

# JAPAN INTELLECTUAL PROPERTY ASSOCIATION

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April 9, 2012

The Honorable David J. Kappos  
Under Secretary of Commerce for Intellectual Property and  
Director of the United States Patent and Trademark Office  
United States Patent and Trademark Office  
Alexandria, Virginia

Re: JIPA Comments on the "Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions"

Dear Under Secretary Kappos:

We, the Japan Intellectual Property Association, are a private user organization established in Japan in 1938 for the purpose of promoting intellectual property protection, with about 900 major Japanese companies as members. When appropriate opportunities arise, we offer our opinions on the intellectual property systems of other countries and make recommendations for more effective implementation of the systems. (<http://www.jipa.or.jp/english/index.html>)

Having learned that the "Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions", published by the United States Patent and Trademark Office (USPTO) in the Federal Register, Vol.77, No.27, on February 9, 2012. We would like to offer our opinions as follows. Your consideration on our opinions would be greatly appreciated.

JIPA again thanks the USPTO for this opportunity to provide these comments and welcomes any questions on them.

Sincerely, yours,

Yoichi Okumura

President

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**JIPA Comments on the “Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions”**

JIPA has closely and carefully examined the proposed amendment to 37CFR, publicized in the Federal Register issued by the United States Patent and Trademark Office (USPTO) as of February 9, 2012, under the title of "Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions" (hereinafter referred to as the "Proposed Amendment"). JIPA hereby presents its comments on this proposed amendment.

1. §42.10(d) of the Proposed Rules provide as follows:

A panel of the Board may disqualify counsel for cause after notice and opportunity for hearing. A decision to disqualify is not final for the purposes of judicial review until certified by the Chief Administrative Patent Judge.

With a view to having a proceeding concluded quickly and precisely, it is desirable, from the standpoint of users, for the PTAB to set certain requirements for qualifying each party's counsel. However, the new provision does not clearly specify the situation where counsel is disqualified, so JIPA would request that this point be clearly stipulated under the MPEP or other materials. JIPA would like to know whether or not the proceeding will be suspended after counsel is disqualified, until substitute for counsel is designated. This point should also be made clear.

2. §42.25 of the Proposed Rules provide for the default filing times as follows:

(a) A motion may only be filed according to a schedule set by the Board. The default times for acting are:

- (1) An opposition is due one month after service of the motion; and
- (2) A reply is due one month after service of the opposition.

(b) A party should seek relief promptly after the need for relief is identified. Delay in seeking relief may justify a denial of relief sought.

JIPA agrees with the idea of setting procedural time limits in order to have a proceeding concluded quickly and precisely. However, it is extremely unfair to impose the one-month time limit on parties who are outside the United States. In this connection, the Proposed Rules state that "the Board would tailor times appropriate to each case as opposed to relying upon the default times set by rule" (Discussion of Specific Rules). JIPA would request that the PTAB make flexible coordination in setting times accordingly.

3. §42.51(c) of the Proposed Rules provide for additional discovery as follows:

(c) (1) A party may move for additional discovery. Except in post-grant reviews, the moving party must show that such additional discovery is in the interests of justice. The Board may specify conditions for such additional discovery.

Thus, in order to move for additional discovery, "interests of justice" is required in IPR, whereas "good cause" is required in PGR. Then, if a ground for review falls under 35USC§102 or §103, the user would find it difficult to decide which one of these review proceedings, PGR or IPR, should be chosen. Although the USPTO explains that "Most aspects of PGR and IPR are effectively the same," such difference in terms of the requirement for additional discovery could cause confusion among users.

In the section titled "Discussion of Specific Rules," the Proposed Rules explain as follows: "Good cause and interests of justice are closely related standards, but the interests-of-justice standard is slightly higher than good cause. While a good cause standard requires a party to show a specific factual reason to justify the needed discovery, under the interests-of-justice standard, the Board would look at all relevant factors. Specifically, to show good cause, a party would be required to make a particular and specific demonstration of fact. Under the interests-of-justice standard, the moving party would also be required to show that it was fully diligent in seeking discovery and that there is no undue prejudice to the non-moving party." However, this explanation is not specific enough to show the difference between the two standards clearly.

If "good cause" and "interests of justice" are to be differentiated at all, JIPA would strongly request that the difference between the two be clearly indicated in the MPEP or other materials.

4. §42.73(d) of the Proposed Rules provide for estoppel as follows:

(d) A petitioner, or the real party in interest or privy of the petitioner, is estopped in the Office from taking an action that is inconsistent with a judgment as to any ground that the petitioner raised or reasonably could have raised during the trial...

The scope of grounds that the petitioner reasonably "could have raised" mentioned here should be made clearer in the MPEP or other materials. If the scope is too broad, PGR and IPR would become less user-friendly. Suppose a case where a user intends to institute PGR or IPR on the ground under §102 or §103. If said scope of grounds is broadly set, the user who has first instituted PGR, which allows a broad scope of grounds, might be unable to file a declaratory-judgment (DJ) action on the ground under §112, etc. JIPA is concerned that this situation could happen. In that situation, users would prefer IPR to PGR. To avoid that situation, JIPA expects that the scope of subjects under estoppel be flexibly construed and applied from the perspective of making effective use of both PGR and IPR.

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