

REPORT

**USPTO PROPOSES RULES FOR SUPPLEMENTAL
PATENT EXAMINATION AND INCREASED FEE
FOR *EX PARTE* REEXAMINATION**

January 30, 2012

On January 25, the U.S. Patent and Trademark Office proposed rules to implement the supplemental examination provisions of the Leahy-Smith America Invents Act (AIA) and to significantly raise fees for *ex parte* reexamination. None of the fees would be reduced for small entities. We previously reported on the supplemental examination provisions in Section III.E. of our Special Report entitled "Analysis of America Invents Act (AIA)," last updated on November 22, 2011, and available in the News and Events section of our website (www.oliff.com). Once finalized, the rules would go into effect on September 16, 2012.

We generally do not issue Special Reports on such proposed rules. However, many clients are currently planning strategies involving these matters. Thus, we are providing this Special Report now, even though the proposed Rules will likely change, to assist in those strategy considerations.¹

Written comments proposing clarification of or changes to these proposed rules can be submitted by the public, and must be received by

the Patent Office by March 26, 2012. We anticipate submitting comments to the Patent Office in view of apparent contradictions between the AIA and the proposed rules, and other issues. Please let us know if you would like us to submit any comments on your behalf.

**I. Proposed Supplemental
Examination Rules**

The AIA added 35 U.S.C. §257 to permit a patent owner to request supplemental examination of a patent in order to have information considered, reconsidered, or corrected before the Patent Office. Following such supplemental examination, the patent cannot be held unenforceable due to inequitable conduct based on that information. Supplemental examination will be available beginning September 16, 2012.

Once available, supplemental examination may be obtained by filing a request that presents information for consideration, reconsideration, or correction. In response to the request, the Patent Office must determine whether a substantial new question of patentability (SNQ) affecting any claim of the patent is raised by the information. Within three months, the Patent Office must make this determination and issue a supplemental examination certificate stating the result of its determination. If the Patent Office determines

¹ The Patent Office has issued, and is continuing to issue, various proposed rulemakings on other aspects of the AIA, on which we are not issuing Special Reports. Please let us know if you would like to receive any information about any of them.

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that an SNQ has been raised, it will order *ex parte* reexamination of the patent. If the Patent Office determines that an SNQ has not been raised, supplemental examination is concluded.

The proposed rules set forth many requirements for and limitations on supplemental examination. Among the more significant are (1) a limit of ten items of information for consideration, reconsideration, or correction during a single supplemental examination proceeding, (2) content requirements for the request for supplemental examination, and (3) fees for obtaining supplemental examination and, if ordered, *ex parte* reexamination.

**A. Supplemental Examination
Would Be Limited to
Ten Items of Information**

The Patent Office proposes to limit each supplemental examination proceeding to no more than ten items of information. The Patent Office indicates that multiple supplemental examination proceedings (with the appurtenant submissions and fees) could be simultaneously or consecutively instituted for a patent if the patent owner wants to obtain consideration, reconsideration, or correction of more than ten items of information in the aggregate.

For the purpose of this ten-item limit, the Patent Office proposes to establish that an item of information is (1) a single document submitted as part of the request that contains information to be considered, reconsidered, or corrected, or (2) information discussed within the body of the request that is to be considered, reconsidered, or corrected, if that information is not at least in part contained within or based on a separate document.

As to item (1), multiple documents directed to a single issue are treated as separate items of information. For example, a document and an

opponent's email about it would count as two items. As another example, a new reference that must be combined with two references of record would count as three items. As a further example, an invoice of a sale and a brochure describing the thing sold would count as two items.

All information for consideration, reconsideration, or correction would have to be submitted in written form, in the request and/or in an attached document. Relevant documents include patent and non-patent publications, written communications, affidavits, declarations, and transcripts (including transcripts of audio and video information).

**B. Proposed Content
Requirements for a Request for
Supplemental Examination**

The Patent Office proposes the following content requirements for a request for supplemental examination:

- a cover sheet;
- a table of contents;
- an identification of the patent for which supplemental examination is requested;
- a list of each item of information and its publication date, if applicable;
- a statement that identifies each item of information and why consideration of the item is being requested, including identification of any previously incorrect information and how it is being corrected;
- a list identifying any other prior or concurrent post-grant Patent Office proceeding involving the patent to be examined;

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- an identification of each aspect of the patent to be examined and correlation of each means-plus-function limitation to its specification support for any claim to be examined;
- an identification of each issue raised by each item of information with a separate, detailed explanation for each identified issue;
- an explanation of how each item of information is relevant to each aspect of the patent to be examined and of how each item of information raises each identified issue, including how each limitation of each relevant claim is or is not met by prior art or double patenting information;
- optionally, an explanation of why the information does not raise an SNQ and/or why the claims are patentable even in view of the information;
- a copy of each documentary item of information (except for U.S. patents and patent application publications) with relevant translations;
- a summary of the relevant portions of any submitted document, other than the request, that is over 50 pages in length; and
- a showing of ownership of the patent to be examined.

If the Patent Office finds that any of these requirements are not met, it will not grant a filing date for the request. As a result, supplemental examination will not be conducted and the protections of 35 U.S.C. §257 will not apply.

C. Proposed Fees

The fees associated with supplemental examination would be substantial under the proposed rules. Specifically, the Patent Office proposes to charge \$5,180 for conducting supplemental examination and, if *ex parte* reexamination is ordered as a result of the supplemental examination, an additional \$16,120 for conducting the reexamination. Additionally, the Patent Office proposes to charge \$170 for every non-patent document (excluding the request for supplemental examination itself) submitted during supplemental examination that is over 20 pages long, and an additional incremental fee of \$280, per document, for each additional 50 sheets (or fraction thereof) over the first 50 pages. Redaction is encouraged to reduce the number of pages of documents.

The Patent Office would require that the patent owner submit the supplemental examination fee and the *ex parte* reexamination fee, totaling \$21,300, plus any applicable document size fees, with the request for supplemental examination. If the Patent Office does not order *ex parte* reexamination, the \$16,120 *ex parte* reexamination fee would be refunded. The supplemental examination fee and document size fees would not be refunded.

D. Analysis

The Patent Office's proposed rules are intended to promote the use of supplemental examination only for patents believed to have significant value and that are likely to be the subject of litigation involving an allegation of inequitable conduct absent supplemental examination. Thus, as proposed, the requirements for requesting supplemental examination would require detailed explanations of every separate issue for consideration, reconsideration, or correction. No amendments

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or interviews would be permitted in the supplemental examination or before a first office action in any resulting *ex parte* reexamination.

Satisfying these requirements will require significant attorney time.² Numerous admissions would have to be made in the request for supplemental examination, and significant estoppels could result from those admissions. In addition, according to the proposed rulemaking (but in possible conflict with 35 U.S.C. §257 itself), the protections of §257 would only apply to the specific issues and claims addressed in the request.

If *ex parte* reexamination is ordered as a result of supplemental examination, the proceeding has additional potential drawbacks that could significantly affect the value of the patent. *Ex parte* reexamination will immediately limit the enforceability of the patent and could result in the claims being narrowed, by amendment or estoppel, or canceled, and may create intervening rights. Additionally, *ex parte* reexamination only provides limited opportunities for a patent owner to present amendments and arguments, and is conducted without the presumption of validity or clear-and-convincing evidentiary standard applicable in court and ITC proceedings.

The proposed limit on items of information for supplemental examination would prevent a patent owner from submitting information involving multiple related documents for consideration without compounding the already-

² The proposed rulemaking estimates an average attorney preparation time for a request for supplemental examination to be 25 hours at \$340 per hour (totaling \$8,500). However, the proposed rulemaking also acknowledges that the current average attorney cost for requesting *ex parte* reexamination is \$19,000, and actual attorney time for requesting supplemental examination could be as high as 135 hours (\$45,900 at \$340 per hour).

high costs associated with supplemental examination, by requiring multiple proceedings.

II. Proposed Fee Increase for All Other *Ex Parte* Reexaminations

The Patent Office proposes to increase the current fee of \$2,520 to \$17,750 for all other *ex parte* reexaminations. That is, this increase applies to *ex parte* reexaminations that are not ordered pursuant to supplemental examination. If the Patent Office determines that a request for *ex parte* reexamination does not raise an SNQ, the Patent Office would refund all but \$4,320. The Patent Office does not propose to increase fees for *inter partes* reexamination proceedings, because they will no longer be available after September 16, 2012. It does propose to significantly increase fees for filing Rule 59, 181, 182, and 183 petitions during *ex parte* reexaminations, as well as during ongoing *inter partes* reexaminations. The current fees for such petitions are on the order of \$200 to \$400. The Patent Office proposes to charge \$1,932 for filing a Rule 59, 181, 182, or 183 petition.

III. Recommendations

As previously discussed in our AIA Special Report, we continue to recommend using substantial care in deciding whether to use supplemental examination to have information considered, reconsidered, or corrected after a patent is granted. Unless the proposed rules are substantially modified before they are finalized, we recommend only considering supplemental examination in very limited circumstances, because of the considerable attorney fees, the substantial Patent Office fees, the potential estoppels associated with a request for supplemental examination, and the drawbacks of *ex parte* reexamination.

Supplemental examination under the proposed rules would be unsuitable as a substitute

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for submitting an Information Disclosure Statement during prosecution of a patent, or for having relatively insignificant references considered. As currently proposed, supplemental examination is likely only a viable option for a patent that a patent owner reasonably foresees will be subject to litigation involving an allegation of inequitable conduct. Even then, we recommend carefully considering less risky and less costly mechanisms, such as reissue, to have the information considered, reconsidered, or corrected after a patent has been granted.

Further, in view of the proposed substantial increase in the fee for *ex parte* reexaminations that are not ordered pursuant to supplemental examination, if possible, we recommend filing any requests for *ex parte* reexamination before the proposed fees come into effect. However, we believe that *ex parte* reexaminations are generally less desirable for patentees than reissue applications. They are also often not the best approach for parties adverse to the patentee.

Thus, if a request for *ex parte* reexamination is being contemplated, we recommend that the analysis be expedited to allow a decision to be made before the proposed fee increase becomes effective.

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This Special Report is intended to provide information about legal issues of current interest. It is not intended as legal advice and does not constitute an opinion of Oloff & Berridge, PLC. Readers should seek the advice of professional counsel before acting upon any of the information contained herein.

For further information, please contact us by telephone at (703) 836-6400, facsimile at (703) 836-2787, email at email@oliff.com or mail at 277 South Washington Street, Suite 500, Alexandria, Virginia 22314. Information about our firm can also be found on our web site, www.oliff.com.

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