner

Word limits are appropriate only when applied equally to both Patent Owners and 3PRs. A system that allows for virtually unlimited SNQs and proposed rejections to be set forth in an Office action, but that imposes strict word limits on the parties' ability to respond makes little sense. While waiver is a possibility, its application is uncertain and variable. Word limits on requests may force 3PRs to themselves pare down the issues and focus on the strongest art. This may alleviate, for example, the need for proposed Rule A4.

### Third Party Requester

In an *inter partes* reexamination, a 3PR agrees to give up the right to pursue in a District Court litigation any issues that the 3PR raised or could have raised. Imposing a word count limit on a 3PR in an *inter partes* reexamination may result in the 3PR losing the right to pursue issues in either forum due to an arbitrary procedural limit imposed by the agency. Because the 3PR is often a defendant in a litigation, such a result is severe and may cause less defendants to use the PTO as an alternative forum to litigation.

Currently, there are no limits on the number of *ex parte* reexamination requests or limits on the timing of subsequent requests by the same 3PR. For *ex parte* reexamination, limiting the size of the request will likely drive 3PRs to file multiple, sequential *ex parte* requests. But the 3PR should be allowed to do this under this proposal. Instead of streamlining the process, this proposal will make the process less efficient and result in greater costs for both 3PR and the Patent Owner.

### Sterne Kessler- Alternative Rule

NONE PRESENTED

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

Patent Owner

The current page or word limits in *inter partes* reexamination are arbitrary. For example, a Patent Owner facing a single rejection of one claim is accorded the same number of pages to respond as a Patent Owner facing multiple rejections of multiple claims. Any limitation on page or word count should be tied to the scope of the issues that must be addressed by a party.

Additionally, the enforcement of page or word limits is inconsistent across Examiners. The PTO should develop guidelines to help the parties understand how the PTO is applying the count, particular when a party submits a declaration under 37 CFR 1.132.

Third Party Requester

The same analysis applies to the 3PR.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**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?**

Patent Owner

The *inter partes* reexamination statute permits a Patent Owner to propose any new claims during reexamination, without limitation. Therefore, it would be a violation of the statute to introduce limitations or criteria on the addition of new claims by a Patent Owner.

Any limitation on new claims or on the scope of amendments to existing claims must take into consideration the Office's current practice of applying the broadest reasonable interpretation ("BRI") to claim scope. The sole basis for the use of BRI is the ability of Patent Owners to freely amend claims. Any restrictions to the ability to amend claims or propose new claims cuts against the application of BRI.

Third Party Requester

The Patent Owner should not be allowed to turn the *inter partes* reexamination process into a *de facto* reissue process.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**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?**

Patent Owner

The “substantial new question” (“SNQ”) of patentability is the gatekeeper to prevent unwarranted harassment of Patent Owners. It also serves to settle the Patent Owner security in its property interest. The current interpretation of the substantial new question of patentability sets the bar so low that well over 90% of all reexamination requests are granted. The PTO’s current interpretation of the SNQ does not seem to be an effective bar to harassment, nor does it provide any settled expectation of the Patent Owner’s property right. In fact, the reverse is true. Patent Owner’s seeking to enforce their property right now understand that it will likely be subject to reexamination.

We question whether this “heightened” standard will in practice result in any real difference in the percentage of reexaminations that are ordered.

One modification to consider is adopting the *Therasense* standard of materiality as a “but for” test for patentability. An SNQ would exist only if, in the PTO’s opinion, the patent would not have issued but for the art presented in the request.

Third Party Requester

The standard for ordering of reexamination must reflect the intent of Congress in overruling the *In re Portola Packaging* decision.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**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?**

Patent Owner

A minimum of two months should be granted, with liberal application of EOT requests for responses to first Office actions. Searching for and hiring an expert and full investigations of prior invention are two areas that require significant additional time and effort for practitioners. Additionally, the PTO should be liberal with extensions of time where concurrent litigation is draining the common resources of the Patent Owner, such as inventors, experts and in-house counsel.

The PTO should adopt clear standards for granting EOT petitions. Currently, there is variability amongst SPEs in the grant or denial of EOT petitions.

The PTO in determining the time limit for response should take into account the remaining term left on the patent. A reexamination proceeding places a cloud over a patent, making it harder to license or enforce. This is particularly onerous for patents near the end of their terms. The PTO should consider reducing time limits for response in these cases and place internal deadlines on Office actions for these cases.

Third Party Requester

Reexamination proceedings are often concurrent with district court litigation of the patent. The PTO should consider reducing time limits for response in cases where the reexamination has been pending for over a certain time period (e.g., 6 months) and the patent is involved in a concurrent litigation.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**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”?**

Patent Owner

Extensions should be liberally granted in response to first actions on the merits, especially considering the degree to which reexamination practice is already front-loaded. Many of the proposed rules appear geared towards further front-loading the process. If Patent Owner’s are expected to present all evidence and amendments in response to a first action, sufficient time should be granted to complete that effort. This is especially true where there is concurrent litigation tapping the common resources of the Patent Owner.

Accordingly, exemplary specific factors should include: (1) status of concurrent proceedings (if any); (2) whether the Patent Owner may swear behind art under Rule 131; (3) whether the Patent Owner intends to obtain declaratory support; (4) whether the Patent Owner is facing an obviousness rejection, which brings into play evidence of secondary considerations; (5) whether the concurrent litigation places additional burdens with respect to IDS submissions; (6) the availability of inventors; (7) whether the Patent Owner has requested an in-person interview in *ex parte* reexam; and (8) whether there are outstanding petitions whose resolution could be dispositive of an issue in the reexam.

Third Party Requester

Currently, 3PRs are not permitted to challenge petitions for extensions filed by Patent Owner. From a 3PR's perspective, in some cases, the credibility of the reasons presented by the Patent Owner is suspect and in these cases, it appears the EOT request is primarily to introduce delay into the proceeding. The PTO should place a heightened burden on a Patent Owner seeking an extension in a reexamination proceeding.

A Patent Owner is provided notice that an Office action may issue when a Request is filed. The PTO statistics provide the Patent Owner with guidance on when to expect the first action on the merits in both *ex parte* and *inter partes* reexamination. Because Office actions often issue with the grant in *inter partes* reexamination, extensions should be more liberally granted in those proceedings. Additionally, the PTO may consider automatically granting a one-month EOT for Patent Owners that opt to waive the patent owner's statement in an *ex parte* reexamination.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**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?**

Patent Owner

Various MPEP provisions (e.g. MPEP 2256 and 2280 for *ex parte* reexam and MPEP 2656 and 2684 for *inter partes* reexam) already appear to require compliance with most provisions of 37 CFR 1.98.

Imposing additional timing limitations for submission of IDSs analogous to 37 CFR 1.97 would be unduly burdensome to Patent Owners involved in concurrent litigation where numerous documents of potential relevance are constantly being generated.

MPEP 2256 for *ex parte* reexam and MPEP 2656 for *inter partes* reexam already appear to require that an IDS submission after a NIRC must be accompanied by (A) a factual accounting providing a sufficient explanation of why the information submitted could not have been submitted earlier, and (B) an explanation of the relevance of the information submitted with respect to the claimed invention in the reexamination proceeding. Such a submission is to be provided via a petition under 37 CFR 1.182.

Furthermore, if the IDS submission is submitted after the reexamination has entered the Reexamination Certificate printing cycle, additional limitations are currently imposed by MPEP 2256 and 2656. Specifically, the submission must provide an unequivocal statement as to why the art submitted makes at least one claim unpatentable, an amendment to such claim or claims, and an explanation as to how the amendment causes such claim or claims to be patentable.

The above requirements of MPEP 2256 and 2656 are unworkable in the context of concurrent litigation. In our experience the current lag time between issuance of a NIRC and issuance of the reexam certificate routinely exceeds 3 months, while the reexam appears to enter the printing cycle shortly after issuance of a NIRC. This apparently requires Patent Owners to amend claims just for entry of litigation documents of potential relevance that may have just been generated.

Shortening (or eliminating) the time period between NIRC and reexamination certificate would help to alleviate this.

Third Party Requester

Patent Owners in reexaminations should be held to the duty of disclosure and because of “special dispatch” should be required to make these statements after the issuance of the NIRC.

Sterne Kessler- Alternative Rule

NONE PRESENTED
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**9. Under what conditions should a reexamination proceeding be merged with another reexamination or reissue proceeding?**

Patent Owner

The biggest impact of merger between *inter partes* and *ex parte* reexam is the continuance of the proceeding under the *inter partes* rules. Under the PTO's current rules, this forecloses the Patent Owner's ability to conduct an in-person interview. In-person interviews are absolutely vital for Patent Owners and examiners alike to conduct quality reexamination. The examiners need the interview to asked needed questions and obtain needed additional information from the Patent Owner. Accordingly, unless Patent Owners can preserve their de facto right to an in-person interview, no merger should occur where there is a pending *ex parte* reexamination.

Third Party Requester

Merger should be ordered in most circumstances if the two pending proceedings are instituted closely together.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**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?**

Patent Owner

The PTO should simply commit to electronic posting and notification of reexamination proceedings. This would alleviate service problems and the time delays often associated with the PTO's mailing practices, or the service practices of the parties.

Third Party Requester

Section 314(b)(2) states that "Each time the patent owner files a response to an action on the merits from the Patent and Trademark Office, the third-party requester shall have one opportunity to file written comments addressing issues raised by the action of the Office of the patent owner's response thereto, if those written comments are received by the Office *within 30 days after the date of service of the patent owner's response.*" (emphasis added). By statute, the remedies available to the PTO are limited.

PTO rules allow service by mail. This type of service can result in delays of up to 3-5 days before the 3PR receives the service copy.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**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)?**

Patent Owner

Mostly. But since automatic extensions of time are not available, there should be explicit provisions for failures of the PTO's electronic filing system ("EFS"). Also, there should be an exception for IDS filings and perhaps request filings, which are often paper intensive and not conducive to electronic filing.

Third Party Requester

This would allow the 3PR to obtain more timely access to Patent Owner filings if the PTO posts all filings the same day they are received.

Sterne Kessler- Alternative Rule

NONE PRESENTED

**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?**

Patent Owner

The BPAI should only retain jurisdiction if it is given the necessary resources to perform a high quality additional reexamination process. Otherwise, the case should be remanded to the CRU.

Third Party Requester

In order to speed up the process, the BPAI should retain jurisdiction if it enters a new ground of rejection.

Sterne Kessler- Alternative Rule

NONE PRESENTED

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

Patent Owner

Proposal One: The PTO should commit the appropriate resources to ensure that “special dispatch” is a shared burden and that “special dispatch” is conducted “within the Office” as the statute dictates.

Proposal Two: The PTO should create a hard requirement that all petitions are decided promptly.

Proposal Three: The PTO must enact and enforce internal deadlines for all reexamination deadlines.

Proposal Four: Interviews or hearings must be available in *inter partes* proceedings at the request of either party. Such interviews are essential for the proceeding to produce a quality and timely result. It permits the examiners (or APJ) to ask needed questions and obtain needed information. It allows both parties to present information that may not be as effectively presented on paper. In order to not unduly slow down the reexamination process, the interview or hearing must to be conducted expeditiously. In order to maintain proper decorum throughout the interview or hearing, counsel of record for each party must be under strict presentation rules and these rules must be enforced by the CRU or other body conducting the hearing. Rules must be created on how interviews or hearings will be conducted.

Third Party Requester

An interview or hearing in *inter partes* reexamination proceeding must be available to the 3PR as a matter of right.

Sterne Kessler- Alternative Rule

NONE PRESENTED