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Dear Chairman Leahy:

The Committee on Contested Matters (CCM) of the Boston Patent Law Association (BPLA), is writing to you to highlight its concerns with regard to certain Post Grant Review provisions in S.1145, the Patent Reform Act of 2007. For reasons discussed below, the CCM strongly urges:

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a) the removal of Section 5(b), which would eliminate *inter partes* reexamination and leave much of the public with no relatively quick and inexpensive mechanism for challenging weak patent claims more than one year after a patent is granted,

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b) the elimination or substantial restriction of the estoppel requirements under Section 5(c); as presently written, these provisions discourage interested parties and members of the public from challenging and removing weak patent claims during the life of a patent, in lieu of waiting for expensive, protracted district court litigation,

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c) the elimination of the second window provisions for filing a petition for post grant review under Section 5(c), while retaining *inter partes* reexamination; the second window procedure is essentially unmanageable, unfair to the patentee, and would provide little public benefit,

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d) providing greater flexibility for patent holders to amend claims under Section 5(c), and to encourage greater cooperation between the United States Patent and Trademark Office (USPTO) and opposing parties to formulate higher quality patents with valid and enforceable claims, and

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e) the inclusion of an intervening rights provision under Section 5(c), to ensure that 3rd party rights are protected against charges of infringement where claims are amended during a post grant review process and the infringement would not exist but for the amended claims.

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The BPLA is an association of intellectual property professionals practicing within the Federal First Judicial Circuit. Its membership is comprised of approximately 900 professionals covering a diverse range of industries including; biotechnology, chemical, medical device, electronics, and finance. The CCM is one of the BPLA's 22 committees. Our focus is contested cases (i.e., multiparty adversial proceedings) before the USPTO, including, if passed into law, the post grant review procedures of Section 5.

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The CCM believes the patent system should strive to protect and foster innovation and investment in technology by permitting efficient and appropriate challenges to a patent grant. We believe any proposed changes to 35 USC should be business-model, industry and technology neutral so that the resulting legislation is party neutral. The CCM reviewed the post grant patent procedures in S.1145, Section 5, and considered the public policies for encouraging a strong patent system against those policies in favor of removing invalid or unenforceable patent claims improvidently granted or otherwise invalid in view of new evidence not previously considered by the USPTO. With these basic principles in mind, the CCM strongly encourages the following changes to S.1145:

1. **Delete Section 5(b), entitled “Repeal of Optional Inter Partes Reexamination Procedures”.** The CCM supports the use of *inter partes* reexamination as an efficient and cost effective mechanism for 3rd parties to remove patent claims that seem clearly invalid in view of prior art printed publications and/or prior art patents. The CCM believes that the public interest in removing invalid patent claims from the system to encourage the free use of information by the public far outweighs any disadvantages to the patent owner, provided that the system is otherwise fair and objective. The CCM considers that more low cost alternatives for potential patent challengers, not less, are required and therefore is in favor of keeping *inter partes* reexamination. Subject to the estoppel issue discussed immediately below, the CCM believes that the present *inter partes* reexamination statute and implementing regulations are necessary.

The CCM believes that the true effect of a patent on 3rd parties is often not realized during the first year of its existence. For example, businesses frequently decide more than 12 months after grant of a patent to produce a new product, add a new process or improve an existing process covered by the patent that was of no interest before the decision was made. If *inter partes* reexamination is eliminated, such businesses would be effectively unable to test the validity of a patent claim before making substantial investments in a potentially infringing technology. Their only options for challenging the patent under these circumstances without litigation would be an *ex parte* reexamination (in which they have little opportunity to participate) or to infringe the patent and wait for a letter of infringement pursuant to a post grant review under the proposed second window of proposed Section 5 (C). Moreover, in the face of a patent barring entry to a field, many companies may chose not to enter rather than risk costly litigation that has the potential to jeopardize the investment in the technology. Such a negative economic effect on advancing technology and competition is clearly undesirable.

Inter partes reexamination provides a highly desirable alternative which permits a challenge of the patent, on the basis of public information, before investing in a new product or process (and waiting for a letter of infringement) and allows the requestor to participate throughout the reexamination procedure.

2. **Eliminate or substantially restrict the estoppel and prohibited filings provisions of Section 5(c) and in *Inter Partes* Reexamination under 35 U.S.C. § 311 et. seq.** See Section 5(c), Chapter 32, § § 325, 337 and 338; 35 U.S.C. § § 315(c), 317. The CCM wants to encourage, rather than discourage, the use of existing post grant review procedures such as *inter partes* reexamination and the newly proposed post grant procedures of Section 5(c), Chapter 32 § § 321-339. However, the CCM believes that the estoppel and/or prohibited filing provisions of § § 325, 337 and 338 of Chapter 32, and § § 315(c) and 317 of 35 U.S.C. will, and for the existing reexam statute already do, act as a substantial deterrent to 3rd parties interested in quick and cost efficient mechanisms for challenging a patent claim's validity in a post grant procedure other than a district court litigation.

The estoppel/prohibited filings provisions should be eliminated completely or narrowly tailored so that only those patent claims targeted or challenged and only the specific prior art or basis for

challenging validity (e.g., 35 U.S.C. §112) may be subject to the estoppel. In light of: (1) the differences between the existing and proposed presumptions and burdens of proof in a USPTO post grant procedure and in a district court; (2) the patentee's rights not to be harassed endlessly by repeated filings in USPTO post grant procedures; and (3) the rights of every plaintiff and defendant to have an opportunity to have their day in court, the CCM believes that the estoppel/prohibited filing restrictions should be limited only to those efforts by the same parties (and privies thereof) to raise the same arguments against the same patent claims in any other USPTO post grant procedure.

If, for example, a 3rd party has previously made an attempt in a USPTO post grant procedure to attack a claim's validity and fails, they should not be allowed to raise the same argument again in any USPTO post grant procedure. However, they should not be estopped or prohibited from raising that argument in a district court proceeding, if they choose to do so. In particular, the CCM believes that a party would only choose district court litigation if they had solid grounds for invalidation, given the higher "clear and convincing evidence" standard required to prove invalidity compared to the "preponderance" standard available in USPTO post grant procedures. Moreover, unlike USPTO proceedings where little or no discovery is permitted to obtain relevant evidence, evidence discovered in litigation through discovery may support a party's previously submitted and unsupported argument rejected by the USPTO. The CCM believes that narrowly defining estoppel/prohibited filings and providing the above limitations will enhance the existing and proposed post grant review procedures and, simultaneously, prevent the satellite litigation likely to ensue to interpret the existing estoppel provisions.

3. Eliminate the second window provisions for filing a petition for post grant review of Section 5(c). See Chapter 32, § 322 (2)(A)-(B). The CCM considers the second window provisions of § 322 (2)(A)-(B) to be unmanageable and ultimately unfair to the patentee who should be entitled at some point to the presumption of validity accorded under 35 U.S.C. § 282, subject to the existing burdens and presumptions provided during reexamination (both *ex parte* and *inter partes*) and as proposed in Section 5(c). In particular, the CCM believes that the language in § 322 (2)(A) "*petitioner establishes in the petition a substantial reason to believe that the continued existence of the challenged claim in the petition causes or is likely to cause the petitioner significant economic harm*" and in (2)(B) "*receiving notice, explicitly or implicitly*" is vague, indefinite and highly subjective. The CCM sees no reason for both *inter partes* reexamination and a second window, and strongly favors the former.

4. Revise Section 5(c) to provide for greater flexibility by the patent owner/patentee during a post grant review procedure to amend the claims throughout the proceeding, i.e., not limited to one opportunity to amend without a showing of good cause. See Chapter 32, § 332. The CCM considers the one shot claim amendment approach in Section 5(c) to be unworkable and tremendously unfair to the patentee. The patentee should have several opportunities to obtain patentable claims if it turns out that the existing claims are invalid or unpatentable. The patentee should have the ability to introduce successfully more narrow claims, in multiple filings if necessary, to have a reasonable opportunity to overcome patentability arguments asserted by a 3rd party or an administrative patent judge (APJ) against any claim. The patent owner should not be foreclosed from obtaining patentable claims merely because it presented in the first instance claims that it considers patentable even though the APJ ultimately does not agree. Such a process places an unfair burden on the patentee to "get it right" the first time around. The opportunity to amend should be more akin to that used in the European post grant opposition period, namely the ability to present claims of varying scope throughout the proceeding in response to arguments attacking the patentability of broader claims.

5. Add to Section 5(c) a provision that intervening rights under 35 U.S.C. § 252 apply to any new or amended claims added during post grant review that are deemed patentable. The CCM believes that the intervening rights (express and equitable) established in § 252 should apply to any

proceeding where the claims are amended and a potential 3rd party who did not otherwise infringe a valid and enforceable claim before amendment, infringes after amendment. Otherwise, a patentee may knowingly or unknowingly receive a patent claim that can be asserted against a 3rd party who previously would not have been liable for infringement and proceeds forward with its business and activities.

With the goal of an efficient, fair, cost effective patent system in mind, the CCM strongly urges the above recommended changes to S.1145, Section 5.

The CCM also believes that many of the problems facing the USPTO and perceived deficiencies in patent quality result from the USPTO's inability to adequately respond to its increased workload in recent years. Accordingly, the CCM would also like noted its belief that this bill would benefit from a provision that requires that "all USPTO user fees be designated only for use by the USPTO for its operations and improvement of the patent and trademark system." The CCM strongly believes the addition of a provision such as this will substantially strengthen the United States intellectually property system.

Finally, the CCM would welcome the opportunity to meet with you, or a designated member of your staff, to discuss its views.

Thank you for your consideration.

Sincerely,

Committee on Contested Matters
Boston Patent Law Association

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