AIPLA
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

November 18, 2011

Robert L. Stoll
Commissioner of Patents
U.S. Patent and Trademark Office
Mail Stop Comments—Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Re: Leahy-Smith America Invents Act Implementation
Group 2 Rulemakings

Dear Commissioner Stoll:

The American Intellectual Property Law Association ("AIPLA") is pleased to present the following initial comments on the rulemakings necessary to implement the Leahy-Smith America Invents Act ("AIA"), which was enacted on September 16, 2011.

AIPLA is a national bar association with approximately 16,000 members who are primarily lawyers in private and corporate practice and government service and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law. Our members represent both owners and users of intellectual property.

The USPTO has invited the public to comment on AIA implementation. Our comments below deal with rulemaking pertaining to (1) an inventor's oath/declaration, (2) third party submissions of prior art relevant to pending patent applications, (3) supplemental examination, (4) citations of prior art in a patent file, (5) post grant review, and (6) the transitional program for post grant review of covered business method patents.

AIPLA recognizes that careful implementation of the AIA is a significant task and is thankful for the opportunity to participate. We respectfully submit the following initial comments for your consideration with the understanding that we will have a later opportunity to amend or supplement these views as the process moves forward. We look forward to working with the USPTO and commenting further when the anticipated regulations are proposed.

Sincerely,

William G. Barber
AIPLA President

Table of Contents

Inventor's Oath or Declaration and Filing by Other Than Inventor

I. Preliminary Remarks

It appears Congress intended to make the oath/declaration process simpler and more applicant-friendly. The "magic words" required to be present in the oath/declaration are fewer in number, the oath/declaration signed by a particular inventor no longer needs to list the other inventors, and the applicant need not fulfill all oath/declaration issues as a precondition to release of the application to the Examining Corps. With AIA it is only required that the applicant fulfill all oath/declaration issues as a precondition to the mailing of a Notice of Allowance.

II. Statutory Language—Secs. 115 and 118

Sec. 115. Inventor's oath or declaration

(a) Naming the Inventor; Inventor's Oath or Declaration.—An application for patent that is filed under section 111(a) or commences the national stage under section 371 shall include, or be amended to include, the name of the inventor for any invention claimed in the application. Except as otherwise provided in this section, each individual who is the inventor or a joint inventor of a claimed invention in an application for patent shall execute an oath or declaration in connection with the application.

(b) Required Statements.—An oath or declaration under subsection (a) shall contain statements that—

(1) the application was made or was authorized to be made by the affiant or declarant; and

(2) such individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application.

(c) Additional Requirements.—The Director may specify additional information relating to the inventor and the invention that is required to be included in an oath or declaration under subsection (a).

(d) Substitute Statement.—

(1) In general.—In lieu of executing an oath or declaration under subsection (a), the applicant for patent may provide a substitute statement under the circumstances described in paragraph (2) and such additional circumstances that the Director may specify by regulation.

(2) Permitted circumstances.—A substitute statement under paragraph (1) is permitted with respect to any individual who—

(A) is unable to file the oath or declaration under subsection (a) because the individual-

(i) is deceased;

(ii) is under legal incapacity; or

(iii) cannot be found or reached after diligent effort; or

(B) is under an obligation to assign the invention but has refused to make the oath or declaration required under subsection (a).

(3) Contents.—A substitute statement under this subsection shall—

(A) identify the individual with respect to whom the statement applies;

(B) set forth the circumstances representing the permitted basis for the filing of the substitute statement in lieu of the oath or declaration under subsection (a); and

(C) contain any additional information, including any showing, required by the Director.

(e) Making Required Statements in Assignment of Record.—An individual who is under an obligation of assignment of an application for patent may include the required statements under subsections (b) and (c) in the assignment executed by the individual, in lieu of filing such
statements separately.

(f) Time for Filing.—A notice of allowance under section 151 may be provided to an applicant for patent only if the applicant for patent has filed each required oath or declaration under subsection (a) or has filed a substitute statement under subsection (d) or recorded an assignment meeting the requirements of subsection (e).

(g) Earlier-Filed Application Containing Required Statements or Substitute Statement.—

(1) Exception.—The requirements under this section shall not apply to an individual with respect to an application for patent in which the individual is named as the inventor or a joint inventor and who claims the benefit under section 120, 121, or 365(c) of the filing of an earlier-filed application, if—

(A) an oath or declaration meeting the requirements of subsection (a) was executed by the individual and was filed in connection with the earlier-filed application;

(B) a substitute statement meeting the requirements of subsection (d) was filed in connection with the earlier filed application with respect to the individual; or

(C) an assignment meeting the requirements of subsection (e) was executed with respect to the earlier-filed application by the individual and was recorded in connection with the earlier-filed application.

(2) Copies of oaths, declarations, statements, or assignments.—Notwithstanding paragraph (1), the Director may require that a copy of the executed oath or declaration, the substitute statement, or the assignment filed in connection with the earlier-filed application be included in the later-filed application.

(h) Supplemental and Corrected Statements; Filing Additional Statements.—

(1) In general.—Any person making a statement required under this section may withdraw, replace, or otherwise correct the statement at any time. If a change is made in the naming of the inventor requiring the filing of 1 or more additional statements under this section, the Director shall establish regulations under which such additional statements may be filed.

(2) Supplemental statements not required.—If an individual has executed an oath or declaration meeting the requirements of subsection (a) or an assignment meeting the requirements of subsection (e) with respect to an application for patent, the Director may not thereafter require that individual to make any additional oath, declaration, or other statement equivalent to those required by this section in connection with the application for patent or any patent issuing thereon.

(3) Savings clause.—A patent shall not be invalid or unenforceable based upon the failure to comply with a requirement under this section if the failure is remedied as provided under paragraph (1).

(i) Acknowledgment of Penalties.—Any declaration or statement filed pursuant to this section shall contain an acknowledgment that any willful false statement made in such declaration or statement is punishable under section 1001 of title 18 by fine or imprisonment of not more than 5 years, or both.

Sec. 118. Filing by other than inventor

A person to whom the inventor has assigned or is under an obligation to assign the invention may make an application for patent. A person who otherwise shows sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties. If the Director grants a patent on an application filed under this section by a person other than the inventor, the patent shall be granted to the real party in interest and upon such notice to the inventor as the Director considers to be sufficient.

a. Issue: Content of inventor's declaration

Comments:

1. For convenient reference this document will use the term "Declaration" to mean the inventor's oath or declaration.

2. Before AIA, the "short form" Declaration contained 171 required "magic words". With AIA, the required "magic words" count is reduced to 62. No longer does the Declaration need to set forth the duty of disclosure, reading and understanding the application, etc.

3. Before AIA, the Declaration was required to list all of the inventors. With AIA, each inventor signs a respective Declaration and it is not required to list the other inventors. (The inventor list is communicated to USPTO by a means other than the inventor's Declaration, namely by an Application Data Sheet.)

4. Before AIA, one of the mechanisms for communicating bibliographic data to the USPTO was by means of the Declaration.

5. AIA permits the Director to specify additional information that is required to be included in a Declaration. It is recommended that the Director ***not*** specify any additional information required to be included in a Declaration.

6. We suggest that Congress's intent is to make it easy for applicants to attend to oath/declaration/missing-uncooperative-inventor problems in an unhurried fashion, running in parallel with examination of the application by the Examining Corps. As such, we suggest eliminating the late fee for handing in the oath/declaration after filing day.

7. It appears to us that Congress intends that a newly executed declaration is not required in an application claiming the benefit under Secs. 120, 121, or 365(c) of the filing of an earlier-filed application if the requirements of 35 USC § 115(g)(1) are met. As such, no new declaration should be needed for a continuation-in-part application, nor even for a reissue application.

Proposals:

1. 37 CFR § 1.63 will need to be revised by deleting nearly all of the present text and inserting the limited requirements of the AIA. Here is suggested language for new Rule 63.

1.63 Oath or declaration.

(a) An oath or declaration filed as a part of a nonprovisional application must:

(1) Identify the application to which it is directed;

(2) Be executed, i.e., signed, in accordance with either § 1.66 or § 1.68. There is no minimum age for a person to be qualified to sign, but the person must be competent to sign, i.e., understand the document that the person is signing;

(3) Identify the inventor by full name, including the family name, and at least one given name without abbreviation together with any other given name or initial;

(4) State that the application was made or was authorized to be made by the affiant or declarant;

(5) State that such individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application;

(6) Acknowledge that any willful false statement made in this Declaration is punishable under 18 U.S.C. § 1001, by fine or imprisonment of not more than five years, or both.

(b) The patent application must include, or be amended to include, an application data sheet in accordance with § 1.76, except in the case of a national stage of an international patent application.

(c) A newly executed oath or declaration is not required in an application claiming the benefit under Secs. 120, 121, or 365(c) of the filing of an earlier-filed application if the requirements of 35 USC § 115(g)(1) are met.

(d) An individual may include the required statements of the oath or declaration in an assignment, and if the assignment is recorded with the USPTO, then a reference to the

reel and frame number of said recordation may be included in the Application Data Sheet in which case the assignment need not be included in the application. Any document recorded in the USPTO with respect to a particular application number or patent number will be deemed to constitute a part of the application file to the extent necessary to satisfy requirements for grant or maintenance in force of a US patent.

2. 37 CFR § 1.16(f) should be amended to delete "or the oath or declaration on a date later than the filing date of the application".

3. Attached is a proposed successor to Form PTO/SB/01a, Declaration for use with Application Data Sheet.

4. The Trademark Assignments on the Web (TAOTW) system now permits anyone to click on a link and see the actual recorded assignment document. It is anticipated that by the time that Sec. 4 of AIA takes effect, the Patent Assignments on the Web (PAOTW) system will likewise permit anyone to click on a link and see the actual recorded assignment document. This will likewise permit easy access by USPTO personnel without the need for the applicant to file a duplicate copy of an assignment (that contains the declaration language) in the application file.

Comment. The Manual should make clear that the former (pre-AIA) required language for an oath or declaration (former 37 CFR 1.63) is a superset of the post-AIA required language for an oath or declaration (new 37 CFR 1.63). Stated differently, the Manual should make clear that legacy oaths and declarations satisfy the new rules. This includes but is not limited to legacy Form PTO/SB01 and PTO/SB01a. This will provide guidance to OPAP and DO/EO/US as to whether to accept legacy oaths and declarations.

b. Issue: Application data sheet

Comment: Prior to AIA, the Declaration was required to recite an inventor list. Essentially each inventor was attesting to the identity of the other inventors on the list. With AIA, there is no requirement that the Declaration recite an inventor list. Instead, AIA says that the application shall include, or be amended to include, the inventor list. We suggest that the rules set forth that the **only** way to satisfy this requirement is by means of an Application Data Sheet, except in the case where an application is a national stage of an international (PCT) patent application, in which the inventor list is presumed to be that set forth in the international patent application unless later modified by the filing of an ADS.

Proposals:

1. 37 CFR § 1.76(a) should be amended as follows:

> (a) Application data sheet. An application data sheet is a sheet or sheets, that may be voluntarily submitted in provisional applications and ***must*** be submitted in nonprovisional applications (other than the national stage of an international patent application), which contains bibliographic data, arranged in a format specified by the Office. An application data sheet must be titled "Application Data Sheet" and must contain all of the section headings listed in paragraph (b) of this section, with any appropriate data for each section heading. If an application data sheet is provided, the application data sheet is part of the provisional or nonprovisional application for which it has been submitted. Any such application data sheet ***must*** be signed by an applicant or by a registered practitioner. Such application data sheet must include a statement that the applicant is filing a patent application in the USPTO, or is entering the national stage from an international patent application.

2. 37 CFR § 1.76 should be amended as follows:

> (b)(1) Inventor information. This information lists the inventors and includes the name, residence, mailing address, and citizenship of each inventor (§ 1.41(b)). The name of each inventor must include the family name, and at least one given name without abbreviation together with any other given name or initial. If the applicant is not an inventor, this information also includes the applicant's authority (§§ 1.42, 1.43, and 1.47) to apply for the patent on behalf of the inventor. The inventor information may include a reel and frame number indicating where the oath or declaration language may appear in a recorded assignment.

3. 37 CFR § 1.76(d) should be deleted, because the most recent ADS will always control as between the most recent ADS and any previous ADS or other document. It is recommended that in nonprovisional applications, the Declaration will **not** be employed as a way of communicating bibliographic information, and that only an ADS will be used to communicate this information.

4. We suggest that Form PTO/SB/14 be revised to permit listing a reel and frame number next to an inventor name, of an assignment that contains the required declaration language. This would avoid any need for the applicant to provide a duplicate copy of the assignment in the application file. Check boxes could be provided by which the filer could indicate whether the inventor document requirement is satisfied by an

oath/declaration, by a substitute statement, or by an assignment/declaration.

5. We suggest that Form PTO/SB/14 be revised to include a statement at the beginning that the applicant is filing a patent application in the USPTO, or is entering the national stage from an international patent application.

Comment: The Manual should suggest that although the inventor list in the international application can control, the applicant is encouraged to prepare and e-file a computer-readable ADS in the first e-filing submission, so as to auto-load the bibliographic data into USPTO's systems. In the event of the filing of such an ADS, the ADS is more recent and is thus controlling as to the inventor list. The Manual should suggest that the party preparing the Application Data Sheet (or the party who will sign the Application Data Sheet, if this is not the same as the party preparing the Application Data Sheet) circulate the draft ADS among the inventors, so as to permit each inventor to review the inventor list and other information for accuracy.

The Manual should indicate that whenever an inventor list changes (e.g. due to claim amendments or due to the filing of a divisional application), the change of inventorship may be communicated to the USPTO by means of a Supplemental Application Data Sheet.

c. Issue: Timing of filing of oath/declaration/missing-inventor papers

Comment: Prior to AIA, the applicant was required to fulfill all oath/declaration issues as a precondition to release of the application to the Examining Corps. With AIA, it is only required that the applicant fulfill all oath/declaration issues as a precondition to the mailing of a Notice of Allowance.

d. Issue: Declarations in child cases

Comments: Existing practice permits the filer to reuse the Declaration from a parent case when a continuation or divisional application is filed. With AIA, it appears that the same is true for continuation-in-part and reissue applications. The inventor list for a child case will, in many instances, be non-identical to the inventor list in a parent case. This may happen because of new matter in a CIP, and it may happen due to selection of particular claims in a divisional application, as two examples.

The changes in the inventor list in a child case will not, however, require a new Declaration in the child case as to a particular inventor who has already signed a Declaration that is of record, or that has been recorded, in a parent case (or for whom a substitute statement has been filed). The onus will be on the signer of the ADS in the child case to have worked out who the inventors are for the child case, and to check to see whether any inventor is on the inventor list in the child case who has not already signed a Declaration that is of record or has been recorded in the parent case (or for whom no substitute statement has been filed). For any such inventor a signed Declaration will need to be filed or recorded, or a substitute statement filed.

e. Issue: Notice to the inventor under 35 USC § 118

Comment: In cases where an applicant invokes 35 USC § 118, there is a requirement that "notice to the inventor" be given pursuant to the Director's rules. It is suggested that this be clarified in the rules that the requirement for such notice be specific to each of the inventors on the inventor list. Thus, for example, if a particular inventor has supplied a signed declaration that has been filed in the application, or if a particular inventor has supplied an assignment/declaration that has been recorded with the USPTO, then this should permit a presumption that to the extent such notice is needed, it has already been given. Actual notice should only be needed in cases where a substitute statement has been filed.

f. Issue: Review by USPTO prior to mailing of the Notice of Allowance

Comments: AIA provides that USPTO may only provide the Notice of Allowance after such time as the applicant has filed each required oath/declaration or substitute statement or recorded an assignment/oath/declaration.

This raises the question what level of review USPTO should carry out regarding such papers. Prior to AIA, the papers relating to missing and uncooperative inventors were filed under 37 CFR § 1.47. The applicant filed a Petition and only upon grant of such Petition would the application be allowed to proceed. Practitioners report that petitions of this kind are often dismissed and that repeated and supplemental filings are often needed before USPTO will grant such a Petition. Most cases in which such petition decisions are made do not later face review in courts or other fact-oriented forums.

USPTO has often said that it is not particularly well equipped to carry out fact finding and weighing of credibility of evidence and witnesses, and that such tasks are better left to courts and other forums whose day-to-day work is indeed fact finding and weighing of credibility.

With AIA, it appears that Congress intends that the burdens of paperwork requirements relating to inventor papers be minimized as compared with prior practice. As such, it is suggested that

the review by USPTO prior to mailing of the Notice of Allowance be limited as compared with prior Rule 47 practice. We suggest that for each inventor, USPTO's review be limited to checking to see whether the applicant has (a) filed a Declaration containing the required language, or (b) filed a paper which appears on its face to be a substitute statement under 35 USC § 115(d)(3)(A)-(B), or (c) recorded an assignment containing the required language. We suggest that in cases where filings are being made under new 35 USC § 118, USPTO's review be limited to checking to see whether the applicant has filed a paper which appears on its face to be a suitable statement under 35 USC § 118.

Saying this differently, in cases involving inventors who are deceased, under legal incapacity, cannot be found, or have refused to sign, the USPTO would **not** carry out a petition review process such as with old Rule 47, but would instead merely check to see whether a document which on its face appears to serve its purpose is of record in the application. Substantive and factual review of the sufficiency of such papers would be left for the relatively rare instance of later review in a court or other fact-oriented forum.

35 USC § 115(d)(3)(C) permits the Director to require "additional" information in a substitute statement. We suggest that the Director not add to the list of items required in a substitute statement by rulemaking. We further suggest instead that the Director only require additional information in cases where either (a) the filed substitute statement does not, on its face, appear to comply with 35 USC § 115(d)(3)(A)-(B), or (b) some controversy or circumstance in the record suggests to the Director that more information should be required.

It would be up to applicants, and more often to practitioners, to file with the USPTO, or to otherwise preserve, documents of sufficient probity and detail to satisfy later review in other forums.

In out-of-the-ordinary cases, for example where the record shows some controversy over inventorship, or some other disagreement among would-be applicants, USPTO could require further showings. It would, however, be expected that in the majority of cases the USPTO review would be limited to that discussed above.

In the case where each inventor is represented by a Declaration or an Assignment/Declaration (in the present case or in a parent case) then the total number of signatures required (for release of the Notice of Allowance) is the same as the number of inventors.

Sec. 118 only comes into play in the particular case where there is an applicant who is not the inventor. In such cases, the applicant (or applicants) must submit a document under Sec. 118 showing his right as an applicant. This can be an assignment, an obligation to assign, or such other evidence to show that the invention belongs to him. These documents are in addition to the

documents under Sec. 115 supporting the naming of each inventor (i.e. Declaration, Substitute Statement or Declaration/Assignment).

Proposals:

1. If at the time that the Examining Corps has finished its work (that is, when prior to AIA a Notice of Allowance would be mailed) the oath/declaration formalities have not yet been satisfied, then what happens? We suggest mailing a Notice of Allowability. The Notice of Allowability would establish a time limit for completion of oath/declaration formalities. The completion time would be extendable. Failing completion, the application would go abandoned.

2. 37 CFR § 1.47 will be deleted and replaced with new language setting forth the requirements for substitute statements and the requirements in new 35 USC §118.

3. The MPEP would describe the review process at USPTO prior to providing the Notice of Allowance. For each inventor, USPTO personnel would look at the recorded assignment of the inventor (if a reel and frame number is indicated in the ADS) or would look at the filed declaration of the inventor, to see if the "magic words" are present in the signed document. Failing that, USPTO personnel would look to see whether a document which appears on its face to be substitute statement has been filed. In cases where 35 USC §118 been invoked by the applicant, USPTO personnel would look to see whether a document which appears on its face to be a suitable showing under 35 USC § 118 is of record in the application. Affirmative findings would permit USPTO to provide the Notice of Allowance.

4. The MPEP would suggest to applicants that because USPTO will not be serving as a fact-finder regarding papers in cases where inventors are deceased, or under legal incapacity, or cannot be found, or have refused to sign, applicants should consider filing papers that are of sufficient probity and detail to satisfy later review in other forums, and should in addition consider preserving such papers and evidence as might later be needed in such other forum.

g. Issue: The terms "applicant" and "inventor" are no longer interchangeable

Comments: AIA makes clear that the terms "applicant" and "inventor" are no longer interchangeable. No longer is the inventor automatically the applicant. While an inventor who has not assigned the invention may be the applicant, in the great majority of cases where the inventor assigns the rights to an assignee (typically an employer), the assignee is the applicant.

This new distinction between "applicant" and "inventor" brings the US into closer correspondence to the use of these terms in other patent offices around the world. This change will permit PCT Requests to eliminate the past need to list applicants differently in the US than in other countries and other patent offices.

This will affect many places in the Rules and in the MPEP where, in the past, the terms "inventor" and "applicant" have been used interchangeably or nearly interchangeably. We have identified a few such places in the present comments but there are likely many other such places that will need revision.

To date, the database fields in Palm (and thus in PAIR) have treated "inventor" as more or less synonymous with "applicant." It will be necessary to add new fields in Palm (and thus in PAIR) to permit keeping track of the inventor list and keeping track of the applicant list, since the two lists will sometimes be non-identical.

In the case of a national-stage entry from an international patent application, USPTO could set up EFS-Web so that the bibliographic data, including the inventor list and the applicant list, will auto-load from Patentscope into Palm. Subsequent ADS activity would be needed only to the extent that changes or corrections to bibliographic data become needed.

Proposal: 37 CFR § 1.41 should be deleted and replaced with new language along the lines of the following:

> (a) A patent is applied for in the name or names of one or more applicants. An applicant may or may not be an actual inventor.
>
> > (1) The inventorship of a nonprovisional application is that inventorship set forth in the application data sheet prescribed by 37 CFR § 1.76.
> >
> > (2) The inventorship of a provisional application is [unchanged]
> >
> > (3) The inventorship of an international application entering the national stage under 35 U.S.C. 371 is that inventorship set forth in the international application, which includes any change effected under PCT Rule 92bis.
>
> (b) A showing may be required from the person filing the application that the filing was authorized where such authorization comes into question.

DECLARATION FOR UTILITY OR DESIGN APPLICATION
USING AN APPLICATION DATA SHEET

Title of Invention _____

This declaration is directed to:

□ The attached application, or

□ United States application or PCT international application number _____ filed on _____ as amended on _____ (if applicable).

The application was made or was authorized to be made by me.

I believe myself to be the original inventor or an original joint inventor of a claimed invention in the application.

I acknowledge that any willful false statement made in this Declaration is punishable under 18 U.S.C. § 1001, by fine or imprisonment of not more than five years, or both.

_____
Signature

_____
Printed name

_____
Date

Preissuance Submissions by Third Parties

I. Preliminary Remarks

In creating a rule for the preissuance submissions by third parties, the USPTO could adopt a rule similar to 37 CFR § 1.291 or 37 CFR § 1.99. Arguments for why the USPTO should adopt a modified version of 37 CFR § 1.99 are presented herein, along with a proposed rule.

II. Statutory Language—Third Party Preissuance Submissions

> *Section 122 (e) PREISSUANCE SUBMISSIONS BY THIRD PARTIES.—*
> *(1) IN GENERAL.—Any third party may submit for consideration and inclusion in the record of a patent application, any patent, published patent application, or other printed publication of potential relevance to the examination of the application, if such submission is made in writing before the earlier of—*
>
> > *(A) the date a notice of allowance under section 151 is given or mailed in the application for patent; or*
> >
> > *(B) the later of—*
> >
> > > *(i) 6 months after the date on which the application for patent is first published under section 122 by the Office, or*
> > >
> > > *(ii) the date of the first rejection under section 132 of any claim by the examiner during the examination of the application for patent.*
>
> *(2) OTHER REQUIREMENTS.—Any submission under paragraph (1) shall—*
>
> > *(A) set forth a concise description of the asserted relevance of each submitted document;*
> >
> > *(B) be accompanied by such fee as the Director may prescribe; and*
> >
> > *(C) include a statement by the person making such submission affirming that the submission was made in compliance with this section.*

III. *Issue*: Which rule should the USPTO adopt for preissuance submissions by third parties: 37 CFR § 1.99 or 37 CFR § 1.291?

Proposal: The USPTO should adopt a modified version of 37 CFR § 1.99 (the modified rule is listed in detail at the end of the comments section).

Comments: Those in favor of adopting 37 CFR § 1.291 argue that the protest rule is superior because it would help control submissions, thereby reducing the potential harassment of a patent

applicant. Those in favor of 37 CFR § 1.291 are particularly interested in adopting the following elements of that rule: (a) a requirement that the real party in interest is identified; and (b) when third parties submit multiple submissions, they should be required to meet a higher level of explanation of why the subsequent submission is significantly different. *See* 37 CFR § 1.291(c)(5) and 37 CFR § 1.291(c)(5).

An argument against adopting 37 CFR § 1.291 is that the favored requirements would actually deter the interested public from making such submissions because most third parties prefer to remain anonymous. In addition, these requirements are unnecessary given the time constraints for making these submissions and would simply create more work for USPTO staff to administer the program.

Unlike a protest, the new procedures require, and only allow, submissions to be made before the later of either (i) 6 months after the date of publication or (ii) the date of the first rejection. There is no danger that a third party who makes a preissuance submission will try to participate in the ex parte examination of the application each time the patent applicant submits a paper in response to an Office action. Although Sec. 8 of AIA provides for a new regime of preissuance submissions, 35 USC § 122(c) still contains a prohibition against submitting protests in published patent applications; therefore, adopting a protest rule would be contrary to the overall statutory scheme of permitting a limited opportunity to submit information relevant to patentability to the examiner. For at least these reasons, a modified version of 37 CFR §1.99 should be adopted for implementation.

To the extent permissible, the proposed amendment to 37 CFR § 1.99 retains the structure and content of the old rule, and proposes to add provisions mandated by AIA or that are common to IDS practice (37 CFR §§ 1.97 and 1.98) (e.g., regarding copies of U.S. patent documents, extensions of time, bona fide attempts at compliance).

The commentary to accompany the proposed rule change and MPEP guidance should make the following points:

1. Documents submitted under this provision should be interpreted expansively to include documents of the type named of potential relevance that are not necessarily limited to prior art. For example, publicly accessible litigation documents should be permitted (MPEP 2001.06(c)) that are relevant to patentability, as well as post-filing documents that reflect the state of the art at a time before the effective filing date of a claim.

2. A concise explanation of the relevance can take many forms which may include a narrative description of the relevance of the document or a claim chart applying the cited documents to each applicable claim in the published application, to identify just 2 possibilities. The PTO may wish to offer further guidance as to what information it prefers to see in these submissions.

3. Examiners should be instructed to consider each document at least to the extent provided in the concise description of the asserted relevance. [tracking current guidance in reexamination IDS practice - MPEP 2256, 2656].

4. The PTO may wish to advise third parties that the citation of multiple documents that are, at best, cumulative in nature (either simultaneously or sequentially) should be avoided as they do little more than add to the burdens of the patent examiner. The submitter must demonstrate that each reference is not cumulative of other materials submitted.

5. USPTO guidance, generally tracking MPEP 2202-2206, modified to be consistent with the above, should be provided.

Proposal:

37 CFR §1.99 Third-party submission in published application.

(a) A submission by a member of the public of any patent application, patent, published patent application, or other printed publication of potential relevance ~~patents or publications relevant~~ to a pending published application may be entered in the application file if the submission complies with the requirements of this section and the application is still pending when the submission and application file are brought before the examiner.

(b) A submission under this section must identify the application to which it is directed by application number and include:

(1) The fee set forth in § 1.17(p);
(2) A list of each patent application; patent, published patent application or other printed publication ~~the patents or publications~~ submitted for consideration by the Office, including the date of publication of each patent or printed publication where applicable;
(3) A legible copy of each listed patent application; patent, published patent application or other printed publication ~~patent or publication~~ in written form or at least the pertinent portions thereof, other than U.S. patents and U.S. patent publications, unless required by the Office; ~~and~~
(4) An English language translation of all the ~~necessary and~~ pertinent parts of any non-English language document; ~~patent or publication in written form relied upon.~~
(5) A concise description of the asserted relevance of each submitted document; and
(6) A statement by the person making such submission affirming that the submission was made in compliance with this section.

(c) The submission under this section must be served upon the applicant in accordance with § 1.248.

~~(d) A submission under this section shall not include any explanation of the patents or publications, or any other information. The Office will not enter such explanation or information if included in a submission under this section. A submission under this section is also limited to ten total patents or publication.~~

(d) A submission under this section must be filed before the earlier of:

(1) the date a notice of allowance under § 1.311(a) is given or mailed in the application; or

(2) the later of:

(i) 6 months after the date on which the application for patent is first published by the Office, or

(ii) the date of the first rejection under § 1.104(c) of any claim by the examiner during the examination of the application.

(3) No extensions of time for making a submission under this section are permitted under § 1.136. If a bona fide attempt is made to comply with § 1.99, but part of the required content is inadvertently omitted, additional time may be given to enable full compliance. A submission under this section that does not comply or is not made to comply with the requirements of this section will not be entered.

~~(e) A submission under this section must be filed within two months from the date of publication of the application (§ 1.215(a)) or prior to the mailing of a notice of allowance (§ 1.311), whichever is earlier. Any submission under this section not filed within this period is permitted only when the patents or publications could not have been submitted to the Office earlier, and must also be accompanied by the processing fee set forth in § 1.17(i). A submission by a member of the public to a pending published application that does not comply with the requirements of this section will not be entered.~~

~~(f)~~ (e) A member of the public may include a self-addressed postcard with a submission to receive an acknowledgement by the Office that the submission has been received. A member of the public filing a submission under this section will not receive any communications from the Office relating to the submission other than the return of a self-addressed postcard. In the absence of a request by the Office, an applicant has no duty to, and need not, reply to a submission under this section.

IV. Closing Remarks

The USPTO should adopt a modified version of 37 CFR § 1.99 because the alternative (adopting rule 37 CFR § 1.291) is contrary to the statutory scheme of permitting a limited opportunity for submitting relevant information to an examiner. In addition, the protest rule may deter the public from making relevant submissions and would simply create more work for the USPTO.

Supplemental Examination

I. General Comments – Purpose and Scope

These comments are based on the assumption that the USPTO has an internal working draft of a proposed rule making package for implementing § 257. Thus, rather than attempting to draft specific rules these comments are intended to identify issues for consideration by the USPTO. In at least some instances the comments include proposals for consideration by the USPTO as to ways of addressing some of the issues in its proposed rules.

II. Statutory Language—Sec. 257(a)

> *257(a) REQUEST FOR SUPPLEMENTAL EXAMINATION.—A patent owner[1] may request supplemental examination of a patent[2] in the Office to consider, reconsider, or correct information[3] believed to be relevant[4] to the patent, in accordance with such requirements as the Director may establish. Within 3 months after the date a request for supplemental examination meeting the requirements of this section is received[5], the Director shall conduct the supplemental examination and shall conclude such examination by issuing a certificate[6] indicating whether the information presented in the request raises a substantial new question of patentability.[7]*
>
> *(b) REEXAMINATION ORDERED.—If the certificate issued under subsection (a) indicates that a substantial new question of patentability is raised by 1 or more items of information in the request, the Director shall order[8] reexamination of the patent. The reexamination shall be conducted according to procedures established by chapter 30, except that the patent owner shall not have the right to file a statement pursuant to section 304. During the reexamination, the Director shall address each substantial new question of patentability identified during the*

[1] Third party requests will be returned or destroyed as improper submissions.
[2] Patent should be construed as an original, reissued or reexamined patent.
[3] The information to be corrected may be false, misleading, mischaracterized or incomplete.
[4] The submission of information in a supplemental examination request should not be an admission of the materiality of any such information.
[5] If a request is defective it should be dismissed and the patent owner be given a two month extendable period to correct the defects. No additional fee should be charged for the corrected submission. If the defects are not corrected within the extendable period the patent owner must submit a new request with payment of the supplemental examination fee.
[6] The certificate shall identify for which claims supplemental examination was requested and which proposed SNQ were adopted and which ones were denied.
[7] The request may be submitted with respect to one or more patent claims. The patent owner may not submit new or amended claims during supplemental examination. New or amended claims must be submitted only after reexamination is ordered. The request should specifically identify the bases for the SNQ and apply the information to the claims for which supplemental examination is requested. The patent owner may point out the reasons and present evidence why the information does not render the requested claims unpatentable.
[8] The order should include a copy of the certificate and make reference to it as the bases for ordering reexamination.

supplemental examination, notwithstanding the limitations in chapter 30 relating to patents and printed publication or any other provision of such chapter.

a. Issue: What is the scope of the "information" that may form the basis for supplemental examination?

Comments:

1. The patent owner should be permitted to submit any information that may be relevant to a substantial new question of patentability, e.g., affidavits, foreign search reports and materials from related patent applications, office actions and submissions from U.S. patent applications subject to obviousness type double patenting rejections that are not overcome, declarations, litigation related documents. It should also be permitted to submit printed publications that do not constitute prior art, as well as notes[9] and materials that may not be considered publications but that the USPTO may decide is information material to patentability under Secs. 101 and 112 (best mode, enablement and written description) issues as well as Secs. 102 and 103. [10]

2. Since Sec. 257(b) states that if a substantial new question of patentability is determined to be presented, "the Director shall order reexamination of the patent . . . conducted according to procedures established by chapter 30 . . . notwithstanding the limitations in chapter 30 relating to patents and printed publication or any other provision of such chapter," the rules for chapter 30 reexamination should be expanded to handle consideration of such information that may involve inventorship, subject matter eligibility, utility, public use or sale, knowledge by others, written description, enablement, best mode, indefiniteness, improper broadened reissue, reissue recapture, and prosecution laches.

3. There should be no time limit placed on how long a patent owner requester has to submit such information in a request for supplemental examination after the patent owner becomes aware of the information.

4. The supplemental examination should be limited to consideration of specifically identified patent claims, which will be the only claims considered in determining whether a SNQ exists for such claims.

---

[9] *Monsanto Co. v. Bayer Bioscience N.V.,* 514 F.2d 1229 (Fed. Cir. 2008) relates to the failure to disclose notes about publications. The notes were not published or public.

[10] Consider that one could not have used reexamination or reissue to cure the following problems, while under supplemental examination they can (absent the PTO determining there may have been a material fraud): (1) non-prior art articles which prove claims are or are not enabled (*Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, 326 F.3d 1226, 1234-35 (Fed. Cir. 2003)); (2) unpublished notes at a presentation (*Monsanto Co. v. Bayer Biosciences N.V.*, 514 F.3d 1229, 1235 (Fed. Cir. 2008)); (3) false claims for small entity status (*See Nilssen v. Osram Sylvania, Inc*., 504 F.3d 1223, 1231 (Fed. Cir. 2007); *Ulead Systems, Inc. v. Lex Computer & Management Corp*., 351 F.3d 1139, 1146 (Fed. Cir. 2003)); (4) misrepresentations concerning inventorship (*GFI, Inc. v. Franklin Corp*., 265 F.3d 1268, 1274-75 (Fed. Cir. 2001)); and (5) falsehood in Petitions to Make Special (*Scanner Technologies Corp. v. ICOS Vision Sys. Corp*., 528 F.3d 1365, 1375 (Fed. Cir. 2008)).

5. The patent owner / requester should be permitted to point out why the claims remain patentable over the information submitted in the request.

III. Statutory Language-Sec. 257(c)

Sec. 257(c) EFFECT.—

(1) IN GENERAL.—A patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent. The making of a request under subsection (a), or the absence thereof, shall not be relevant to enforceability of the patent under section 282.

(2) EXCEPTIONS.—

(A) PRIOR ALLEGATIONS.—Paragraph (1) shall not apply to an allegation pled with particularity in a civil action, or set forth with particularity in a notice received by the patent owner under section 505(j)(2)(B)(iv)(II) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(j)(2)(B)(iv)(II)), before the date of a supplemental examination request under subsection (a) to consider, reconsider, or correct information forming the basis for the allegation.

(B) PATENT ENFORCEMENT ACTIONS.—In an action brought under section 337(a) of the Tariff Act of 1930 (19 U.S.C. 1337(a)), or section 281 of this title, paragraph (1) shall not apply to any defense raised in the action that is based upon information that was considered, reconsidered, or corrected pursuant to a supplemental examination request under subsection (a), unless the supplemental examination, and any reexamination ordered pursuant to the request, are concluded before the date on which the action is brought.

Comments:

1. The USPTO should indicate in the new rules that only the information submitted during supplemental examination as raising a SNQ will constitute the information considered to negate an inequitable conduct defense. Any information submitted under Rule 1.555 once reexamination is commenced should only satisfy the duty of candor required during the reexamination phase.[11]

[11] The AIA separates supplemental examination and issuance of the certificate from reexamination ordered after the certificate issues. The AIA focuses on the supplemental examination. The reexamination part deals with what must be concluded before the shield applies. Taking this approach will prevent abuses that might otherwise be attempted

2. Under Sec. 257 (c)(2)(B) what is the effect on a supplemental examination of an enforcement action commenced prior to conclusion of the supplemental examination? Since this section precludes paragraph (1) from applying to any defense raised in the action the Director should retain the discretion for the supplemental examination to be permitted to proceed concurrently with the action or stay the supplemental examination until the merits of the defense are concluded in the action to avoid inconsistent outcomes.

IV. Statutory Language – Sec. 257(d)

Sec. 257(d) FEES AND REGULATIONS.—

> *(1) FEES.—The Director shall, by regulation, establish fees for the submission of a request for supplemental examination of a patent, and to consider each item of information submitted in the request. If reexamination is ordered under subsection (b), fees established and applicable to ex parte reexamination proceedings under chapter 30 shall be paid, in addition to fees applicable to supplemental examination.*
>
> *(2) REGULATIONS.—The Director shall issue regulations governing the form, content, and other requirements of requests for supplemental examination, and establishing procedures for reviewing information submitted in such requests.*

Comments:

1. The Office should have the ability to utilize the procedures associated with its fee-setting authority so that the fee charged for requesting a supplemental examination may be adjusted in some fashion as to reflect the complexity of a request (e.g., number of claims presented and number of potential new questions of patentability raised for each claim in question).

2. The supplemental examination and reexamination fees should be charged upon filing of the request in a fashion similar to Rules 1.510 & 1.515 (i) SNQ fee for Sec. 257(a) (non-refundable), and (ii) a reexamination fee (refundable if no SNQ found).

3. The USPTO should promulgate rules governing form, content, etc. by fashioning them similar to Rules 1.510 (request for ex-parte reexamination under chapter 30), and 1.515 (determination of the request), taking into account the more expansive differences as to

---

through the use of AIA section 12. As an example, take the case where during prosecution an applicant adopts a strategy of not using an IDS during prosecution and when it comes time to litigate, the patentee then finds that a reference that was not made or record raises a SNQ so a request for supplemental examination is made. If the request for supplemental examination is granted, the patentee may then adopt a strategy of dumping all the art not previously submitted into the reexamination under Rule 1.555 without any showing of relevance, simply in an attempt to get rid of all inequitable conduct issues that might arise. This is not how the statute should work.

the kind of "information" permitted in a request for supplemental examination as compared to the more limited scope of "patents and printed publications" in current chapter 30 reexamination requests. There should be no page limit on the supplemental examination request.

V. Statutory Language – Sec. 257(e)

Sec. 257(e) FRAUD.—If the Director becomes aware, during the course of a supplemental examination or reexamination proceeding ordered under this section, that a material fraud[12] *on the Office may have been committed in connection with the patent that is the subject of the supplemental examination, then in addition to any other actions the Director is authorized to take, including the cancellation of any claims found to be invalid under section 307 as a result of a reexamination ordered under this section, the Director shall also refer the matter to the Attorney General for such further action*[13] *as the Attorney General may deem appropriate. Any such referral shall be treated as confidential, shall not be included in the file of the patent, and shall not be disclosed to the public unless the United States charges a person with a criminal offense in connection with such referral.*

(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed—

(1) to preclude the imposition of sanctions based upon criminal or antitrust laws (including section 1001(a) of title 18, the first section of the Clayton Act, and section 5 of the Federal Trade Commission Act to the extent that section relates to unfair methods of competition);

(2) to limit the authority of the Director to investigate issues of possible misconduct and impose sanctions for misconduct in connection with matters or proceedings before the Office; or

(3) to limit the authority of the Director to issue regulations under chapter 3 relating to sanctions for misconduct by representatives practicing before the Office.

a. Issue: Assuming that the filing of the request should not be construed as an admission that the information submitted as the basis for the request is information known to have been material to patentability and that there was no evidence of intent to deceive the USPTO by any individual with knowledge of the patent or patent owner having a duty of disclosure,

[12] Material fraud should be interpreted under *Walker-Process* fraud standard.
[13] Further action should be limited to criminal penalties under 18 U.S.C. § 1001 and Section 5 of the FTCA.

what steps should the Director take to "become aware" that a "material fraud on the Office may have been committed?"

Comments:

1. The rules should not require the patent owner to identify a possible violation of 37 CFR §1.56, 37 CFR §1.555 or 37 CFR §11.18(b)(1) .

2. The rules should be silent on whether the patent owner must submit evidence of intent to deceive the Office. However, the patent owner should be permitted to submit litigation related documents that allege inequitable conduct in the procurement of a related patent family member.[14]

3. This section seems to have been enacted in parallel to, and not really in light of, *Therasense Inc. v. Becton Dickinson and Co.,* 649 F.2d 1276 (Fed. Cir. 2011). It offers a method for correcting disclosure problems to mitigate the effect of information that was not considered, that was inadequately considered, or was incorrect in a prior examination of the patent. Under *Therasense*, for the failure to submit a piece of prior art to rise to the level of inequitable conduct, the double prongs of materiality and intent have to be fully met. It is unclear how a course of conduct that would continue to pose a problem, even in view of *Therasense*, would not amount to a "material fraud" which the Director must report to the Attorney General. If too low a standard is used for material fraud, the Supplemental Examination procedure will not be used.

4. The USPTO should not be tasked with determining whether there has been a material fraud under any evidentiary standard. Sec. 257(e) mandates that the Director inform the Attorney General in every instance in which "a material fraud on the Office may have been committed." The statute does not require the USPTO to determine that a material fraud has been committed, and the USPTO is ill-suited to make such determination.

5. The USPTO should develop a safe harbor list of the types of documents and information that it does not want, e.g., a complete copy of any office action and response filed in any co-pending continuation or divisional application v. just a disclosure of the serial number. Such a list should provide examples of acts and information that need not be disclosed but which are routinely involved with USPTO proceedings.

[14] Currently, MPEP 2001.06(c) indicates that "[w]here the subject matter for which a patent is being sought is or has been involved in litigation, the existence of such litigation and any other material information arising therefrom ***must*** be brought to the attention of the U.S. Patent and Trademark Office." [Emphasis added.]

Proposals:

1. The rules should clearly define what is needed for a finding of "material fraud." Perhaps there should be a rule stating that "material fraud" is established by clear and convincing evidence or that it is "beyond a reasonable doubt."

2. As an alternative position, the Office should notify the Attorney General whenever a reference that was known to the patent owner invalidates a claim under the *Therasense*. It would then be up to the Attorney General to determine whether a fraud occurred.

b. Issue: Should Rule 10.23 be amended to include the statutory language?[15]

Comments:

1. The rules should clearly define what is needed for a finding of "material fraud." Material fraud on the Office should be defined in the regulations to require (i) misrepresenting material information or withholding or failing to disclose material information, meaning but-for information that would result in invalidating at least one claim of the patent under a clear and convincing evidence standard in view of a court's claim construction, (ii) detrimental reliance by the Office on the material information that is misrepresented, withheld or not disclosed, and (iii) the misrepresentation, withholding or non-disclosure of the material information was done willingly, knowingly and with specific intent to the deceive the Office (e.g., defining this as a "*Walker Process*" type fraud (higher level of materiality plus detrimental reliance), as distinguished from *Therasense*.
2. The USPTO should adopt as a standard for the burden of proof for a finding of material fraud, in the case of disciplinary proceedings conducted by the USPTO, clear and convincing evidence, as opposed to the standard of beyond a reasonable doubt when matters are to be referred for criminal action.
3. The Director by regulations should define the standard for when a "material fraud on the Office *may* have been committed." In other words, the new rules should define what is required by way of a threshold finding that is sufficient to justify a referral to either OED and/or the Attorney General.

4. The Office should not undertake further investigation or referral (*see* 37 CFR 11.18(b)(1)) if the evidence in the supplemental examination does not clearly indicates a knowing and willful misrepresentation, withholding or non-disclosure of the material information, with some indication of specific intent (e.g., the single most reasonable inference to be drawn from the facts must be an intent to deceive the Office).

[15] Rule 10.23 only applies to practitioners before the Office. It does not apply to any person with knowledge of the patent application.

5. Any investigations of allegations of material fraud should be investigated only by OED attorneys. Referrals should not be made to the Attorney General without a probable cause determination being made by the Committee on Discipline and review and approval by the General Counsel and Director of the USPTO.

Citation Of Prior Art and Written Statements

I. Statutory Language – Sec. 301

Sec. 301. Citation of prior art and written statements

(a) In General.—Any person at any time may cite to the Office in writing—

> *(1) prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent; or*
>
> *(2) statements of the patent owner filed in a proceeding before a Federal court or the Office in which the patent owner took a position on the scope of any claim of a particular patent.*

(b) Official File.—If the person citing prior art or written statements pursuant to subsection (a) explains in writing the pertinence and manner of applying the prior art or written statements to at least 1 claim of the patent, the citation of the prior art or written statements and the explanation thereof shall become a part of the official file of the patent.

(c) Additional Information.—A party that submits a written statement pursuant to subsection (a)(2) shall include any other documents, pleadings, or evidence from the proceeding in which the statement was filed that addresses the written statement.

(d) Limitations.—A written statement submitted pursuant to subsection (a)(2), and additional information submitted pursuant to subsection (c), shall not be considered by the Office for any purpose other than to determine the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304, 314, or 324. If any such written statement or additional information is subject to an applicable protective order, such statement or information shall be redacted to exclude information that is subject to that order.

(e) Confidentiality.—Upon the written request of the person citing prior art or written statements pursuant to subsection (a), that person's identity shall be excluded from the patent file and kept confidential.

II. *Issue:* USPTO Rules Need to be Amended to Reflect This Change to Sec. 301

Proposal: We suggest the following amendments to 37 CFR § 1.501:

§ **1.501: Citation of prior art and written statements in patent files**.

(a) At any time during the period of enforceability of a patent, any person may cite to the Office, in writing:

(1) Prior art consisting of patents or printed publications which that person states to be pertinent and applicable to the patent and believes to have a bearing on the patentability of any claim of the patent; or

(2) Statements of the patent owner filed in a proceeding before a Federal Court or the Office in which the patent owner took a position on the scope of any claim of a particular patent. The statements shall include any other documents, pleadings, or evidence from the proceeding in which the statement was filed that addresses the statement.

(3) If the citation is made by the patent owner, the explanation of pertinency and applicability may include an explanation of how the claims differ from the prior art. Such citations shall be entered in the patent file except as set forth in §§ 1.502 and 1.902.

(b) A citation complying with subsection (a) shall become a part of the official file of the patent if the person making the citation explains in writing the pertinence and manner of applying the prior art or written statements to at least one claim of the patent. If a bona fide attempt is made to comply with this section, but part of the required content is inadvertently omitted, additional time may be given to enable full compliance.

(c)Statements and additional information submitted in accordance with subsection (a)(2), shall not be considered by the Office for any purpose other than to determine the proper meaning of a patent claim in a reexamination or post-grant review proceeding. If any such statement or additional information is subject to an applicable protective order, such statement or information shall be redacted to exclude information that is subject to that order.

~~(b)~~ (d)If the person making the citation wishes his or her identity to be excluded from the patent file and kept confidential, the citation papers must be submitted without any identification of the person making the submission.

~~(c)~~ (e) Citation of patents or printed publications by the public in patent files should either:

(1) Reflect that a copy of the same has been mailed to the patent owner at the address as provided for in § 1.33(c); or in the event service is not possible.

(2) Be filed with the Office in duplicate.

Comment: USPTO guidance should generally track MPEP 1134.01, consistent with above.

Post-Grant Review

I. Derivation Proceedings

Statutory Language

Sec. 135(a): INSTITUTION OF PROCEEDING — An applicant for patent may file a petition to institute a derivation proceeding in the Office. The petition shall set forth with particularity the basis for finding that an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner's application and, without authorization, the earlier application claiming such invention was filed. Any such petition may be filed only within the 1-year period beginning on the date of the first publication of a claim to an invention that is the same or substantially the same as the earlier application's claim to the invention, shall be made under oath, and shall be supported by substantial evidence. Whenever the Director determines that a petition filed under this subsection demonstrates that the standards for instituting a derivation proceeding are met, the Director may institute a derivation proceeding. The determination by the Director whether to institute a derivation proceeding shall be final and nonappeable.

a. Issue: What format should a derivation proceeding assume?

Proposal: A derivation proceeding should have the same format as an IPR or PGR proceeding, with petitioner filing a petition (or motion) containing all supporting evidence, an initial determination on whether to go forward and, if so, an opposition and a reply.

Comment:

The new Sec. 135(a) calls for the filing of a petition and "substantial evidence" in support. Not specified is the standard for determining the sufficiency of that evidence so as to institute the proceeding. Is it the "substantial new question" test of reexamination or something higher, like the "prima facie" test for prosecution or the judicial "clear and convincing" validity standard? We would urge the adoption of a prima facie standard to balance the need to guard applicants and patentees against spurious allegations while also permitting bona fide claims to be resolved.

Proposals:

1. The USPTO should interpret new 35 USC §135(a) to permit any applicant (including any reissue applicant) claiming patentably indistinct subject matter to file a petition to institute a derivation proceeding within the time limit permitted by the statute.

2. The USPTO should provide that no such petition will be acted on until all of the applicant's pending claims are in condition for allowance but for their conflict with claims in one or more of the cases[16] identified in the petition. The rules should ensure that this does not become a potential cause of delay.

3. The USPTO should interpret new 35 USC 135(a) to permit the institution of a derivation proceeding between a targeting application and a targeted patent so long as it is timely filed in accordance with the statute.

4. The USPTO should permit a petition for a derivation proceeding to be filed within the 1-year period beginning on the date of the first publication either (a) in a published U.S. application or (b) in a PCT application in the English language designating the U.S. or (c) in a U.S. Patent where non-publication was requested claiming subject matter that is the same or substantially the same as the subject matter defined by any claim in an application owned by the petitioner's real-party-in-interest .

5. The issue of whether the petitioner's claim(s) is or are actually entitled to the benefit of the filing date of any priority application should be decided inter partes in the derivation proceeding rather than ex parte.

6. The USPTO should provide in its regulations that the standard to be used for evaluating whether derivation exists be whether the subject matter defined by the target claim would have been either anticipated by or obvious over the subject matter defined by the targeting claim rather than either (a) whether the subject matter defined by the target claim would have been anticipated by the subject matter defined by the targeting claim or (b) whether the subject matter defined by the target claim is identical to the subject matter defined by the targeting claim.

7. The USPTO should provide that, upon termination of a derivation proceeding, any involved application that contains claims the inventorship of which has been determined to be correct will be returned to the patent examining corps for appropriate further action.

8. The USPTO should provide that, if a patentee wishes to precipitate the declaration of a derivation proceeding, it will have to file an application to reissue its patent within the time period allowed by statute.

9. The USPTO should provide that it will accept the parties' determinations of inventorship as conclusive unless it has reason to suspect that, for some reason, the parties' determinations of inventorship are incorrect.

[16] We use the word "cases" as a generic term encompassing both target applications and target patents.

10. The USPTO should provide that, if the parties agree between or among themselves as to the inventorship of the involved claims, they have to inform the USPTO of the correct inventorship of each surviving involved claim, not simply the correct inventorship of each surviving involved application or patent.

11. The USPTO should provide that, if the PTAB determines the inventorship of the involved claims, its judgment will recite the correct inventorship of each surviving involved claim, not simply the correct inventorship of each surviving involved application or patent.

12. The USPTO should provide that, if the parties agree between or among themselves as to the inventorship of the involved claims, they do not have to submit evidence supporting their determinations.

13. The USPTO should provide that the PTAB has authority to enter split judgments—that is, to determine that the inventors named in one involved application or patent are correct as to one or more claims in that application or patent and that the inventors named in another involved application or patent are correct as to one or more claims in that other application or patent. We recognize that one of the surviving party's or parties' published application or patent may be or become a reference against another surviving party's or parties' claims, but we anticipate that the effect of that fact will be determined in post-proceeding ex parte practice or in a parallel inter partes proceeding in which patentability is to be determined.

14. The USPTO should provide that the parties to a derivation proceeding can amend the inventorship named in their involved case during the proceeding. We anticipate that giving the parties that ability will promote settlement.

15. The USPTO should provide that, if a party to a derivation proceeding wishes to establish that its opponent's or opponents' claims is or are unpatentable on any ground other than derivation, it will have to take steps to institute one of the other inter partes proceedings authorized by the America Invents Act.

16. The USPTO should promulgate rules that will facilitate running the various inter partes proceedings authorized by the America Invents Act usually (but not necessarily always) before the same panel of APJs.

II. Threshold for Inter Partes Review (IPR) and Post Grant Review (PGR).

Preliminary Comment: AIPLA supports in principle the Comments and Proposed Regulations of the Committee Appointed by the ABA/IPL, AIPLA and IPO Relating to Post-Grant Review, Inter Partes Review and Covered Business Method Patent Transitional Proceedings Under the Leahy-Smith America Invents Act (hereinafter the "Committee Report," which is to be submitted separately). This support is given with the understanding that AIPLA may modify these comments and present further views as this process advances

In the following comments, "CR" refers to proposed regulations in the Committee Report, whereas "CE" refers to the Comments section of the Committee Report. In general, the following comments refer to subjects not otherwise addressed in the Committee Report, and/or to express AIPLA's further views. Statutory references below for the most part are to the amended provisions of Title 35.

_____

Statutory Language

Sec. 314(a) THRESHOLD:—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

###

Sec. 316.(a) REGULATIONS: —The Director shall prescribe regulations (2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)

###

Sec. 324.(a) THRESHOLD:—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

###

a. Issue: **What standard should be used to determine whether the petition has met the "reasonable likelihood that the petitioner would prevail" threshold of Secs. 314(a) and 316(a)(2) to institute an IPR? What standard should be used to determine whether the petition establishes the "it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable" threshold of Sec. 324(a)?**

Comments:

1. The standards for instituting post-grant and inter partes review are addressed in CR §§41.304 and 41.404, and in CE throughout, including the subsection entitled "Institution."

2. In addition, the Office should collect, maintain and publish statistics (including the petition grant rate, the rate of substituted and cancelled claims, etc.) and should publish a comprehensive quarterly report once sufficient data is collected. The Office should then provide the patent community with an opportunity to work with the Office on any needed adjustments to ensure optimal performance of PGR and IPR.

III. Duty of Disclosure for IPR, PGR, and Transitional Program For Covered Business Method Patents and Derivation Proceedings.

Comments:

1. The Committee Report addresses the duties of disclosure and candor by establishing explicit disclosure requirements in the CR's, and by otherwise requiring practitioners to conduct themselves in keeping with the Board's standing requirements and the Office's ethical and disciplinary rules. Because PGR and IPR proceedings are focused proceedings in which the parties are precluded from addressing substantive issues other than those authorized in the Director's Decision instituting the proceeding, the parties' disclosure obligations are similarly restricted.

2. Disclosure requirements for these proceedings are addressed in the CR's at §§ 41.302-3, 41.307, 41.309-11, 41.312(e), 41.402-3, 41.407, 41.40-11 and 41.412(e).

3. Other provisions bearing on a parties disclosure responsibilities include CR §§ 41.5, 41.121, 41.122, 41.128, 41.150-8.

IV. Inter Partes Proceedings (including IPR, PGR and Derivation Proceedings)

Sec. 316 Conduct of inter partes review

(a): Regulations:—The Director shall prescribe regulations

(1) providing that the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion;

###

(3) establishing procedures for the submission of supplemental information after the petition is filed;

###

(5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to—

(A) the deposition of witnesses submitting affidavits or declarations; and

(B) what is otherwise necessary in the interest of justice

###

(7) providing for protective orders governing the exchange and submission of confidential information;

(8) providing for the filing by the patent owner of a response to the petition under section 313 after an inter partes review has been instituted, and requiring that the patent owner file with such response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies in support of the response;

###

(d) Amendment of the Patent:—

(1) In general.—During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways:

(A) Cancel any challenged patent claim.

(B) For each challenged claim, propose a reasonable number of substitute claims.

(2) Additional motions.—Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the

settlement of a proceeding under section 317, or as permitted by regulations prescribed by the Director.

(3) Scope of claims.—An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.

###

Sec. 326 Conduct of post-grant review

(a)Regulations.—The Director shall prescribe regulations—

(1) providing that the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion;

###

(3) establishing procedures for the submission of supplemental information after the petition is filed;

###

(5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to evidence directly related to factual assertions advanced by either party in the proceeding;

###

(7) providing for protective orders governing the exchange and submission of confidential information;

(8) providing for the filing by the patent owner of a response to the petition under section 323 after a post-grant review has been instituted, and requiring that the patent owner file with such response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies in support of the response;

###

(d) Amendment of the Patent:—

(1) In general.—During a post-grant review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways:

(A) Cancel any challenged patent claim.

(B) For each challenged claim, propose a reasonable number of substitute claims.

(2) Additional motions.—Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the

settlement of a proceeding under section 327, or upon the request of the patent owner for good cause shown.

(3) Scope of claims.—An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.

a. Issue: What is the relationship between continuing application practice and PGR and IPR proceedings?

Comments:

1. Prior to issuance, the patent owner may file one or more continuing applications (continuations, divisionals and C-I-Ps) which could be used to either try to obtain claims similar to those being challenged or to delay a final disposition as long as possible.

2. Whether a patent owner will be precluded from gaining similar claims in a continuing application will depend upon whether a final, unappealable or unappealed decision has been entered in a PGR or IPR proceeding, and the relationship of the application's claim to the issues decided, or to any disclaimer(s) made by the patent owner during the proceedings. *See* CR §§ 41.303(l), 41.403(l), 41.310(b)(1) & 41.410(b). These are prosecution issues that need not be addressed in the PGR and IGR rules, but they should be considered by the Office.

b. Issue: How expansive should discovery be in Sec. 316 (IPR) proceedings?

Comments:

1. In order to keep IPR proceedings on track, the scope of discovery must be balanced between wide open court discovery and limited discovery in current interference practice. The scopes of allowable discover are addressed in CR §§ 41.302, 41.306, 41.307, 41.309-11, 41.402, 41.406, 41.407 and 41.409-11.

2. The Committee Report proposes that any additional discovery be handled by miscellaneous motions for additional discovery and discovery during cross-examination of a witness. CR §§ 41.308 and 41.408.

3. The Committee Report proposes that all witnesses should be required to appear in the U.S. for cross-examination. CR §§ 41.307(h)(2) and 41.407(h)(2).

4. The Committee Report proposes limits on the number of depositions and on the hours for each deposition. CR §§ 41.307(h)(1) and 41.407(h)(1). These time limits include limits for cross examination and redirect depositions to encourage efficiency.

c. Issue: How should the office handle the introduction of either a new basis to challenge a patent claim or additional evidence to support an earlier raised basis in proceedings under Secs. 316(a)(3) and 326(a)(3)?

Comments:

1. The Committee Report proposes that the PGR and IPR proceedings be "front loaded," as Congress intended. As such petitioners should disclose their entire case in their petitions, and may supplement them during the deposition periods only through the redirect of petitioner's witnesses on the subjects raised in cross examination, through the cross and re-cross examinations of the patent owner's and other witnesses, and as the Board may allow. In the proposed regulations, an exception is given in the case where the patent owner's motion to amend proposes the introduction of claim limitations not previously found in the patent's claims. See CR §§ 41.307-8, 41.310-11, 41.407-8, 41.310-11.

2. If reply evidence is not responsive but seeks to supplement the initial showing, it can be challenged by a motion to exclude.

3. While front loading may raise concerns about potential estoppels effects later, the Committee Report recognizes that IPR and PGR proceedings may not be preferable for all patent challenges.

d. *Issue*: How many claims may be added/amended and how many times should this be permitted under Secs. 316(d) (IPR) and 326(d) (PGR)?

***Comments*:**

1. Current *inter partes* reexams bog down due to the number of claims added by the patent owner. The Committee Report's approach seeks to solve this problem by limiting the the substitution of new claims to a single opportunity, unless part of a settlement agreement, or otherwise authorized by the Board for good cause shown.

2. In most cases, the patent owner will not want to amend the patent claims, as to do so will result in intervening rights.

3. Cancellation, and presentation of substitute claims is allowed when submitted as a permitted Motion to Amend with the Patent Owner's Final Response, may be opposed by the Petitioner in an Opposition submitted with the Petitioner's Written Comments, and will ultimately be decided by the Board after final hearing based on the reasonableness of the number of substitute claims proposed, and their patentabilities. See CR §§ 41.310-15 and 41.410-15.

4. The Committee Report does not recommend that a patent owner be permitted to present proposed substitute claims with a §313 and §323 preliminary response since the proceeding has not yet been instituted. *See* §§ 41.303(l) and 41.403(l).

5. While the patent owner may move to add any number of claims, their addition may be denied if the Board determines that the number of proposed substitute claims is not reasonable. In the patent owner's motion, the patent owner should clearly identify support for each proposed substitute claim and the earliest effective date asserted for that claim with appropriate explanation.

e. Issue: How should the Office handle protective orders for confidential information under Secs. 316(a)(1) and (7) and Secs.326(a)(1) and (7)?

Comment: The Committee Report sets forth a procedure for automatically activating a Standing Protective Order, requiring the patent owner to agree to the terms of that Order in order to access confidential information, and for allowing the Standing Protective Order to be modified as needed by the Board. See §§ CR 41.301(g)and 41.401(g) and CR Appendix

f. Issue: How many opportunities to comment should the petitioner and patent owner have in IPR and PGR proceedings?

Comment: The Committee Report sets forth a procedure for automatically activating a Standing Protective Order, requiring the patent owner to agree to the terms of that Order in order to access confidential information, and for allowing the Standing Protective Order to be modified as needed by the Board. *See* §§ CR 41.301(g)and 41.401(g) and CR Appendix.

V. Multiple Proceedings under Secs. 315(d) and 325(d)

Sec. 315(d)

(d) Multiple Proceedings.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

###

Sec. 325(d)

d) Multiple Proceedings.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any

such matter or proceeding. In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

Issue: How will the Office handle multiple proceedings under Secs. 315(d) and 325(d), especially where the same art is relied upon but different expert declarations are submitted?

***Comment*:** If the proceedings are merged, the patent owner will need to cross-examine multiple experts. While the first deposition may establish a weakness in petitioner's case, later experts might then be prepared for the same line of questioning.

Proposal: Where the same or a similar basis is raised in a second petition, filed by a different party that the Director determines meets the requirements for instituting a new proceeding, the Director should stay, terminate or merge the second petition in response to a request filed within one month of that determination. The Office should also consider whether the interests of justice favor denying a petition in favor of any ongoing court proceeding addressing the same issues and involving parties who are not before the Office. *See* CR §§ 41.305 & 41.405.

VI. Transitional Post-Grant Review for Business Method Patents under Sec. 18 of AIA

Sec. 18. TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS.

(a) Transitional Program.— (1) Establishment.—Not later than the date that is 1 year after the date of the enactment of this Act, the Director shall issue regulations establishing and implementing a transitional post-grant review proceeding for review of the validity of covered business method patents. The transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35, United States Code, subject to the following:

(A) Section 321(c) of title 35, United States Code, and subsections (b), (e)(2), and (f) of section 325 of such title shall not apply to a transitional proceeding.

(B) A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.

(C) A petitioner in a transitional proceeding who challenges the validity of 1 or more claims in a covered business method patent on a ground raised under section or 103 of title 35, United States Code, as in effect on the day before the effective date set forth in section 3(n)(1), may support such ground only on the basis of—

(i) prior art that is described by section 102(a) of such title of such title (as in effect on the day before such effective date); or

(ii) prior art that—

(I) discloses the invention more than 1 year before the date of the application for patent in the United States; and

(II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure had been made by another before the invention thereof by the applicant for patent.

(D) The petitioner in a transitional proceeding that results in a final written decision under section 328(a) of title 35, United States Code, with respect to a claim in a covered business method patent, or the petitioner's real party in interest, may not assert, either in a civil action arising in whole or in part under section 1338 of title 28, United States Code, or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), that the claim is invalid on any ground that the petitioner raised during that transitional proceeding.

(E) The Director may institute a transitional proceeding only for a patent that is a covered business method patent.

a. *Issue*: How expansive should discovery be in PGR proceedings and transitional PGR proceedings for business method patents?

Comments:

1. Sec. 18(a) of the AIA states that the Transitional Program For Covered Business Method Patents "shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35," subject to certain limitations. In the Committee Report, Sec. 18 proceedings are treated as a form of PGR, subject to special requirements, as enumerated at CR. §§ 41.300 (definitions), 41.301(e)(2), 41.302(c)(5) & (d)(4). Throughout the proposed CR's, exceptions have been made where needed to account for Covered Business Method Patents.

2. In order to keep PGR proceedings on track, the scope of discovery must be balanced between wide open district court discovery and limited discovery in current interference practice. Discovery is addressed in CR § 41.307.

b. Issue: What should happen if the Board does not issue a final determination in one year?

***Comments*:** The number and complexity of issues that can arise in a PGR and possibly in an IPR are such that it may be difficult to conclude the review in one year or even 18 months. If the procedures are well-defined, including relevant timelines and deadlines, petitioners will be able to judge whether its case is too complex for PGR or IPR and pursue an alternative venue.

The statutory requirement to complete these proceedings in no more than 18 months was a principal driver in the design of the proceedings proposed. AIPLA takes no position on what happens if the procedures are not completed within the mandatory time frame, but has proposed a structure, time limits, limits in scope, and special procedures so that that should not happen. In addition, if the Director does not believe that in any particular case it will be possible to fairly conduct a proceeding within the required time frame, the Director may deny its institution. *See* CR 41.304(6) and CR 41.404(6). In addition, under CR 41.315(c) and CR 41.415(c), the Board may terminate the proceeding if, at any time prior to the final decision, the Director "determines that evidence that is needed to fairly decide one or more issue is or will be unavailable o the Board within the required time frame to complete the proceeding, through no fault of either party…"

Transitional Program for Covered Business Method Patents

I. Preliminary Remarks

Since Sec. 18 of the AIA is largely based on the Post-Grant Review procedures set forth in Sec. 6(d) of the Act, issues raised by Sec. 6(d) may also be relevant to Sec. 18. These comments do not address any of those issues since the resolution of such issues for Sec. 6(d) will also control their resolution for Sec. 18.

II. Statutory Language - Sec. 18(d) of AIA

Sec. 18(d):

Definition.—(1) In general.—For purposes of this section, the term "covered business method patent" means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.
(2) Regulations.—To assist in implementing the transitional proceeding authorized by this subsection, the Director shall issue regulations for determining whether a patent is for a technological invention.

a. Issue: How should the USPTO define a business method patent?

Proposal: The definition of "covered business method patent" should preserve patentee rights and patent value and conserve USPTO resources.

Comments: In developing guidance for what constitutes a "covered business method patent" and the exception for "technological inventions," the USPTO's approach should be one that does not apply the transition procedure overly broadly, until the effect on USPTO resources and collateral effects on pendency of other cases are determined. This is explicitly contemplated in 35 U.S.C. §326(b) of the AIA. Thus, the USPTO should implement the Sec. 18 transition program in a conservative fashion until its effects can be determined. In this way fewer adverse effects will be generated as the USPTO learns how the transition procedure regulations may require mid-course corrections.

b. Issue: What test should the USPTO adopt to determine what patents qualify for the transitional program?

Proposal: The USPTO should adopt a two-step test:

Step 1: determine whether a claim satisfies the requirement that it not be to a technological invention; and
Step 2: determine whether the patent covers a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service .

Comments: The AIA describes a "covered business method patent" as "a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service...." This description loosely tracks a portion of the definition of U.S. Patent Class 705. In determining whether a patent meets the required criteria, the USPTO should focus on the accused activity that would be covered by the claim and how the claim would read on such activity rather. The USPTO should not simply look for a particular word or combination of words in the claim. In addition, the assignment to Class 705 should not be determinative.

The test for whether a patent falls within the ambit of Sec. 18 should include the following two steps: a) determine whether the claim satisfies the requirement that it not be to a technological invention and b) determine whether the patent covers a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service. A claim reciting one or more elements or steps covering a financial feature does not in and of itself make the patent a covered business method patent.

The USPTO should also clarify "financial product or service." The USPTO should reject a broad definition that includes any financial transaction in any industry or any accounting in enterprise management for a business. Every company handles money in the course of doing business. The USPTO should limit the phrase to the financial services industry, which includes firms that deal with the management, investment, transfer, and lending of money.

III. The Timeline for Sec. 18 Post-Grant Review

Issue: Are the IPR/PGR timelines provided aggressive enough for the Sec. 18 proceedings?

Comments: The Committee Report is mindful of the situation where the patent owner needs to expedite resolution of a PGR proceeding, and allows several opportunities for the patent owner to do so. First, the patent owner may file the Preliminary Response early, or if no response is to be filed, a Notice to Expedite, so the proceeding will be instituted sooner than if the total periods are allowed to elapse. Second, the patent owner may expedite the discovery in the patent owner's period for discovery, thereby filing the patent owner's response sooner than required. If the patent owner takes aggressive steps to expedite the proceeding by, for example, immediately filing a Notice to Expedite, and responding with its Final Response within two months of

institution of the proceeding, it is possible the proceeding could be completed in as little as in 11 months from petition filing, and 8 months from the institution of the proceeding.

IV. Statutory Language for Sec. 18 Petition

Sec. 18(a)(1)(B): A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.

Issue: Should the criteria establishing "charged with infringement" be the same as that for declaratory judgment jurisdiction?

Proposal: No. The gating criterion under Sec. 18(a)(1)(B) relating to the wording "charged with infringement" should not be the same as that for DJ jurisdiction under current case law. This proposal is addressed in CR 41.302(c)(5).

Comments:

Implementing regulations should reflect the fact that the phrases "sued for infringement" and "has been charged with infringement" are unambiguous. The regulations implementing the "charged with infringement" element should not be the same as the criteria for establishing declaratory judgment jurisdiction, which in some cases have been interpreted expansively. Rather, the criteria should be reflect the plain meaning of these words, and require clear and unequivocal assertions by the patentee that:

(i) a specific product or process of the petitioner

(ii) presently infringes

(iii) a specific patent claim that qualifies the patent as a "covered business method patent."

The implementing regulations should require that the petitioner specifically identify and provide a copy of the complaint or documentation establishing that the petitioner has been sued for infringement or charged with infringement by a party with rights to enforce the patent, consistent with the requirements set forth above.

V. Statutory Language for Requirements of PGR Petition

35 USC § 322(a)(3)-(4): Requirements of Petition.—A petition filed under section 321 may be considered only if- (3) the petition identifies, in writing and with particularity,

each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim; (4) the petition provides such other information as the Director may require by regulation…

Issue: The phrase "other such information" in 35 USC §322(a)(4) is ambiguous.

Proposal: The threshold for filing a petition under Sec. 18 is clearly defined in the CR's. *See* CR 41.302.

VI. Publication of Sec. 18 Petitions

Issue: Should the USPTO publish Sec. 18 petitions?

Proposal: Yes. All Sec. 18 petitions, whether allowed or denied, should be published.

Comments: It is in the public interest that the USPTO's analyses in determining which bases for challenges are appropriate under Sec. 18 be available for public review. This transparency will allow the public to learn which bases are likely to be rejected, to refrain from filing petitions similar to those that have already been denied, and reduce the burden on the USPTO.

The Committee Report proposes procedures that will allow for the filing of confidential information, along with non-confidential versions that may be published. In addition, to assist the USPTO in publishing petitions, the implementing regulations should encourage that all Sec. 18 petitions be submitted electronically.

VII. Statutory Language for Amending Patents in PGR

35 USC §326(d)(1): Amendment of the Patent.— (1) In general.—During a post-grant review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways: (A) Cancel any challenged patent claim. (B) For each challenged claim, propose a reasonable number of substitute claims.

a. *Issue*: When should the USPTO allow the patentee to amend and add claims in response to the raising of new grounds for rejection or objection?

Proposal: The implementing regulations should allow the patentee to amend and add claims for good cause shown.

Comments: Under proposed §326(d)(1), a patentee is entitled to file a motion to amend the claims by (A) cancelling any challenged claim, and/or (B) for each challenged claim, "proposing a reasonable number of substitute claims." Additional motions to amend may be permitted only upon the joint request of the petitioner and the patent owner to materially advance the settlement of a proceeding, or upon the request of the patent owner for "good cause shown."

Motions to Amend in PGR's pertaining to Covered Business Method Patents are addressed in CR 41.310-11.

b. Issue: Should the procedures for the Sec. 18 transitional program differ from the procedures for IPR and PGR?

Proposals:

1. The estoppel provisions for the transitional proceeding are less onerous for the petitioner than for either PGR or IPR as they estop other proceedings in the District Court or ITC on any ground that was actually raised. These are not addressed in the Committee Report, as these estoppels will be applied by the Office in other matters, or by the courts.

2. Generally the procedures for all three proceedings are proposed to be the same unless otherwise required by the statute.

3. As discussed above, it is conceivable that the proceeding could be concluded in 8 months.

VIII. CONTINUING APPLICATIONS

Issue: How should the USPTO treat continuing applications?

Proposal: The implementing regulations for transitional proceedings in Sec. 18 should treat continuing applications in the same manner they are treated under the procedures for PGR and IPR under Sec. 6(a) and (d).

Comment: Sec. 18 and the PGR/IPR processes provided in Sec. 6 of the AIA are silent on the subject of continuation applications.

IX. CLOSING REMARKS

Sec. 18 has many complexities and challenges, some of which cannot be anticipated in advance. The program will involve significant procedural and legal issues. It is therefore important that the USPTO monitor the program make any needed midcourse corrections. In this regard, the implementing regulations should identify milestones and metrics that will be used to determine the need for any midcourse corrections. In addition, the Sec. 18 Transitional Program and implementing regulations should be revisited and analyzed two years after implementation.