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March 15, 2004

The Honorable Jon W. Dudas  
Acting Director of the U.S. Patent and Trademark Office  
Office of Congressional Relations, Room 902  
2121 Crystal Drive  
Arlington, VA 22202

ATTN: Anggie Reilly, Inter Partes Reexam

**RE: Request For Comments Regarding The Equities of Inter Partes  
Reexamination Proceedings, 68 Fed. Reg. 75217 (December 30, 2003).**

Dear Acting Director Dudas:

Intellectual Property Owners Association (IPO) appreciates the opportunity to comment on the equities of *inter partes* reexamination proceedings. IPO offers the following comments and recommendations on promoting equity in *inter partes* reexamination proceedings.

**(1) Do you qualify as, or do you represent, a small entity?**

Certain corporate members of IPO qualify for small entity status. Many law firm members of IPO represent small entities.

**(2) Have you been a participant, i.e., a third party requester or a patent owner party, in one or more *inter partes* reexamination proceedings?**

A few law firm members of IPO have represented patent owners in *inter partes* reexamination proceedings. Many corporate and law firm members of IPO have been the requesters of *ex parte* reexaminations, and have represented patent owners or third party requesters in *ex parte* reexaminations. Members of IPO further have been involved in reexaminations filed during or after litigation of the same patent and thus have experience with the interplay between court and USPTO proceedings. Law firm and corporate members have also studied the *inter partes* reexamination proceeding and advised clients on whether to use such a proceeding (often recommending against *inter partes* reexamination, commonly due to the estoppel provisions).

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### **(3) Are *inter partes* reexamination proceedings inequitable to any of the parties in interest?**

Yes. In certain respects *inter partes* reexamination proceedings are inequitable to each party.

### **(4) What particular procedures or lack of procedures do you feel are inequitable?**

For *inter partes* reexamination requesters, the estoppel provisions are inequitable because they may require a requester to find every possible ground for invalidity of the patent that can or could be asserted, based on patents or published prior art, or take the risk that they will be unable to defend themselves if the reexamination does not result in cancellation of all pertinent claims. Further, the requester must provide all possible evidence of the existence or nonexistence of any facts that the examiner may resolve, again at risk of being unable to defend itself in litigation if it fails to do so.

Worldwide patent and literature searching and exhaustive exploration and briefing of factual issues are extremely expensive, and any smaller effort is extremely risky, if the requester has a serious interest in attacking the patent. The estoppel provisions are believed to be the principal reasons why requesters are very reluctant to use *inter partes* reexamination.

For the patent owner, one inequity of *inter partes* reexamination is that, if the requester has done a comprehensive job of finding and applying prior art and other information, which the requester can do without any time limit or page limit, the patent owner has both a short time limit (typically two months) and a page limit (50 pages) to respond to the first Office action (which is issued with the reexamination order, so the response to the first action is the only unrestricted chance to respond). The patent owner cannot interview, so the patent owner cannot find out whether a proposed response is likely to succeed, except by filing it. The second rejection will generally be final, and no continuation or request for continued examination can be filed, so the patent owner may have no further chance to present amendments, experimental work, commercial success proof, or other evidence. The patent owner, as well, must bring every possible amendment, argument, and item of evidence to bear in response to a single Office action, or risk losing the patent summarily.

Another issue respecting the ability of the USPTO to act equitably in a reexamination proceeding is the assignment of reexaminations to examiners, who are not adept at conducting an *inter partes* proceeding, particularly since a particular examiner handles few such proceedings and may not understand the implications of the proceeding on litigation that often is ongoing at the time of reexamination. Many believe that prosecution examiners tend to handle a reexamination like an ordinary patent application, which is often biased somewhat against the applicant because the Examiner has a bias to initially reject the application and to make the second action final, thus providing only one true opportunity for the patent owner to defend a patent that has already been granted.

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### **(5) What administrative action(s) should USPTO take to remove the identified inequities?**

The USPTO cannot fully address the inequities stated above in an even-handed manner, as it cannot change the statutory estoppel provisions which affect the requester, but it can address the problems faced by a patent owner, as discussed below. If, however, the estoppel provisions are removed by Congress without improving the position of the patent owner, the USPTO may want to revisit this area, if needed to restore equity to patent owners.

### **(6) What legislative/statutory action(s) should Congress take to remove the identified inequities?**

First, the formal estoppels should be removed, respecting issues or prior art not actually considered in the reexamination. Even without formal estoppels a requester is virtually estopped from relitigating an issue that was raised in the reexamination as a practical matter, since few courts or juries will second-guess the USPTO, acting in its area of expertise. It is overkill to provide an estoppel respecting any issue that could have been but was not raised in reexamination, as this places on an unsuccessful requester a greater disability than is placed on members of the public. To solve this problem while avoiding the also-serious abuses of reexamination by making repetitive reexamination requests, one proposal would be to permanently prevent a requester or those in privity with the requester from filing more than one reexamination request of either kind respecting a particular patent, while removing the estoppels.

Second, to address the problem in a balanced way, Congress or the USPTO should also solve the problems faced by the patent owner. The “compact prosecution” model of a comprehensive first action, followed by final action which essentially cuts off any right to present amendments and evidence, works in regular prosecution for two reasons. One reason is that the applicant has the opportunity to request continued examination or file a continuation, so a “final” rejection is not truly final. The other reason is that the applicant can conduct an interview before final action to find out if a proposed response overcomes the rejection. If not, the applicant can prepare a more complete response to address the remaining issues. Compact prosecution does not work properly in reexaminations because the patent owner has no opportunity to file a continuation application or a request for continued examination, or to conduct an interview.

A solution to this problem is to allow the patent owner more than one unrestricted opportunity to respond to the rejections raised in a reexamination (whether ex parte or inter partes). In other words, either allow an unrestricted response after a second Office action, or possibly allow requests for continued examination to be filed by the patent owner in reexaminations. Naturally, this makes the USPTO do more work, so the request for continued prosecution or other response requiring full consideration by the Examiner should be paid for by a fee that recovers the

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USPTO's costs. The policy against permitting interviews during reexamination also could be reconsidered.

A right to more than one unrestricted opportunity to respond would not be abused by a patent owner to unduly extend the proceeding, as during reexamination the patent is under a cloud and cannot effectively be enforced. Intervening rights commonly prevent the patent owner from enforcing the patent against infringing activity before the reexamination certificate issues. Also, since reexamination does not delay the fixed expiration date of patents subject to a 20-year term, time consumed during reexamination is essentially lost to the patent owner, so the patent owner can be expected to minimize this period.

Finally, Congress should consider establishing a procedure requiring reexaminations to be heard by Examiners-in-Chief assigned to routinely handle reexaminations, instead of ordinary prosecution examiners. If most reexaminations were handled by reexamination experts with legal training and experience, many of the procedural problems examiners have could be addressed more appropriately.

Thank you for considering these comments. IPO is continuing to study inter partes reexamination proceedings and possible legislation on post-grant opposition proceedings to provide broader opportunities for resolving patent validity disputes. We may wish to provide additional views to the USPTO at a later date.

Sincerely,

A handwritten signature in cursive script that reads "J. Jeffrey Hawley".

J. Jeffrey Hawley  
President