

June 29, 2011

Via Electronic Mail
reexamimprovements@uspto.gov

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Mail Stop Comments - Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Attn: Kenneth M. Schor, Streamline Reexamination Proposals

Re: Comments on Streamlined Patent Reexamination Proceedings,
76 Fed. Reg., Vol. 79, 22854 (April 25, 2011)

Dear Under Secretary Kappos:

These comments are provided in response to the USPTO request contained in its Notice of Public Meeting & Request for Comments, *Streamlined Patent Reexamination Proceedings* 76 Fed. Reg. 79 (April 25, 2011, hereinafter the “Notice”).

The Post Grant Practice Group of Oblon Spivak has represented hundreds of Patent Holders and Third Party Requesters in patent reexamination proceedings before the USPTO. Over the past several years, Oblon Spivak (the “Firm”) has successfully concluded more patent reexamination proceedings for U.S. based innovators than any other firm. Through our experience, the Firm has developed significant insight and expertise in navigating these commercially important administrative proceedings that are often times concurrent with parallel district court and/or ITC litigation. Further background on the Firm’s practice group can be found at www.PatentsPostGrant.com, the leading legal blog on post grant patent practice before the USPTO.

Since creation of the Central Reexamination Unit in 2005, the USPTO has transformed patent reexamination practice by reducing pendency and improving examination quality. As the USPTO recognizes, patent reexamination filings continue to surge as the public recognizes the value and quality of the CRU’s work. Indeed, current legislative proposals hope to build upon this successful foundation to provide further post grant review options for Patent Holders and Third parties alike. As such, the streamline proposals of the Notice, as well as the continued efforts of the USPTO to improve upon patent reexamination workflow, are greatly appreciated.

At the USPTO hosted public forum of June 1, 2011, Mr. Scott McKeown participated on behalf of the Firm.¹ Mr. McKeown presented positions on petition practice management, which

¹ See Presentation of Mr. Scott A. McKeown “Streamlined Patent Reexamination, Proceedings: Petition Practice Management” http://www.uspto.gov/patents/init_events/streamlinedreexam.jsp

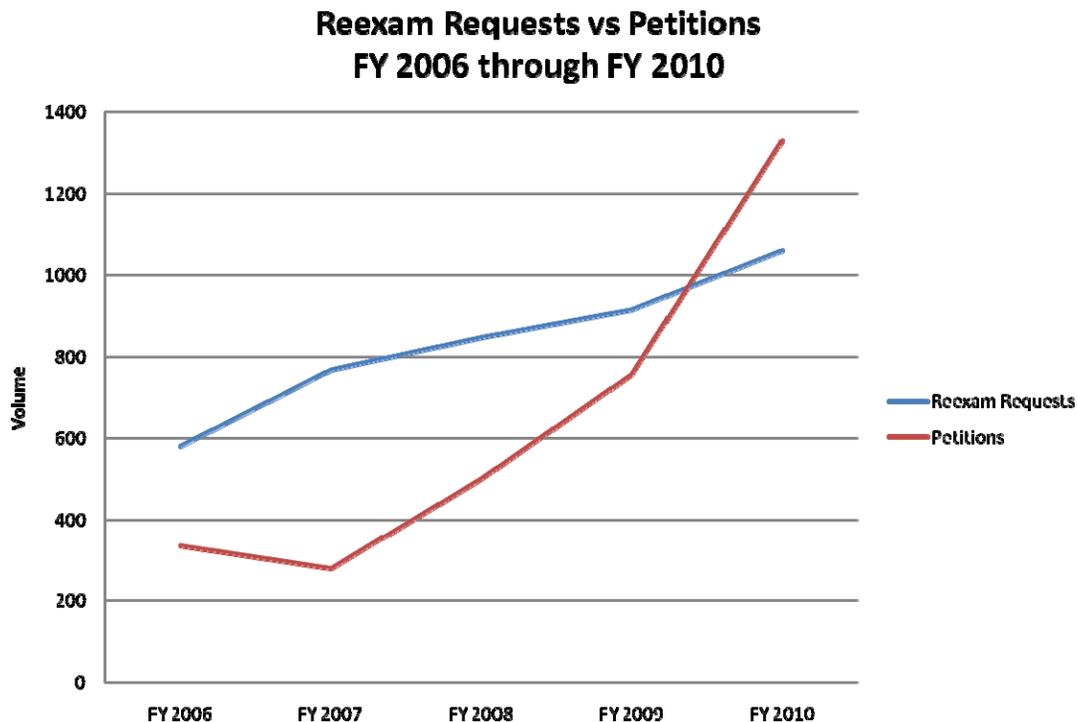
are re-presented in more detail below together with additional comments/proposals proffered to aid the Office in advancing their streamline initiatives.

At section A8 of the Notice, comments were invited relating to petition practice management.

A8. Petition Practice will be Clearly Defined

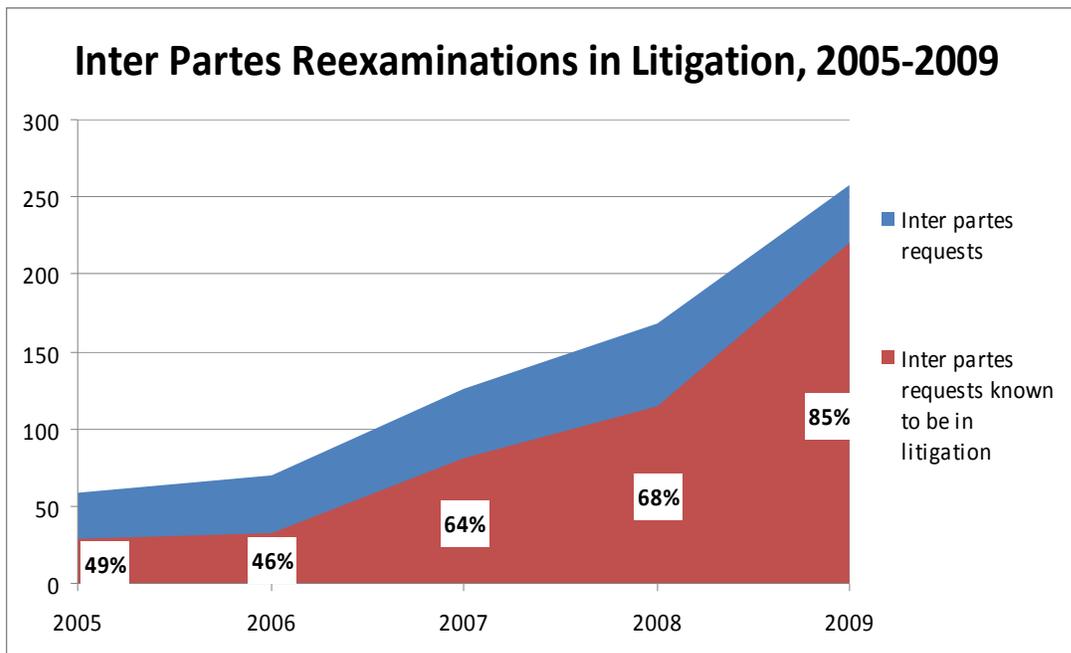
As discussed by Mr. McKeown at the June 1, 2011 meeting on the streamlining proposals, there is a petition crisis at the USPTO. The petition backlog in the Office of Patent Legal Administration (OPLA) appears to be a direct result of the increased use of *inter partes* patent reexamination. Mr. McKeown explained that many *inter partes* patent reexamination petitions are related to purely procedural issues. Rather than dedicating resources of the OPLA to address such disputes, it is proposed that these disputes be resolved by telephone using case management principles similar to those employed by the Trial Section of the Board of Patent Appeals and Interferences.

The surge in petitions to OPLA is illustrated below.



Petition Practice in Patent Reexamination From a USPTO Perspective, Kenneth Schor, Senior Legal Advisor, Office of the Associate Commissioner for Patent Examination Policy. (January 10, 2011, Practising Law Institute, Reissue & Reexamination Strategies and Tactics with Concurrent Litigation 2011)

Inter partes patent reexamination filings have begun to approach *ex parte* patent reexamination filing rates, and will likely surpass them in the near term. Accordingly, significant growth in petition filings is expected to continue as such proceedings are increasingly pursued in parallel to patent litigation.



See the June 1, 2011 Public Meeting presentation of Mr. Scott A. McKeown “Streamlined Patent Reexamination, Proceedings: Petition Practice Management.”

The Notice has provided a very helpful list of common petitions, and indicated when they may be appropriately opposed. Likewise, the USPTO alludes to internal controls that have improved petition tracking (Notice at 22855). While these efforts are greatly appreciated, and quite helpful, further streamlining of petition practice is in order, especially to simplify the review of petitions that address routine, procedural issues.

Telephone Hearing (Pilot Program)

Many *inter partes* patent reexamination petition filings are directed to procedural issues only, such as waiver of page limits, untimely responses (e.g., late mail service), the striking of improper filings, etc. Unfortunately, these seemingly routine petition decisions can get delayed for months in OPLA, thus creating significant uncertainties in the reexamination proceedings. The USPTO would be best served disposing of these petitions by involving an interlocutory examiner (via a pilot program) who is available for dispute resolution by telephone.

Ideally, the interlocutory examiner would function as an ombudsman from the Board of Patent Appeals & Interferences (BPAI), who would be tasked with this duty. Such a pilot

program would be a first step toward transitioning *inter partes* patent reexamination to the BPAI, as contemplated by current legislation.²

By enabling timely teleconferences between parties and the ombudsman, procedural disputes can be resolved quickly, without the need for petition to OPLA. Timely resolution of such disputes would greatly enhance the public's confidence in *inter partes* patent reexamination, and help avoid administrative complications of petition practice, which, tend to aggravate overall pendency.

A later phase of the pilot program could further integrate *inter partes* patent reexamination into a BPAI proceeding (as is likely to be soon required by the patent reform legislation) by allowing substantive, interview-like hearings.

A.8 Avoiding Unnecessary Petitions

In addition to the handling of procedural petitions in a new manner, the USPTO should also consider eliminating situations that generate such petitions as a matter of course. For example, it is quite common for a Requester of an ongoing *inter partes* patent reexamination to stop participating in the proceeding. In such situations, typically, the Requester settles its dispute with the Patent Holder in a parallel litigation. Upon settlement, the Requester agrees to discontinue its participation in the *inter partes* patent reexamination, often times filing a statement memorializing this agreement in the *inter partes* reexamination file history. Thereafter, the Patentee will petition the Office (37 C.F.R. § 1.183) waive the requirements of 37 C.F.R. § 1.955 to allow for an interview in the now pseudo *ex parte* reexamination proceeding. The petition is necessary even though the reexamination is now essentially *ex parte* to all intents and purposes, because currently the Office handles the proceeding *as if* the requester were still participating.

As long as the petition for an interview presents a detailed agenda on how the proposed interview will accelerate prosecution, it is typically granted. However a second petition is required for any subsequent interview.

Thereafter, even if all claims are later confirmed/allowed a Right of Appeal Notice (RAN) is still issued. This practice is inefficient as the Patentee is not appealing a favorable conclusion, and there is no Requester involved in the proceeding any longer to dispute such a favorable result. In this circumstance, *inter partes* mechanisms are no longer necessary, create *pro forma* petition filings, and ultimately aggravate *inter partes* patent reexamination pendency.

It is proposed that the USPTO allow the filing of a statement that waives the Requester's rights to further participation, upon which, the Office would allow interviews as a matter of right. Further, the filing of such a statement would accelerate appeal processing by avoiding RAN and cross appeal docketing practices.

² H.R. 1249

A.8 Electronic Filing Platform

In the context of *inter partes* reexamination, Third Party Requesters are often prejudiced by late mail/service of Patent Owner Responses.

37 CFR 1.947

Comments by third party requester to patent owner's response in inter partes reexamination.

Each time the patent owner files a response to an Office action on the merits pursuant to § 1.945, a third party requester may once file written comments within a period of 30 days from the date of service of the patent owner's response. These comments shall be limited to issues raised by the Office action or the patent owner's response. The time for submitting comments by the third party requester may not be extended. For the purpose of filing the written comments by the third party requester, the comments will be considered as having been received in the Office as of the date of deposit specified in the certificate under § 1.8.
(emphasis added)

That is to say, the statutory 30 day response period accorded to Third party requesters begins to run upon deposit of a Patent Owner response with the first class mail of the USPS. As mail can be delayed for several days over weekends/holiday periods, valuable time is lost to prepare comments by Third Party Requesters through no fault of their own.

Currently, the Office utilizes a web portal for filing all papers in a patent interference. Once filed the papers are electronically served by operation of the portal. It is proposed that this platform be extended to include patent reexamination proceedings to avoid mail delays, and thus the potential prejudice to Patent Owners and Third Party Requesters.

B. Proposed Changes Specific to *Ex Parte* Reexamination

B2. 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

The Notice proposes to modify the existing Pilot Program entitled *Optional Waiver of Patent Owner Statement in Ex parte Reexamination Proceedings* 75 FR 47269 (August 5, 2010). Aside from proposing that this Pilot Program be made Permanent (B1), the USPTO proposes to modify the program to provide for a “provisional” first action on the merits (FAOM) at the time of an Order granting *ex parte* patent reexamination for those Patent Owners refusing waiver.

The Notice explains that, if, in response to the provisional FAOM a Patent Owner either does not file a Statement, or files a Statement that does not overcome the rejections set forth in the provisional FAOM, the Examiners will treat the provisional FAOM as if it were an **actual** FAOM. (Notice at 22859)

In the Notice, the justification for making this program permanent, and attempting to force waiver of the Patent Owner Statement in this manner is that, historically, 10% of Patent Owners in *ex parte* patent reexamination ultimately file a Statement. Since, once an Order is granted, the USPTO provides a two month period (37 CFR § 1.530) to receive a Statement that is not filed in 90% of cases, the time to an actual FAOM in an *ex parte* patent reexamination is longer relative to an *inter partes* patent reexamination. (*inter partes* patent reexamination does not provide for a Patent Owner Statement, so a first action is typically issued together with the Order). (Notice at 22858)

It is unlikely that proposal B2 can be reconciled with 35 U.S.C. §§304- 305.

Statutory Inconsistency (35 U.S.C. § 305)

35 U.S.C. § 305 provides:

After the times for filing the statement and reply provided for by section 304 of this title have expired, reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. 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, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. (emphasis added)

As proposed in B2, reexamination would effectively begin *prior* to the expiration of the times for filing a Statement and Reply. Simply stated, although the FAOM is labeled

“provisional” as proposed in B2, the very first action issued after expiration of the times for filing the statement and Reply is proposed to be made *Final*. Thus, the provisional FAOM is a legal fiction. *See* 37 C.F.R. § 1.113 (On the second or any subsequent examination or consideration by the examiner the rejection or other action may be made final, whereupon applicant's, or for ex parte reexaminations filed under § 1.510, patent owner's reply is limited to appeal in the case of rejection of any claim (§ 41.31 of this title), or to amendment as specified in § 1.114 or § 1.116.) (emphasis added).

35 U.S.C. §305 requires that the Patent Owner be accorded a Statement opportunity consistent with 35 U.S.C. §304, and that reexamination be conducted *after* the times for filing the statement and Reply have expired.

A Patent Holder who refuses to waive the Statement, and does not file a Statement in response to the provisional action, would lose the right to propose an amendment in reexamination, add new claims, or introduce evidence by virtue of the Final Action. Yet, the statute requires **two** opportunities to amend claims, first a Patent Owner is provided the opportunity to file a Statement, which is a response to the SNQ (35 U.S.C. § 304). A Statement taking issue with the adopted SNQ is not a rejection. Second, once reexamination commences, 35 U.S.C. § 305 requires....*In any reexamination proceeding...the patent owner be permitted to propose any amendment to his patent and a new claim or claims thereto*. Thus, in addition to the opportunity to file a Statement as outlined by 35 U.S.C. § 304, the USPTO must afford an opportunity to introduce *any amendment* in reexamination. The USPTO proposes to conflate the different rights of 35 U.S.C. § 304 and 305 to require amendment via Statement only. Simply stated, a Final rejection would force any proposed changes to comply with 37 C.F.R. § 1.116, which certainly does not permit *any amendment* in reexamination as required by 35 U.S.C. §305.

In light of the above comments, any USPTO initiative consistent with B2 should be withdrawn as inconsistent with 35 U.S.C. §305.

Alternative Proposal (Adaptive Response Period)

Certainly, the USPTO needs to accelerate patent reexamination proceedings as much as reasonably practicable, and the waiver program is a sensible solution. At least two months are lost between the Order and first action when a Patent Holder refuses to waive, and then does not file a Statement. An alternative proposal to encourage compliance with this program, and to recover these two months, is to modify the shortened statutory response period. Typically, a Patent Holder has (2) months to respond to an Office Action in patent reexamination. The Office should consider changing this period to the longer of 30 days or (1) month for Patent Holders that do not cooperate with the Waiver Program, **and then** do not file a Statement.

In other words, in the Office communication (interview summary) that notes the Patent Holder's decision as to the waiver program, notice would be provided that the shorter, shortened statutory period may apply to the proceeding. That is to say, for those Patent Holder's

that refuse to waive the right to file a Statement (including those that “could not be reached”) and then do not file a Statement, a shortened statutory response period (the longer of 1 month or 30 days) would apply for all Office Actions. For any reexamination proceeding resulting in an appeal there will be at least a first action and final action, and thus, two months would be recovered for all long term *ex parte* patent reexamination proceedings.

This shorter, shortened statutory response (1 month or 30 days) is already in use in many patent reexaminations. The Office currently shortens the response period in *ex parte* patent reexamination when a parallel litigation is stayed pending the patent reexamination. (MPEP 2263)³

Of course, it may be that such a procedure would encourage additional petitions for extensions of time. To account for this the Office would also require as a component of any such grantable petition, a statement and explanation of non-compliance with the program, non-compliance weighing against approval of an extension of time absent the presentation of justifiable circumstances.

With such an adaptive response time solution Patentees would retain their statutory right to amend claims and submit evidence, and the Office would be able to reduce the overall pendency for *ex parte* patent reexamination proceedings.

D. General Questions

D.13. *What Other Changes Can and Should the USPTO Make in Order to Streamline Reexamination Proceedings?*

Currently, the grant rate for patent reexamination is well over 90%. Historically, *ex parte* patent reexamination has been ordered for 92% of requests, for *inter partes* patent reexamination the order rate is a staggering 95%⁴. With patent reexamination increasingly initiated concurrent with district court and/or ITC litigation, the mere grant of a request for patent reexamination can have a devastating effect on the timeliness of patent enforcement efforts.

For patents in *inter partes* reexamination, roughly 50% of cases in litigation remain subject to a stay pending the outcome of the patent reexamination proceedings for at least 4 years.⁵ Thus, an improvidently granted reexamination request can effectively shut the Patent Holder out of court for years, and significantly add to (1) the cost of enforcement and (2) the delay in collecting damages for patent infringement. In such cases, where justice is delayed justice is denied, because the Patent Holder is caused to suffer the patent infringement without a remedy until the reexamination proceedings and the litigation are concluded.

³ This proposal also addresses question D.6 of the Notice.

⁴ See [uspto.gov \(http://www.uspto.gov/patents/IP_quarterly_report_March_2011.pdf\)](http://www.uspto.gov/patents/IP_quarterly_report_March_2011.pdf)

⁵ PatentsPostgrant.com “What Happens After a Case is Stayed Pending Patent Reexamination?” (March, 21,2011)

In analyzing requests for patent reexamination, Examiner's are trained to apply a Broadest Reasonable Interpretation (BRI) to patented claims. Unfortunately, the over-emphasis of this standard ignores the fact that the scope of certain patent claims are defined by 35 U.S.C. § 112, 6th paragraph, and **may not** be interpreted in this manner, namely—"means plus function" claims.

35 U.S.C. § 112 6th requires:

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim ***shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.*** (emphasis added)

As further outlined by MPEP 2181-2183, it is impossible to examine a means or step-plus-function claim without considering the structure, material or acts described in the specification; otherwise there is no claimed structure or acts by which to compare any alleged equivalence in the prior art. *See* MPEP 2183 (C)

Based on our experience, the USPTO does not consistently require a Requester to map a means plus function claim to the specification of the patent when requesting patent reexamination. Instead, the USPTO routinely grants patent reexamination of means plus function claims based upon an improper BRI analysis of the recited function alone. This practice encourages accused infringers in parallel litigations to pursue reexamination requests; with no downside. That is to say, the Request can be devoid of any structural analysis relative to the patent, so, the accused infringer maintains all flexibility in the parallel proceeding with respect to arguing structural equivalents (i.e., non-infringement & invalidity). The USPTO should not accept a request for patent reexamination which would be dismissed as non-compliant if it were part of an Appeal Brief to the BPAI—an appeal brief requires this structural analysis explicitly.⁶

For this reason, many of these improvidently granted reexaminations ultimately terminate in favor of the Patent Holder, sometimes years later on appeal to the BPAI, where such structure is considered for the first time.⁷

To avoid litigation gamesmanship, and to reduce Patent Holder harassment, it is incumbent upon the USPTO to require that means plus function claims be properly examined, from the outset, in accordance with the 35 U.S.C. § 112 6th paragraph guidance provided in MPEP § 2181-2183.

⁶ CFR 41.37(c)(1)(vii), every means plus function and step plus function as permitted by 35 U.S.C. § 112, sixth paragraph, must be identified and the structure, material, or acts described in the specification as corresponding to each claimed function **must be set forth** with reference to the specification by page and line number, and to the drawing, if any, by reference characters. (emphasis added)

⁷ *Ex parte* Anascape LTD. BPAI 2010-006119

Should you require further clarification or explanation with regard to any of the above, please feel free to contact us.

Very truly yours,

OBLON, SPIVAK, McCLELLAND,
MAIER & NEUSTADT L.L.P

Scott A. McKeown

A handwritten signature in black ink, appearing to read "S. McKeown", written in a cursive style.

Stephen G. Kunin

A handwritten signature in black ink, appearing to read "Stephen G. Kunin", written in a cursive style.