

From: Matt Rainey [e-mail address redacted]
Sent: Wednesday, October 12, 2011 1:35 AM
To: AC58.comments
Subject: Intellectual Ventures-Comments on Revision of the Materiality to Patentability Standard, etc. published at 76 Fed. Reg. No. 140 (pp. 43631-43634) (July 21, 2011)

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, Commissioner for Patents
P. O. Box 1450
Alexandria, VA 22313-1450

Attention: Hiram H. Bernstein
Senior Legal Advisor, Office of Patent Legal Administration,
Office of the Associate Commissioner for Patent Examination Policy

Dear Under Secretary Kappos,

The attached comments by Intellectual Ventures, LLC are submitted in response to the Request for Comments relating to Revision of the Materiality to Patentability Standard for the Duty to Disclose Information in Patent Application published at 76 Federal Register No. 140 (pp. 43631-43634) on July 21, 2011. In a telephone conference, Mr. Bernstein has informed Matt Rainey that submission of these comments on or before October 11, 2011 would be timely.

Very truly yours,

--Matt Rainey

Vice President/Chief IP Policy Counsel

October 11, 2011

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
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P.O. Box 1450
Alexandria, VA 22313-1450
Attention: Hiram H. Bernstein
Senior Legal Advisor, Office of Patent Legal Administration,
Office of the Associate Commissioner for Patent Examination Policy
By email to: AC58.comments@uspto.gov

Re: Comments on Notice of Proposed Rulemaking relating to “Revision of the Materiality to Patentability Standard for the Duty to Disclose Information in Patent Applications”
76 Federal Register No. 140 (pp. 43631-43634; July 21, 2011)

Dear Under Secretary Kappos:

In reply to the above-mentioned Notice of Proposed Rulemaking (the “Notice”), Intellectual Ventures, LLC submits the following comments.

Intellectual Ventures both creates and invests in inventions spanning a broad range of technologies. Through our own original filings as well as applications relating to invention portfolios that we have acquired, Intellectual Ventures files hundreds of new patent applications each year, and prosecutes a large portfolio of pending U.S. patents. Accordingly, requirements relating to submission of information pursuant to USPTO disclosure requirements have a significant effect on (a) the efforts that IV undertakes to comply with USPTO rules and (b) the expenses related to those efforts.

We believe that the rules proposed in the Notice will, with certain changes suggested below, be beneficial to USPTO practices as reflecting jurisprudence under the Federal Circuit’s *en banc* decision in *Therasense, Inc., et al. v. Becton, Dickinson & Co., et al.*, Case No. 2008-1511 (May 25, 2011) (“Slip Opinion”).

In the past several decades, patent owners have been subjected to increasingly frequent accusations of “inequitable conduct,” based upon overreaching and often improper assertions by

those challenging the patents. This has had a chilling effect on the ability of patentees to disseminate their innovations via licensing and the creation of businesses. While it is appropriate to hold patentees to a high standard of disclosure, it is equally appropriate to avoid rendering patents unenforceable based upon behavior that is not fairly characterized as inequitable practice. *Therasense* has taken an important positive step in the direction of rebalancing the courts' approach to interpreting the patentee's duty of disclosure; the USPTO can complement that step by bringing clarity to implementation of the *Therasense* holding.

Accordingly, on the whole we support this rulemaking, with the following caveats and proposals.

1. "Affirmative egregious misconduct" should be defined consistently with Supreme Court cases.

The rule proposals adopt the term "affirmative egregious misconduct" as used in the *Therasense* case. That decision provides an example of what constitutes affirmative egregious misconduct, namely the filing of an "unmistakably false affidavit," and states that "mere nondisclosure of prior art references" does not.

The court in *Therasense* stated that:

[T]he egregious misconduct exception gives the test sufficient flexibility to capture extraordinary circumstances. Thus, not only is this court's approach sensitive to varied facts and equitable considerations, it is also consistent with the early unclean hands cases – all of which dealt with egregious misconduct. See *Precision*, 324 U.S. at 816-20 (perjury and suppression of evidence); *Hazel-Atlas*, 322 U.S. at 240 (manufacture and suppression of evidence); *Keystone*, 290 U.S. at 243 (bribery and suppression of evidence).

Slip Op., p. 30.

The court draws a correlation between the term "egregious misconduct" and the facts of the cited Supreme Court cases, each of which involved truly "extraordinary circumstances." We believe that the USPTO should adopt regulations that define "affirmative egregious misconduct" in a manner equivalent to the level of conduct of the patentees in those cases. An appropriate definition, for instance, would be:

“Affirmative egregious misconduct” means knowing and willful behavior with the objective, proven intent of deceiving the Office regarding a matter that would have led to the invalidation of or refusal to grant a claim, had the facts been known to the Office at the time of allowing that claim. An explanation of facts or a reference that turns out to be incorrect, unless proven to involve knowing and willful falsification and intent to deceive, does not constitute “affirmative egregious misconduct.” An allegation that behavior constitutes affirmative egregious misconduct is negated by evidence of (a) a reasonable belief at the time that an alleged misstatement or omission was made, or (b) regardless of direct evidence of such a belief, evidence of a reasonable basis for such a belief (even if identified at a later time), that the relevant misstatement(s) or omission(s) of information were not material to patentability.

We believe that a definition such as the above (a) is appropriate to avoid speculative accusations of inequitable conduct that could result if the term is not defined, (b) is consistent with the Supreme Court decisions and a reasonable understanding of the term, and (c) would provide greater certainty to patentees, the public and the courts as to the enforceability of issued patent claims.

2. The rules should make it clear that submission of information from U.S. and certain foreign related cases is not necessary.

Patent applicants should not have the responsibility of submitting references, Office Actions, etc. from related U.S. cases, particularly given the sophistication of electronic record-keeping available today. Not only is this burdensome and expensive for applicants, but it results a great deal of waste, production of excessive and redundant documents to the Examiner, and potential for improper challenges based upon accusations of inequitable conduct.

We believe that the USPTO should ensure that Examiners are provided with information and tools sufficient to access all related U.S. cases. It should therefore be sufficient for the applicant to reference all related U.S. cases, and the USPTO should provide whatever systems, software and databases are necessary for Examiners to access all relevant information in those cases.

Regarding non-U.S. applications, in many cases sufficient tools may already be in place internationally that the USPTO can use to access the files and cited art. For those countries, citation of the related cases should be sufficient, just as with citation of related U.S. cases. The

USPTO should identify the countries for which there is sufficient access to case application files to qualify for “simple cross-reference” citations, and work to build the number of such countries, which will minimize work load and storage of documents for applicants and Examiners alike.

For those related cases in countries where the USPTO does not have sufficient access to application files, the applicants’ duty to disclose information can remain unchanged from current law and practice until such access is achieved.

This would avoid the great overproduction of documents that occurs today, and the uncertainty on the part of applicants who are unsure whether submission of any given fact or document could result in unenforceability of their claims.

3. 37 CFR §§1.56(b) and 1.555(b) should retain the requirement for materiality that the information is “not cumulative.”

Currently, Section 1.56(b) states that “information is material to patentability when it is not cumulative to information of record or being made of record in the application.” In identical pertinent language, Section 1.555(b) states that “information is material to patentability in a reexamination proceeding when it is not cumulative to information of record or being made of record in the reexamination proceeding.”

The proposed revisions eliminate this “noncumulative” element of the definition of materiality. It is possible that a nondisclosed but cumulative reference could be found to meet the criterion under the proposed revisions to §§1.56(b) and 1.555(b) that the “Office would not allow a claim if it were aware of the information.” It is possible, for example, that the Office erred in allowing the claim over the originally cited art; in that case, it would be inequitable to render the patent unenforceable on the basis that the applicant did not cite art cumulative to that which the Examiner had already considered. In short, the uncited art should be at a minimum noncumulative relative to the cited art, and accordingly we urge that this requirement be retained in §§1.56(b) and 1.555(b).

We appreciate the opportunity to comment on USPTO proposed rulemaking.

Respectfully submitted,
Intellectual Ventures, LLC

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Matthew Rainey, Esq.
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