

April 5, 2012

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Via email: (*derivation@uspto.gov*)

**RE: Comments on Notice of Proposed Rulemaking
 Changes to Implement Derivation Proceedings
 77 Fed. Reg. 7028–7041 (February 10, 2012)**

Dear Under Secretary Kappos:

The American Intellectual Property Law Association (“AIPLA”) is pleased to have the opportunity to present its views with respect to the Notice of Proposed Rulemaking entitled, “Changes To Implement Derivation Proceedings,” as published in the February 10, 2012, issue of the *Federal Register*, 77 Fed. Reg. 7028 (the “Notice”).

AIPLA is a U.S.-based national bar association whose approximately 15,000 members are primarily lawyers in private and corporate practice, government service, and the academic community. AIPLA represents a diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, unfair competition, and trade secret law, as well as other fields of law affecting intellectual property. Our members practice or are otherwise involved in patent law and other intellectual property law in the United States and in jurisdictions throughout the world.

Section 3(i) of the Leahy-Smith America Invents Act (“AIA”) revises 35 U.S.C. §135 to provide for derivation proceedings and to eliminate the interference practice for applications and patents that have, in general, effective filing dates on or after March 16, 2013. In a February 10, 2012, Federal Register Notice, the U.S. Patent and Trademark Office proposed new rules to implement this part of the AIA and invited public comment. 77 Fed. Reg. 7028.

In general, AIPLA supports the proposed rules as a serious attempt to provide the procedures necessary to carry out the mandate of the new Section 135 of the Patent Act. However, we offer the comments below to clarify specific points that may have been overlooked and to bring the regulations in question into closer conformity with the new statute.

37 CFR §42.401 Definitions.

“Substantially the same”

The revised 35 U.S.C. §135(a) states that a petition to institute a derivation proceeding may be filed with respect to a claim to an invention “that is the same or *substantially the same* as the earlier application’s claim to the invention” (Emphasis added.) That provision also states that a petition to institute a derivation proceeding must “set forth with particularity the basis for finding that an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner’s application....”

Section 42.401 of the proposed rules defines five particular terms for derivation proceedings that add to the generally applicable definitions at Section 42.2 for trial practice before the Patent Trial and Appeal Board. Section 42.405(a)(2) and (b)(2) of the proposed rules, addressing the content of the petition, requires the petition to show that the petitioner has at least one claim that is “[t]he same or substantially the same as the respondent’s claimed invention” and that is “[n]ot patentably distinct from the invention disclosed to the respondent.”

AIPLA urges the USPTO to add the term “*Substantially the same*” to the definitions in Section 42.401, clarifying that the term encompasses “not patentably distinct” or “mere obvious variants.” The flexibility achieved by equating these terms is justified by the fact that the proposed rules under which they are considered relate to standing and the sufficiency of the petition for establishing a prima facie case of derivation. The flexible “notice pleading” approach to the content of the petition is acknowledged in the Federal Register Notice:

“The proposed rule would provide an efficient means for identifying the legal and factual basis supporting a prima facie case of relief and would provide the opponent with a minimum level of notice as to the basis for the allegations of derivation.” 77 Fed. Reg. at 7031, first column.

“Respondent”

The proposed rules in Sections 42.405 and 42.406 refer to the “*respondent*” identified in a derivation petition in several respects, and the term is defined in Section 42.401 to mean “a party other than the petitioner.” AIPLA urges the USPTO to clarify the definition of “*Respondent*” by stating that the term means “the assignee of record or any subsequent legal or equitable owner of the earlier-filed application in a proceeding under 35 U.S.C. §135.” This clarification should avoid any confusion as to the “assignee filing” approach adopted by the AIA. It will also clarify that the deadline for filing a petition to institute a derivation proceeding is one year from the earliest publication of the *respondent*’s claim.

“Communication of the derived invention”

Proposed Section 42.405(c), concerning the sufficiency of the showing to be made by the derivation petition, states that the derivation showing must be supported by substantial evidence, “including at least one affidavit addressing *communication of the derived invention*” (Emphasis added.) This provision reflects the requirement that a party seeking to prove patent invalidity for derivation must show that the named inventor in the patent acquired, from another, knowledge of the claimed invention, or at least so much of the claimed invention as would have made the allegedly derived invention obvious to one of ordinary skill in the art. See *Agawam Co. v. Jordan*, 74 U.S. (7 Wall.) 583, 602-03, 19 L.Ed. 177 (1868); *New England Braiding Co. v. AW Chesterton Co.*, 970 F. 2d 878, 883 (Fed. Cir. 1992); *DeGross v. Roth*, 412 F.2d 1401, 1405-06, 162 USPQ 361, 365 (CCPA 1969).

AIPLA urges that the USPTO add the term “*Communication of the derived invention*” to the definitions in Section 42.401, clarifying that the term means “knowledge of the claimed invention, or at least so much of the claimed invention as would have made it obvious to one of ordinary skill in the art, obtained directly or indirectly from a named inventor, and prior to the filing date, of the earlier-filed patent.”

37 CFR §42.403 Time for filing.

Revised 35 U.S.C. §135(a) states that a petition to institute a derivation proceeding may be filed “only within the 1-year period beginning on the date of the first publication of a claim to an invention that is the same or substantially the same as the earlier application’s claim to the invention”

Proposed Section 42.403, entitled “Time for filing,” adopts a different phraseology for implementing this provision, referring to “within one year *after* the first publication” instead of “within the 1-year period beginning *on the date of* the first publication.”

AIPLA urges that the rule on the time for filing track the literal language of the statute because the proposed rule defines a different period than does the statute, i.e., one that does not include the date of first publication. In addition, despite the commentary accompanying the proposed rule, petitioners may mistakenly believe that the 1-year period begins on the publication date of the petitioner’s claim. We urge the Office to revise this rule as set forth above to clearly indicate that it is the publication of the respondent’s claim that starts the time period.

In addition, Section 42.403 should clarify that the “date of first publication of a claim” refers not only to publication in a U.S. application, but also to publication in a PCT application in the English language designating the U.S. Also, the rule should be clarified for the case of a patent for which non-publication was requested, i.e., that the “date of first publication of a claim” for measuring the 1-year filing period refers to the date the patent issued. In particular, AIPLA recommends that the rule be rewritten as follows:

§42.403 Time for filing.

A petition for a derivation proceeding must be filed within the 1-year period beginning on the date of the 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. The date of publication which begins the period for filing is the date on which a claim was published by the USPTO or by WIPO in an English-language application designating the U.S. and filed pursuant to the Patent Cooperation Treaty.

37 CFR §42.405 Content of petition.

The revised 35 U.S.C. §135(a) states that a petition to institute a derivation proceeding must “set forth with particularity the basis for finding that an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner’s application and, without authorization, the earlier application claiming such invention was filed.”

Proposed Section 42.405, entitled “Content of petition,” sets forth a list of the elements that must be presented in the petition, including a showing that the petitioner has at least one claim that is “The same or substantially the same as the respondent's claimed invention” (Section 42.405(a)(2)(i)), and has at least one claim that is “not patentably distinct from the invention disclosed to the respondent” (Section 42.405(a)(2)(ii)).

AIPLA urges that the USPTO delete Section 42.405(a)(2)(ii) requiring the “not patentably distinct” showing because, as explained above, we believe that the statutory term “substantially the same” encompasses the “not patentably distinct” term and that paragraphs (a)(2)(i) and (a)(2)(ii) are therefore redundant.

With respect to the showing proposed under Section 42.405(b), AIPLA proposes the following revision:

(b) In addition to the requirements of §§42.8 and 42.22, the petition must:

- (1) Provide sufficient information to identify the application or patent for which the petitioner seeks a derivation proceeding;
- (2) Provide prima facie evidence in the form of sworn testimony or other documentary evidence that: ~~Demonstrate that~~
 - (i) each allegedly derived claimed ~~an~~ invention was derived from an inventor named in the petitioner's application, and

(ii) the inventor or inventors from whom the allegedly derived claimed invention was derived did not authorize the filing of the earliest-filed application claiming such invention. ~~authorization, the earliest application claiming such invention was filed; and~~

AIPLA recommends that the remaining provisions at Section 42.405(b)(3) be removed for the following reasons. Subparagraph (b)(3)(i) requiring a “not patentably distinct” showing should be deleted for the reasons given above to justify the deletion of paragraph (a)(2)(ii). Furthermore, validity of a claim may be resolved in the derivation proceeding itself and need not be conclusively determined on the face of the petition.

With respect to Section 42.405(c), AIPLA recommends deletion of the final sentence of that provision, which requires corroboration for the showing of communication. Corroboration should not be required in the provision on the contents of the petition; it should only be required after initiation of a derivation proceeding and an opportunity for discovery.

37 CFR §42.407 Filing date.

Proposed Section 42.407 sets out the required elements for a complete petition in order to obtain a filing date and the circumstances when an incomplete request will result in a dismissal. The proposal requires correction of a deficiency by the earlier of one month from notice or the expiration of the statutory deadline for derivation filings; however it does not address the interaction of those two deadlines.

AIPLA urges the addition of the following sentence at the end of Section 42.407(b): “Notwithstanding the time limits in this section, if petitioner files the petition at least two months before the statutory deadline, petitioner will be allowed one month to complete any incomplete request upon notice by the Office.”

37 CFR §42.408 Institution of derivation proceeding.

Proposed Section 42.408 provides that an administrative patent judge may institute and, as necessary, reinstitute derivation proceedings and prescribes how an additional patent or application may be “suggested” for consideration.

AIPLA urges the USPTO to add to this provision a new paragraph (c) covering discovery as follows:

- (c) Routine discovery. Upon institution of a derivation proceeding, the inventors’ oaths or declarations in the earliest-filed application (of petitioner) and all later filed applications (of respondent and/or petitioner) are considered to be affidavit testimony; therefore, cross examination of the inventors is authorized pursuant to 37 CFR §42.51 within such time period as the Board may set.

Additional Matters

The following items are recommendations for aspects of the derivation proceeding that may not have been addressed expressly in the proposed rule:


1. The issue of whether the petitioner's claim(s) is or are actually entitled to the benefit of the filing date of any priority application should be decided *inter partes* in the derivation proceeding rather than *ex parte*.
2. The following standard for determining that derivation exists should be articulated in the USPTO regulations: the subject matter defined by the target claim would have been either anticipated by or obvious over the subject matter defined by the targeting claim.
3. Upon termination of a derivation proceeding, any involved application containing claims with inventorship that was determined to be correct should be returned to the examining corps for appropriate further action.
4. A patentee that wishes to precipitate a derivation proceeding must file an application to reissue its patent within the time period allowed by statute.
5. The USPTO should accept the parties' determinations of inventorship as conclusive unless it has reason to suspect that, for some reason, the parties' determinations of inventorship are incorrect.
6. If the parties agree between or among themselves as to the inventorship of the involved claims, they must inform the USPTO of the correct inventorship of each surviving involved claim, not simply the correct inventorship of each surviving involved application or patent.
7. If the PTAB determines the inventorship of the involved claims, its decision will recite the correct inventorship of each surviving involved claim, not simply the correct inventorship of each surviving involved application or patent.
8. If the parties agree between or among themselves as to the inventorship of the involved claims, they do not have to submit evidence supporting their determinations.
9. The USPTO should provide that the PTAB has authority to enter split decisions—that is, to determine that the inventors named in one involved application or patent are correct as to one or more claims in that application or patent, and that the inventors named in another involved application or patent are correct as to one or more claims in that other application or patent. We recognize that these may be or become a reference against another surviving party's claims. However, we anticipate that the effect of that fact will be determined in post-proceeding *ex parte* practice or in a parallel *inter partes* proceeding in which patentability is to be determined.

10. The USPTO should provide that the parties to a derivation proceeding can amend the inventorship named in their involved case during the proceeding, which we anticipate will promote settlements.
11. If a party to a derivation proceeding wishes to establish that its opponent's or opponents' claims are unpatentable on any ground other than derivation, it will have to take steps to institute one of the other *inter partes* proceedings authorized by the America Invents Act.
12. The USPTO should promulgate rules that will facilitate running the various *inter partes* proceedings authorized by the America Invents Act in the same matter usually (but not necessarily always) before the same panel of APJs.

* * * * *

AIPLA appreciates the opportunity to provide these comments on the subject Notice of Proposed Rulemaking. We would be pleased to answer any questions these comments may raise and look forward to participation in the continuing development of rules appropriate for patent practice and for implementation of the AIA.

Sincerely,

A handwritten signature in black ink, appearing to read "William G. Barber". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

William G. Barber
AIPLA President