

April 10, 2012

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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 Proposed Rules for:  
Changes to Implement Transitional Program for Covered Business  
Method Patent Review; and  
Transitional Program for Covered Business Method Patent  
Review Proposed Definition for Technological Invention

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 “Changes to Implement Transitional Program for Covered Business Method Patents,” Fed. Reg. Vol. 77, No. 28, pp. 7080-7095, February 10, 2012, as well as the “Transitional Program for Covered Business Method Patents – Definition of Technological Invention,” Fed. Reg. Vol. 77, No. 28, pp. 7095-7108, February 10, 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. 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. Each proposed-rejection would present a grouping of one or more claims for which grounds of rejection based on specified referenced is being proposed. The ability to group both claims, grounds 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.

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.

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.

3. Provide Guidance on the Treatment of In re Beauregard Claims under the CBM program – MIPLA urges the Office to provide some guidance on how the Office will evaluate for purpose of the CBM review proceedings claims presented in the well-known Beauregard style of “A tangible recording medium that stores instruction for instructing a computer processor to: .....” The Comments on the Practice Guide offer the following guidance (FR Vo. 77, No. 27, pp. 6873):

The following are examples of covered business method patents that are subject to a CBM review proceeding:

- (a) A patent that claims a method for hedging risk in the field of commodities trading.
- (b) A patent that claims a method for verifying validity of a credit card transaction.

The following are examples of patents that claim a technological invention that would not be subject to a CBM review proceeding:

- (a) A patent that claims a novel and non-obvious hedging machine for hedging risk in the field of commodities trading.
- (b) A patent that claims a novel and non-obvious credit card reader for verifying the validity of a credit card transaction.

MIPLA believes that similar comment by the Office on treatment of Beauregard style claims would be of great benefit.

### Specific Comments/Suggestions

- A. Proposed Rule 42.300(b): Standard for Claim Construction – MIPLA is concerned about the extension of the “broadest reasonable construction in light of the specification” standard for interpretation of patent claims as applied to the new review proceedings. In particular, the Comments in the NPR make the following statement regarding proposed rule 42.300(b):

“This proposed rule would be consistent with longstanding established principles of claim construction before the Office. *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004); *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984). As explained in *Yamamoto*, a party’s ability to amend claims to avoid prior art distinguishes Office proceedings from district court proceedings and justifies the difficult standard for claim interpretation. *Yamamoto*, 740 F.2d at 1572.”

Unfortunately, experience in reexamination practice has shown that too often amendments made to the claims during reexamination have been required solely to comport the scope of the claims under the “broadest reasonable construction” standard to the exact same scope that would have been given to the claims had the claims been construed under the Phillips and Markman legal standards for claim construction that includes the use of prosecution history in construing the claims. While the use of a “broadest reasonable construction” standard may be appropriate during original prosecution where claims are in the process of being amended and there is no fixed prosecution history as with an original patent, the suggestion in the line of cases from the early 20<sup>th</sup> century that are cited in *Yamamoto* that there are no “costs” to amending claims to avoid the prior art is simply wrong in the context of current post issuance proceedings. As the recent Federal Circuit decision in *Marine Polymer* highlights, there is a very significant cost of any amendments during reexamination in terms of the doctrine of intervening rights that attaches to any amended claims. These same costs will be imposed on patent owners who are forced in review proceedings to amend issued claims solely for the purpose of conforming a claim construed under the proposed “broadest reasonable construction” standard to expressly incorporate limitations in the claims that are plainly present in the claims as properly construed under the Phillips and Markman legal standards based on statements and arguments made during the original prosecution history.

In addition, there is the systemic costs of encouraging multiple constructions of the claims of issued patents in different forums. The use of two different legal standards for claim construction for post-issuance validity challenges (one for district courts and one for Patent Office proceedings) necessarily involves the possibility of different results for the same patent, dependent upon which path is chosen for the validity challenge. As the Supreme Court noted in *Graham*, the Director should not be using a different standard to interpret the Patent Laws than is set forth by the Supreme Court:

“While we have focused attention on the appropriate standard to be applied by the courts, it must be remembered that the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is - for all practical purposes - to debilitate the patent system. We have observed a notorious difference between the standards applied by the Patent Office and by the courts. While many reasons can be adduced to explain the discrepancy, one may well be the free rein often exercised by Examiners in their use of the concept of "invention." In this connection we note that the Patent Office is confronted with a most difficult task.... This is itself a compelling reason for the Commissioner to strictly adhere to the 1952 Act as interpreted here. This would, we believe, not only expedite disposition but bring about a closer concurrence between administrative and judicial precedent.”

Accordingly, MIPLA urges the Office to adopt a standard of claim construction to be used in review proceedings that comports with the same legal standards for claim construction that are used in the courts in terms of the use of both the specification and the file history in construing the scope of the claims that are the subject of a review proceeding.

- B. Proposed Rule 42.301(b): Definition of Technological Invention – MIPLA urges the Office to review and revise the definition to not limit the analysis of a technological feature to a single feature in the claims. The definition as set forth in the proposed rule could be construed as a return to the point of novelty test that was overturned by the 1952 Patent Act as the definition is focused on “a technological feature” (singular). To address this issue, MIPLA suggests the following language for Proposed Rule 42.301(b):

“(b) ... “whether the claimed subject matter as a whole recites one or more technological features that alone or together are novel and unobvious over the prior art, and solves a technical problem using a technical solution.”

- C. Proposed Rule 42.304(b): Identification of Challenges – As set out above in the General Comments, MIPLA strongly encourages the Office to consider a more rationale and fair scheme for presenting challenges based on a proposed-rejection-by-proposed-rejection approach. Each proposed-rejection would present a grouping of one or more claims for which grounds of rejection based on specified referenced is being proposed. The approach laid out in proposed rule 42.304(b) will consume a majority of the pages currently allocated under the proposed page limits of the proposed Patent Trial Practice rules in Subpart A merely for the purpose of matching a formulaic, rote and unnecessarily duplicative presentation of information about the challenge that can be much more effectively presented in the form of a proposed rejection in a manner similar to that done in making rejections in an Office Action.

Submitted on behalf of MIPLA by:

/s/

Brad Pedersen  
Chair, MIPLA IP Law Revision Committee