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**By Email**

Attention: Cynthia L. Nessler

Re: Comments Regarding Proposed Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and to Revise Reexamination Fees

Dear Ms. Nessler:

Set forth below are our comments regarding the proposed rules of practice to implement the supplemental examination provisions of the America Invents Act (AIA) and to revise reexamination fees promulgated by the United States Patent and Trademark Office (USPTO).

Oloff & Berridge is a nationwide law firm specializing in intellectual property matters. Our patent practice serves corporations, universities and individuals worldwide. We have filed and prosecuted thousands of matters before the USPTO, including new patent applications, reissue applications and both *ex parte* and *inter partes* reexaminations, and have litigated many patents in the federal courts. Our practice before the USPTO and the courts provides a perspective and depth of experience necessary to provide the following comments regarding the proposed rules. We appreciate the opportunity to have our positions considered by the USPTO.

We understand that the USPTO's rulemaking proposal was the result of substantial effort on the part of the USPTO and required consideration of numerous legal and administrative issues. However, we believe that adopting the proposed rules, without substantial revision, would (1) conflict with the statutory requirements of 35 U.S.C. §257 and be contrary to the express legislative intent of that statute, (2) impose requirements and burdens on patent owners requesting supplemental examination that are unnecessary and inappropriate, (3) impose very substantial government fees on patent owners (and third party reexamination requesters) that are not justifiable, and (4) unnecessarily limit the efficiency and effectiveness of supplemental examination, resulting in unnecessary burden on both patentees and the USPTO.

Our concerns, as well as recommendations for addressing those concerns, are discussed below. Before discussing our concerns and recommendations, we discuss the statutory requirements of §257 and the legislative intent behind the enactment of §257.

**I. Statutory Requirements**

35 U.S.C. §257 governs supplemental examination. §257(a)-(c)(1) impose requirements on courts and the USPTO. For convenience, these sections are reproduced below.

(a) REQUEST FOR SUPPLEMENTAL EXAMINATION.—A patent owner may request supplemental examination of a patent in the Office to consider, reconsider, or correct information believed to be relevant to the patent, in accordance with such requirements as the Director may establish. Within 3 months after the date a request for supplemental examination meeting the requirements of this section is received, the Director shall conduct the supplemental examination and shall conclude such examination by issuing a certificate indicating whether the information presented in the request raises a substantial new question of patentability.

(b) REEXAMINATION ORDERED.—If the certificate issued under subsection (a) indicates that a substantial new question of patentability is raised by 1 or more items of information in the request, the Director shall order reexamination of the patent. The reexamination shall be conducted according to procedures established by chapter 30, except that the patent owner shall not have the right to file a statement pursuant to section 304. During the reexamination, the Director shall address each substantial new question of patentability identified during the supplemental examination, notwithstanding the limitations in chapter 30 relating to patents and printed publication or any other provision of such chapter.

(c) EFFECT.—

(1) IN GENERAL.—A patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent. The making of a request under subsection (a), or the absence thereof, shall not be relevant to enforceability of the patent under section 282.

Pursuant to §257(a)-(c)(1), supplemental examination is applicable to all information that is believed for any reason to be relevant to a patent, whether or not material to patentability, and including information that could have been presented during prosecution of the patent pursuant to Rule 56. "Information" within the meaning of §257 covers any factual information believed to

be relevant to the scope, validity and/or enforceability of a patent. There is no reason to interpret, and the USPTO does not appear to interpret, "information" in a different manner.

This is consistent with the meaning of "information" under the Rule 56 duty of disclosure. MPEP §2001.04 defines "information" under Rule 56, stating:

The term "information" as used in 37 CFR 1.56 means all of the kinds of information required to be disclosed and includes any information which is "material to patentability." . . . In addition to prior art such as patents and publications, 37 CFR 1.56 includes, for example, information on enablement, possible prior public uses, sales, offers to sell, derived knowledge, prior invention by another, inventorship conflicts, and the like.

The USPTO's authority, and the extent of its authority, for rulemaking to implement §257 is provided by §257(d)(2). For convenience, §257(d)(2) is reproduced below.

(2) REGULATIONS.—The Director shall issue regulations governing the form, content, and other requirements of requests for supplemental examination, and establishing procedures for reviewing information submitted in such requests.

As discussed below, §257(a)-(c)(1) impose requirements on courts and the USPTO that cannot be limited or changed through rulemaking under §257(d)(2).

**A. Requirements on Courts**

A court is required by §257(c)(1) to dismiss any charge of inequitable conduct that is based on conduct relating to information subjected to supplemental examination. Specifically, §257(c)(1) requires that "A patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent" (emphasis added).

In the absence of the protection against unenforceability afforded by §257(c)(1), a finding of inequitable conduct by a court as to any one patent claim and any one issue results in the court holding the entire patent unenforceable, regardless of whether the inequitable conduct has any bearing on other claims of the patent or other issues relating to the patent. Correspondingly, the protection afforded by §257(c)(1) applies to the entire patent and all issues relating to the patent. The protection against unenforceability applies to all conduct relating to the information subjected to supplemental examination. The statutory protection is not limited to any particular issue of patentability or to any particular patent claim.

§257(c)(1) does not provide a court with any discretion to limit this protection against unenforceability to particular issues of patentability or to particular claims based on the patent owner's beliefs, positions, or arguments or the USPTO's analysis. Rather, once a court determines that conduct is related to information considered, reconsidered, or corrected during supplemental examination, regardless of the particulars of the supplemental examination, the court is required to find that such conduct does not render the patent unenforceable for inequitable conduct.<sup>1</sup> Thus, a court is required by statute to dismiss any charge of inequitable conduct alleged by an opposing party that is based on conduct relating to information subjected to supplemental examination, without exception.

§257(c)(1) further provides that the "making of a request under subsection (a), or the absence thereof, shall not be relevant to the enforceability of the patent." Under this provision, a patent owner's failure to identify all issues raised by, or to identify all claims relevant to, an item of information in making the request for supplemental examination, or the USPTO's failure to analyze all issues of patentability or all claims with respect to that item of information, would not prevent the patent owner from receiving protection against a finding of inequitable conduct. This is also clear from the fact that the patent owner's activities in the supplemental examination constitute "conduct relating to" the information that is the subject of the supplemental examination, and thus cannot form the basis of court allegations of inequitable conduct. Thus, regardless of any statements or arguments made by the patent owner in the request for supplemental examination, or any limitations in the USPTO's analysis, the patent owner would be shielded from a court finding inequitable conduct based on any conduct relating to that information, including conduct in the course of the supplemental examination proceeding.

#### **B. Requirements on the USPTO**

The USPTO is statutorily required to analyze information submitted for supplemental examination for all relevant issues of patentability and with respect to all claims, independent of the patent owner's position as to the nature or degree of relevance of the information. Specifically, pursuant to §257(a), the USPTO "shall conduct the supplemental examination and shall conclude such examination by issuing a certificate indicating whether the information presented in the request raises a substantial new question of patentability" (emphasis added). §257(a) does not provide the USPTO any discretion to limit supplemental examination to any particular issue of patentability or to any particular patent claim. Because §257(a) does not provide the USPTO with such discretion and §257(c)(1) does not provide courts with discretion, the scope of supplemental examination and the scope of protection against unenforceability are consistent.

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<sup>1</sup> Even the fraud exception of §257(e) provides relief only to the extent that the Director becomes aware of material fraud during the course of supplemental examination or the resulting reexamination and acts on it -- it does not relieve the courts of the requirements of §257(c)(1).

Additionally, §257(d)(2) does not grant the USPTO rulemaking authority that would permit the USPTO to limit its responsibility, under §257(a), to analyze all issues of patentability and all claims with respect to an item of information. §257(d)(2) instructs the USPTO to "issue regulations governing the form, content, and other requirements of requests for supplemental examination." That instruction does not authorize the USPTO to limit the scope of supplemental examination. Thus, the regulations governing the requirements for requests for supplemental examination cannot be used as a vehicle for the USPTO to limit its responsibilities for analyzing information presented for supplemental examination with respect to all issues of patentability and all claims of the patent. Further, §257(d)(2) explicitly instructs the USPTO to "[establish] procedures for reviewing information submitted in such requests" (emphasis added). Thus, §257(d)(2) makes clear that it is the USPTO's responsibility to analyze the information submitted with the request and, in conjunction with §257(a), to determine whether that information raises an SNQ. This responsibility cannot be limited or delegated to patent owners.

## II. Legislative Intent

§257 of the AIA was enacted by Congress to establish a proceeding that patent owners could use to avoid inequitable conduct litigation. *See* April 14, 2011 House Judiciary Mark-up Transcript at 169 (Representative Johnson explained "And so, what we are doing is preventing a lot of lawsuits that would clog up the courts if we do not have this kind of supplemental examination process in place"). Congress recognized that, if a patent owner cannot have information considered, reconsidered, or corrected before the USPTO after a patent has been granted (but prior to litigation) in exchange for protection against allegations of inequitable conduct based on that information, allegations of inequitable conduct, whether well-founded or not, would continue to be regularly asserted in litigation.<sup>2</sup> *See* September 6, 2011 Remarks of Senator Kyl at S5319, 3<sup>rd</sup> column ("Currently, even minor and inadvertent errors in the patent application process can lead to expensive and very unpredictable [inequitable conduct] litigation" (emphasis added)). Thus, Congress enacted the supplemental examination provisions of the AIA to allow patent owners to correct errors or omissions, whether material or not, made during prosecution of the patent so that the information cannot later be used to attack the patent in expensive and unpredictable inequitable conduct litigation.

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<sup>2</sup> Whether or not well-founded, current inequitable conduct litigation is complex and expensive, because it often requires the discovery, production and review of evidence by the parties and extensive fact finding and legal analysis by trial and appellate courts. In the rulemaking, the USPTO indicates that about 40% of patent cases filed annually involve allegations of inequitable conduct, but that only in a fraction of a percent of such cases is inequitable conduct ultimately found and a patent held unenforceable. *See* Fed. Reg. at 3675.

Specifically, Congress described §257 as follows:

*Section 10. Supplemental Examination*

This provision authorizes a supplemental examination process by which patent holders can correct errors or omissions in past proceedings with the PTO. During the process, additional information can be presented to the office and, if it does not undermine the original patent determination, the earlier omission of that information cannot be later used in a lawsuit alleging inequitable conduct.

*See* March 8, 2011 Senate Debate at 1366, 2<sup>nd</sup> column.

Congress had good reason to enact legislation to reduce inequitable conduct litigation. Congress recognized that the mere possibility of inequitable conduct litigation, based on acts or omissions during prosecution that could be alleged to be in error, discourages the development of, and especially investment in, patented inventions to order to bring them to market. For example, Senator Kyl summarized this chilling effect as follows:

An investor would not risk spending hundreds of millions of dollars to develop a product if a potential inequitable conduct attack may wipe out the whole investment.

Parties on both sides of these exchanges report that investors routinely walk away from inventions because of their inability under current law to resolve uncertainties whether a flaw in prosecution was, in fact, inequitable conduct. These decisions not to invest in a new invention represent important new cures never tested and brought to market and other important inventions that are never developed.

*See* September 6, 2011 Remarks at S5319, 3<sup>rd</sup> column.

**III. Proposed Rule 620 Would Be Contrary To Statute and Provide Unwarranted Unenforceability Protection**

For reasons discussed below, proposed Rule 620 would be contrary to statute and would result in a patent owner receiving unwarranted protection against unenforceability in court. For convenience, proposed Rule 620(a) is reproduced below.

(a) Within three months following the filing date of a request for supplemental examination, the Office will determine whether a substantial new question of patentability affecting any claim of the patent is raised by any of the items of information presented in the request. The determination will generally be limited to a review of the issues identified in the request as applied to the identified aspects of the patent. The determination will be based on the claims in effect at the time of the determination and will become a part of the official record of the patent.

The underlined portion should be deleted to be consistent with §257(a) and to comport with the protection against unenforceability afforded by §257(c)(1).

**A. Proposed Rule 620(a) Would Be Contrary to Statute**

Proposed Rule 620(a) would limit the USPTO's responsibility to analyze all issues of patentability and all claims of a patent regarding information submitted for supplemental examination. §257(a) requires the USPTO to analyze all issues of patentability and all claims in order for the USPTO to determine "whether the information presented in the request raises a substantial new question of patentability" (emphasis added). The first sentence of proposed Rule 620(a) reflects that statutory requirement, because it would require, "Within three months following the filing date of a request for supplemental examination, the Office will determine whether a substantial new question of patentability affecting any claim of the patent is raised by any of the items of information presented in the request" (emphasis added).

However, proposed Rule 620 contains additional language contrary to its own first sentence and contrary to the requirements of §257(a). Proposed Rule 620 would limit the USPTO's review of the information to "the issues identified in the request as applied to the identified aspects [e.g., claims] of the patent" (emphasis added). Under proposed Rule 620, the USPTO would refuse to analyze any issue of patentability and any claim that was not identified by the patent owner and would not determine whether an item of information raises an SNQ with respect to such issues of patentability and claims. Thus, the USPTO proposes to allow patent owners to determine the contours of supplemental information and limit the USPTO's consideration of information to only patent owner-identified issues of patentability and claims, while providing those same patent owners with the full statutory exemption from inequitable conduct claims.

The USPTO does not have statutory authority to limit supplemental examination, or delegate its responsibility to patent owners, as proposed. As discussed above, §257(a) does not provide the USPTO any discretion to limit supplemental examination to any particular issue of patentability or to any particular patent claim. Further, §257(d)(2) makes clear that it is the USPTO's responsibility to review the information submitted with the request and, in conjunction with §257(a), determine whether that information raises an SNQ. Accordingly, the identified

portion of Rule 620(a) should be deleted to make Rule 620 consistent with the USPTO's statutory obligation.

**B. Proposed Rule 620(a) Would Provide Unwarranted Unenforceability Protection**

Proposed Rule 620, unless modified as discussed above, would provide patent owners with unwarranted protection against unenforceability in courts. Under proposed Rule 620(a), a patent owner could "game" supplemental examination to receive an unwarranted litigation advantage by requesting supplemental examination of information with respect to issues of patentability and to patent claims as to which the patent owner believes the information has some relevancy, while withholding comment as to other relevant issues of patentability and claims. If the USPTO relies on the patent owner's identification of issues of patentability and patent claims, as it proposes to do, the patent owner would be able to have the full protection against unenforceability attach to the information without the USPTO considering the information with respect to all relevant issues of patentability and all claims.

In litigation, an opposing party may have substantive basis to attempt to assert that the patent owner committed inequitable conduct with respect to issues of patentability and claims that were not identified by the patent owner and not analyzed by the USPTO during supplemental examination. However, a court would be statutorily required by §257(c)(1) to dismiss any such allegation of inequitable conduct based on any conduct relating to the information subjected to supplemental examination. Thus, the patent owner would have effectively used supplemental examination to protect itself against an allegation of inequitable conduct without the USPTO or the court actually analyzing relevant issues of patentability and relevant claims.

Additionally, the patent owner's actions would be lawful, because the patent owner has not acted contrary to statute or contrary to the patent owner's duty of disclosure. Specifically, the patent owner would not act contrary to §257(a), provided the patent owner believes the information has some relevance to the identified issues and claims, and, would not violate the Rule 56 duty of disclosure, because the patent owner disclosed the information to the USPTO. Rule 56 does not require the patent owner to explain relevancy of English-language information submitted to the USPTO, nor have courts imposed such a requirement for most information.

Even if the opposing party asserted that the patent owner's conduct in requesting supplemental examination constituted inequitable conduct for lack of good faith and candor, a court would be required to find in favor of the patent owner, because the patent owner's "making of a request under subsection (a), or the absence thereof, shall not be relevant to the enforceability of the patent," and the "patent shall not be held unenforceable on the basis of conduct relating to information" that is the subject of supplemental examination, including conduct in the course of the supplemental examination proceeding itself (emphasis added).

Accordingly, the USPTO should delete "The determination will generally be limited to a review of the issues identified in the request as applied to the identified aspects of the patent," from proposed Rule 620(a).

**IV. Rule 620(a) Might Not Prevent Inequitable Conduct Litigation, Contrary to Legislative Intent**

There is a chance that courts might try to find or create a legal basis to refuse to apply the full statutory exemption from inequitable conduct claims to conduct based on information subjected to supplemental examination if the conduct relates to issues of patentability or claims that the USPTO declined to consider during supplemental examination if the proposed rules went into effect. Additionally, a court might permit an opposing party to litigate inequitable conduct issues based on statements or omissions made in the request for supplemental examination itself based on the proposed rules. However, such results would not comport with, but would instead frustrate, the underlying intent to reduce inequitable conduct litigation by permitting opposing parties to use the scope of supplemental examination and statements and omissions in the patent owner's request for supplemental examination as new, and perhaps even more complex, bases to assert inequitable conduct.

As discussed above, the legislative intent behind the enactment of §257 was to provide patent owners an opportunity to reduce their exposure to, and reduce the burden on the courts resulting from, inequitable conduct litigation. Proposed Rule 620 would do just the opposite, if courts saw the results as requiring them to entertain allegations of inequitable conduct based on conduct during the supplemental examination itself. Congress recognized that the mere possibility of inequitable conduct litigation has a chilling effect on the development of, and investment in, patented technologies to bring them to market. Accordingly, in view of the clear and express legislative intent behind §257, the USPTO should delete the above-identified portion of Rule 620(a) to avoid direct conflict with the legislative intent underlying §257.

**V. The Content Requirements for The Request For Supplemental Examination Should Be Changed to Comport with the Statute and Underlying Legislative Intent**

Proposed Rule 610 would require that a request for supplemental examination, among other requirements, contain:

- (1) *a statement that identifies each item of information that was not considered, not adequately considered, or incorrect in the prior examination of the patent and an explanation of why consideration or reconsideration of the item of information is being requested or of how it is being corrected;*
- (2) an identification of each aspect (e.g., claim) of the patent for which supplemental examination is sought;

- (3) an identification of each issue (of patentability) raised by each item of information;
- (4) a separate, detailed explanation for each identified issue, discussing how each item of information is relevant to each aspect of the patent identified for examination, and how each item of information raises each issue identified for examination, including:
  - (A) an explanation discussing the support in the specification for each limitation of each claim identified for examination with respect to §101 (other than double patenting) or §112 issues; and
  - (B) an explanation of how each limitation of each claim identified for examination is met, or is not met, by each item of information with respect to §102, §103, and double patenting issues; and
- (5) a summary of the relevant portions of any submitted document, other than the request, that is over 50 pages in length.

For reasons discussed below, all but the italicized requirement should be deleted from proposed Rule 610, and even the italicized portion should be simplified to better comport with the statute. Thus, proposed Rule 610(b)(4)(i)-(iii), (b)(6)-(8) and (b)(11) should be removed.

**A. Proposed Rule 610 Does Not Comport With the Statute**

The USPTO cannot rely on the patent owner's arguments to limit the scope of its supplemental examination and its determination as to whether an SNQ is present. Thus, there is no reason to require the patent owner to perform this analysis and submit it to the USPTO, because, as discussed above, the USPTO is statutorily required to independently perform this analysis. It is the USPTO that must review the information and certify whether an SNQ is raised by the information, independent of the patent owner's belief as to relevancy, and courts are bound regardless of the patent owner's arguments. Because proposed Rule 610 cannot shift the analysis burden from the USPTO to patent owners, the proposed content requirements for requests for supplemental examination are mostly unnecessary and unduly burdensome to both the patent owner and the USPTO in enforcing them. Accordingly, the unnecessary content requirements should be deleted from proposed Rule 610 to prevent patent owners from attempting to limit the USPTO's determination of whether an SNQ is present to only issues of patentability and patent claims identified by the patent owners.

Additionally, proposed Rule 610 is based on a faulty assumption. In proposing Rule 610, the USPTO presumes that the patent owner believes that the information raises a particular issue

of patentability as to one or more claims. However, the purpose of supplemental examination is to employ the expertise of the USPTO to resolve **whether** the information raises an SNQ, generally after allegations are made or questions are raised by a third party, and, if it does, to determine the effect of the information on patentability during reexamination. The USPTO, by proposing to require that the patent owner identify an issue of patentability and a relevant claim, presumes that the patent owner already believes that an SNQ is raised by the information. This presumption runs counter to the purpose of supplemental examination.

Supplemental examination is tailored to the submission of information to confirm that it does not have an effect on patentability (and to resolve in reexamination any issue of patentability that may exist). Often a patent owner will rightly believe that information is relevant to a patent for reasons unrelated to patentability, including that it was the basis of an unfounded allegation of inequitable conduct or to overcome unfounded concerns of potential investors.<sup>3</sup>

Accordingly, the USPTO should amend the required "explanation of why consideration or reconsideration of the item of information is being requested or of how it is being corrected" to simply require a "statement that the patent owner believes the information to be relevant to the patent." The USPTO should not require a patent owner to identify each aspect (*e.g.*, claim) of the patent for which supplemental examination is sought and each issue of patentability raised by each item of information, because patent owners often will not believe that the information raises an issue of patentability as to any particular claim. For the same reasons, the USPTO should not require a patent owner to provide a separate, detailed explanation discussing how each item of information is relevant to each issue or aspect of the patent identified for examination.<sup>4</sup>

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<sup>3</sup> Congress expressly intended for supplemental examination to address the problem of "investors routinely walk[ing] away from inventions because of their inability under current law to resolve uncertainties whether a flaw in prosecution was, in fact, inequitable conduct." *See* September 6, 2011 Remarks of Senator Kyl at S5319, 3<sup>rd</sup> column. In fact, Congress also intended for patent owners to be able to present "cumulative studies and prior art" to the USPTO through supplemental examination in order to ensure that such cumulative information, which was not previously considered by the USPTO, could not support an allegation of inequitable conduct in litigation or dissuade investors from moving forward with technology. *Id.* (emphasis added).

<sup>4</sup> The same reasoning applies to the requirement that patent owners submit summaries of documents over 50 pages in length (other than the request). However, there is another competing concern. Patent owners should not be able to bury relevant information in lengthy documents to obtain unwarranted unenforceability protection because an examiner does not have time to fully review them. A simple solution to this potential problem is to require patent owners to pay extra fees to ensure that examiners have time for consideration of documents over 50 pages in length. This is adequately accomplished by proposed Rule 20(k)(3).

Even if a patent owner believes that the information submitted for supplemental examination may be relevant to patentability, the patent owner is not in the best position to provide an objective analysis to the USPTO. Patent owners will by definition present their own positions on claims and issues when requesting supplemental examination instead of providing objective analyses with respect to all relevant issues and with respect to all relevant claims. The USPTO cannot adopt the patent owner's limitations on the scope of supplemental examination--it must conduct its own independent analysis to determine whether an SNQ is raised by the information. Accordingly, the USPTO should not require a detailed explanation from the patent owner. Instead, the USPTO should permit the patent owner to provide any comments and arguments that the patent owner may want to submit, and the USPTO should merely take the patent owner's position into consideration before determining independently whether, and as to what issues and claims, an SNQ is raised by the information.

**B. Proposed Rule 610 Does Not Comport With Legislative Intent**

As discussed above regarding proposed Rule 620, there is a chance that courts might permit an opposing party to litigate inequitable conduct based on statements or omissions made in the request for supplemental examination itself. Proposed Rule 610 is written such that the patent owner requesting supplemental examination would be required to affirmatively set forth the analysis underlying supplemental examination (at least with respect to some issue of patentability and at least one claim) and have the option to omit other issues and claims. As discussed above, patent owners are not in the best position, and are likely unable, to provide a completely objective analysis. Accordingly, proposed Rule 610 would make it much more likely that courts would entertain inequitable conduct allegations based on statements or omissions made by patent owners in requests for supplemental examination, because a detailed request for supplemental examination is fertile ground for an opposing party to assert that some non-objective statement (or lack thereof) constitutes inequitable conduct. This would not comport with the legislative intent and the public policy concerns underlying the enactment of §257. Accordingly, the USPTO should delete the above-identified requirements of proposed Rule 610 and only require the patent owner to (1) identify each item of information that was not considered, not adequately considered, or incorrect in the prior examination of the patent, and (2) provide a simple statement that the item of information is believed to be relevant to the patent.

**C. Proposed Rule 610 Is Unduly Burdensome on Patent Owners and The USPTO**

As stated above, the content requirements of proposed Rule 610 are neither required by, nor consistent with, the statute or its legislative history. Furthermore, the burden imposed by them is very heavy, is also contrary to the spirit and legislative history of the statute, and is unnecessary for patent owners to carry and for the USPTO to police.

The USPTO itself estimates in its comments that it will take up to "135 hours for patent owners to gather the necessary information, prepare the appropriate form or other documents, and submit the information to the USPTO." *See* 77 Fed. Reg. at 3678. Elsewhere, the USPTO estimates an average of 25 patent practitioner hours at \$340 per hour for this process. *Id.* at 3676. However, as noted above, a critical reason for the existence of this process is to permit patent owners, including small entities, to generate investments to move the technology forward and to eliminate legal fees associated with analyzing inequitable conduct allegations. Given the fact that the USPTO is statutorily required to independently review and analyze the information, imposing such burdens on patent owners is clearly contrary to the statute and its legislative history.

Furthermore, by imposing these content requirements on patent owners, the USPTO is simultaneously imposing on itself the burden of policing compliance with those requirements. Such policing would clearly require substantial administrative and examiner time to analyze the required submissions to ensure that they are present and adequate. Given that the USPTO is then required to independently analyze all issues and all claims, such policing is completely unnecessary, wasting precious USPTO resources and unnecessarily raising the costs to patent owners in the form of fees paid to subsidize those unnecessary activities.

For this reason also, the USPTO should delete the above-identified requirements of proposed Rule 610 and only require the patent owner to (1) identify each item of information that was not considered, not adequately considered, or incorrect in the prior examination of the patent, and (2) provide a simple statement that the item of information is believed to be relevant to the patent.

#### **VI. The Supplemental Examination Fee Should Be No More Than The Fee to Examine a Reissue Application**

The USPTO proposes to charge very substantial government fees for supplemental examination (\$5,180) and for any resulting *ex parte* reexamination (\$16,120) during an economically difficult time worldwide.<sup>5</sup> For at least the following reasons, we do not believe that such fees are justified.

Supplemental examination, as the name indicates, is supposed to supplement initial examination by allowing a patent owner to have information considered that was not previously considered or to have previously-considered information reconsidered or corrected. Supplemental examination applies to the same types of information that could have been

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<sup>5</sup> In a separate proposal, the USPTO proposes even higher fees: a \$7,000 fee for supplemental examination and a \$20,000 fee for any resulting *ex parte* reexamination, reduced by 50% and 75% for small and micro entities, respectfully. *See* January 30, 2012 Fed. Reg. Notice of Public Hearings and USPTO's Proposed Fee Schedule.

submitted in an Information Disclosure **Statement** (IDS) and considered during the initial examination of the patent for no fee or, **at most, the \$180 fee** for not timely filing an IDS, and has substantially the same effect on **inequitable conduct** allegations as does consideration of information in initial examination.

Supplemental examination simply requires the USPTO to review the initial examination and the new or corrected information, and then determine whether the information submitted for supplemental examination raises an SNQ -- i.e., whether the information may justify issuance of a rejection. The USPTO is not even required to formulate a rejection of any claim in the course of supplemental examination. Because a new file must be set up and the initial examination should be reviewed in full, it is reasonable for the USPTO to charge a higher fee for supplemental examination than the \$180 fee for consideration of an untimely IDS.

However, the fee for supplemental examination (excluding any ensuing *ex parte* reexamination ordered pursuant to supplemental examination) should be no more than the filing and search fees charged for reissue applications. In a separate proposal, the USPTO proposes a large entity fee of \$400 for filing a reissue application and a large entity fee of \$660 for "searching" a reissue application. These fees total \$1,060 for a large entity and are reduced by 50% and 75% for small and micro entities, respectively. The \$400 filing fee appears to cover administrative costs for setting up a new file and, thus, the same fee should be charged for administrative processing of the request for supplemental examination. Because reviewing the request for supplemental examination and submitted information does not require searching, but instead requires reviewing the initial examination and the submitted information to determine whether an SNQ is raised, supplemental examination should require no more, and likely would require less, resources than searching. Because no rejections need be formulated and no responses need be reviewed, the examination fee should not be applicable. Thus, the USPTO's costs to review the request for supplemental examination and submitted information should be no more than the reissue \$660 search fee. Accordingly, the USPTO would be justified in charging a \$1,060 large entity fee for supplemental examination with appropriate discounts for small and micro entities.

The USPTO further proposes to charge \$16,120 to conduct *ex parte* reexamination following supplemental examination (*i.e.*, supplemental examination reexamination). Once the SNQ determination is made and reexamination is ordered by the USPTO, *ex parte* reexamination following supplemental examination proceeds as any other examination. *See* MPEP §2209 ("The reexamination proceedings which follow the order for reexamination are very similar to regular examination procedures in patent applications"). The fee should be no more than the USPTO charges for examining and issuing a reissue application. Similar to the examination of a reissue application, *ex parte* reexamination involves generation of office action rejections and consideration of responses. The USPTO proposes to charge a \$780 large entity fee to examine a reissue application and a \$960 large entity fee to issue a reissue application. These fees appear to cover the costs of performing examination, including the administrative costs. The USPTO

would be justified in charging the **same fee** amount to cover the costs of conducting *ex parte* reexamination following supplemental examination. Accordingly, the USPTO would be justified in charging a total of \$1,740 for conducting *ex parte* reexamination following supplemental examination with appropriate discounts for small and micro entities.

In total, the USPTO would be justified to charge a combined total of \$2,800 for supplemental examination and a resulting *ex parte* reexamination, because supplemental examination and the resulting reexamination should not require any more resources, and probably would require less resources, than processing, examining and issuing a reissue application. If the request for supplemental examination does not raise an SNQ and, thus, reexamination is not ordered, no reexamination fee should be payable.

Further, the USPTO should reconsider its proposal that all fees be paid upfront and a portion refunded if *ex parte* reexamination is not ordered, so as to reduce the initial costs on patent owners. For instance, the USPTO could at least defer the *ex parte* reexamination fee for patent owners until reexamination is ordered. If not timely paid, the USPTO could cancel any claims for which it previously found an SNQ raised. This would allow patent owners to avoid additional reexamination fees for claims that are not believed to be of sufficient value to justify the expense of reexamination, and remove the burden and backlog issues on the USPTO resulting from unnecessary reexaminations. Alternatively, if the patent owner does want to pursue such claims, it could then pay for the reexamination. This would also serve the purpose stated in the legislative history of removing obstacles to investment in patented technology, without raising financial barriers to use of the process that removes those obstacles.

## **VII. The Fee for *Ex Parte* Reexamination Should Be Significantly Reduced**

The USPTO proposes to increase the fee for *ex parte* reexamination from \$2,520 to \$17,750.<sup>6</sup> The USPTO would refund \$13,430 (*i.e.*, all but \$4,320) if the request for *ex parte* reexamination is denied. According to the USPTO, the \$17,750 fee reflects the USPTO's estimate of its fiscal year 2013 cost for conducting *ex parte* reexamination. It is unclear how this can be, unless the USPTO is performing other examinations far below cost. As discussed above, the USPTO proposes to charge \$2,800 to large entities to have a reissue application examined and issued. Assuming that the aggregate \$2,800 fee reflects the actual or estimated USPTO cost to examine a reissue application, it becomes very difficult to understand how the USPTO incurs almost \$15,000 in additional costs to review a request for *ex parte* reexamination and conduct the reexamination when an SNQ is present, particularly when the USPTO's MPEP states that the process is substantially identical.

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<sup>6</sup> In a separate proposal, the USPTO proposed a fee of \$17,760 for large entities with 50% and 75% reductions for small and micro entities, respectively. *See* January 30, 2012 Fed. Reg. Notice of Public Hearings and USPTO's Proposed Fee Schedule.

There are differences between *ex parte* reexamination and examination of a reissue application. The primary difference is that *ex parte* reexamination requires that the USPTO review the request for *ex parte* reexamination and determine whether an SNQ is raised. The USPTO indicates that the majority of *ex parte* reexamination requests are filed by third party requesters who seek to convince the USPTO that claims are unpatentable. Accordingly, it would appear from the USPTO's reasoning that it requires further resources beyond those devoted to examining patent applications to review requests for *ex parte* reexamination from third party requesters.

The USPTO proposes to charge \$4,320 to review a request for *ex parte* reexamination, the majority of which will be submitted by third party requesters. However, third party requesters have the highest incentive to present clear and cogent reasons why patent claims are unpatentable, and thus provide very substantial support to the USPTO to help it conduct its examination and thus reduce the USPTO resources required. The USPTO indicates that the average cost for a requester to prepare and file a request for *ex parte* reexamination is \$19,000. *See* 77 Fed. Reg. at 3676. The USPTO comments that this amount reflects the fact that third party requesters must uncover patents and printed publications to show unpatentability. *Id.* Based on the USPTO's estimated patent practitioner charge of \$8,500 to prepare a request for supplemental examination under the proposed rules, it appears that the USPTO has determined that uncovering possibly invalidating patents and printed publications accounts for more than 50% of the average cost to prepare a request for *ex parte* reexamination. *Id.* The USPTO proposes to charge over half the amount (\$4,320) to review the request for *ex parte* reexamination and the submitted art as it estimates that patent practitioners charge to prepare an adversarial request for *ex parte* reexamination after relevant prior art has been uncovered (\$8,500). The USPTO has not justified its proposed fee for reviewing requests for *ex parte* reexamination.<sup>7</sup>

Even if the USPTO could justify most of the \$4,320 large entity fee for reviewing a third-party request for *ex parte* reexamination, the USPTO further proposes to charge an additional \$13,430 to conduct *ex parte* reexamination after a request has been granted. This fee is completely unjustifiable. As discussed above, *ex parte* reexamination proceeds as any other examination. *See* MPEP §2209 ("The reexamination proceedings which follow the order for reexamination are very similar to regular examination procedures in patent applications"). For the same reasons as discussed above with respect to *ex parte* reexamination following supplemental examination, the USPTO would only be justified in charging a \$1,740 large entity

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<sup>7</sup> The USPTO might be able to justify at least some portion of this fee on the basis that many *ex parte* reexaminations are conducted in parallel with litigation, and thus involve submission of significantly more information than is typically submitted during an initial examination, and that information must be reviewed before deciding whether an SNQ is present. However, it is noted that the same reasoning would not apply to supplemental examination, because §257(c)(2) reduces the likelihood of supplemental examination being conducted in parallel with litigation.

fee for conducting *ex parte* reexamination with appropriate discounts for small and micro entities. Thus, the USPTO should reduce the total large entity fees for *ex parte* reexamination by at least \$11,690 (\$13,430-\$1,740).

### **VIII. Proposed Petition Fee Is Not Justifiable**

The USPTO proposes to charge a \$1,930 fee for deciding Rule 59, 181, 182, and 183 petitions in *ex parte* and *inter partes* reexamination proceedings. In a separate proposal, the USPTO proposes to charge \$1,940 for large entities, reduced by 50% and 75% for small and micro entities, respectively. This fee would apply to petitions for the expungement of information and papers in application files, petitions to the Director for actions taken by an examiner that are not subject to appeal, petitions directed to questions not specifically provided for by rule, and petitions requesting suspension of rules. Outside the reexamination context, the USPTO charges between \$200-\$400 (large entity) to decide such petitions and does not currently propose to increase such fees. There does not appear to be any reason to treat such petitions differently in reexamination, especially a reason that would justify charging \$1,540 and \$1,740 more for deciding the identical petitions in reexamination. The USPTO does not provide any justification for this difference in the rulemaking proposal and, thus, the USPTO should strike proposed Rule 20(c)(6).

### **IX. Interviews and Amendments Promote Efficiency**

The USPTO proposes to prohibit interviews in supplemental examination "in the interest of efficiency." From our experience, interviews generally expedite examination by allowing counsel and the examiner to directly discuss the relevant issues. Thus, there appears to be no reason to prohibit an interview if it is requested in the request for supplemental examination and promptly conducted, because the interview is much more likely to expedite, rather than delay, supplemental examination. Proposed Rule 620(e) should be deleted, or amended to add at the end ", unless requested in the initial request for supplemental examination."

The USPTO also proposes to prohibit amendments in supplemental examination, because they are not items of information, while simultaneously requiring analysis of issues and claims that are also not items of information and allowing submission of explanations of why an SNQ is not presented by information. The USPTO explains that §257(b) precludes a patent owner from submitting a statement under §304 (and, thus, accompanying amendments) if reexamination is ordered. However, §257(a) does not preclude the USPTO from accepting amendments with a request for supplemental examination, as well as explanations of why an SNQ is not presented by information submitted.

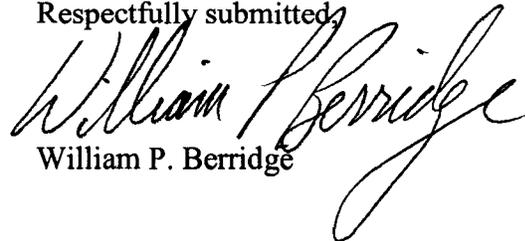
The prohibition on amendments filed with a supplemental examination request appears to serve no purpose, especially because amendments may remove issues that would otherwise require the USPTO to perform a more complex analysis or order an expensive, burdensome and

potentially unnecessary reexamination to resolve. At the very least, the USPTO should permit narrowing amendments, amendments canceling claims, and amendments to such matters as inventorship to be filed together with the request for supplemental examination. This can allow a patent owner to eliminate issues that would unnecessarily burden both the patent owner and the USPTO to address, without changing the ultimate outcome of the supplemental examination process. Otherwise, supplemental examination could result in a patent owner paying over \$27,000 to cancel a single claim that it may know and be willing to admit at the outset is unpatentable, or to have a \$130 inventorship correction petition decided, because the patent owner would have to wait until reexamination is ordered to make amendments. Such a punitive approach to supplemental examination is neither within the spirit nor the letter of §257. Thus, proposed Rule 620(f) should be deleted, or at least amended to add at the end ", unless requested in the initial request for supplemental examination."

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We appreciate the USPTO taking our comments into consideration.

Respectfully submitted,



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