

April 9, 2012

*Email – patent\_trial\_rules@uspto.gov*

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

Re: Comments on Patent Trial Proposed Rules and  
Practice Guide for Patent Trial Proposed Rules

The Minnesota Intellectual Property Law Association (MIPLA) is grateful for the opportunity to provide input with respect to the Notice of Proposed Rulemaking (NPR) entitled “Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,” Fed. Reg. Vol. 77, No. 27, pp. 6879-6914, February 9, 2012, as well as the “Practice Guide for Proposed Trial Rules,” Fed. Reg. Vol. 77, No. 27, pp. 6868-6879, February 9, 2012

MIPLA is an independent organization of nearly 500 members in and around the Minnesota area representing all aspects of private and corporate intellectual property practice, as well as the academic community. MIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent law before the United States Patent and Trademark Office.

The comments submitted herewith reflect the general views of the Board of MIPLA after consultation and input from the IP Law, Patent Practice and Patent Litigation Committees, and do not necessarily reflect the view of opinions of any individual members or firms of the committees or MIPLA, or any of their clients.

**Overall Comments/Suggestions**

1. *Support for Overall Framework of the Patent Trial Rules and Practice Guide for Post-Issuance Proceedings* – At a general and overall level, the rules proposed as Part 42, Subparts A, B, C, D, and E for the various post-issuance proceedings are viewed by MIPLA as consistent with the AIA and with the history of that legislation leading up to its enactment in 2011. The proposed rules follow the model of the existing contested case rules found in 37 CFR Part 41, Subparts A and D, which, in conjunction with the Standing Order of the current BPAI for interferences which have generally been managed so that the current average pendency from declaration to judgment in less than one year. Experience with these contested matters has shown that careful and active APJ management of

post-issuance proceedings can result in the early focusing of the issues and prevent the waste of time and resources that might otherwise result from the kind of party-managed discovery that is common in the Federal courts.

With some refinement, MIPLA believes that these proposed rules will produce a system consistent with the result intended by Congress – that is, a system enabling the resolution of disputes regarding the validity of issued patents in a more rapid, efficient, and cost-effective manner than litigation in the Federal district courts, and that to the extent possible, serves as an aid to the Federal district courts in resolving patent disputes by providing the unique technical input available only from the USPTO (“Office”). Accordingly, MIPLA complements the Office on the overall efforts that were needed to put together the proposed rule packages under the tight timeline that was provided.

2. *Support for Specific Areas of the Patent Trial Proposed Rules and Practice Guidelines* – MIPLA generally supports the Patent Trial Proposed Rules with respect to the following areas:
  - I. General Procedures
    - a. Jurisdiction and Management of the Record (*other than timing of petition, font/spacing requirements for papers, service on counsel and duty of candor*);
    - b. Identification of Counsel, including Pro Hac Vice Representation;
    - c. Electronic Filing;
    - d. Identification of Real Party in Interest and Related Matters;
    - e. Public Availability and Confidentiality, including the Model Protective Order (*other than clarifications on submission of redacted versions*); and
    - f. Discovery (*other than APA compliance with presentation of rebuttal evidence and a grammatical error*).
  - II. Petitions and Motion Practice
    - a. General Motion Practice (*other than page limits*);
    - b. Petition;
    - c. Institution of Review (*other than claim-by-claim basis for institution and fees, and review of partial denial*);
    - d. Oral Argument;
    - e. Settlements;
    - f. Final Decision (*other than patent owner estoppel provisions*); and
    - g. Requests for Rehearing (*other than who decides the requests and partial denial of petitions*).
3. *Use a Proposed-Rejection-by-Proposed-Rejection Approach Instead of a Claim-by-Claim Approach as the Framework for these Proceedings and for the Fees charged for these Proceedings* – MIPLA strongly urges the Office to consider the use of a proposed-rejection-by-proposed-rejection approach as an alternative to the

current claim-by-claim approach that is currently in the NPR for these proceedings. The ability to group both claims and references into one or more proposed rejections is a well understood process from examination practice for how to manage evaluations of patentability of a potentially very large number of claims and large number of prior art references. Moreover, the use of a proposed-rejection-by-proposed-rejection approach would enable the Office to structure both additional fees and page limits on a proportional basis to the number of proposed rejections, an approach that can more easily and accurately reflect the amount of work involved in both presenting and reviewing the proposed rejections. MIPLA believes that the adoption of a proposed-rejection-by-proposed-rejection approach for these proceedings will be better at achieving the goals of a streamlined, fair and timely process than the claim-by-claim approach that is currently in the NPR.

### **Specific Comments/Suggestions**

- A. Proposed Rule 42.3(b): *Petitions Must be Filed in a Timely Manner* - MIPLA urges the Office to clarify what is meant by a timely manner in this proposed rule. Specifically, is the proposed rule meant to impose any limits on a petitioner for filing a petition for a proceeding other than the statutory limits that are applied to each particular kind of proceeding? For example, could the Office use this proposed rule to reject a petition for inter partes review that was filed by a petitioner several years after the petitioner first became aware of the patent being challenged on the grounds that the petition was not filed in “a timely manner”? MIPLA does not believe that there is statutory authority for the Office to adopt rules limiting the timing of the filing of a petition other than those limits that are provided for by statute for the relevant proceeding.
- B. Proposed Rule 42.6(a)(1)/(2): *Font and Spacing Requirements* - MIPLA urges that the proposed rules should be made consistent with current Rule 41.106 on font size and spacing requirements. Proposed Rule 42.6(a)(1)(ii)(A) states that the “proportional font must be 14 point or larger.” This proposal is in contravention of current Rule 41.106, which specifies “[e]ither a proportional or monospaced font may be used, but the proportional font must be 12-point or larger and a monospaced font must not contain more than 4 characters per centimeter (10 characters per inch).” The proposal presents no reason for departing from the established Rule 41.106. This proposed rule coupled with the double spacing requirement (Rule 42.6(a)((2)(iii)) constitutes a waste of space which substantially diminishes the readability of the papers being submitted. Given that the papers must be submitted electronically and can be adjusted in size on a computer to whatever font and spacing a reader may desire, these requirements are completely arbitrary. If the Office desires to limit the overall length of the content of papers being submitted, the Office should do so based on word count as is currently done in appellate practice before the Federal Circuit. As discussed below, the proposed limits in the NPR based on page length with what amounts to arbitrarily and unnecessarily large font size

and spacing requirements will unfairly constrain the ability of both parties to properly present the issues in these proceedings in cases that are more involved and/or complex.

- C. Proposed Rule 42.6(e)(1): *Simultaneous Service on Counsel* - MIPLA urges the Office to modify this proposed rule to require simultaneous service by electronic mail address on counsel if the filing was made with the Board electronically and an electronic mail address of counsel has been provided. The option for service by mail can be used to delay the period which opposing counsel may have to respond to a filing due to delays in service by mail where the filing was made electronically with the Board but may not yet be available to the public via PAIR. To address this issue and the issue noted above in the general Comments above, MIPLA suggests the following language for Proposed Rule 42.6(e):

“(1) *Simultaneous with filing.* Each document filed with the Board, if not previously served, must be served simultaneously on each opposing party in the same manner as filed with the Board.”

- D. Proposed Rule 42.11: *Duty of Candor* – this proposed rule places the duty of candor on both parties: owners and petitioners (as well as individuals associated with those parties). This is inconsistent with current Rules 555 and 933, which for reexamination proceedings puts the duty on the owner (as well as individuals associated with the patent owner). The violation of the duty by the owner can be sanctioned by holding that the patent is unenforceable. The possible sanction against the petitioner for violating the duty is less apparent. In view of this significant departure from the existing rule, MIPLA suggests that the final rule needs to provide significantly more detail on how it is to be applied and satisfied with respect to petitioners.
- E. Proposed Rule 42.14: *Public Availability* - MIPLA urges the Office to modify this proposed rule to make explicit the requirement of a filing of a non-confidential/redacted version of the materials for which confidentiality is being sought. The provisions of Section 4(A)(1)(ii) of the Protective Order require submission of a non-confidential version of the document or thing to be sealed, but this requirement is not explicitly part of the proposed rule. To address this issue and the issue noted above in the general Comments above, MIPLA suggests the following language for the second and third sentences of Proposed Rule 42.14:

“A party intending a document or thing to be sealed shall file a motion to seal concurrent with the filing of the document or thing, and shall include, where practical, a confidential and non-confidential version of the document or thing that is the subject of the motion to seal. The confidential version of the document or thing shall be provisionally sealed on receipt of the motion and shall remain so pending the outcome of the decision on the motion.”

- F. Proposed Rule 42.15: *Fees* - MIPLA completely disapproves of the proposed framework for fees set out in proposed rules 42.15(a) and 42.15(b). Fees based on the block step increments of the number of challenged claims will result in an arbitrary and capricious imposition of fees. For example, dependent claims are often not argued as being separately patentable from the independent claim from which they depend – they simply stand or fall with the independent claim. In such cases, there would seem to be very little additional effort needed by the Office to consider the dependent claims. But under the proposed fee structure all claims are essentially treated equally, whether separately patentable or not. Also, the 10 claim block step increment structure imposes a disproportionate fee burden in certain cases. For instance, in a case where 20 claims are included in an IPR request, the proposed fee is \$27,200 – but if 1 extra claim is included, the fee jumps to \$34,000. The disparity is even more striking at the 60 vs. 61 claim level – 1 additional claim results in a \$27,200 surcharge per claim, but if 10 extra claims are added for a total of 69 challenged claims, the result is a \$2,720 surcharge per challenged claim. As the cost per additional challenged fee for claims over 20 in IPR and PGR proceedings effectively range from a low of \$680/claim to a high of \$35,800/claim, it is difficult to understand how this could be an accurate reflection of the actual additional incremental costs incurred by the Office in these cases.

MIPLA strongly encourages the Office to consider a more rational and fair scheme for assessing fees based on a proposed-rejection-by-proposed-rejection approach. The Office has a tremendous body of experience with estimating the amount of work necessary to present and analyze a proposed rejection based on examination of patents, so predicting the costs and fees associated with this kind of scheme should not result in the kind of arbitrary fees found in the current proposed rule. Contrary to the suggestions made in the remarks on Alternative Option II of a ground-by-ground approach for fee setting, the rules can easily accommodate and, in fact, help manage the proceedings by use of a proposed-rejection-by-proposed-rejection approach. Specifically, the petitioner would start with an initial set of proposed rejections with groupings of claims and references similar to that done in an Office Action and then pay fees of a base charge for the proceeding plus an incremental fee per proposed rejection. If the owner has any issues with the grouping of claims and references in the initial set of proposed rejections made by the petitioner, the owner can advance those objections, as well as any alternative proposed rejections, as part of the preliminary owner response. Given that the burden is on the petitioner, it is suggested that any owner objections or alternative proposed rejections could be made by the owner as part of the preliminary owner response without payment of any fees. The APJ can then evaluate the proposed-rejections advanced by both the petitioner and owner, and make a determination as to which, if any, proposed rejections would be the basis for initiation of a trial. Once the proposed rejections have been identified for initiation of the trial, either party could move to modify and/or add proposed rejections based on the Scheduling Order; however, it is suggested that additional fees could be charged to both the

petitioner and owner for motions to modify and/or add proposed rejections. In this way, the use of a proposed-rejection-by-proposed-rejection approach would be both a better measure of the amount of work needed by the Office and a vehicle to manage the trial portion of a proceeding so as to appropriately constrain and focus the issues, while still permitting the parties the opportunity, at additional expense and if authorized, to raise new proposed rejections after the initiation of the trial.

- G. Proposed Rule 42.24: *Page Limits* – this proposed rule specifies page limits on petitions, motions, oppositions, and replies. In view of the estoppels that attach to a final Board decision and the requirements that these papers must include detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent, there appears to be no justification for these strict and arbitrary page limits that apply to all proceedings regardless of the complexity of the issues being presented or the underlying technology involved. MIPLA urges the Office to adopt reasonable limits on papers being filed based on word count, not page limits, and to automatically provide for flexibility in the word count limits. As part of the suggestion to use a “proposed-rejection-by-proposed-rejection” approach, MIPLA suggests that word count limits can be based on a flat minimum word count limit for the given petition, motion, opposition or reply, plus an additional number of words over the flat minimum word count limits that would be proportional to the number of proposed-rejections in the proceeding. Given the variabilities and differences in presenting claim charts from marking arguments in petitions, motions, oppositions and replies, MIPLA also encourages the Office to consider establishing separate limits for papers versus claim charts.
- H. Proposed Rule 42.51(b): *Routine Discovery* – this section of the proposed rule suffers from grammatical ambiguity in that the subsections are not consistent with the introduction as subsections (1) and (2) begin with complete sentences, whereas subsection (3) begins with a partial sentence.
- I. Proposed Rules 42.41 - 42.53: *Rebuttal Evidence* – these sections of the proposed rule govern the discovery and submission of evidence and seem to permit the taking of live testimony at the oral hearing. However, no specific provisions are directed toward the presentation of rebuttal evidence at the oral hearing. The Office is encouraged to comment on how the proposed discovery process is in compliance with the Administrative Procedure Act requirements that permit the submission of rebuttal testimony at an oral hearing.
- J. Proposed Rule 42.71(c): *Requests for Rehearings* – MIPLA urges the Office to modify the rules regarding rehearings of a panel decision denying a petition (thereby denying a trial), which panel decisions are made by a single APJ (see Proposed Rule 42.4(a)), so that such rehearings would be reheard by a different panel of APJs that would include at least the Chief Judge and that the decision on such rehearings would be made by the entire panel and not a single APJ. This

suggestion is based on the current procedure for rehearing petitions under Rule 1.181 that are denied and can be petitioned for rehearing to be decided by the Director under Rule 1.181(c)(3). The suggestion also seems like a reasonable and just approach in view of the amount of the fees a petitioner may pay to seek a trial and that a denial of a petition is not an appealable decision. *See* 35 U.S.C. 324(e).

- K. Proposed Rule 42.71(c): *Requests for Rehearing on Partial Denial of Petition* - MIPLA urges the Office to modify the rules regarding rehearings to address the issue of what happens in the situation where the decision to institute a proceeding is not based on all of the claims or grounds or, as urged by MIPLA in these comments, proposed rejections that were presented in a petition. Such partial denials have proven to be quite problematic in the context of reexaminations in terms of confusion as to whether a partial denial had to be petitioned or could later be addressed on appeal. Given that a petition for rehearing of a partial denial could effectively delay the trial on the remainder of the issues, MIPLA urges the Office to adopt a rule that partial denials can be reconsidered by motion practice during the trial and can be the proper subject of a request for rehearing and any appeals of a trial.
- L. Proposed Rule 42.73(d)(3): *Patent Owner Estoppel in Continuing Cases* - the proposed rule seeks to preclude a patent applicant or owner whose claim is canceled from obtaining in any patent a claim to “substantially the same invention as the finally refused or canceled claim.” That rule is beyond the rule-making authority Congress provided the Office. As Congress did not legislate such preclusion when it had an opportunity to do so, and knew well how to so legislate an estoppel (as it did for petitioners), the Office has no authority to create an estoppel that is applicable to continuing cases by rule.

Whether a claim later sought in an another patent application is “substantially the same invention” as one finally refused or canceled in a claim undergoing IPR or PGR is a fact-intensive determination that may suitably be challenged with evidence of secondary considerations of non-obviousness. Accordingly, the Office should be required to examine such a claim whenever presented on its merits and not be permitted to invoke an “estoppel,” regardless of the administrative convenience that may accompany an estoppel. If the proposed rule is not amended, Examiners may reject claims because they are, in their opinion, “substantially the same invention as [a] finally refused or canceled claim,” and applicants will traverse the rejection on the grounds that they are not directed to substantially the same invention. MIPLA believes that the better course would be for Examiners to, if justified, reject the claims on the same grounds as the finally refused or cancelled claims were rejected, and have applicants attempt to traverse the substantive rejections.

Further, proposed Rule 42.73(d)(3)(ii) that a patent applicant or owner is precluded from later presenting a claim that “could have been filed” during IPR

or PGR is similarly beyond the rule-making authority Congress delegated the Office and presents even further challenges regarding the subjective interpretation of what type of arguments or amendments could or could not have been filed. This would seemingly encompass any and all claims of narrower scope that are supported and enabled by the specification and that would arguably obviate the petitioner's invalidity challenge. In light of the limits to amendments during trials that are imposed by proposed rules 42.121 and 42.221, this proposed rule is unfair and is likely to result in arbitrary and capricious application of the rule as part of prosecution of continuing cases that may occur long after the trial has been concluded.

A rule that attempts to impose an estoppel preventing the owner from later presenting such a substantially similar claim in a continuing application would foreclose an effective opportunity to prosecute a claim to issuance, in contravention of settled authorities, because, the IPR/PGR trials provide the owner *only one* opportunity to present *all* amendments and patentability arguments, whereas later presentation in a continuing application would not be so limiting. MIPLA urges that proposed Rule 42.73(d)(3) should be removed in its entirety, but if not, then at least 42.73(d)(3)(ii), which is directly at odds with the existence and purpose of continuation practice. Instead, MIPLA suggests that the Office promulgate comments to applicants and guidance to Examiner's on the use of rejections that were maintained in a trial with respect to presentation of any substantially similar claim in continuing applications. Such guidance could include a presumption that the final decision by the Board is binding as to substantially similar claims that are not patentably distinct.

Submitted on behalf of MIPLA by:

/s/

Brad Pedersen