

To: *Kenneth M. Schor*, Office of Patent Legal Administration, Office of the
Associate Commissioner for Patent Examination Policy
To: reexamimprovementcomments@uspto.gov
Docket No: PTO-P-2011-0018

**Comments of Electronic Frontier Foundation
and Prof. Mark Webbink
in Response to the Patent and Trademark Office Providing Comment
on its Proposals on Streamlined Patent Reexamination Proceedings**

June 29, 2011
Submitted by:

Julie P. Samuels
Staff Attorney
Michael Barclay, Reg. No. 32,553
Fellow
Electronic Frontier Foundation

Prof. Mark Webbink
Executive Director of
the Center for Patent
Innovations at New
York Law School

The Electronic Frontier Foundation (EFF) and Professor Mark Webbink, Executive Director of the Center for Patent Innovations at New York Law School, submit this response to the Patent and Trademark Office (PTO) providing comment on its proposals on Streamlined Patent Reexamination Proceedings (Docket PTO–P–2011–0018). We welcome the opportunity to provide information on this topic.

EFF is a nonprofit civil liberties organization that has worked for more than twenty years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 14,000 dues-paying members have a strong interest in helping the courts and policy-makers in striking the appropriate balance between intellectual property and the public interest. As an established advocate for the interests of consumers and innovators, EFF has a perspective to share that might not be represented by other persons and entities who submit comments in this matter, where such other commentators do not speak directly for the interests of consumers or the public interest generally. As part of its mission, the EFF has often served as amicus in key patent cases, including *Bilski v. Kappos*, 130 S. Ct. 3218 (2010); *Quanta Computer, Inc. v. LG Electronics Corp.*, 128 S. Ct. 2109 (2008); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2005); and *i4i v. Microsoft*, No. 10–290, 2011 WL 2224428 (2011).

Also as part of its mission, EFF instituted a “Patent Busting Project” (see <https://w2.eff.org/patent/>), in which EFF attempts to challenge overbroad patents that affect the public interest. EFF uses the USPTO’s reexamination process as part of this project in which EFF, along with pro-bono co-counsel, has filed nine reexamination requests (with two more in the works). Those reexaminations have led to narrowed claims, and—in at least one instance—an invalidated patent. See, e.g., *Patent Busting Project: Clear Channel/Live Nation*, EFF (challenging a patent covering the recording live performances, editing them into tracks, and recording them onto media (Control No. 95/000/131))¹; *Patent Busting Project: Sheldon F. Goldberg*, EFF (challenging a patent covering real-time multi-player online games (Control No.90/010,093))²; *EFF Tackles Bogus Podcasting Patent - And We Need Your Help*, EFF (November 19, 2009) (challenging a patent on podcasting)³.

Professor Webbink runs the Peer To Patent program⁴ operated in conjunction with the PTO. He also has been instrumental in extending Peer To Patent to Australia, Japan, and the United Kingdom, and has worked to improve the public role in the identification, capture and dissemination of prior art information for and to patent offices. He has also written and spoken on patent reform, has testified before the joint FTC-DOJ panel on Competition and Intellectual Property Law and the House Judiciary

¹ Available at: <https://w2.eff.org/patent/wanted/patent.php?p=clearchannel>

² Available at: <https://w2.eff.org/patent/wanted/patent.php?p=sheldon>

³ Available at: <https://www.eff.org/deeplinks/2009/11/eff-tackles-bogus-podcasting-patent-and-we-need-yo>

⁴ Available at: <http://www.peertopatent.org/>

Subcommittee on Intellectual Property.

As a preliminary matter, EFF and Prof. Webbink applaud these efforts to streamline the reexamination proceedings. First, as the PTO is well aware, the reexamination proceeding is a helpful and necessary check on the patent process. Moreover, it allows for involvement of third parties who often do not find themselves before the patent office as applicants, but whose day-to-day activities may depend, in certain circumstances, on being able to make requests for reexamination of overbroad and improvidently granted patents, especially those that are used offensively. For those third parties in particular, an efficient reexamination process is necessary to incentivize participation and to minimize associated costs for those with fewer resources.

Second, a more streamlined reexamination proceeding will lead to further efficiencies in the federal courts. Currently, district courts vary greatly in their approach to granting stays of litigation pending reexamination. According to a 2009 study, stays are granted as often as 85 percent of the time they are requested in some districts (N.D. Ill., N.D. Ga., and S.D. Cal.), and granted in as few as 20 percent of the time elsewhere (E.D. Tex.). See M. Smith, *Stays Pending Reexamination, Patently-O* Blog(Nov. 1, 2009).⁵ Uniform and predictable rules about the timing of reexaminations might encourage more courts to stay concurrent litigation. For example, the Federal Circuit recently pointed out the relevance of

⁵ Available at: <http://www.patentlyo.com/patent/2009/11/the-following-guest-post-is-by-matthew-smiththe-grant-rate-of->.

reexamination proceedings in making decisions in injunctive proceedings.

Kimberly-Clark Worldwide, Inc. v. First Quality Baby Prods., LLC, CV-09-1685, 2011 WL 743468, at n. 3 (Fed. Cir. 2011).

- A. Comments to Section A, “Proposed Changes to Both Ex Parte and Inter Partes Reexaminations”
 - 1. Requester Must Separately Explain How Each SNQ Presented in the Request Is “New” Relative to Other Examinations of the Patent Claims

The PTO’s discussion of this point states:

“In order to ensure that requests comply with MPEP §§ 2216 and 2614, the USPTO would require, for each SNQ presented in the request, a statement of how the technological teaching in the references that support the SNQ is new and non-cumulative of what had been considered in any previous or pending USPTO examination of the patent claims.”

We have some concern about the ambiguity attached to “considered in any previous or pending PTO examination.” This should mean references actually mentioned and substantively discussed in a previous examination, such as where the examiner relies on a specific reference and discusses it as the basis for a rejection, and the applicant/patent owner responds to that discussion. This should *not* mean that the reference is merely listed without discussion on a PTO-1449 or on an examiner’s listing of cited references, but the reference is not relied on as the basis for rejections in an office action. Otherwise, applicants will be encouraged to “dump” huge amounts of references in a PTO-1449 listing, knowing that the examiner can’t possibly

consider them all, but doing so anyway in an effort to preclude any subsequent reexamination.

This is important, since empirical evidence shows that patent examiners often pay little attention to prior art cited by the applicant.⁶ See C. Cotropia, M. Lemley and B. Sampat, *Do Applicant Patent Citations Matter? Implications for the Presumption of Validity* (Stanford Law and Econ. Olin, Working Paper No. 402, 2010) (“to our surprise, patent examiners effectively ignore almost all applicant-submitted art, relying almost exclusively on prior art they find themselves”).⁷

2. Requester Must Explain How the References Apply to Every Limitation of Every Claim for Which Reexamination Is Requested

We agree that requesters should prepare detailed claim charts. This is already required in many district courts. See, e.g., Patent L.R. 3-3(c) for the Northern District of California;⁸ P.R. 3-3(c) for the Eastern District of Texas⁹ (both requiring the accused infringer to provide a “chart identifying where specifically in each alleged item of prior art each limitation of each asserted claim is found . . .”).

⁶ This is not to say that the applicant should not have a continuing obligation to submit fully completed Information Disclosure Statements.

⁷ Available at:

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1656568

⁸ Available at:

<http://www.cand.uscourts.gov/pages/56> and

<http://www.cand.uscourts.gov/filelibrary/177/Pat4.pdf>

⁹ Available at:

<http://www.txed.uscourts.gov/page1.shtml?location=rules> and

http://www.txed.uscourts.gov/cgi-bin/view_document.cgi?document=1179&download=true

Note, however, that this affects the proposed page limits, discussed below. A requester should not be required to have detailed, specific claim charts, on the one hand, but be required to comply with page limits that could prohibit providing the needed level of detail. Any page limits should exclude claim charts.

3. Intentionally omitted.
4. The examiner May Select One or More Representative Rejections From Among a Group of Adopted Rejections.

This proposal potentially will create problematic “moving target” rejections – what could be referred to as the “whack-a-mole” problem.¹⁰ If a “representative” rejection is traversed, the examiner can then come up with different “representative” rejections indefinitely, and unnecessarily prolong the reexamination. Not only is this unfair to the patent owner in both types of reexaminations, and to the third party in inter partes reexaminations (it is difficult to argue against a “moving target”), but it may actually result in slowing down the reexamination process instead of streamlining it.

¹⁰ See http://en.wikipedia.org/wiki/Whack_a_mole#Colloquial_usage.

5. Intentionally omitted.
6. Intentionally omitted.
7. Claim Amendments Will Not Be Entered Unless Accompanied by a Statement Explaining How the Proposed New Claim Language Renders the Claims Patentable in Light of an SNQ

This is an excellent proposal. This will help fix the real problem of patent owners using reexaminations to add all sorts of new claims in an effort to cover competing products in the marketplace. Indeed, if a patent is important enough to merit the filing of a request for reexamination, there almost always are commercial products affected by the patent. Patent owners try to write new claims to cover their competitors' products even though the claims might not be patentable, or might not have support in the specification that covers new technologies that only well arise after the patent application is filed.

This also creates a downstream problem, not just for a patent owner's direct competitors, but for those in field attempting to make use of similar technology. This proposal would help ensure that patents serve their true notice function. *See* Fed. Trade Comm'n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition*, at 75 (March 2011)¹¹ ("Notice promotes the invention, development, and commercialization of innovative products, one of the most important forms of competition, by

¹¹ Available at: <http://www.ftc.gov/os/2011/03/110307patentreport.pdf>

helping *third parties* and patentees avoid ‘uncertainty as to their rights.’”) (emphasis added).

8. Intentionally omitted.

B. Comments to Section B, “Proposed Changes Specific to Ex Parte Reexamination”

1. Intentionally omitted.

2. Where the Patent Owner Does Not Waive the Statement, the Order Granting Reexamination Will Include a Provisional FAOM, Which May Be Made Final in the Next Action

This is an excellent suggestion that will expedite reexaminations.

Under current procedures, the order granting reexamination is separate from the first office action, which follows later. However, it is highly unusual for the office action to then do anything else but repeat what was in the order, especially when the patentee has filed a patent owner’s statement, in which case the examiner is aware of the patent owner’s basic arguments. This proposal avoids repetition and delay: If the order granting reexamination includes a provisional first office action, the patent owner can file what is essentially its second substantive paper at that point. If that response is unconvincing, a final office action will then occur much sooner than under existing practice and the PTO and the parties will realize the resulting increased efficiencies.

C. Comments to Specific Questions

1. Should the USPTO proceed with any efforts to streamline the procedures governing ex parte and/or inter partes reexamination proceedings?

Yes. The PTO should expedite the proceedings if there is litigation and it has been stayed (this practice would also encourage courts to stay litigation). *See supra p. 4-5*. In that case, parties should have **one month** to submit their respective responses.

2. Should the USPTO place word limits on requests for ex parte and/or inter partes reexamination?

No. First, imposing word limits will likely result in the filing of unnecessary multiple requests for reexaminations with different references in each request just to get around the word limits. Also, as discussed in response to point A2 above, claim charts need to be detailed to be effective. At a minimum, claim charts should be excluded from any word limits.

There are some alternatives to word limits that would work more efficiently. For example, a table of contents should be required for all requests greater than a certain number of pages. An executive summary at the beginning of the substantive discussion could also make it easier to read a lengthy request.

3. Intentionally omitted.
4. Should the USPTO place any limitation or criteria on the addition of new claims by a Patent Owner in reexamination? If so, what kind of limitation or criteria?

Yes. At a minimum, the PTO should require the patent owner to include a detailed claim chart for any new or amended claims, to show where there is §112 support in the specification for the new claim language. As discussed in response to point A7 above, patent owners often try to add new claims to cover a competitor's technologies that were only developed well after the filing of the original patent application. The claims are written to read on the new technologies, but often do not read on the patent's own specification, and thus often lack §112 support. A detailed §112 claim chart for new claims would avoid this misuse of the process, and would have the further benefit of assisting with claim interpretation both in the PTO and in the courts.

5. Should the USPTO change its interpretation of "a substantial new question of patentability" to require something more than "a substantial likelihood that a reasonable examiner would consider the prior art patent or printed publication important in deciding whether or not the claim is patentable"? See MPEP §§ 2242, 2642. If so, how should it be interpreted?

Absolutely not. The existing threshold has worked well. A higher standard such as, for example, "but-for materiality"¹² would result in

¹² The Federal Circuit recently commented on the heightened but-for materiality standard, finding that: "When an applicant fails to disclose prior art to the PTO, that prior art is but-for material if the PTO would not have allowed a claim had it been aware of the undisclosed prior art. Hence, in assessing the materiality of a withheld reference, the court must determine whether the PTO would have allowed the claim if it had been aware of the

requests for reexamination only being granted when the examiner already felt confident that he would issue a first office action rejection of at least one claim at issue. Conversely, a denial of a request for reexamination in those circumstances would lead to parties arguing later in litigation that no basis exists for any such rejections. This type of determination is best made later in the reexamination proceeding once the parties' arguments have been more fully developed. On the other hand, the existing standard leads to the provident granting of requests for reexamination and, if and when it turns out that cited references are not sufficient to reject a claim, that decision can be more properly made based on a more fully-developed record.

6. How much time should Patent Owners and Third Party Requesters ordinarily be given to submit a statement, response, or appeal where the time for filing the statement, response, or appeal is set by the USPTO rather than by statute?

This depends on whether or not litigation is pending. Absent litigation, there is less of a hurry. If litigation is stayed, the response time should be one month for all such filings. By way of example, in federal district courts, the time for a responsive briefing is usually less than one month, and in the Federal Circuit (and other federal appellate courts), the time for responsive briefing is 30 days. There is no reason why parties to a reexamination proceeding cannot work within the same timeframe.

undisclosed reference.” *Therasense, Inc. v. Becton, et al*, Nos. 2008–1511, 2008–1512, 2008–1513, 2008–1514, 2008–1595, 2011 WL 2028255, at 27-28(Fed. Cir. 2011). However, while this is now the standard for finding inequitable conduct in court, that does not mean that the same standard should be the *threshold* before a reexamination request is granted.

7. Intentionally omitted.
8. Should the USPTO require that any information disclosure statement (IDS) filed by a Patent Owner in a reexamination comply with provisions analogous to 37 CFR 1.97 and 1.98, and further require that any IDS filed after a Notice of Intent to Issue a Reexamination Certificate (NIRC) or notice of appeal be accompanied by: (1) an explanation of why the information submitted could not have been submitted earlier, and (2) an explanation of the relevance of the information with regard to the claimed invention?

Yes. This is a good idea, especially with regard to (1), an explanation of why the information submitted could not have been submitted earlier. Particularly, this will further incentivize patent holders to conduct thorough prior art searches, which in turn will increase efficiency throughout the larger reexamination process. Of course, such a provision would only be effective if patent holders without legitimate reasons for submitting the information at this late stage were subsequently penalized.

9. Under what conditions should a reexamination proceeding be merged with another reexamination or reissue proceeding?

While we generally believe that independent parties should be able to pursue reexaminations without merger, there are instances where merger makes sense. A prime example would be where there are multiple defendants in patent infringement litigation. If each defendant is permitted, whether simultaneously or sequentially, to seek reexamination of the plaintiff's patents, this (a) places an undue burden on the plaintiff and on the Patent Office, (b) has the potential of significantly delaying litigation,

particularly where the litigation has been stayed pending the conclusion of the reexamination(s), and (c) provides an opportunity for gaming the system for no purpose other than for delay. Once a reexamination has been filed against an asserted patent, any defendants defending on substantially the same grounds should be required to join the reexamination or be barred from filing a separate reexamination. This would lead to greater efficiency within both the Patent Office and the courts.

10. Intentionally omitted.

11. Should the USPTO encourage and/or require that all correspondence in reexamination proceedings be conducted electronically (e.g., e-filing parties' documents, e-mailing notices of Office actions and certificates)?

Yes. Requiring proceedings to be conducted electronically would also presumably increase availability to those documents. If a patent is important enough to be the subject of a reexamination, it is likely a matter of significant public interest. The public should be able to access relevant documents as soon as possible.

12. Intentionally omitted.

13. Intentionally omitted.

In conclusion, we thank the Office for this opportunity to comment on the PTO's proposed Streamlined Patent Reexamination Proceedings and look

forward to helping the PTO increase quality and efficiency surrounding those proceedings in the future.