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To: aia_implementation
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Subject: Transitional program for covered business method patents

RGS Comment #4 (see disclaimer in RGS Comment #1)

Ms. Gongola:

My colleague Michelle Holoubek and I appreciate the opportunity to provide comments for the Group 2 Proposed Rule Makings. We have reviewed AIA Sec. 18 - - Transitional Program For Covered Business Method Patents - - and would like to provide some comments. These comments are provided in order to raise potential issues for consideration by the USPTO while drafting the rules and regulations, and not to encourage any particular view or outcome. As such, these comments do not necessarily reflect our individual views or the views of our firm - - Sterne, Kessler, Goldstein & Fox, PLLC - - or its clients.

The procedures made available in Section 18 are largely understood to be driven by the concern in the financial services industry that particular patentees are aggressively asserting their patent portfolios to extract licensing or settlement revenue. The urban folklore is that this provision was driven by the Data Treasury litigation in the EDTX.

When providing regulations to implement this section, the USPTO needs to consider all inadvertent effects that those regulations may have on other issued patents that have some aspect of a financial method or service.

There are some business method patents which are clearly directed to financial products and/or services. For example, a patent entirely directed to capturing and storing images of consumer checks to speed up processing by a bank is likely directed to a financial product/service. However, there are many patents that may be primarily directed to something other than a financial services business method, yet include one or more claims that have a financial component or element.

Consider, for example, a set of claims directed to a novel business method of product development. Although the majority of the claims are non-financial in nature, the example claim set includes a single claim that could arguably be considered financial in nature (e.g., a claim adding a bookkeeping component to the novel method). In another example, consider a set of claims directed to a novel method of transmitting imaging data. Although the majority of the claims are focused on aspects of the transmission, the example claim set includes a single claim indicating that the image is an image of a consumer check.

In each of these examples, there appear to be two possible outcomes for a transitional post-grant review proceeding:

(1) The entire set of claims will be subject to the proceeding. This would mean that other claims having nothing to do with financial services would be placed into a review proceeding, even though they are not technically eligible for the review proceeding; or

(2) The entire set of claims will not be subject to a transitional post-grant review proceeding; rather, only the financial services claims will be subject to the proceeding. This would mean that, in a single patent, some claims would be treated differently from other claims. A single reference would have a different prior art status for some claims than for other claims.

In issuing guidelines for Section 18 proceedings, please be sure to address how the above scenario would be handled by the Office. Specifically, please address whether having a dependent claim related to a financial product or service, in any business method patent having other, non-financial claims, makes all claims in the patent susceptible to prior art which would not otherwise be applicable to the non-financial claims. Such guidance would be useful in both preparing a request for review by a third party and developing a claim or response strategy by the patentee.

The Office should be concerned about the adverse impact on the patent right by the institution of a section 18 proceeding involving a patent that has claims that are NOT covered by the proceeding. These non-covered claims will be essentially removed from enforcement until the section 18 proceeding is completed through appeal to the United States Court of Appeals for the Federal Circuit. Such a process could take 2-4 years. Thus, an alleged infringer could use such a tactic to prevent enforcement of these non-covered claims by the mere filing of a section 18 proceeding on the covered claims, even if the covered claims are not being enforced in the parallel litigation.

The patent owner would have no way to protect the patent from this attack. Some have hypothesized that the patent owner may have no recourse and be forced to dedicate the covered claims to the public to avoid a possible section 18 proceeding. But that approach may not actually shield the patent from a possible section 18 proceeding.

Additionally, section 18 provides an automatic right of interlocutory appeal to the Federal Circuit concerning the denial of a stay in a related court or ITC proceeding. Thus, a section 18 proceeding could be abused by an accused infringer when the patent being asserted contains claims not covered by section 18.