

November 18, 2015

The Honorable Michelle K. Lee

Deputy Under Secretary of Commerce for Intellectual Property and

Deputy Director of the United States Patent and Trademark Office

United States Patent and Trademark Office

600 Dulany Street

Alexandria, VA 22314

Via email:trialrules2015@uspto.gov

Re: Response to the “Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board,” Fed. Reg. Vol. 80, No. 161 (August 20, 2015)¹

Dear Deputy Under Secretary Lee:

We were grateful for the opportunity to comment on the United States Patent and Trademark Office (“Office”) Request for Comments entitled “Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board” as published in the June 27, 2014 issue of the Federal Register, 79 Fed. Reg. 124 (“Request”).

In response to Question 17 of the Request, we submitted the response set forth as Attachment A to this communication for consideration. The Office responded to our comment stating:

The Office appreciates the comments, but does not propose any rule change in response. The rule that the comment addresses, 37 C.F.R. 42.73(d)(3), appropriately precludes an applicant or owner from obtaining a claim that is not patentably distinct from a finally refused or canceled claim.

80 FR 161 at 50739 (Response to Comment 13).

We believe our previously submitted comment raises significant issues in regard to the legality of the existing provisions of 37 C.F.R. 42.73(d)(3) that warrant a more

¹ The comments submitted herewith reflect the personal views of William Smith, Baker & Hostetler LLP, and Brad Pedersen, Patterson Thunte Pedersen, P.A., and do not reflect the view or opinions of either law firm or any of their clients.

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reasoned response instead of the conclusory statement that the Office believes the rule “appropriately precludes an applicant or owner from obtaining a claim that is not patentably distinct from a finally refused or canceled claim.”

As discussed in the comment, the Office did not set forth any legal justification in the original rulemaking for fixing the questioned estoppel benchmark as a “claim that is not patentably distinct from a finally refused or canceled claim.” 35 U.S.C. § 325(e) provides for only a petitioner estoppel, not a patent owner estoppel. 35 U.S.C. § 326(a) provides authority for the Office to promulgate rules to govern certain aspects of post-grant proceedings but does not include authority for promulgating rules for a patent owner estoppel. As also discussed, this new rule represents a significant departure from the analogous existing interference estoppel provisions in which the “lost count” is used as the estoppel benchmark since the subject matter of the lost count becomes prior art to the losing party under then-existing 35 U.S.C. 102(g).

The public is entitled to know why the Office believes this rule is “appropriate” given the reasoned comment previously submitted. If the Office continues to fail to provide its legal and/or policy reasons behind this rule, it is inevitable that a patent owner who is adversely affected by this rule will need to spend significant resources to have a judicial determination made on its legality. The Office bears the initial responsibility to justify this rule which is facially invalid as it turns a patent owner’s own claim into a prior art event, a concept that is fundamentally flawed and unreasonable.

A meaningful reasoned response to the comment is respectfully requested so that the public and patent owners will have some understanding of why the Office believes this rule is “appropriate.”

Sincerely,

/William F. Smith/

William F. Smith

/Brad Pedersen/

Brad D. Pedersen

ATTACHMENT A
PREVIOUS SMITH-PEDERSEN COMMENT

Consider Changes to the Scope of Estoppel under 37 CFR § 42.73(d)(3)

This rule currently reads (emphasis added):

(3) Patent applicant or owner. A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:

(i) A claim that is not patentably distinct from a finally refused or canceled claim;

or

(ii) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.

In our view, patentable distinctness should not be measured against a finally refused or cancelled claim in an AIA trial since such a claim is not prior art to the patent owner. Rather, patentable distinctness should be measured against the prior art over which a finally refused or canceled claim was found to be unpatentable.

As the rule is now written, it transforms the patent owner's own invention as set forth in a finally refused or canceled claim into a non-statutory prior art event. It is often the case that non-challenged patent claims or claims that can be drafted based upon the patent's disclosure are patentable over the prior art applied in a petitioner's rejection, yet would be unpatentable if a finally refused or canceled claim is to be considered prior art.

To the extent this estoppel provision has its roots in interference practice, it is noted that a losing party in an interference proceeding is barred on the merits from seeking a claim that would have been anticipated or rendered obvious by the subject matter of the lost count. In re Deckler, 977 F.2d 1449, (Fed. Cir. 1992); Ex parte Tytgat, 225 USPQ 907 (Bd. Pat. App. & Inter. 1985). This is because the subject matter of the lost count is prior art under the then-existing provisions of 35 U.S.C. § 102(g). There is no similar statutory provision that transforms a finally refused or cancelled claim of a patent owner in an AIA trial into a prior art event against the patent owner.

We also believe that changing this rule to read that a patent owner is only estopped from obtaining claims that are not patentably distinct from the prior art applied in finally refusing or cancelling a claim in a given AIA trial proceeding would provide for a more efficient and speedy proceeding as a patent owner will understand that, if appropriate, it may pursue narrower, patentably distinct claims in a separate reissue, reexamination or continuing application.

For example, in cases where an IPR/CBM petition presents a credible prior art basis for concluding that certain patent claims are unpatentable, a patent owner may be well advised to not contest the petition but seek to define patentably distinct claims apart from the post-grant trial. When it is considered that oftentimes, the filing of the petition is the first time the patent

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owner is made aware of how the applied prior art may render one or more patent claims unpatentable, the patent owner should be provided with a full and fair opportunity to retreat to narrower claims that define over the applied prior art.

It has long been held that a patent applicant has the right to retreat to an otherwise patentable species because he erroneously thought he was first with the genus when he filed. In *re Saunders*, 444 F.2d 599, 607 (CCPA 1971). This principle was reaffirmed in *In re Johnson*, 558 F.2d 1008 (CCPA 1977) where the applicant had lost a species in an interference proceeding. In subsequent prosecution, the applicant sought protection for the disclosed genus sans the species that became prior art by way of the “lost count.” The court reversed various rejections under 35 U.S.C. § 112, first and second paragraphs, reiterating that the applicant was entitled to retreat to patentable subject matter that was described and enabled by the supporting disclosure. (444 F.2d at 1018).

For these reasons, we believe that the Office should review the provisions of 37 CFR § 42.73(d)(3) and make the rule consonant with existing legal precedent that measures patentability against the asserted prior art, not a particular challenged claim that was finally refused or cancelled in an AIA trial proceeding.

We also believe that the Office should also clarify the effect of this rule, if any, on pending amended claims at the time a Request for Adverse Judgment is filed and when a motion to amend is not permitted. In addition, we believe that the Office should consider whether permitting selective waiver of the provisions of this rule as part of a settlement might foster settlements of AIA trials.

We also suggest that the Office more clearly delineate the specific statutory rule making authority for promulgating this rule to clarify the rule making authority and statutory provision relied upon for promulgating this rule.