
IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re: Docket No. PTO-P-2011-0082

**77 Fed. Reg. 6879
(February 9, 2012)**

***Comments by Intellectual Ventures, LLC on Rules of Practice for
Trials Before the Patent Trial and Appeal Board and Judicial Review
of Patent Trial and Appeal Board Decisions***

Attention:

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Mail Stop Patent Board
P.O. Box 1450
Alexandria, VA 22313-1450
Attn: Michael Tierney, Lead Administrative Patent Judge

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By email to: patent_trial_rules@uspto.gov

Dear Under Secretary Kappos:

In reply to the Notice of Proposed Rulemaking regarding Rules of Practice for Trials Before the Patent Trial and Appeal Board (PTAB) and Judicial Review of Patent Trial and Appeal Board Decisions,¹ Intellectual Ventures, LLC (IV) submits the comments below.

I. Introduction

Intellectual Ventures is in business to create and invest in innovation. We work with internal and external inventors—some of the brightest minds of today's inventive society—to create new inventions.² We also build upon our inventions by licensing and acquiring intellectual property from industrial, government, and academic partnerships. We rely upon a strong patent system to protect the innovation that our company fosters. As one of the top 50 patent application filers in

¹ 77 Fed. Reg. 6879-6914 (February 9, 2012) (the “Notice”).

² For a list of senior inventors at Intellectual Ventures, *see* <http://www.intellectualventures.com/inventors.aspx>.

the world, we also rely on a patent examination and reexamination system that emphasizes quality and efficiency while minimizing cost. For more information about the business model and work of Intellectual Ventures, please visit our website:

<http://www.intellectualventures.com/inventors.aspx>.

The Notice proposes extensive new rules of practice to implement the provisions of the Leahy-Smith America Invents Act (the “AIA”) that provide for trials before the PTAB in *inter partes* review, post grant review, the transitional program for covered business method patents, and derivation proceedings. Specifically, the Notice proposes to amend title 37 of the Code of Federal Regulations to add a new part 42 setting forth rules for trial practice (complementing existing part 41, which governs appeals before the PTAB), as well as a new part 90 setting forth rules relating to judicial review of PTAB decisions.³

IV appreciates the daunting task the USPTO faces in designing and implementing the complex new procedures required by the AIA under the aggressive schedule imposed by the statute. We commend the USPTO for proposing a set of trial rules that, on the whole, appears to fairly and reasonably implement the PTAB’s new adjudicative functions. However, as discussed in greater detail below, we believe the proposed rules and their accompanying guidance should be improved in several specific respects.

II. Comments on the Notice

The trial rules proposed in the Notice cover a broad range of topics that are generic to all trials before the PTAB, including general rules of conduct, petition and motion practice, discovery, decisions by the PTAB, and the effects of a PTAB judgment. Our comments are primarily directed to the latter three topics.

Specifically, proposed Rule 42.73(d)(3)(i) regarding patent owner estoppel following a PTAB judgment would preclude a patent owner from “obtaining in any patent . . . [a] claim to substantially the same invention as the finally refused or cancelled claim.” As discussed below, to the extent that such estoppel is statutorily supported, we urge the USPTO to instead adopt the clearer, established standard of determining whether “substantially identical” claim scope exists, without regard to the ambiguous “same invention” question.

Proposed Rule 42.73(d)(3)(ii) would further preclude a patent owner from obtaining in any patent “[a] claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim.” We believe this rule appears to lack statutory support, is inconsistent with other statutory requirements, may unintentionally burden the USPTO, and raises questions of fairness with respect to patent owners. We urge the USPTO to withdraw this proposed rule.

³ Notice at 6881 and 6907-14.

Further, proposed Rule 42.51(b)(3) would provide for routine discovery of “information that is inconsistent with a position advanced . . . during the proceeding.” Given the consequences for failure to comply with the proposed discovery rules, we believe that the new duty of disclosure such a rule would create is of questionable benefit relative to its burden of compliance. We believe that this proposed rule should be withdrawn. In the alternative, the USPTO should at a minimum provide substantially more guidance concerning compliance with this aspect of discovery.

Proposed Rule 42.2 defines “Board” in such a way that permits delegation of decision-making authority to an individual who may or may not be an administrative patent judge (APJ). When read in conjunction with proposed Rule 42.71, it appears that proposed Rule 42.2 would allow a single non-APJ employee to decide dispositive motions in a PTAB trial, which appears to be in conflict with the statutory requirement that PTAB trials be heard by at least a 3-member panel. We urge the USPTO to clarify Rule 42.71 to require that it is a “panel” that must decide petitions and motions, and to further consider whether the delegation power in the current definition of “Board” raises questions of statutory consistency with respect to other aspects of the Notice.

Finally, we note that other USPTO proceedings (e.g., original examination and reexamination) specifically provide for administrative review (by way of petition) of procedural questions that may arise during the proceeding. However, it is unclear that the proposed rules provide for similar review in the context of PTAB trials. For consistency, and particularly given the likelihood that the PTAB’s novel procedures will give rise to reviewable procedural questions, we urge the USPTO to provide an affirmative procedure through which parties to PTAB trials may obtain review of procedural questions from an authority other than their assigned PTAB panel.

A. To the extent that the patent owner estoppel established by proposed Rule 42.73(d)(3)(i) is statutorily supported, the standard for determining its applicability should mirror the “substantially identical” claim scope standard that governs the determination of a claim’s effective date and the applicability of intervening rights in reissue and reexamination.

Proposed Rule 42.73(d)(3) provides that an adverse judgment against a patent owner resulting in cancellation of a claim will have a preclusive effect against the patent owner in other proceedings. Specifically, Rule 42.73(d)(3)(i) would prohibit a patent owner from “obtaining in any patent . . . [a] claim to substantially the same invention as the finally refused or cancelled claim.”⁴ As a threshold matter, it is unclear that the USPTO has statutory authority to implement any of the patent owner estoppels provided under Rule 42.73(d)(3).⁵ However, assuming that such authority exists, we believe that Rule 42.73(d)(3)(i) should be clarified as discussed below.

⁴ Notice at 6913.

⁵ As discussed in greater detail in the following section, although the AIA establishes estoppel with respect to petitioners, it is silent with respect to patent owners. Moreover, it is unclear that the USPTO needs a formal procedural

Principles of adjudicative economy and fairness undergird the equitable doctrine of post-judgment estoppel: it is wasteful of adjudicative resources to repeatedly hear decided issues, and it is unfair to expect a party who prevails on a decision to repeatedly defend its decision in the same forum. Accordingly, assuming that a patent owner has had a full and fair opportunity to address the merits of a claim, it is reasonable to expect that the patent owner who loses that claim at trial before the PTAB should not have the opportunity to obtain the same claim in another patent while relying only on the same factual record as in the earlier proceeding. In such cases, the PTAB has decided on the merits of a particular amendment or claim, and allowing a patent owner to bring the same issue before the USPTO once again in the hopes of achieving a different result would waste USPTO resources and frustrate the interests of successful petitioners.⁶

The USPTO's proposal extends beyond precluding a patent owner from obtaining an identical claim to one finally refused or cancelled in a PTAB trial: as noted above, it further precludes a patent owner from obtaining a claim to "substantially the same invention" as the refused or cancelled claim. However, this language is unclear and may produce unintended consequences.

Specifically, instead of simply comparing two claims to one another to ascertain whether any differences between them are substantial, the proposed rule introduces a third, intermediate element of "the same invention" into the determination, and requires that the two claims in question be compared to this third element. But it is possible for two claims that are substantially different from one another to "claim . . . substantially the same invention," as when the claims are directed to distinct, patentable features of a patentable system. Estoppel should not apply in this case, because the different claims raise different (even if related) questions of patentability. However, as currently formulated, Rule 42.73(d)(3)(i) could lead to the absurd result that a patent owner is estopped from obtaining a claim that substantially differs from a refused or cancelled claim, simply because both claims can be traced to a common "invention."

If the general patent owner estoppel scheme of Rule 42.73(d)(3) is preserved, we strongly urge the USPTO to clarify Rule 42.73(d)(3)(i) by removing the reference to "same invention"

rule such as Rule 42.73(d)(3) to ensure a just result: under the existing rules concerning duty of disclosure, a patent owner would be required to disclose an adverse PTAB trial decision in a different proceeding if such a decision would be material to the patentability of a claim in the different proceeding. The examiner or panel would then be free to follow the reasoning in the adverse PTAB trial decision, if it indeed applies, thus minimizing the likelihood that the patent owner could achieve a different result on the same factual record even absent a formal estoppel rule.

⁶ We note that under current USPTO practice, for procedural reasons, a patent owner may not have a full and fair opportunity to establish the merits of a position during a given post-grant proceeding, but may nevertheless have an opportunity to avail itself of new evidence in a different proceeding. For example, because of the lack of an analog to Request for Continued Examination (RCE) practice in ex parte reexamination, a patent owner in reexamination may be barred from entering evidence after the first non-final office action, and may be subject to a final decision on appeal. However, this final decision does not preclude the patent owner from having the new evidence considered in a reissue or continuation application. That is, the availability of new evidence that is denied on procedural grounds effectively creates a new issue to be decided, which is distinct from the "same issue" case in which applying estoppel might be reasonable. To the extent that the PTAB trial rules implement "same issue" estoppel, they should acknowledge a patent owner's right to have new evidence of patentability considered in a different proceeding when it would be equitable to do so.

and instead grounding the estoppel in a determination as to whether a claim is “substantially identical” to a finally refused or cancelled claim. Such a test more properly inquires into the language of the claims themselves rather than their relationship to an amorphous third element. Moreover, such a test is squarely consistent with statutory language governing the effective dates of claims and the applicability of intervening rights in reissue and reexamination.⁷ Specifically, under the statute, claims arising from a reissued or reexamined patent shall “have effect continuously from the date of the original patent” “to the extent that [such] claims are substantially identical with the original patent.”⁸ We believe that “substantial identity” of claim language is the proper standard for determining when two claims should be entitled to similar treatment—either with respect to effective date, as under § 252, or with respect to estoppel questions of the sort raised by proposed Rule 42.73(d)(3)(i).

B. The scope of patent owner estoppel established by proposed Rule 42.73(d)(3)(ii) is unsupported by the AIA, is inconsistent with other aspects of the Patent Act, may increase the administrative burden of the USPTO, and is potentially inequitable to patent owners, and therefore should be withdrawn.

As discussed in the previous section, proposed Rule 42.73(d)(3) articulates various estoppels that may apply to a patent owner who receives an adverse judgment in a PTAB trial. Provided that adequate statutory support exists, we believe that it is reasonable to apply estoppel in certain factual scenarios. For example, if a patent owner’s claim is invalidated in a PTAB trial, there are colorable reasons grounded in administrative efficiency and fairness for precluding the patent owner from obtaining a substantially identical claim in another proceeding before the USPTO under certain circumstances.⁹

However, proposed rule 42.73(d)(3)(ii) would prevent a patent owner from “obtaining in any patent . . . [a] claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim.”¹⁰ We believe that this proposal is deeply flawed on a number of grounds, and for at least the following reasons, we urge the USPTO to withdraw it.¹¹

⁷ 35 U.S.C. § 252; *see also* 35 U.S.C. §§ 307, 316 (applying § 252 in the context of *ex parte* and *inter partes* reexaminations, respectively).

⁸ 35 U.S.C. § 252 (emphasis added).

⁹ As noted in the previous section, it may be reasonable to hold a patent owner to the results of a final PTAB decision in a previous proceeding if the issues in a later proceeding are indeed the same. However, there may be circumstances where it would be inequitable to bind the patent owner to the earlier decision, for example in the case where evidence tending to prove patentability was presented but denied entry on procedural grounds.

¹⁰ Notice at 6913.

¹¹ We note that as currently drafted, proposed Rule 42.73(d)(3) does not distinguish between derivation proceedings and other types of proceedings, such as IPR and PGR proceedings as well as the transitional program for business method patent review. As argued below, we believe that the USPTO’s statutory authority to establish patent owner estoppel is questionable regardless of the nature of the proceeding. However, we recognize that the procedural posture of derivation proceedings differs markedly from purely post-grant proceedings such as IPR and PGR, possibly leading to a different balancing of interests with respect to derivation proceedings. Leaving aside questions of statu-

Extending estoppel to preclude a patent owner from obtaining in any patent any claim that “could have been filed” during the course of a PTAB trial, as in proposed Rule 42.73(d)(3)(ii), extends well beyond the bounds of what is reasonable and fair to patent owners. First, the USPTO fails to identify a statutory basis for its authority to deny substantive patent rights to patent owners under these circumstances.¹² In fact, this degree of estoppel appears to lie in considerable tension with the remainder of the Patent Act, which affirmatively provides that an applicant “shall be entitled to a patent unless” the applicant’s claims lack novelty or are obvious.¹³

That is, under the statute, a patent owner who can present a novel and unobvious claim in an application that otherwise satisfies the requisites of the Patent Act is entitled to a patent for that claim as a matter of right. If the patent owner’s pending claim is substantially identical to a claim held to be invalid in a PTAB trial, then the pending claim is invalid by extension, and barring the patent owner from obtaining the pending claims in a different USPTO proceeding on estoppel grounds would not necessarily be inconsistent with the statute, assuming the patent owner were to rely only on the same record as was established in the PTAB trial.

However, proposed Rule 42.73(d)(3)(ii) would have the effect of preventing a patent owner from submitting any new claim in any other pending application, if that claim would have been supported by a patent in which a claim is cancelled in a trial before the PTAB. This result arises because if the new claim would have been supported by the patent, it “could have been filed” in response to the cancellation of claims in the patent. Thus, the proposed rule effectively estops patent owners not just from obtaining claims that are substantially identical to canceled claims, but claims directed to any of the subject matter disclosed in the patent, regardless of the patentability of such claims on the merits. Had Congress intended that such a sweeping result apply to patent owners despite its tension with other aspects of the Patent Act, it could have clearly indicated its intent in the statutory language of the AIA. In the absence of such clarity, it is unreasonable for the USPTO to infer that Congress intended the substance of proposed Rule 42.73(d)(3)(ii).

Beyond questions of statutory support and consistency, proposed Rule 42.73(d)(3)(ii) implicates questions of administrative efficiency. As noted above, because the proposed estoppel effectively extends to the entire disclosure of a patent, once a patent is in a PTAB trial, the patent owner essentially would be forced to submit all claims that could be supported by the patent, or

tory authority, we express no view as to whether patent owner estoppel would be appropriate in derivation proceedings given the factors unique to such proceedings. However, we firmly believe that the estoppel proposed under Rule 42.73(d)(3)(ii) is untenable at least with respect to IPR and PGR proceedings as well as the transitional program for business method patent review.

¹² The AIA establishes estoppel with respect to petitioners in *inter partes* review, post grant review, and the transitional program for covered business method patents. 35 U.S.C. §§ 315(e), 325(e). Had Congress intended for similar estoppel provisions to apply to patent owners in the circumstances contemplated by proposed Rule 42.73(d)(3)(ii), it could have indicated as much in the statutory language; it did not.

¹³ 35 U.S.C. §§ 102, 103 (emphasis added). We believe that given the substantial statutory questions raised by proposed Rule 42.73(d)(3)(ii), if the rule were to be adopted, it would almost certainly face a judicial challenge.

risk foregoing them to estoppel even if such claims would otherwise be patentable. This forces the PTAB to be the examiner of first and last resort for claims that were not the basis of the original petition. Given the breadth of subject matter that may be present in a complex application, forcing patent owners to present all possible claims that “could have been filed” risks significantly multiplying the number of issues to be decided in the proceeding, hampering the ability of the PTAB to conclude the trial within the statutorily mandated timeframe.

In fact, forcing patent owners to submit all claims that “could have been filed” or else forego such claims is directly in tension with the AIA. Patent owners do not have a free hand to add all possible claims during the course of a PTAB trial; rather, they are limited to presenting “a reasonable number of substitute claims.”¹⁴ In many cases, the “reasonable number” of claims will be fewer than the number of possible claims, virtually ensuring that patent owners will be unable to submit claims that completely cover the disclosure of the patent, and thus ensuring that estoppel will be triggered as to at least some portion of the patent.

Thus, given the express limitations of the AIA, it is likely that at least some patent owners in PTAB trials will be unable to introduce all the claims to which they would otherwise be entitled, and would by operation of proposed Rule 42.73(d)(3)(ii) be precluded from obtaining such claims in any other patent. This raises a final concern. As noted above, issues of fairness are central to the doctrine of estoppel. One aspect of the fairness inquiry is whether the party to be estopped has already had an opportunity to have its arguments considered on the merits, such that it would be equitable to bind the party by an earlier decision.¹⁵ However, in the example just cited, a patent owner who is prohibited from introducing all claims to which it would be entitled would not have had such an opportunity to have the omitted claims considered on their merits by the PTAB. It would therefore be manifestly unfair to prevent the patent owner from pursuing such claims in another application on estoppel grounds.

In summary, we believe that under certain circumstances, it may be reasonable to preclude patent owners who lose on claims or amendments in trials before the PTAB from pursuing those same claims or amendments in another patent. However, we believe that the far-reaching estoppel of proposed Rule 42.73(d)(3)(ii) lacks clear statutory support, is inconsistent with other aspects of the Patent Act, would have deleterious effects on the PTAB’s administrative efficiency, and has the potential to work inequity on patent owners. For at least these reasons, we urge the USPTO to withdraw proposed Rule 42.73(d)(3)(ii).

C. The requirement for routine discovery of “information that is inconsistent with a position advanced . . . during the proceeding” imposed by proposed Rule 42.51(b)(3) effectively estab-

¹⁴ 35 U.S.C. §§ 316(d)(1)(B), 326(d)(1)(B).

¹⁵ See, e.g., *Allen v. McCurry*, 449 U.S. 90, 95 (1980) (“[O]ne general limitation the Court has repeatedly recognized is that the concept of collateral estoppel cannot apply when the party against whom the earlier decision is asserted did not have a ‘full and fair opportunity’ to litigate that issue in the earlier case.”).

lishes a duty of disclosure that is unique to post-grant proceedings; because the benefit of this new duty questionably outweighs its burden of compliance, it should be withdrawn.

Proposed Rule 42.51(b)(3) would require not only that a party submit “information that is inconsistent with a position advanced . . . during a proceeding” as part of routine discovery, but also to “specify [its] relevance,” including “where applicable, how the information is pertinent to the claims.”¹⁶ The commentary indicates that failure to comply with the proposed rule would be sanctionable under proposed Rule 42.12(a): “An example of a failure to comply with an applicable rule includes failure to disclose a prior relevant inconsistent statement.”¹⁷ The Notice acknowledges that routine discovery of inconsistent information is not the rule in current interference practice, but argues that the proposed rule is justified because “Board experience has shown that the information covered by proposed 42.51(b)(3) is typically sought through additional discovery and that such information leads to the production of relevant evidence.”¹⁸

We respectfully submit that although “the production of relevant evidence” is a central goal of discovery, the benefits of various procedures that facilitate this goal must be justified in view of their costs. For example, at one extreme, mandatory production of every document by every party would likely “lead[] to the production of relevant evidence,” though at enormous cost to the parties for questionable benefit relative to a less onerous scheme. With respect to the proposed rule, we do not believe that the USPTO has adequately demonstrated that the goal of producing relevant evidence justifies the means of a sanctionable, affirmative duty of disclosure of inconsistent information in view of the costs of complying with such a rule.¹⁹

In particular, the USPTO has not fully explained how the benefits of the proposed rule justify the imposition in every PTAB trial of a duty of disclosure that is unique to post-grant proceedings, in contrast to the case-by-case approach it currently employs in interferences. Nor has the USPTO fully accounted for the disparity between its current proposal and its prior positions concerning the duty of disclosure. Specifically, the USPTO previously proposed to modify Rule 56 to remove information that is “inconsistent with” an applicant’s position from the definition of information that is “material to patentability,” in an effort to harmonize Rule 56’s duty of disclosure with the *Therasense* but-for materiality standard for determining inequitable conduct.²⁰ In

¹⁶ Notice at 6910.

¹⁷ *Id.* at 6884.

¹⁸ *Id.* at 6887.

¹⁹ As currently proposed, Rule 42.51(b)(3) does not distinguish between derivation proceedings and other types of proceedings, although as noted in the previous section, the differences between derivation proceedings and other proceedings might lead to a different balancing of interests with respect to derivation proceedings. We express no view as to whether the discovery provisions of proposed Rule 42.51(b)(3) might be better supported with respect to derivation proceedings in view of factors unique to such proceedings. However, we do believe that, at a minimum, proposed Rule 42.51(b)(3) is problematic with respect to IPR and PGR proceedings as well as the transitional program for business method patent review, for at least the reasons given below.

²⁰ “Revision of the Materiality to Patentability Standard for the Duty To Disclose Information in Patent Applications,” 76 Fed. Reg. 43631, 43634 (Jul. 21, 2011).

its proposal, the USPTO specifically cited the benefits of a unitary standard of materiality as a justification for revising Rule 56:

The Office also believes that a unitary materiality standard is simpler for the patent bar to implement. Under the single “but-for-plus” standard of materiality, patent applicants will not be put in the position of having to meet one standard for materiality as defined in *Therasense* in defending against inequitable conduct allegations and a second, different materiality standard to fulfill the duty to disclose before the Office.²¹

However, proposed Rule 42.51(b)(3) would have precisely the effect the USPTO previously sought to avoid: forcing patent owners to meet the *Therasense* standard in defending against inequitable conduct allegations while also complying with a much more stringent standard of disclosure in trials before the PTAB. We believe that justifying a discovery rule that essentially contradicts the USPTO’s prior rationale concerning the duty of disclosure requires evidence that all reasonable alternatives were investigated and that such a rule is nevertheless demonstrably superior to the alternatives.

On that point, we submit that alternative and less burdensome approaches are in fact available to the USPTO to encourage production of relevant information in PTAB trials. For example, the proposed trial rules already contemplate procedures for additional discovery beyond routine discovery, provided that such additional discovery would be “in the interests of justice.”²² A party having a specific, good-faith belief that another party possesses information inconsistent with the latter’s position could request additional discovery of such information. The PTAB could then determine whether such a request is necessary “in light of the totality of the relevant circumstances.”²³ This approach would blunt the burden of the affirmative duty of disclosure under proposed Rule 42.51(b)(3) by conditioning such production on a requesting party’s providing specific reasons for discovery of inconsistent information, rather than merely “fishing” for such information.

Given the absence of a clear demonstration that the benefits of proposed Rule 42.51(b)(3) would outweigh its costs—especially in view of the USPTO’s prior advocacy of a unified duty of disclosure—and the availability of alternatives that are less onerous to the producing party, we strongly believe that the USPTO should withdraw this particular proposal.

However, if the USPTO elects to implement proposed Rule 42.51(b)(3), we urge the USPTO to provide further guidance concerning the scope of what must be disclosed and the particular manner of disclosure sufficient for compliance, especially in view of the sanctions that may be imposed for noncompliance. For example, the accompanying commentary specifically states that proposed Rule 42.51(b)(3) “does not override legally-recognized privileges such as attorney-

²¹ *Id.* at 43632.

²² Proposed Rule 42.51(c); Notice at 6910.

²³ Notice at 6901.

client or attorney work product.”²⁴ At a minimum, this exception should be affirmatively recited within the body of the rule itself. Additionally, the USPTO should clarify how such privileges should be claimed during discovery.

Further, proposed Rule 42.51(b)(3) requires that a party not only produce information inconsistent with its position, but to explain the relevance of such information. In this latter respect, the proposed rule substantially departs from discovery in typical proceedings, in which (apart from interrogatories), a party need only produce information without explanation. Given that failure to comply with a discovery rule is sanctionable under the proposed PTAB trial rules, and that providing an explanation of relevance is required for compliance with proposed Rule 42.51(b)(3), the USPTO should provide further guidance concerning the extent of explanation that is required to establish a good-faith effort to comply.

D. When read in conjunction with proposed Rule 42.71 providing for the PTAB’s authority to decide proceedings, the definition of “Board” under proposed Rule 42.2 appears to be inconsistent with the AIA to the extent that proposed Rule 42.2 allows panel decisions to be delegated to a single individual.

Proposed Rule 42.71 specifically articulates the authority of “the Board” to “grant, deny, or dismiss any petition or motion” and to “enter any appropriate order.”²⁵ That is, as the accompanying commentary notes, proposed rule 42.71 “provide[s] for decisions on petitions and motions.”²⁶ Proposed Rule 42.2 specifically defines “Board” as “a panel of the Board or a member or employee acting with the authority of the Board.”²⁷

Thus, under proposed Rule 42.2, any action that may be taken by “the Board” may be delegated to a single member of the PTAB or to an employee who is not an Administrative Patent Judge (APJ). When read in conjunction with proposed Rule 42.71, this definition of “the Board” effectively would authorize a single APJ or a non-APJ employee to decide dispositive motions directed to substantive issues in a PTAB trial. Such a result is not only imprudent, but in fact appears to be inconsistent with the AIA, which amended the Patent Act to require that “[e]ach appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director.”²⁸

Importantly, the statutory language is not limited to production of the final written decision in a particular proceeding, but is instead broadly directed to the proceeding as a whole. That is, the statute does not merely provide that a proceeding will be “finally decided” by at least a 3-

²⁴ *Id.* at 6887.

²⁵ *Id.* at 6913.

²⁶ *Id.* at 6890.

²⁷ *Id.* at 6907.

²⁸ 35 U.S.C. § 6(c) (as amended) (emphasis added).

member panel, but rather more broadly requires that the proceeding itself “shall be heard” by such a panel.

We therefore submit that implicitly allowing a single APJ or non-APJ to decide a dispositive motion, as suggested by proposed Rules 42.2 and 42.71, is statutorily impermissible, and that such motions should instead be decided by at least a 3-member panel. At a minimum, we urge the USPTO to revise proposed Rule 42.71(a) to indicate that a panel has the authority to decide petitions and motions, rather than “the Board” (or its delegate under proposed Rule 42.2). We further suggest that the USPTO evaluate whether the delegation provided under proposed Rule 42.2 is statutorily inconsistent with respect to other aspects of the proposed rules, and to consider modifying the definition of “Board” to clearly restrict the delegation of decision-making authority to only those cases where delegation is statutorily permissible.

E. The USPTO should clearly articulate a procedure through which parties to a PTAB trial may have procedural questions reviewed by an authority distinct from their assigned PTAB panel, in a manner analogous to petitions practice outside the context of PTAB trials.

As noted at the outset of these comments, we appreciate the enormous challenge the USPTO faces in implementing the new procedures required by the AIA. The collectively pending rule-making packages amount to the largest volume of new administrative law the USPTO has ever attempted to implement concurrently. Although some aspects of the PTAB’s new functions are helpfully informed by prior interference practice, many are without agency precedent.

Even despite the USPTO’s best efforts to articulate clear rules at the outset, given the sheer volume and novelty of the new PTAB trial procedures, it is reasonable to expect that as actual proceedings commence, good-faith disputes will arise regarding how the rules should apply in particular situations. When procedural questions arise during original prosecution and reexamination, the USPTO has a well-defined process for deciding such questions by way of a petition to the Director of the USPTO or his delegate.²⁹ The current Board of Patent Appeals and Interferences offers a similar avenue for petitions in matters on appeal.³⁰

It is not immediately clear that the PTAB trial rules provide for similar procedural review. Although parties could conceivably question a panel’s application of a Part 42 procedural rule by way of a motion under proposed Rules 42.20 et seq., such a motion would be addressed to the panel hearing the trial, and not to a reviewing authority. That is, outside the context of a PTAB trial, petitions practice provides for administrative review of procedural questions by a reviewer who is distinct from the person or entity (e.g., an examiner or appellate panel) whose action gave rise to the question.

²⁹ See, e.g., 37 C.F.R. §§ 1.181-83.

³⁰ See 37 C.F.R. § 41.3 (providing that the Chief Administrative Patent Judge may decide petitions on appeal).

We urge the USPTO to create a similar avenue for review of procedural questions in the context of PTAB trials. For example, the rules on motions practice might be augmented to specifically permit a party to file a motion seeking review of a panel's procedural decision by the Chief APJ or by an expanded panel.³¹ Such review would not only render PTAB trials consistent with other types of proceedings before the USPTO, but is facially reasonable in view of the likelihood that the new PTAB proceedings will at least initially engender novel procedural questions.³²

III. Conclusion

In summary, we appreciate the magnitude of the task the USPTO faces in crafting fair and reasonable procedures to implement the new trial functions of the PTAB mandated by the AIA. In large part, we believe that the USPTO has succeeded. However, we feel that the proposed trial rules should be revised in several respects.

With respect to proposed rules regarding patent owner estoppel, we believe that to the extent such rules are statutorily supported, proposed Rule 42.73(d)(3)(i) should be revised to reflect a "substantially identical" claim scope standard rather than the proposed "same invention" standard. Further, the USPTO should withdraw the aspects of estoppel under proposed Rule 42.73(d)(3)(ii) relating to claims that "could have been raised" by a patent owner before the PTAB. The USPTO's statutory authority to enforce such an estoppel is questionable, and the proposed estoppel raises serious questions of fairness to patent owners and unintended consequences with respect to the USPTO's administrative burden.

Moreover, the USPTO should withdraw the requirement for routine discovery of "information that is inconsistent with a position advanced . . . during the proceeding" that is imposed by proposed Rule 42.51(b)(3). This proposal is of questionable benefit relative to its burden of compliance, and the necessity of the unique duty of disclosure it creates has not been adequately established in light of the USPTO's prior positions concerning the duty of disclosure in the wake of *Therasense*.

The USPTO should additionally clarify proposed Rule 42.71 in view of the definition of "Board" to ensure that the authority to decide petitions and motions in a PTAB is not improperly delegated in contravention of the statutory requirement that such issues be heard by at least a 3-member PTAB panel.

Finally, the USPTO should articulate a process through which procedural questions arising during a PTAB trial may be reviewed by an authority other than the panel whose action raised

³¹ The USPTO could, of course, create a procedural vehicle other than a motion, though naming this vehicle is complicated by the special meaning of the term "petition" in the context of PTAB trials.

the question, in a manner analogous to the review by petition that is available in other USPTO proceedings.

We appreciate the opportunity to comment, and look forward to continuing to work with the USPTO to improve patent examination for the benefit of applicants and the public.

Consideration of the above comments is respectfully requested.

Respectfully submitted,
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