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aia_implementation@uspto.gov

Attention: Hiram H. Bernstein,
Senior Legal Advisor, Office of Patent Legal Administration

Subject: Comments from Trading Technologies International, Inc. Regarding
Implementation of the Leahy-Smith America Invents Act

Trading Technologies International, Inc. (“TT”) thanks the United States Patent and Trademark Office (“USPTO”) for the opportunity to provide comments regarding implementation of the Leahy-Smith America Invents Act (“AIA”).

The comments provided below are directed to Section 6 for Post-Grant Review Proceedings of H.R. 1249. As set forth in greater detail below, TT submits that the USPTO should implement the regulations for Post-Grant Review under Section 6 in a manner that establishes proper safeguards against potential abuses of the proceedings.

Petitioner should be required to authenticate prior use art to avoid fraud and misuse.

Traditionally, art used during the examination of patent applications, as well as patents during post-grant proceedings, has been limited to printed/published documentation. Under AIA, however, prior use allegations also may be relied upon to contest validly patents. Such prior use, however, does not carry with it the veracity of traditional printed publications. In addition, such post-grant reviews carry the potential of incredibly expensive burdens on patentees. Accordingly, the post grant review proceedings based on such prior use is susceptible to fraud and misuse.

As such, the USPTO should implement Section 6 in a manner that provides patentees with safeguards from improper or fraudulent prior use allegations. Such safeguards should be applied at the stage for determining whether to grant a post grant review based on prior use allegations.

Europe recognizes the need for safeguards for similar proceedings. In European opposition proceedings, proof of a public prior use is subject to stricter standards than the usual. Petitioners are required to prove the evidence “up to the hilt” (which is functionally equivalent to “beyond a reasonable doubt”) and corroborate any allegations.

We recommend the following safeguards:

- a) Authenticity of allegations of prior use shall be required to be proved by petitioner beyond a reasonable doubt. If there is any question about the authenticity of the prior use, the petition for post grant review should be denied.
- b) Allegations of prior use shall also be required to be corroborated before a post-grant proceeding based on such prior use may be initiated. In other words, prior use should not stand on its own.

In addition, while the overall standard is preponderance of evidence in terms of legal conclusion of whether claims are allowable, the implementation regulations need to ensure that with respect to factual allegations of prior art (such as allegations of prior use) that burden is “beyond a reasonable doubt.”

The implementation regulations should provide a mechanism for terminating a Section 6 procedure in the event that the procedure becomes overly adversarial.

The USPTO should provide a mechanism for terminating a Section 6 procedure in the event that the post grant review proceedings become overly burdensome on the USPTO’s resources, such as adversarial proceedings that are more fit for the court systems (*e.g.* hearsay and “he said/she said” arguments). The USPTO resources will be overtaxed by overly complex discovery and all the confidential information that comes along with intense discovery. The court system has protective orders and other mechanisms for ensuring confidentiality. Mechanisms should be implemented to terminate such proceedings.

Discovery of relevant evidence should be limited.

Procedures for the discovery of evidence for post-grant reviews should be narrowly implemented. The regulations need to be implemented in a manner that allows the USPTO to protect the rights of the patent holder. As such, the petitioner shall bear the burden for submitting any evidence that forms the basis for a determination of invalidity. The patent holder shall not be required to submit such evidence. Either the petitioner has the evidence to support the contention of invalidity or they do not. The petitioner should submit their evidence and then the PTO should make a determination based on the merits.

Adversarial proceedings concerning discovery should be limited in scope and used sparingly for extreme instances. Discovery can lead to fishing expeditions and waste limited resource of valid patent holders. This can lead to abuse, for example for a small company with disruptive technology attempting to compete with larger companies.

The term “relevant evidence” should also be clearly defined to safeguard against abusive discovery requests. Following the jurisprudence that a patent is presumed valid, evidence should be presumed irrelevant until proven otherwise by the petitioner.

The petitioner shall bear the financial burden for unsuccessful challenges of validity.

Post-grant reviews can be extremely contentious and expensive. The USPTO should implement regulations that shift the patent holder’s financial burden for successfully withstanding the challenges of a post grant review to the petitioner. Such fee shifting will help avoid systematic abuses. For instance, it is commonly known that similar opposition proceedings in Europe are used as a mechanism by well established corporations to systematically force financially challenged patentees back to the European Patent Office for further examination. Such costs can often be overwhelming and cause the smaller companies from entering the market. Shifting the financial burden would require opponents to pay patentees costs and attorney fees if petitioner does not prevail. This should also include successful appeals.

Respectfully Submitted,

Steven F. Borsand
Executive Vice President, Intellectual Property
Trading Technologies International, Inc.
ph: 312.476.1018

Joseph W. Flerlage
Patent Counsel
Trading Technologies International, Inc.
ph: 312.698.6065

Jay Q. Knobloch
Patent Counsel
Trading Technologies International, Inc.
ph: 312.698.6497