

Reitter, Breck

From: Millet, Marcus J <mmillet@ldlkm.com>
Sent: Tuesday, April 10, 2012 4:35 PM
To: Inter_Parties_Review
Subject: Written Comment-Changes To Implement Post-Grant Review Proceedings. 77 F.R. 7060

I respectfully submit the following comments with respect to the above-identified notice of proposed rulemaking. I am an attorney currently active in post-issuance proceedings in the PTO, including *ex parte* and *inter partes* reexaminations. My practice includes representation of both patent owners and parties challenging patents. Although I am a partner in the firm of Lerner, David, Littenberg, Krumholz and Mentlik, my comments are offered solely in my individual capacity and do not necessarily represent the views of the firm as a whole.

My comments are as follows:

Proposed Rule 42.100(b)

Proposed Rule 42.100(b) states that "a claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears." Although this appears under the section heading "42.100 Procedure, Pendency," it is clearly a substantive rule. It purports to establish the substantive law of claim construction to be applied in *inter partes* review ("IPR"). Claim construction, of course, is a substantive step of validity analysis and, indeed, determines the outcome in many cases.

It is respectfully submitted that such a substantive rule is beyond the power of the PTO. Congress has not vested the PTO with any "general substantive rule-making power." *Tafas v. Doll*, 559 F.3d 1345, 1352 (Fed. Cir. 2009). The America Invents Act ("AIA") did **not** amend 35 U.S.C. § 2(b)(ii), the section of the statute that grants rule-making authority to the PTO. The substantive patent law, including the standard of claim construction in IPR, is to be determined by the courts and, particularly, the Federal Circuit.

The PTO commentary accompanying proposed Rule 42.100(b) seems to assume the IPR is simply an updated version of *inter partes* reexamination and relies on two Federal Circuit cases adopting the broadest reasonable interpretation ("BRI") standard in reexaminations. 77 F.R. 7044. It is respectfully submitted that this is incorrect. Reexamination is "conducted according to the procedures established for initial examination under the provisions of Sections 132 and 133." 35 U.S.C. § 305 (*ex parte* reexamination) and 35 U.S.C. § 314, as it stood prior to the AIA (*inter partes* reexamination). Thus, "the focus of" reexamination proceedings "returns essentially to that present in an initial examination." *In re Etter*, 225 U.S.P.Q. 1, 4, 756 F.2d 852 (Fed. Cir. 1985). By contrast, IPR is not patent examination. As stated in the House Judiciary Committee report on the AIA, "[t]he Act converts *inter partes* reexamination **from an examinational to an adjudicative proceeding**, and renames the proceeding "inter partes review." H.R. Rep. No. 112-98, pt. 1, at 46-47 (June 1, 2011) (emphasis supplied).

Further, the proposed rule is advanced without consideration of how the proposed claim construction standard will impact the overall balance of rights between patentees and accused infringers.

A defendant in an infringement suit can institute IPR within one year of the filing of the complaint. AIA, 35 U.S.C. § 315(d). IPR is a mechanism for dealing with the validity part of an infringement suit by adjudication before the PTO. If the BRI standard is applied in IPR, the patent owner will be faced with a broad construction in the validity phase of the litigation before the PTO and a narrower construction in the infringement phase before the district court, under the standard of claim construction enunciated in *Phillips v. AWH Corp.*, 415 F.3d 1303, 75 U.S.P.Q.2d 1321 (Fed. Cir. 2005) ("the Phillips standard"). A double standard with two different claim constructions is directly contrary to existing law in adjudication. "Having construed the claims one way for determining their validity, it is axiomatic that the claims must be construed in the same way for infringement." *W.L. Gore & Assoc. Inc. v. Garlock Inc.*, 842 F.2d 1275, 1279, 6 U.S.P.Q.2d 1277, 1280 (Fed. Cir. 1988). Such a double standard would shift the balance in infringement suits significantly in favor of

accused infringers and against patent owners whenever a validity challenge arises. Moreover, it would remove any incentive that a patent owner might have to refrain from seeking a broad interpretation of the claims in infringement litigation. The double standard of claim interpretation thus may encourage infringement litigation and may impose additional costs on society.

There is no sound reason to assume that the Federal Circuit would adopt such a double standard in the case of IPR. The patent owner's "ability to amend" cited by the court in decisions such as *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984), is the unlimited ability to amend. The reexamination statutes provide that the patent owner is "permitted to propose any amendment to the patent and a new claim or claims" apart from claims that enlarge the scope of the patent. 35 U.S.C. § 305 and pre-AIA § 314(a). If an Examiner advances a new rejection in a reexamination, the action normally is not a final action or action closing prosecution. Even after final action or action closing prosecution, the patent owner can make amendments necessitated by the new rejection. 37 C.F.R. § 1.116. If the Board advances a new rejection on appeal, prosecution is reopened and the patentee has a right to amend again. 37 C.F.R. §§ 41.50(b) and 41.77(b). Thus, the patent owner can amend as needed in response to newly adduced evidence.

IPR does not afford such an unlimited right to amend. In IPR, the patent owner is limited to only "one motion to amend the patent." AIA, 35 U.S.C. § 316(d)(i). Even this one amendment requires approval by the Board. Proposed Rule 42.121. The proposed Practice Guide For Proposed Trial Rules, 77 F.R. 6868, states that the PTO will apply "a general presumption that only one substitute claim" may be presented for each claim challenged in an IPR proceeding, so that the single amendment will be narrowly constrained. Practice Guide, Section II G, 77 F.R. 6875. After the patent owner's one amendment, the patentee has no further right to amend. The petitioner "may supplement evidence submitted with their petition to respond to new issues arising from" the patent owner's one amendment. Practice Guide 77 F.R. 6875. Patent owner may not further amend to meet new arguments or new evidence advanced by the petitioner in a response or by an administrative patent judge at trial.

Moreover, experience has shown that the "ability to amend" in reexamination is of limited value to a patent owner litigating an infringement suit many years after the patent was issued. If the patent owner makes a substantive amendment to the claims, it loses past damages, which may be the paramount consideration in the litigation. The same loss would occur under IPR. AIA, 35 U.S.C. § 318(b).

For all of the reasons above, it is believed that proposed Rule 42.100(b) should not be adopted.

Proposed Rule 42.123

Proposed Rule 42.123 should provide that a motion identifying supplemental information will be granted only for good cause, such as where the supplemental information only became available to the petitioner after filing of the petition. Otherwise, petitioners could "sandbag" patent owners with late-filed information.

Respectfully submitted,
Marcus J. Millet
Reg. No. 28,241