

From: Brad Pedersen
Sent: Wednesday, June 29, 2011 6:12 PM
To: reexamimprovementcomments
Cc: Timothy Bianchi; 'Ted Magee'; Brad Thorson
Subject: MIPLA Comments on Proposals for Streamlining Rexam Rules

Mr. Schor:

Please find attached a Word document with the comments of the Chairs of the Minnesota Intellectual Property Lawyers Association (MIPLA) committees on Patent Reform and Patent Prosecution.

Thank you in advance for your consideration of these comments.

Brad Pedersen

Shareholder

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June 29, 2011

VIA EMAIL

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Mail Stop Comments-Patents
Commissioner of Patents
P.O. Box 1450
Alexandria, VA 22313-1450

ATTN: Kenneth M. Schor

RE: Request for Information on Streamlined Reexamination Proceedings

Dear Mr. Schor:

The Patent Prosecution and IP Law Revision Committees of the Minnesota Intellectual Property Law Association ("MIPLA") are grateful for the opportunity to submit comments in response to the Request for Information on Streamlined Reexamination Proceedings, 76 Fed. Reg. 22854 (April 29, 2011) ("Request for Information on Reexams").

The comments submitted here with reflect the views of the Chairs of the Patent Prosecution and IP Law Revision Committees ("the Chairs of the Committees") and do not necessarily reflect the view or opinions of MIPLA or any of the individual members or firms of the committees or MIPLA, or any of their clients.

General Comments

The members of our Committees include patent attorneys that are prosecuting a number of patent applications on behalf of clients in a variety of different art group units. Our collective experience is similar to the sense reflected in the Request for Information on Reexams, namely that the current reexamination proceedings have not achieved their intended goal of providing a fast, fair and less expensive process for challenging/confirming patent validity issues at the Office. Our Committees applaud any effort by the Office to streamline and simplify the regulatory framework promulgated and used by the Office for reexaminations and better achieve the intended goals of the reexamination proceedings.

In addition to the attachment which responds to the specific questions set forth in the Request for Information on Reexams, we have several overall comments and observations as follows:

1. Treat *ex parte* and *inter partes* reexaminations as completely separate in any new rules for two reasons: (a) *inter partes* is being phased out and *ex parte* rules would need to be updated after phase out if not separated now; and (b) there are dramatically different estoppels effects and procedural issues between the two types of proceedings.
2. Consider separate rules for *ex parte* reexams by Patent Owner vs. *ex parte* reexams by Third Party Requester. A good reason for separate rules for Owner requests is that it would permit the Office to reuse the best parts of the rules for Accelerated Examination in handling Owner initiated reexams.
3. Consider the wisdom of using a "what's good for the goose is good for the gander" approach. Don't seek to impose obligations and requirements on owners or requesters that the Office is not willing to apply to it's own actions. For example, the proposed requirements of separately explaining each SNQ in

a request seems unbalanced when compared with the proposed ability of the Office to select a representative SNQ.

4. The trend toward bifurcating petition practice from appeal practice is inefficient. The "decision" being sought is a decision by the Office, irrespective of whether that is via the BPAI or the Director. Even the format of the petition decisions has evolved to exalt form over function where decisions on simple things are written as if the decisions will always be appealed and where technicalities are often used to avoid deciding things that should be easy to decide. There is no need for the kind of formality of process that has evolved over time when that level of formality is not required by statute. It is strongly recommended that petitions in reexaminations should be decided by an APJ, and there should be an option, similar to interference practice, of using telephonic hearings. This should result in more uniformity and compliance of final decisions with the requirements of the Appointments Clause.

5. For re-examinations under the current law, there is a valid question of whether to force petitions or simply let everything be subject to appeal. This question presupposes the issue of whether re-exams are really examinations or are they adjudications. In the case of an *ex parte* reexamination, this proceeding can be treated as an examination. But in the case of an *inter partes* re-examination, the proceeding is really an adjudication not an examination. Consequently, in view of this difference and the corresponding difference in estoppel that attaches to *inter partes* reexams, it is strongly recommended that, in addition to providing separate rules for these fundamentally different kinds of proceedings, the rules for *inter partes* reexams should permit all issues to be reviewed on appeal so as to bring this kind of formal agency action proceeding more into compliance with the APA. One way to accomplish this could be to implement regulations that would effect a "pay to play" later or longer or bigger than whatever the baseline limits are for timeliness or size of submissions or number of SNQs.

6. Overall, the proposals currently seemed biased in favor of "fast" in comparing "fast" vs. "fair". While "fast" is certainly a high profile concern, the desire to increase the speed of these proceedings cannot supersede fundamental issues of fairness that must be adhered to in conducting these proceedings.

The Chairs of the MIPLA Committee look forward to the opportunity to work with the Office in the future on specific proposals for streamlining reexamination proceedings at the Office. Given the efforts that will be involved in promulgating regulations in connection with the soon to be enacted patent reform legislation, the Chairs of the MIPLA Committees urge the Office to act quickly on these proposals so that the benefits from, and any lessons learned by, streamlining the current reexamination proceedings can be taken into account in promulgating future regulations under the new patent reform legislation.

Sincerely,

/Brad Pedersen/

/Tim Bianchi/

/Ted Magee/

The Chairs of the MIPLA Committees

A. Proposed Changes to Both *Ex Parte* and *Inter Partes* Reexaminations

1. Requester Must Separately Explain How Each SNQ Presented in the Request Is “New” Relative to Other Examinations of the Patent Claims

The discussion of SNQ determination in A.1 and A.5 assumes the "new technical teaching" (NTT) approach being used by the Office is legally correct and valid. However, NTT has only been promulgated by "guidelines" and MPEP and has never been formally established by promulgated regulations as a standard to be used in SNQ determination. It can be argued that the NTT is based on a misreading of *In re Swanson*, and is contrary to the intent of Congress.

- In practice, the NTT standard entirely subsumes the "reasonable examiner" standard. While a NTT will always be important to a reasonable examiner, there are many things that might be important to a reasonable examiner that are not necessarily new technical teachings, for example disclosure of multiple teachings in single reference that were previously only considered by on the same teachings being contained in more than one reference.
- The NTT standard is based on a PTO reading of *Swanson* that ignores the fact that the case was all about old art, not new art. In *Swanson*, the Federal Circuit focused on the legislative history passages concerning harassment of patent owners because the case was about the ability of the Office to order reexam for an SNQ raised by a reference that had actually been applied to reject the claims in the original examination, and was overcome. The Federal Circuit actually concluded the Office had the broad authority to do this, because Congress had amended the statute to explicitly permit reexam based on old art, and because the particular reference at issue had teachings that were not discussed before and was applied differently in the reexam. The NTT standard, however, stands *Swanson* on it's head in arguing that the Office is prohibited under *Swanson* from ordering reexam unless the new art has a NTT.
- In many ways, NTT is a more restrictive standard than the one in *Portola Packaging*, which Congress specifically overruled in 2002. *Portola Packaging* only stood for the proposition that a reexam based on references printed on the face of the patent was not permitted. It did not hold that a reexam could not be granted on other references that are cumulative of references already considered in some broad sense. In addition, the commentary in the 2002 legislative history seems to contradict the NTT standard.

2. Requester Must Explain How the References Apply to Every Limitation of Every Claim for Which Reexamination Is Requested

Consistent with the general comment that regulations should be different for Patent Owner requested reexamination than for Third Party Requesters, it is suggested that the regulations establish a preferred approach (e.g., claim chart vs. narrative vs. figure based) for requests submitted with respect to different art group units and dependent upon whether the requester is Patent Owner or Third Party Requester. Deviations from the preferred approach could be submitted, provided the requester gave an explanation for the need for such a deviation.

3. Requester Must Explain How Multiple SNQs Raised in the Same Request Are Non-Cumulative of Each Other; Cumulative SNQs Will Be Deemed to Constitute a Single SNQ

While there is a legitimate need for the Office to manage the number of SNQs in order to streamline reexamination, this is a good example of where the Office should consider using a “pay to play” approach for dealing with large numbers of SNQs. In addition, the citation of *Katz* in support of the cumulative SNQ narrowing proposal on pg. 22856 is inapposite to this issue and does not provide appropriate legal support for the proposed regulations. In *Katz*, the district court required a plaintiff that asserted 1975 claims in various infringement actions to reduce the number of claims to 16 claims per defendant. The

Federal Circuit approved the district courts' inherent use of its power to manage litigation in this manner on due process and other grounds. In the context of a reexamination proceeding conducted by the Office under a statutory mandate, it is unclear how the rationale in *Katz* supports what could be argued to be a circumventing of the statutory responsibility of the Office to conduct reexaminations that are properly requested.

4. *The Examiner May Select One or More Representative Rejections From Among a Group of Adopted Rejections.*

An Examiner cannot be allowed to select one or more representative rejections from among a group of adopted rejections, because 35 U.S.C. §§ 304 and 313 require the "resolution" of each accepted SNQ. If multiple SNQs are accepted, the rejections based on each SNQ must be resolved according to the statute. Statutory concerns aside, it is believed that adopting this kind of approach too early in the process will lead to piecemeal and inefficient reexamination because, if a representative rejection would be overcome, for example, the Examiner would need to reconsider and possibly apply the remaining rejections. In all likelihood, this inefficiency will not lend speed or fairness to the reexamination procedures. For example, as the notice recognizes, pg. 22856, right hand column, the Patent Owner must appeal from each rejection, not just the representative rejection(s). With that in mind, it is unclear how the Patent Owner could be restricted from providing a full response to each rejection during that part of the reexamination proceeding conducted before the CRU. A better approach may be to provide guidelines for having the Examiner not adopt for reasons documented in the record any rejection determined to be cumulative. This would place the parties on an even footing procedurally, as well as provide a written record as to why the USPTO found proposed rejections to be cumulative.

5. *Requester's Declaration and Other Evidence Will Be Mainly Limited to the Request*

This is another example of where a "pay to play" approach may accomplish the Office's legitimate of streamlining most reexaminations by encouraging early submission of declaration and other evidence, while still preserving the legal rights of requesters under the APA to submit declarations and other evidence up until, and including rebuttal evidence, presented on appeal.

6. *Patent Owner's Amendments and Evidence Will Be Mainly Limited to the First Action Response*

This proposed rule is contrary to 35 U.S.C. §§ 304 and 305 that provide Patent Owners opportunities to twice amend their claims during *ex parte* reexaminations. Pursuant to Section 304, the claims may include "any amendment" in the Patent Owner's optional response, and additional amendments are permissible in later proceedings because Section 305 requires reexaminations to be conducted according to 35 U.S.C. § 132, which allows an applicant "to persist in his claim for a patent, with or without amendment." Section 132 also applies to *inter partes* reexaminations, pursuant to 35 U.S.C. § 314. Even if Title 35 were ignored, this proposed rule would be unfair to Patent Owners because it will be difficult, if not impossible, to anticipate the amendments or evidence necessary to overcome substantive arguments that may not arise until later in the proceedings. As with the comment on A5 with respect to declaration and other evidence, it is believed that some form of "pay to play" approach with respect to incentives for early submission of declaration and other evidence is the better way to balance the need for streamlined procedures with the procedural and statutory rights of the parties to have evidence fairly considered. Instead of trying to prevent evidence from being entered into the proceeding, it is suggested to adopt a good martial art technique to dealing with evidence, i.e. let the evidence (punch) come in and in response either side step (because it was not on point or not persuasive), use it against opponent (may contain admissions) or, occasionally allow it to strike its target and change the outcome.

7. *Claim Amendments Will Not Be Entered Unless Accompanied by a Statement Explaining How the Proposed New Claim Language Renders the Claims Patentable in Light of an SNQ*

This proposed rule is at odds with the plain language of 35 U.S.C. §§ 304 and 314. Section 304 does not require claim amendments in a Patent Owner's optional statement to be directed to an SNQ; instead, the Patent Owner may introduce "any amendment...and new claim or claims he may wish to propose."

Similar language in Section 314 allows Patent Owners to do the same in *inter partes* reexaminations, as long as “no proposed amended or new claim enlarg[es] the scope of the claims.” If an amendment does not broaden a claim’s scope, the amendment is acceptable under Sections 304 and 314 regardless of whether it addresses an SNQ. Although *In re Freeman* is cited in support of this proposed rule, *Freeman* was about an attempt to broaden in view of an unfavorable district court claim construction. The Federal Circuit held it was not permissible in view of the prohibition against broadening and principles of issue preclusion. The commentary in *Freeman* about amendments only being directed to an SNQ is dicta, and would seem to be in conflict with long standing practice, such as reissue/reexam merger, where amendments have never been limited by the SNQ determination. In addition, the proposed requirement of statement by Patent Owner explaining how proposed amendment “renders claims patentable over references raising an SNQ” needs to be clarified for two reasons: (1) because an SNQ is not tantamount to a *prima facie* case of unpatentability, the proposed requirement should only be triggered based on a rejection of claims, not whether there was an SNQ; and (2) the proposed requirement ignores situations where claim construction is key and that claim construction, not the cited references, is the issue that is being addressed by amendment.

8. *Petitions Practice Will Be Clearly Defined*

While it is apparent that the petitions process is greatly in need of updating and clarification to eliminate the current situation that is ripe for both abuse and delay, the proposal on petitions practice is seen as too restrictive, particularly in view of the highly questionable legal standing of final agency decisions by anyone other than the Commissioner or Director on a petition. The Constitution and APA require formal promulgations of regulations in which the final agency action on a petition decision can only be decided by a duly appointed and authorized officer. To better manage the entire petition process and consistent with the general comment, it is important to separate rules and regulations for *inter partes* reexaminations from those for *ex parte* reexamination. As a contested matter, *inter partes* reexaminations inherently include the potential for opposition from the other party to any petition, something that is inherently absent in the context of *ex parte* reexamination. To avoid delay and enhance resolution, it is suggested that all petitions be handled by an initial short written request to authorize a petition and a short telephonic hearing with a designated petition hearing official, much like motion practice in current interference proceedings. This kind of quick and simple threshold screening process would either result in an immediate decision during the telephonic hearing, or an order to file a specific petition under the appropriate rule that would then start a petition process. In addition, there should be regulations defining a route of appeal such that a final agency action can be rendered by a duly appointed and authorized officer of the Office. Such a threshold oral screening process can be very effective to resolve procedural issues (e.g., page or word limits) and limit the number of formal petitions that are required, in addition to establishing the proper basis under the rules for such petitions. Consideration should also be given to reducing the current level of formality being used in rendering petition decisions. The goal of the petition process should not be to document the entirety of what has occurred in a reexamination (something which is available on PAIR) and prepare a formal decision that itself can be appealed without reference to any other documents; rather the goal should be to address the issue at the heart of the petition and actually render a decision on the merits of that issue, instead of deflecting a decision on the merits by relying on overly technical analysis of whether there was compliance with the current set of inadequate rules for the petition process.

B. Proposed Changes Specific to *Ex Parte* Reexamination

1. *Make Permanent the Pilot That Allows the Patent Owner to Optionally Waive the Patent Owner’s Statement.*

This proposal for optional waiver should be adopted, but it is suggested that the waiver be characterized not as a waiver of the Patent Owner Statement, but rather as a waiver of the time period for submission of any such statement in order that the waiver complies with 35 U.S.C. § 305 by accelerating the deadline such a reply and then allowing that deadline to effectively pass.

2. *Where the Patent Owner Does Not Waive the Statement, the Order Granting Reexamination Will Include a Provisional FAOM, Which May Be Made Final in the Next Action*

This proposal seems to ignore that a Patent Owner initiated *ex parte* reexamination can be initiated by presenting an SNQ that is not a tantamount to establishing a *prima facie* rejection. Under the statute, a Patent Owner should be entitled to present SNQ without having to also make a *prima facie* case for rejection. This difference between a Patent Owner initiated reexamination versus a Third Party Requester initiated reexamination in which the SNQ will also framed to lay out a *prima facie* case for rejection is why the general comments suggest different regulations based on the nature of the party initiating the request for reexamination. In addition, this proposal seems to be prohibited by statute. Specifically, 35 U.S.C. § 305 states that “after the times for filing the statement and reply ... have expired, reexamination will be conducted. In any reexamination proceeding under this chapter, the Patent Owner will be permitted to propose any amendment to his patent and a new claim or claims thereto.” Under the current proposal, reexamination would effectively begin prior to the expiration of the times for filing a statement and a reply. If the Patent Owner refuses to waive the statement and does not file a statement in response to the provisional action, the Patent Owner then would lose the statutory right to propose an amendment, add claims, or introduce evidence in the face of a subsequent final action. As an alternative solution, the USPTO might consider shortening the statutory response period, for example from two months to one month, when the Patent Owner refuses the waiver. With such a solution, the Patent Owner would retain its statutory right to amend and submit evidence and the overall pendency for *ex parte* reexaminations would be shortened.

C. Proposed Changes Specific to *Inter Partes* Reexamination

1. *Third Party Requester May Dispute the Examiner’s Designation That a Rejection is “Representative” of Other Rejections in the Group*

See comments on A4.

2. *Final Office Action Closes Prosecution and Triggers Appeal Rights*

The extra step of issuing a Ready for Appeal Notice (RAN) after there has been an Action Closing Prosecution (ACP) is usually an unnecessary delay in the *inter partes* reexamination that is not required or helpful. However, there may be situations in which the Patent Owner legitimately needs another opportunity to amend the claims or argue new positions, especially in situations where the claims have been previously amended and the focus of the rejections has shifted from the focus of the initial request. It is suggested that an ACP should trigger appeal rights, subject to a petition to extend prosecution in which the petitioner would have to establish a reasonable basis the ACP should be converted to a normal Office Action in order to allow another round of responses by Patent Owner and Third Party Requester.

3. *Third Party Requester’s Appellant Brief is Limited To Appealing An Examiner’s Decision That a Claim is Patentable; Additional Bases To Cancel A Rejected Claim Can Only Be Argued in a Respondent Brief Following Patent Owner’s Appellant Brief*

35 U.S.C. § 315(b)(1) is controlling in this situation. The statute authorizes the Third Party Requester to independently appeal “any final decision favorable to the patentability of any original or proposed amended or new claim of the patent.” Thus, a Third Party Requester’s appellant brief should be limited to challenging a final determination favorable to the patentability of any claim of the patent. Only after a Patent Owner files an appeal brief arguing against a rejection should a Third Party Requester have the opportunity to argue against the position of the Patent Owner. Such practice would be consistent with the courts’ practice of not permitting cross appeals.

D. Comments on specific questions

The USPTO has requested comments on 13 specific questions as follows:

1. *Should the USPTO proceed with any efforts to streamline the procedures governing ex parte and/or inter partes reexamination proceedings?*

Yes, the USPTO should proceed with efforts to streamline reexamination proceedings, but these efforts must balance the goal of providing expeditious and efficient reexamination with the due process rights and the fundamental fairness owed to all parties.

2. *Should the USPTO place word limits on requests for ex parte and/or inter partes reexamination?*

Because both patents and requests will vary in scope and complexity, a universal word limit on requests for reexamination may unfairly restrict a requester's ability to present its SNQ statement(s). It is suggested that any word limits placed on reexamination requests be based on the number of SNQs presented and/or the number of claims for which reexamination is requested.

3. *Should the USPTO revise its existing page or word limits in inter partes reexamination following the request?*

Because both patents, requests and Office Action will vary in scope and complexity, the current universal 50 page limit unfairly is inappropriate and results an unnecessary need to petition for more pages. It is suggested that word limits placed on responses in reexamination be based on the number of SNQs and/or the number of claims for which reexamination is granted.

4. *Should the USPTO place any limitation or criteria on the addition of new claims by a Patent Owner in reexamination? If so, what kind of limitation or criteria?*

In response to an order for *ex parte* reexamination, a Patent Owner's statement may contain "any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination." (35 U.S.C. § 304). Similarly, in an *inter partes* reexamination, the Patent Owner may "propose any amendment to the patent and a new claims or claims." (35 U.S.C. § 314). These statutory provisions are subject only to prohibitions against enlarging the scope of the patent. (35 U.S.C. §§ 305 and 314). Limitations or criteria restricting the addition of new claims, e.g., requiring that new claims be addressed to the prior art cited or the SNQs, run afoul of the statute. So, the Office should not place additional limitations on the Patent Owner's statutory right to present new claims during reexamination.

5. *Should the USPTO change its interpretation of "a substantial new question of patentability" to require something more than "a substantial likelihood that a reasonable examiner would consider the prior art patent or printed publication important in deciding whether or not the claim is patentable"? See MPEP §§ 2242, 2642. If so, how should it be interpreted?*

See comments on A1.

6. *How much time should Patent Owners and Third Party Requesters ordinarily be given to submit a statement, response, or appeal where the time for filing the statement, response, or appeal is set by the USPTO rather than by statute?*

The initial response by Patent Owner should be given additional time for response in situations where there are a larger number of SNQs granted. Because the Third Party Requester has virtually unlimited time to prepare for the filing of a reexamination, the Patent Owner should be given an increased amount of time for response when presented with an extremely voluminous reexamination proceeding. Otherwise, the current limits are appropriate as a baseline subject to requests for extension of time.

7. *Under what conditions should the USPTO grant a Patent Owner's request for an extension of time under 37 CFR 1.550(c) or 1.956, both of which provide that extensions of time may only be granted for "sufficient cause and for a reasonable time specified"?*

Adoption of a prescreening telephonic petition practice as described in A8 would be an effective way to handle issues related to requests for extension of time beyond the current time limits.

8. *Should the USPTO require that any information disclosure statement (IDS) filed by a Patent Owner in a reexamination comply with provisions analogous to 37 CFR 1.97 and 1.98, and further require that any IDS filed after a Notice of Intent to Issue a Reexamination Certificate (NIRC) or notice of appeal be accompanied by: (1) an explanation of why the information submitted could not have been submitted earlier, and (2) an explanation of the relevance of the information with regard to the claimed invention?*

To the extent the Office is considering changes to Section 1.56 in view of the *TheraSense* decision, it is suggested that the Office consider any changes to rules involving compliance with Section 1.56 in reexamination in conjunction with those changes to Section 1.56 or defer any changes to rules involving compliance with Section 1.56 in reexamination until any change to Section 1.56 is finalized.

9. *Under what conditions should a reexamination proceeding be merged with another reexamination or reissue proceeding?*

Redundant reexamination proceedings should be merged when they present repetitive SNQs. In the alternative, a single reexamination proceeding should be conducted while the other reexamination proceedings are stayed. It is also suggested that all merger decisions should be determined by handled as part of a promulgated part of petition practice.

10. *What relief can and should be given to a Third Party Requester that shows that it did not receive a Patent Owner's statement or response within a certain number of days after the date listed on the Patent Owner's certificate of service? How many days and what kind of showing should be required?*

If Question 11 is adopted to require electronic filing, then this issue is moot.

11. *Should the USPTO encourage and/or require that all correspondence in reexamination proceedings be conducted electronically (e.g., e-filing parties' documents, e-mailing notices of Office actions and certificates)?*

Given that the CRU is going to adopt electronically searchable file histories, it makes sense to require parties to file electronically.

12. *Should reexamination proceedings remain with the Board in cases where the Board has entered a new ground of rejection on appeal and the Patent Owner seeks to introduce new evidence and amendments? In particular, is it more efficient for three administrative patent judges or a single examiner to decide issues involving new evidence and amendments?*

Reopening of prosecution to permit introduction of new evidence and amendments should be subject the subject of a petition process in which the specifics of each case can be evaluated to arrive at an appropriate course of action.

13. *What other changes can and should the USPTO make in order to streamline reexamination proceedings?*

There needs to be a better approach to the current approach of a partial grant of reexamination. There are numerous issues that are complicated when a partial grant of reexamination is made.

There needs to be a better approach to dealing with the denial of SNQ not being petitionable in an *inter partes* context so that a proper final agency action can be rendered.