

To: *Cynthia L. Nessler*, Office of Patent Legal Administration, Office of the
Associate Commissioner for Patent Examination Policy
To: supplemental_examination@uspto.gov
Docket No: PTO-P-2011-0075

**Comments of Electronic Frontier Foundation
in Response to the Patent and Trademark Office's Changes to
Implement the Supplemental Examination Provisions of the Leahy-
Smith America Invents Act and To Revise Reexamination Fees**

March 26, 2012
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The Electronic Frontier Foundation (EFF) submits this response to the Patent and Trademark Office (PTO) Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and To Revise Reexamination Fees. We welcome the opportunity to provide information on this topic.

EFF is a member-supported nonprofit civil liberties organization that has worked for more than 20 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its nearly 20,000 dues-paying members have a strong interest in helping the courts and policy-makers in striking the appropriate balance between intellectual property and the public interest. As part of its mission, the EFF has often served as amicus in key patent cases, including *Microsoft Corp. v. i4i Ltd. P'ship, et al.*, 131 S. Ct. 2238 (2011); *Bilski v. Kappos*, 130 S. Ct. 3218 (2010); *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S. Ct. 2109 (2008); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); and *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2005).

EFF is particularly concerned about the suggested fee increase associated with filing *ex parte* reexaminations. EFF has extensive experience with the benefits and challenges of the reexamination process as a result of its "Patent Busting Project" (see <https://www.eff.org/patent-busting>). Working with pro bono counsel, EFF has filed numerous requests for reexamination of overbroad patents that affect the public interest. Those

reexaminations have led to narrowed claims, and—in at least one instance—an invalidated patent. *See, e.g., Patent Busting Project: Clear Channel/Live Nation*, EFF (challenging a patent covering the recording of live performances, editing them into tracks, and recording them onto media (Control No. 95/000/131));¹ *Patent Busting Project: Sheldon F. Goldberg*, EFF (challenging a patent covering real-time multi-player online games (Control No.90/010,093));² *EFF Tackles Bogus Podcasting Patent - And We Need Your Help*, EFF (November 19, 2009) (challenging a patent on podcasting).³

EFF is currently working with the Samuelson Law, Technology, and Public Policy Clinic at Berkeley Law to collect prior art and file a request to reexamine a patent that allegedly covers transportation-tracking technologies. The patent's owner has asserted it nearly ten times against municipalities and public transportation authorities, along with hundreds assertions of related patents against others, including the federal government. *See* <https://www.eff.org/deeplinks/2012/03/help-eff-bust-dangerous-jones-patent>; *see also* <http://arstechnica.com/tech-policy/news/2012/03/a-new-low-for-patent-trolls-targeting-cash-strapped-cities.ars>. The information that EFF has gathered so far makes us confident that the PTO will grant the request for reexamination.

¹ Available at: <https://www.eff.org/patent-busting/clear-channel-live-nation>

² Available at: <https://www.eff.org/patent-busting/sheldon-f-goldberg>

³ Available at: <https://www.eff.org/deeplinks/2009/11/eff-tackles-bogus-podcasting-patent-and-we-need-yo>

Based on this experience, and the experience of other public interest groups, we know that the reexamination process is an essential element of the patent ecosystem. First, given the volume of patents issued by the PTO, it is virtually inevitable that some will be improvidently granted. Reexamination provides a means to call those patents into question. Second, the reexamination process allows for involvement of third parties who often do not find themselves before the patent office as applicants, but whose day-to-day activities may depend, in certain circumstances, on being able to request reexamination of overbroad and improvidently granted patents, especially those that are used offensively. Third, the reexamination process may provide a public forum in which relevant prior art is collected and made accessible to parties who may lack the resources to gather such information and would otherwise be unable to challenge patents asserted against them.

For third parties, and particularly those with limited resources, it is essential that reexaminations be both efficient and affordable. Congress itself has stressed that the reexamination procedure was intended to meet the need for “a useful and necessary alternative for challengers and for patent owners to test the validity of [a] patent in an *efficient and relatively inexpensive* manner.” H.R. Rep. No. 96-1307, pt.1, at 4 reprinted in 1980 U.S.C.C.A.N. 6460, 6463 (emphasis added).

The proposed fee hike runs directly contrary to congressional intent. It would make the reexamination process prohibitively expensive for both the

small entities that are most vulnerable to legal threats based on improvidently granted patents and the public interest groups, such as EFF, which are often best situated to challenge those patents.

Effectively shutting these third parties out of the reexamination process would, in turn, have a negative impact on patent quality as well as innovation. Federal Trade Commission, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* (“FTC Report”) Chap. 5, at 18 (2003) (“As former Director Dickson explained, reexamination and opposition are means for ‘competitors to interact’ with the patent process ‘much more effectively’ to ‘improve ... the quality of patents that issue.”); Christopher Wong, *Community Service: Adapting Peer Review to the Patenting Process*, *I/S: A Journal of Law and Policy for the Information Society*, Vol. 4:1 at 45 (2008) (“Without access to the relevant pool of knowledge [that often comes from third parties], and with disclosure by patent applicants unreliable, patent examiners cannot correctly determine whether or not they should grant a patent.”).

Poor patent quality imposes substantial social costs. Those costs are reflected in the price of goods covered, or allegedly covered, by improvidently granted patent claims. They are also reflected in the high costs associated with litigation and unnecessary licensing fees, which serve as an unjustified tax on consumers. As the Supreme Court recently noted in its ruling in *Mayo v. Prometheus*, an improvidently granted patent may “tend to impede

innovation more than it would tend to promote it.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012).

EFF is aware of the financial strain facing the PTO, but a drastic increase in reexamination fees is not the way to make up the shortfall. At a minimum, the PTO must ensure that any fee adjustment does not render the reexamination process unavailable to entities with legitimate concerns but limited resources.

Thus, we urge the PTO to reconsider the proposed fee increase. If the PTO does decide to increase its fees, we urge the Office to extend a regime similar to the Micro Entity exception to public interest groups (as well as other previously defined micro entities) for the purpose of *ex parte* reexamination filing fees. That extension would help ensure continued third-party participation at the PTO, which the PTO has made clear is a priority.⁴

We thank the Office for this opportunity to comment on the PTO’s Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and To Revise Reexamination Fees and look forward to helping serving the public interest through the PTO in the future.

⁴ See Request for Information, 76 Fed. Reg. 15,892 (Mar. 22, 2011) (“How can the [Patent and Trademark] Office best encourage public participation in its rule making process? How can the Office best provide a forum for the open exchange of ideas among the Office, the intellectual property community, and the public in general?”); *see also* <https://www.eff.org/deeplinks/2011/04/eff-files-comments-pto-regarding-improving>.