



April 9, 2012

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

Attention: Lead Judge Michael Tierney
Patent Trial Proposed Rules

**Re: Request for Comments on Proposed Rulemaking
Rules of Practice for Trials Before the Patent Trial and Appeal Board
and Judicial Review of Patent Trial and Appeal Board Decisions**

Dear Judge Tierney:

Hunton & Williams, a private law firm, actively engages in the filing and prosecution of patent applications before the United States Patent and Trademark Office (USPTO) on behalf of its clients and respectfully submits for consideration by the USPTO comments regarding the Proposed Rulemaking that are of interest to Hunton & Williams and its clients.

While we appreciate the efforts and thoughtfulness of the USPTO in drafting these Proposed Rules of Practice, we believe that some additional clarifications are required, and we submit the following for consideration by the USPTO:

Section 42.22(a) -- Should a petition under Proposed §§ 42.104(b) or 42.204(b) be held incomplete, but curable under Proposed §§ 42.106(b) or 42.206(b), unless the petition itself contains a request for specific relief or is accompanied by a motion for specific relief?

Proposed § 42.22(a) describes the content of a petition (as well as the content of a motion), and each of Proposed § 42.104(b) and Proposed § 42.204(b) list additional requirements for their respective petitions. We recommend that the second sentence of Proposed §§ 42.104(b) and 42.204(b) be amended to read: “In addition to the precise relief requested, [t]he statement must identify the following:”. The commentary to

Proposed §§ 42.106(b) and 42.206(b) refers only to the correction of “procedural defects,” and Proposed §§ 42.106(b) and 42.206(b) themselves only speak of “an incomplete petition” or “deficiency.” To provide certainty that the petitions under both Proposed §§ 42.104(b) and 42.204(b) can be cured for a failure to include the specific relief requested, Proposed §§ 42.106(b) and 42.206(b) should be amended to expressly include the right to cure a failure to include the specific relief requested to the extent permitted under Proposed §§ 42.106(b) and 42.206(b).

Section 42.24 -- Should the page limits for both petitioner and patent owner be increased when a petition challenges more than twenty claims and pays the applicable increased fee (see Proposed § 42.15(a) and (b))?

To be afforded a filing date for any petitions for *inter partes* review or for post-grant review, the petition must be accompanied by the applicable filing fee set forth in Proposed § 42.15. The filing fees for *inter partes* review and post-grant review are governed by the fee structures of subsections (a) and (b) respectively, and each of these fee structures is based on the number of challenged claims, with the fees being higher as the number of challenged claims increases. Notwithstanding the right by the petitioner to increase the number of challenged claims by the payment of an increased fee, Proposed § 42.24 retains the same page limit, without regard to the number of claims, for both the petitioner and the patent owner to respectively file the petition and the opposition.

Proposed §§ 42.104(b) and 42.204(b) require the inclusion of specific information regarding each claim being challenged. Thus, challenges to more claims require more text in the petition. Simple fairness requires that the petitioner be allocated more pages if he/she pays the required fee to challenge more claims.

In order to meet the requirements of Proposed §§ 42.104(b) and 42.204(b) for a petition challenging more than twenty claims, the page limit for the petition must be increased. In fairness to the patent owner, a fairness already recognized by Proposed § 42.24(b) which provides the opposing party (*i.e.*, the patent owner) the same page limit as that allocated to the petitioner, any opposition filed by the patent owner to address an increase in the

number of claims being challenged should have the same increase in page limit allocated to the petitioner.

In light of the foregoing, Proposed § 42.24(a) should be amended to reflect an increase in the page limit, based on the number of claims being challenged, for which the increase in fees is paid by the petitioner, and the same page limit should be allocated to the patent owner for its opposition. Such an approach could be to set proposed page limits for the first 20 claims be challenged. Additional pages would be permitted for each set of additional 10 or 20 claims for which the increase in fees is paid by the petitioner

Section 42.51(b)(3) -- Is this requirement to disclose information too broad for a contested proceeding and, if so, how should it be limited?

Proposed § 42.51(b)(3) requires each party to the proceeding to serve on the other party “noncumulative information that is inconsistent with a position advanced by the patent owner or petitioner during the proceeding.” This broad disclosure requirement is effectively unbounded. It also does not define the level of materiality of the information to be disclosed either in terms of the USPTO’s Rule 56¹ or in terms of the holding in *Therasense*², nor does it limit the information to non-public information. The commentary on the Proposed § 42.51(b)(3) is unhelpful in that it merely states that the “Office recognizes that this requirement may differ from the proposed changes to 1.56,” but, without any further commentary, it proceeds to justify this undefined requirement on the grounds of expediency and cost reduction.³ Absent some guidance from the USPTO, parties to the proceeding have no way of determining what they need to produce or if they have complied with this broad mandate.

¹ 37 C.F.R. §1.56.

² *Therasense Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011)

³ The commentary on this proposed section also mentions that “this requirement does not override legally recognized privileges such as attorney-client or attorney work product.” However, nowhere are these privileges included in any of the proposed sections. At the least, these exceptions should be expressly recognized in a newly proposed section.

Unlike the *ex parte* proceedings governed by Rule 56⁴, trial proceedings will be adversarial proceedings in which each party has an interest in locating and bringing to the PTO's attention any public information contrary to a position advanced by the opposing party. However, despite the "Discussion of Specific Rules" acknowledging that "[p]roceedings before the Board differ from most civil litigation in that the proponent of an argument before the Board generally has access to relevant evidence that is comparable to its opponent's access" and that "there is no reason to presume that the patent owner has better access to evidence of unpatentability on these grounds than the petitioner," (Fed. Reg., vol. 77, p 6887), the Proposed § 42.51(b)(3) is still being promulgated. At the least, Proposed § 42.51(b)(3) should be limited to non-public information that directly relates to factual assertions advanced by the respective party in the proceedings and that satisfies the "but-for materiality" test of *Therasense*⁵. For example, the petitioner could provide initial disclosures such as names and addresses of all persons who are likely to know the facts relating to a prior public disclosure or sale, with specific identification of supporting documents in connection with the disclosures. The patent owner could provide detailed evidence in response to petitioner's disclosures.

Section 42.53(c)(3) - (c)(5) -- Do the disclosure requirements on the party requesting testimony negate the effectiveness and the purpose of the examination; i.e., do the required disclosures eliminate any surprise and allow for detailed schooling of the witness to avoid responding to the issues in dispute?

Proposed § 42.53(c)(3) - (c)(5) set forth certain advanced detailed disclosure requirements on the party seeking deposition testimony far in excess of those imposed by the Federal Rules of Civil Procedure. More specifically, the Proposed § 42.53(c)(3)

⁴ *Supra.*

⁵ *Supra.*

requires that the person requesting direct deposition testimony perform the following at least 3 business days prior to the conference set forth in Proposed §42.53(c)(1)⁶:

- (i) “A list and copy of each document under the party’s control and on which the party intends to rely;” and
- (ii) “A list of, and proffer of reasonable access to, anything other than a document under the party’s control and on which the party intends to rely.”

Nowhere in the Federal Rules of Civil Procedure is there any requirement for such pre-deposition disclosure required.⁷ Further, Proposed § 42.53(c)(5)(i) requires that the notice for direct deposition testimony must list:

- C) “A list of the exhibits to be relied upon during the deposition;”
and
- D) “A general description of the scope and nature of the testimony to be elicited.”

The commentary on Proposed § 42.53(c)(3) - (c)(5) offers no rationale for these requirements or their intended purpose; in fact, the commentary is remarkably silent on Proposed § 42.53(c)(3) - (c)(5). The concern is that these early and detailed disclosure requirements provide early access to this information by the person whose testimony is sought, well in advance of his/her direct deposition and permit the deponent to be fully rehearsed to provide prepared responses at the deposition. This is not the spirit and intent of depositions under the Federal Rules of Civil Procedure. While a deposition has many purposes, depending upon the circumstances, they include things like assessing the credibility of the witness, contradicting or impeaching the witness, and determining the

⁶ Pursuant to proposed Section 42.53(b)(4), a notice of deposition must be filed at least 2 business days before a deposition. Since the conference set forth in Proposed §42.53(c)(1) - a conference intended to set a time and place for the deposition if the parties cannot agree - requires the stated production to be at least 3 business days before the conference, the deponent in most instances will have at least 5 days access to the produced information.

⁷ The closest any such required disclosure is found in the Federal Rules of Civil Procedure is in Rule 31, but that rule is directed to depositions by written questions and not to oral examination.

recollection of the witness as to certain facts and circumstances in the absence of any documentation. Proposed § 42.53(c)(3) - (c)(5) frustrate these purposes unnecessarily and potentially defeat the reason for deposition testimony.

At the least, the advanced detailed disclosures of Proposed § 42.53(c)(3) - (c)(5) should be replaced with provisions similar to those set forth in Rule 30 of the Federal Rules of Civil Procedure⁸.

Sections 42.72 and 42.74(a) -- Would limiting the Board's ability to rule on patentability, despite a settlement agreement or termination of the proceeding, increase the likelihood of settlement?

Proposed § 42.72 gives the Board the right to terminate a trial without rendering judgment. The commentary to this section, however, incorporates a concept that is found in Proposed § 42.74(a), but not in the text of Proposed § 42.72; the concept that there will be a termination “unless the Office has decided the merits of the proceeding before the request for termination is filed by the parties.” Proposed § 42.74(a) takes this concept of a decision on the merits and applies it in the context of a settlement by the parties. Proposed § 42.74(a) provides that since the Board is not a party to any settlement, the Board “may independently determine any question of jurisdiction, patentability, or Office practice.” The commentary on Proposed § 42.74(a) expands on this concept by saying that (a) “the Board is not a party to a settlement agreement and may take any necessary action, including determination of patentability notwithstanding a settlement;” (b) “the Board is not required to follow the settlement agreement if it is inconsistent with the evidence;” and (c) “the Board may proceed to a final written decision even if no petitioner remains in the proceeding.” Given the broad right of the Board to continue the proceedings, even in the instance of a settlement, this can decrease the likelihood of settlement since a settlement will not be a settlement of all issues in the proceeding. It is not uncommon for a patent owner to enter into a settlement to avoid the potential risk that the patent may be held invalid if the proceedings are allowed to continue; and the same

⁸ Fed. R. Civ. P.30.

applies in the instance of the petitioner who wants to avoid the risk that the claims of the patent may be held to be valid and the petitioner will be precluded from challenging them again. With the Board having the unilateral right to continue the proceedings, at least these and potentially other purposes of the patent owner and petitioner for entering into a settlement are eliminated.

In addition to the foregoing, the commentary on Proposed §§ 42.72 and 42.74(a) is inconsistent with the text of these proposed rules in that the commentary ascribes additional rights to the Board, including rights that are inconsistent with some of the other commentaries; e.g., “unless the Office has decided the merits of the proceeding before the request for termination is filed [by the parties],” and “the Board is not required to follow the settlement agreement if it is inconsistent with the evidence.”

At the least, the text of the Proposed § 42.72 and 42.74(a) needs to be consistent with the commentary for each proposed rule, and the commentaries for each rule consistent with each other, including what is meant by “unless the Office has decided the merits of the proceeding before the request for termination is filed [by the parties].”

A more preferable solution, however, is to require the Board to terminate the trial upon the parties entering into a settlement agreement, provided that the settlement agreement is filed with the Board prior to the Board issuing its decision; the foregoing being with the understanding that, if the proceedings raise a substantial new question of jurisdiction, patentability or Office practice, the Board, if it chose to do so, could separately institute a new and separate *ex parte* proceeding to address the substantial new question. This solution is a reasonable interpretation of the statutory requirement that a decision be issued under 35 U.S.C. §§ 317 and 327 if “the office has already decided the merits of the proceeding before the request for termination is filed.”

Section 42.74(c)(2) -- Should confidential settlement agreements be released for any reason other than a FOIA Request or a court order?

Settlement agreements entered into by parties to patent disputes are almost always considered to be commercial or financial confidential information that is confidential to one or both of the parties, the disclosure of which would prejudice or cause harm to one or both of the parties. In fact, it is not uncommon for the settlement agreements themselves to contain confidentiality provisions preventing each party from publicly disclosing the terms and conditions of the settlement. Accordingly, since such settlements in *inter partes* and post grant review proceedings are required to be filed with the Board, under Proposed § 42.74(b), it is appropriate that the settlements be treated as business confidential information and that the Board not make any disclosure thereof to third parties. Were confidentiality provisions not honored by the USPTO, it would only discourage settlement of these proceedings.

In addressing this issue, Proposed § 42.74(c)(2) provides that a party to a settlement may request that the settlement be treated as business confidential information and be kept separate from the files of the patent application to which it relates, but the Board may disclose that settlement:

- (1) “To a Government agency on written request to the Board;” or
- (2) “To any other person upon written request to the Board to make the settlement agreement available, along with the fee specified in § 42.15(d) and on a showing of good cause.”

Proposed § 42.74(c)(2) is particularly troubling to the parties to any *inter partes* or post-grant review proceedings because it permits the Board to disclose the settlement agreement, something the parties have designated and the Board has agreed to treat as business confidential information, simply by the payment of a fee and satisfying some yet to be defined “showing of good cause.” The commentary on this proposed rule is not helpful as it is silent on this exception to the treatment of confidentiality, other than to say that “[t]he proposed rule is consistent with the requirements of 35 U.S.C. 135(e) and

317(b), as amended, and 35 U.S.C. 327(b).”⁹ While the provisions of Proposed § 42.74(c), including subsection (c)(2), are, in part, dictated by the statutory provisions of the AIA which included the new section 35 U.S.C. 327(b), there is no definition of “a showing of good cause,” either in the legislative history of the statute or in the commentary to Proposed § 42.74(c)(2).

To provide certainty that settlements and settlement agreements will not be disclosed to third parties, the standard for obtaining access to settlement agreements should include a “showing of good cause,” which could be defined in the Proposed § 42.74(c)(2) as (i) compliance by the Board with a valid court or agency order requiring production of the specific settlement agreement, or (ii) production of the specific settlement agreement in response to an appropriate Freedom of Information Act¹⁰ request.

To the extent that the USPTO has any questions or requests further information regarding the foregoing or any of the other Proposed Rules, representatives from Hunton & Williams will make themselves available to the USPTO.

⁹ 35 U.S.C. 327(b) provides as follows (after the Leahy-Smith America Invents Act):

(b) AGREEMENTS IN WRITING.--Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of a post-grant review under this section shall be in writing, and a true copy of such agreement or understanding shall be filed in the Office before the termination of the post-grant review as between the parties. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

(The statutory text pertinent to Proposed § 42.74(c)(2) is underlined.)

¹⁰ See 5 U.S.C. § 552.

On behalf of Hunton & Williams, we appreciate the opportunity afforded us to submit comments on this Proposed Rulemaking.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laurence H. Posorske". The signature is written in a cursive style with a horizontal line underneath the name.

Laurence H. Posorske

Jeff B. Vockrodt

Leonard C. Suchyta

Hunton & Williams LLP

2200 Pennsylvania Ave., N.W.

Washington, DC 20037

(202) 955-1500- Phone

(202) 778-2201 - Fax