

AMERICAN BAR ASSOCIATION
SECTION OF INTELLECTUAL PROPERTY LAW

Comments on
Rules to Implement Optional Inter
Partes Reexamination Proceedings

(Federal Register Notice
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1. RECOMMENDATION: It is recommended that the heading "**Subpart H Reexamination of Patents**" be amended to add "(Applicable to Patents having an Original United States Filing date On or After November 29, 1999)".

COMMENT: As noted in the Federal Register Notice "The effective date of the statute with respect to optional inter partes reexamination proceedings as well as to existing ex parte reexamination proceedings is complex." It would be helpful to practitioners and those considering initiating an inter partes reexamination if they are clearly advised of what patents are subject to such proceedings.

2. RECOMMENDATION: It is recommended that the Office consider reducing the fee for filing a request for inter partes reexamination (37 CFR § 120 (c)(2)) or at least make arrangements for conducting a review of the actual costs involved in inter partes reexaminations after the procedure has been in effect for a reasonable amount of time.

COMMENT: Following the publication of proposed inter partes reexamination rules in 1995 there were many comments objecting to the high fees set for inter partes reexamination requests. In response the Office commented that the fee was set based on the anticipated expense of such a proceeding; but the response gave no detailed explanation of how the Office decided upon the fee that was set. Further, the Office has reduced the fee from \$11,000.00, set in 1995, to \$8,800.00 in the proposed rules; and again no reason for this is apparent other than protests by the public. In view of this, there should be an objective study

conducted which is based on actual experience, particularly where such high fees are set.

3. RECOMMENDATION: In proposed Section 1.907(b) and (c) the words "could have raised" should be changed to "had become or should have become known to that party upon reasonable inquiry at the time the inter partes reexamination was ordered".

COMMENT: Proposed Sections 1.907(b) and (c) would prohibit a third party from later raising issues which it "could have raised" in the reexamination proceeding. Theoretically, this would prohibit a third party from requesting a new reexamination based on any existing patent or printed publication. It is obvious that this is not the intent of the proposed rules. However, a third party also should not be prohibited from requesting a subsequent reexamination merely because a relevant patent or printed publication may be remotely located in another file of the third party. For this reason the words "had become known or should have been known upon reasonable inquiry" should be used in § 1.907(b) and (c) in place of the words "could have raised". Also, this wording is more consistent with other sections of the reexamination rules, such as § 1.948(c).

4. RECOMMENDATION: The following sentence should be added to the end of proposed Rule 1.923: "Such determination does not constitute a finding of fact under the estoppel provisions of Section 4607."

COMMENT: Section 4607 of the statute provides that a third party who requests inter partes reexamination is estopped from challenging a fact determined during the process of reexamination. It should be made clear that facts determined by the Office in deciding whether to reexamine a patent are not facts determined during the process of reexamination; and such factual determinations should not act as an estoppel. Because a decision not to reexamine is not a decision made after full submission of all of the evidence and arguments, the third party requester should not be deprived of any of its defenses in case the patent is later asserted against the requester.

5. RECOMMENDATION: Proposed Section 1.947 and 1.977(f) should be amended to provide the patent owner an opportunity to respond to all written comments of a third party requester.

COMMENT: During an ordinary legal proceeding a patent owner is entitled to a statutory presumption of patentability. This is not the case in an inter partes reexamination proceeding. Moreover in an inter partes reexamination proceeding, the patent owner faces not only the Examiner but also the third party. It would be unfair to require the patent owner to face these two adversaries but only be able to respond to one of them. Moreover, it is the third party, i.e. the one to whom the patent owner would not be permitted to respond, that is likely to be the most formidable foe. The patent owner should have the right of last comment since the patent owner is, in effect, in the position of a defendant.

6. RECOMMENDATION: Proposed Section 1.949 should be amended to preclude closing of prosecution whenever a new ground of rejection is made, irrespective of whether a prior amendment made the new ground necessary.

COMMENT: The decision as to whether a new ground of rejection was necessitated by an amendment is an administrative decision made solely at the discretion of the examiner; and such decision is not subject to appeal. A patent owner should not be subject to an arbitrary decision of the examiner. Instead, the patent owner should have the opportunity to present new claims, arguments and evidence whenever a new ground of rejection is raised. This is a different situation from that involved in ordinary prosecution where the applicant is free to refile the application and introduce new claims, arguments and evidence. A reexamination proceeding cannot be refiled by the patent owner. Moreover, a reexamination proceeding puts the patent owner in a do or die situation at the whim of any third party who does not even have to make the type of showing that is required in a declaratory judgement action.

7. RECOMMENDATION: Proposed Rule 1.955 should be amended to provide for inter partes interviews at which each party may present its case orally to the Examiner, to present its experts and to question the other party and the other party's experts in front of the Examiner. The Examiner should also have the opportunity to question the parties and their experts.

COMMENT: A reexamination proceeding may result in the cancellation of a patent (i.e. a taking of property) or it may result in the deprivation of one or more possible third party defenses. Further, on appeal from a reexamination proceeding, the patent owner may challenge only egregious errors in the PTO's findings of fact and the third party requester has no right at all to any court appeal. In view of this, the PTO should take all precautions to be sure that the Examiner has access to all matters that may be necessary to reach his or her decision, including the testimony of experts and their qualifications and veracity, particularly in the face of cross-examination.

It is recognized that while the decision to initiate a reexamination is optional with a third party, it is not optional with the patent owner; and the patent owner should not be deprived of his or her patent rights without adequate due process of law.

8. RECOMMENDATION: The Rules should provide that an inter partes reexamination proceeding be handled by an examiner other than the one who originally examined the application.

COMMENT: An inter partes reexamination proceeding should be conducted with complete impartiality. It would be difficult for an examiner who had originally granted a patent to exercise complete impartiality upon reexamination; and even if he or she could be so impartial, the matter would not have the appearance of impartiality and the public's confidence in the process would be undermined.

9. RECOMMENDATION: The Patent and Trademark Office should provide that a special Reexamination Corps be established that would have an independent

status such as the members of the Board of Appeals and Interferences.

COMMENT: Since reexamination proceedings have the potential of depriving patent owners of property, the proceedings should be maintained in a manner that avoids even the impression of bias. This would be fulfilled by an independent Board of Reexaminers. In addition, such an independent board would have the expertise needed to consider the patentability of claims which have previously been granted by the Office.

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