

April 6, 2012

**Via Electronic Mail
derivation@uspto.gov**

Attention: Lead Judge Michael Tierney, Derivation Proposed Rules

**IBM Corporation Comments on "Changes To Implement Derivation Proceedings"
(77 Fed. Reg. 7028, Feb. 10, 2012)**

Generally, the approach of patterning the derivation proceeding rules after the existing interference proceeding rules appears to have some merit. The USPTO should consider italicizing or capitalizing defined terms in the rules to alert practitioners that the terms have been separately defined.

1. Use of the terms Proceeding, Derivation Proceeding, Preliminary Proceeding and Trial creates confusion and/or unintended consequences.

The term "proceeding" is defined in proposed rule 42.2 mean trial or preliminary proceeding. Preliminary Proceeding is defined to begin with "filing of a petition". Thus, the term "proceeding" encompasses all activities from the submission of the petition through the end of the trial. The term "trial" is defined to include a derivation proceeding under 35 U.S.C. 135, however, it is not clear whether the reference to "proceeding" in the context of "derivation proceeding" is using the defined term "proceeding" to include "preliminary proceedings" in the in the term "trial" in case of derivation.

Part 42 Subpart E of the proposed rules refers to derivation proceedings without additional definition. Thus, one could reasonably conclude that the defined term "proceeding" is being used. Thus, references to derivation proceedings in Subpart E are confusing and appear to be in conflict with the defined term "proceeding" from proposed rule 42.2.

An example of the possible unintended consequences of this confusion can be seen in the combination of "proceeding" from proposed rule 42,2 with "proceeding" as used in proposed rule 42.400(b). Because "proceeding" is defined to include "preliminary proceeding", proposed rule 42.400(b) appears to give Board the ability to cause some sort of quasi patentability review proceeding as soon as the petition is submitted. Specifically, proposed 42.400(b) indicates that the Board may "direct the parties to address patentability issues that arise during the course of the derivation proceeding."

We propose that 42.400(b) reference the "trial" not the "proceeding" or separately define the term "Derivation Proceeding" to exclude any Preliminary Proceeding.

2. Proposed rule 42.403 should reference publication of claims by the USPTO or WIPO.

The USPTO comments regarding proposed 42.403 refer to publication of claims by the USPTO or WIPO in an application designating the US, but the proposed rule is silent on this point. Also, the proposed rule does not expressly indicate that petitioner's own patent application or patent shall not trigger this deadline. We strongly suggest that the USPTO incorporate the qualifying language regarding USPTO or WIPO (from the comments) into the rule and that the rule expressly state that petitioner's own patent application or patent shall not trigger this deadline.

3. Proposed rule 42.405 should indicate that its requirements are in addition to those of proposed rules 42.8 and 42.22.

It would be helpful to practitioners if rule 42.405 expressly indicated that the specified content is in addition to the requirements of 42.8 and 42.22 assuming that is the Office's intent.

4. Proposed rule 42.406 should allow for deferred service of supporting evidence.

We anticipate that highly confidential trade secret material may be included in supporting evidence for a petition to institute a derivation proceeding. The protection of petitioner's confidential information should be a high priority so as not to inhibit petitioners from seeking redress in the case of derivation.

With confidential information, there is no protection better than non-disclosure. While avoidance of disclosure may not be possible in the context of a trial where that information is being used as supporting evidence, it is certainly possible in advance of the institution of the trial.

In this regard, the service requirement associated with the filing of the petition appears problematic. We acknowledge the existence of proposed rule 42.55 regarding protection of confidential information, but it is unclear exactly how things would work in the context of confidential information in the filing of a petition to institute a derivation proceeding. Does the petitioner provide a shrink wrap protective order around the confidential materials serviced to the respondent? Does the respondent need to return the sealed materials if no trial is instituted?

We would prefer that the entire requirement to serve respondent be moved to the point when the Board institutes a trial. Alternatively, if the Office feels that notice to the respondent might result in the Board having to review fewer petitions, we propose that the Office bifurcate the notice requirement such that the initial notice served to the respondent does not contain confidential material of the petitioner. A further alternative

would be to allow the respondent to separately request delivery of the confidential supporting evidence.

5. Deadline for curing petition deficiencies under 42.407(b) is too stringent.

The proposed language would provide the petitioner lesser of one month or the time until expiration of the filing deadline to cure defects in the petition. The requirement that the deficiency be cured by the statutory deadline regardless of when the Office provides notice to petitioner seems harsh. Should a petitioner who fails to meet one of the many technical requirements be denied opportunity for correction? This would appear to be the result intended by the proposed rule in the case where petitioner's filing is near the end of the filing period and/or where the Office is delayed in noting the defect to the petition. We propose that the period for correction be changed to the later of one month from the notice of incomplete request or the expiration of the statutory deadline.

6. Applicability of proposed rule 42.412 appears vague.

It is not clear whether this rule is intended to apply just to derivation proceedings or to Board decisions and records in general. Given that proposed rules 42.14, 42.55 and 42.56 pertain to confidential information in all proceedings, it would seem to make sense that this rule 42.412 should apply to all proceedings covered by Part 42. The Office should consider merger with proposed rule 42.14.

7. In reference to the Supplementary Information in the lower middle column of 77 FR 7029, derivation petitions submitted without a claim otherwise in condition for allowance should be held in abeyance.

The Office might consider some clarification regarding the requirement of a claim otherwise in condition for allowance. We understand the *Brenner v. Manson* (383 U.S. 519, 528 n.12 (1966)) citation relating to practice in interferences and the Office's desire not to expend resources unnecessarily. Nevertheless, the Office should be careful in noting that unlike interference proceedings, derivation proceedings have a deadline for petition submission. Thus, a petitioner's claim may not have actually been indicated as otherwise in condition for allowance by the examination corps prior to expiration of the petition filing deadline. In such instances, it is hoped that the Office would hold the petition in abeyance until a claim is otherwise in condition for allowance rather than merely refusing the petition.

Conclusion

IBM thanks the Office for providing the public an opportunity to submit comments regarding implementation of the Leahy-Smith America Invents Act.

Respectfully submitted,

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