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**By Email**

Attention: Lead Judge Michael Tierney

Re: Request for Comments on Proposed Changes to Implement  
Transitional Program for Covered Business Method Patents  
and Definition of Technological Invention

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Dear Judge Tierney:

Set forth below are our comments regarding the proposed changes to the rules of practice relating to the transitional program for covered business method patents of the America Invents Act (AIA), including the definition of "technological invention."

Oloff & Berridge, PLC is a private intellectual property law firm that files, prosecutes and defends many reexamination proceedings and interferences, as well as filing and prosecuting large numbers of "business method"-related patent applications, on behalf of a wide range of U.S. and foreign applicants, patent owners, and third-party requesters. Our practice before the U.S. Patent and Trademark Office (USPTO) provides a perspective and depth of experience necessary to provide the following comments regarding the proposed rules.

We appreciate the rule-making burden on the USPTO as a result of the AIA. We would like to commend the USPTO on its efforts to efficiently and effectively implement the many impending changes brought by the AIA.

For the most part, we believe that the USPTO has proposed fair and effective rules for implementing the transitional program for covered business method patents. However, as discussed in detail below, we are concerned with (A) the definition of "technological invention" in proposed new 37 C.F.R. §42.301; (B) what constitutes being "charged" with infringement under proposed new 37 C.F.R. §42.302(a); (C) how standing will be established under proposed new 37 C.F.R. §42.304(a); (D) the possibility of filing a motion challenging standing; (E) the extent to which challenged claims must be construed in a petition under proposed new 37 C.F.R. §42.304(b)(3); and (F) the type of typographical or clerical errors that can be corrected by motion under proposed new 37 C.F.R. §42.304(c) without changing the filing date of the petition.

**A. The Definition of "Technological Invention" in Proposed New 37 C.F.R. §42.301(b) Should be Clarified**

Proposed new 37 C.F.R. §42.301(a) defines a covered business method patent as a patent that claims "a method or corresponding apparatus for performing data processing or other operations" and excludes patents for "technological inventions." This proposed rule is based on §18(d) of the AIA, which also refers to technological inventions. However, it remains unclear from the definition in proposed new 37 C.F.R. §42.301(a) what constitutes a "technological invention." Thus, proposed new 37 C.F.R. §42.301(b) should more clearly define what the USPTO considers to qualify as a technological invention as mandated by §18(d)(2) of the AIA.

Without a clearer meaning of "technological invention," we are concerned that a disproportionate amount of the parties' and Boards' resources will be dedicated to settling the issue of standing.

**1. The Proposed Definition is Circular**

In an effort to provide guidance as to the meaning behind "technological invention," proposed new 37 C.F.R. §42.301(b) determines whether a patent recites a technological invention on a case-by-case basis based on "whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." Unfortunately, using the terms: "technological feature," "technical problem," and "technical solution," without any additional guidance as to the meaning of the terms "technological" and "technical," is not very useful.

The commentary on the proposed rules states that the proposed definition of "technological invention" is consistent with the legislative history of the AIA, as stated by Senators Schumer and Coburn and Rep. Smith. However, the resultant circular definition is not practical for determining standing.

**2. The Proposed Definition Should Not Require Novelty and Nonobviousness**

The definition of "technological invention" in proposed new 37 C.F.R. §42.304(a) should not require an analysis of novelty and nonobviousness. Because standing is a threshold issue, it is unreasonable to expect petitioners to address issues of novelty and nonobviousness when establishing standing. These issues are more appropriately addressed when challenging the claims under proposed new 37 C.F.R. §42.304(b), if at all. Conceivably, a petitioner may choose to challenge claims under 35 U.S.C. §101 alone, in which case novelty and nonobviousness may not need to be addressed. Conversely, the novelty or nonobviousness of a single "feature" of a

claim should not be controlling if the claim is directed to a "technological invention" in which novelty and nonobviousness do not lie in a "technological feature" in isolation. Thus, novelty and nonobviousness should not be a requirement for a "technological invention."

**3. The Discussion of Technological Inventions in the Proposed Practice Guide Does Not Provide Enough Further Guidance to Resolve the Ambiguity in Proposed New 37 C.F.R. §42.304(a)**

The discussion of technological inventions in the proposed Practice Guide (77 Fed. Reg. 6873) gives some helpful guidance as to what is not a technological invention, but provides little guidance as to what is a technological invention, other than referring to novelty and nonobviousness. Thus, the discussion of technological inventions in the proposed Practice Guide does not provide enough further guidance to resolve the ambiguity in proposed new 37 C.F.R. §42.304(b).

**B. Proposed New 37 C.F.R. §42.302(a) or the Associated Commentary Should Clarify What Constitutes Being "Charged" With Infringement**

Proposed new 37 C.F.R. §42.302(a) provides that petitioners who have been sued for infringement of the patent or have been "charged with infringement" under the patent have standing to request post-grant review of a business method patent. This proposed rule is based on §18(a)(1)(B) of the AIA, which also references "charged with infringement."

However, it remains unclear from the proposed rules what is meant by "charged with infringement." Specifically, a charge of infringement, for example, may or may not be considered to encompass the type of facts required to establish declaratory judgment jurisdiction in federal court. For example, is an offer for a license of a particular patent enough? What about an offer for a license directed to a particular product? What if the offer includes claim charts showing the relevance of the patent claims to a product, but does not use the word infringement? To clarify the requirements for standing, proposed new 37 C.F.R. §42.302(a) should clarify what the USPTO considers to qualify as being "charged with infringement."

**C. Proposed New 37 C.F.R. §42.304(a) Should Require That Standing be Established by Evidence**

Proposed new 37 C.F.R. §42.304(a) sets forth the grounds for standing for a petitioner seeking to file a petition for review of a covered business method patent. In order for patent owners to effectively challenge standing, we recommend that new §42.304(a) be revised to require that the petitioner provide evidence establishing standing in the form of an affidavit establishing the facts relating to standing and attaching, for example, (1) any actual complaint filed against the petitioner, (2) copies of any correspondence that include an infringement charge. Requiring such evidence will allow the patent owner to most effectively challenge standing in a

preliminary response to the petition under proposed new 37 C.F.R. §42.207, or effectively conduct cross-examination to prepare a patent owner's response under proposed new 37 C.F.R. §42.220 or a motion to dismiss for lack of standing as discussed in Section D below.

**D. The Rules Should Permit the Patent Owner to File a Motion Challenging Standing as Soon as the Post Grant Review Has Been Initiated**

For petitions for post-grant review filed under the transitional program for covered business method patents, the issue of standing will often be contested. Further, the issue of whether the petitioner was "charged with infringement" will often be very fact specific. Each party will attempt to establish facts supporting or refuting standing, and as a result, it will be difficult for the Board to rule on standing before instituting the post-grant review.

In the interest of efficiency, however, it makes sense for the parties and the Board to address the factual issue of standing before spending time and effort addressing the merits of the challenge to the claims. We thus propose adding a rule allowing for the patent owner to challenge the threshold issue of standing by filing a preliminary motion to dismiss for lack of standing shortly after the post-grant review has been initiated under 37 C.F.R. §42.208. Such a motion should have an expedited briefing and decision schedule so that patent owners, as well as petitioners and the Board, are not burdened with working through a full briefing and analysis on the merits of the petition and then receiving a determination that it was all a waste because the petitioner lacked standing in the first instance.

**E. Proposed New 37 C.F.R. §42.304(b)(3) Should Only Require Claim Construction to the Extent Necessary to Establish that the Challenged Claim is Unpatentable**

Proposed new 37 C.F.R. §42.304(b)(3) states that a petition must :

*...Provide a statement of the precise relief requested for each claim challenged. The statement must identify the following: ...*

*(3) How the challenged claim is to be construed. Where the claim to be construed contains a means-plus-function or step-plus-function limitation as permitted under 35 U.S.C. 112, sixth paragraph, the construction of the claim must identify the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function;*

However, construing the full breadth of each claim term in each challenged claim should not be required. Similarly, it is unnecessary for a petitioner to pontificate on the full scope of a means-plus-function or step-plus-function limitation under 35 U.S.C. §112, sixth paragraph (soon to be §112(f)). If the petitioner is expected to construe the full breadth of each limitation

of each of the challenged claims, the parties will engage in useless debate over the boundaries of the scope of claim terms that might only be relevant for infringement issues, but not at all relevant to validity issues.

In particular, parties to a litigation and courts spend scores or even hundreds of hours addressing claim construction issues in determining the outer limits of claim scope. Even then, they generally do so only after having been made aware of the contextual facts of the products or processes accused of infringement and the prior art or other issues forming the basis of invalidity allegations. Furthermore, courts routinely limit briefing and consideration of the parties' claim construction analyses to be directed to claim terms actually at issue between the parties, in order to avoid wasting the parties' and the courts' resources on non-contested claim construction issues or claim construction issues as to which the parties may disagree but the disagreement is not relevant to the issues that the court must decide.

We recognize that the claim construction standard during trials before the Board is not the same as in Federal court. Nonetheless, due to the prospect of future or even copending litigation, if a petitioner is required to fully construe all the limitations of all challenged claims in the abstract, the parties and the Board will engage in needless hours of analysis of hypothetical future issues.

In addition, as to 35 U.S.C. §112, 6<sup>th</sup> paragraph (soon to be §112(f)), the petitioner may believe that the specification does not describe any structure, material, or acts corresponding to the recited function. The proposed rule fails to take this common scenario into account.

For the purpose of post-grant review of business method patents, it should be enough that the petitioner construe the claim limitations of each challenged claim to the extent necessary to establish unpatentability of the challenged claim. Accordingly, we recommend revising new 37 C.F.R. §§42.304(b)(3) and (4) as follows:

*...The statement must identify the following: ...*

*(3) How the challenged claim is unpatentable under the statutory grounds identified in paragraph (b)(2) of this section, including How-how the challenged claim is to be construed to the extent necessary to demonstrate how the challenged claim is unpatentable. Where the challenged claim to be construed contains a means-plus-function or step-plus-function limitation as permitted under 35 U.S.C. 112(f),-sixth paragraph, to the extent necessary, the construction of the means-plus-function or step-plus-function limitation claim must should identify the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed functions support the basis for the unpatentability of the challenged claim;*

~~(4) How the construed claim is unpatentable under the statutory grounds identified in paragraph (b)(2) of this section. Where the grounds for unpatentability are based on prior art, ...~~

**F. Proposed New 37 C.F.R. §42.304(c) Should Specify That Only Non-Substantive Clerical or Typographical Errors Can be Corrected Without Changing the Filing Date of the Petition**

Proposed new 37 C.F.R. §42.304(c) states that:

*(c) A motion may be filed that seeks to correct a mistake in the petition where the mistake is of a clerical or typographical nature. The grant of such a motion does not change the filing date of the petition.*

We are concerned that the correction of certain "clerical or typographical mistakes," such as mistakes in the number of the patent challenged, the filing date of the challenged patent, or identifying prior art relied upon, can have a substantial substantive effect on the petition. We understand that in some cases changing the filing date may cause a particular challenged patent to become ineligible for post-grant review. However, the petitioner should not be allowed to correct such substantive mistakes by motion without changing the filing date of the petition, because changing the substance of the petition after it has been filed without changing the filing date can substantially disadvantage the patent owner.

Thus, we recommend that proposed 37 C.F.R. §42.304(c) be rewritten as follows:

*(c) A motion may be filed that seeks to correct a mistake in the petition where the mistake is of a clerical or typographical nature, if the correction of the mistake does not affect the substance of the petition. The motion must set forth the reasons why the correction of the mistake does not affect the substance of the petition. The grant of such a motion does not change the filing date of the petition.*

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We thank you for consideration of our comments. If you have any questions, please feel free to contact the undersigned.

Very truly yours,

Jesse O. Collier

JOC:MQW