

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:
Post Grant Review 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 “Changes to Implement Post Grant Review Proceedings,” Fed. Reg. Vol. 77, No. 28, pp. 7060-7080, 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.

Specific Comments/Suggestions

- A. Proposed Rule 42.200(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 20th 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 42.202(b): Limits on Number of Petitions – MIPLA urges the Office to provide comments on what happens to PGR petitions that are deemed untimely under this proposed rule in one Fiscal Year, and whether the same petition can be refilled in a subsequent Fiscal Year if the 9 month time limit has not yet expired, or whether there will be no opportunity to refile the same petition once it has been denied under this rule as untimely. In addition, MIPLA suggests clarification on what happens to the fees paid for filing a petition that is deemed untimely. It is assumed that those fees would be refunded, but there is no provision in the rules or comments that seems to address this issue.
- C. Proposed Rule 42.204(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 42.204(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.

- D. Proposed Rule 42.207: Preliminary Response to Petition – As set out above in the General Comments, MIPLA strongly encourages the Office to consider a proposed-rejection approach to presenting challenges. If such an approach is adopted, MIPLA suggest that the proposed rule on the preliminary response be amended to allow the owner to challenge the grouping and grounds of a proposed rejection and, optionally, present additional or difference proposed-rejections for consideration in deciding whether or not to initiate a trial on the proceeding.
- E. Proposed Rule 42.221(b): Proposed Amendment of the Patent – MIPLA encourages the Office to modify the proposed rule to require that any motions to amend a patent under proposed rule 42.221(a) must be brought at least one month prior to the end of the discovery period that is provided for the owner. Having an earlier deadline for making a motion to amend the claims will permit the petitioner sufficient time to research whether any additional prior art and corresponding motions to change the grounds of the challenge need to be made earlier in the period for discovery of the petitioner.
- F. Proposed Rule 42.222: Multiple Proceedings – MIPLA understands that the Office is encouraging the filing of multiple petitions for proceedings relative to the same patent as a way in which to reduce and focus the issues addressed in any given proceeding, as well as a way to reduce the fees being charged by the Office. Given the complexities that would be inherent in estoppel, stays and statutory deadlines for completing multiple proceedings, MIPLA questions the wisdom of this approach. Specifically, if four petitions against the same patent are staggered, for example, three months apart, assuming that each petition resulted in the initiation of a corresponding proceeding then it seems unlikely that the Office will be able to stay these proceedings pursuant to this proposed rule and still be able to meet the statutorily imposed deadlines regarding the overall length of time to finish each proceeding. MIPLA urges the office to reconsider this approach and, instead, adopt the suggested proposed-rejection-by-proposed-rejection approach that would have incremental fees for each additional proposed rejection as a better way to account for and manage the possibility of different issues needing to be raised and argued for a given patent without the need to resort to the complexity of managing stays and deadlines in multiple proceedings initiated for the same patent.
- G. Proposed Rule 42.223: Filing of Supplemental Information – MIPLA urges the Office to extend the timeline for filing any additional motions identifying supplemental information or requesting addition of a supplemental proposed-rejection or ground of

rejection be measured from one month after the start of the petitioner’s discovery period, not one month after the start of the trial period. It is anticipated that the primary reason for making such a motion will be in response to motions to amend the patent under proposed rule 42.221(a). If the time period for making a motion to supplement expires before the time period that an owner has to amend the claims, there will be additional and unneeded motion practice relating to motions to authorize belated motions to supplement. To address this issue, MIPLA suggests the following language for Proposed Rule 42.223:

Once a trial has been instituted, a petitioner may request authorization to file a motion identifying supplemental information relevant to a ground for which the trial has been instituted. The request must be made within one month of the date the close of the close of discovery for the patent owner.

H. Proposed Rule 42.224(b): Discovery – MIPLA notes that the proposed rule does not provide for discovery related to expert opinions as the rule purports to limit discovery to evidence. To address this issue, MIPLA suggests the following language for Proposed Rule 42.224(b):

“(b) Discovery is limited to evidence and expert opinions directly related to factual assertions and arguments advanced by either party in the proceeding.”

Submitted on behalf of MIPLA by:

/s/

Brad Pedersen
Chair, MIPLA IP Law Revision Committee