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Washington, DC 20002

RESERVATIONS: (202) 741–6008

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The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2011–1418; Directorate Identifier 2011–NM–187–AD; Amendment 39–17157; AD 2012–16–10]

RIN 2120–AA64

Airworthiness Directives; Bombardier, Inc. Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: We are adopting a new airworthiness directive (AD) for certain Bombardier, Inc. Model DHC–8–400 series airplanes. This AD was prompted by chafing on high pressure fuel lines due to improper installation of an expandable pin on the lower cowl assembly. This AD requires installing spring clips and repositioning the lanyard attachment points at the forward end and the forward firefloor of the lower cowl. We are issuing this AD to prevent chafing of the high pressure fuel lines, which if not corrected, could cause fuel leakage in a fire zone.

DATES: This AD becomes effective September 18, 2012.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of September 18, 2012.

ADDRESSES: You may examine the AD docket on the Internet at *http://www.regulations.gov* or in person at the U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Mazdak Hobbi, Aerospace Engineer, Propulsion and Services Branch, ANE–173, FAA, New York Aircraft Certification Office, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone (516) 228–7330; fax (516) 794–5531.

SUPPLEMENTARY INFORMATION:

Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to include an AD that would apply to the specified products. That NPRM was published in the **Federal Register** on January 19, 2012 (77 FR 2658). That NPRM proposed to correct an unsafe condition for the specified products. The MCAI states:

> During routine maintenance, an operator discovered evidence of chafing on a high pressure (HP) fuel line. The source of chafing was related to the improper installation of an expandable pin on the lower cowl assembly, which caused the lanyard to foul against the HP fuel line. This condition, if not corrected, may cause fuel leakage in a fire zone.
>
> Bombardier has issued Service Bulletin (SB) 84–71–13 to introduce spring clips to positively retain and control the lanyards, regardless of the installation orientation of the expandable pin to rectify this problem.

You may obtain further information by examining the MCAI in the AD docket.

Comments

We gave the public the opportunity to participate in developing this AD. We have considered the comments received.

Request To Use Lanyard

Horizon Air requested the use of parts manufacturer approval (PMA) lanyard having part having number (P/N) QXD671217–001 in lieu of Bombardier Service Bulletin 84–71–13, dated May 19, 2011, or use of the PMA part when accomplishing Bombardier Service Bulletin 84–71–13, dated May 19, 2011, since the NPRM (77 FR 2658, January 19, 2012) affects the clipping of the lanyard only but not the lanyard itself.

We disagree because the PMA part would have to be evaluated for this modification and the commenter did not submit justifiable data. Therefore, we cannot add this PMA part as an alternative within the final rule. We recommend that the operator request approval of an alternative method of compliance (AMOC) in accordance with the procedures specified in paragraph (h)(1) of this AD in order to have the PMA part evaluated to the Bombardier part currently referenced by Bombardier Service Bulletin 84–71–13, dated May 19, 2011. We have not changed the final rule in regard to this issue.

Conclusion

We reviewed the available data, including the comment received, and determined that air safety and the public interest require adopting the AD as proposed except for minor editorial changes. We have determined that these minor changes:

- Are consistent with the intent that was proposed in the NPRM (77 FR 2658, January 19, 2012) for correcting the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM (77 FR 2658, January 19, 2012).

Costs of Compliance

We estimate that this AD will affect 83 products of U.S. registry. We also estimate that it will take about 3 work-hours per product to comply with the basic requirements of this AD. The average labor rate is $85 per work-hour. Required parts will cost about $19 per product. Where the service information lists required parts costs that are covered under warranty, we have assumed that there will be no charge for these parts. As we do not control warranty coverage for affected parties, some parties may incur costs higher than estimated here. Based on these figures, we estimate the cost of this AD to the U.S. operators to be $22,742, or $274 per product.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. ''Subtitle VII: Aviation Programs,'' describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in ''Subtitle VII, Part A, Subpart III, Section 44701: General requirements.'' Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition

that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

We determined that this AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

1. Is not a ''significant regulatory action'' under Executive Order 12866;
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);
3. Will not affect intrastate aviation in Alaska; and
4. Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a regulatory evaluation of the estimated costs to comply with this AD and placed it in the AD docket.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* or in person at the Docket Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains the NPRM (77 FR 2658, January 19, 2012), the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone (800) 647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by adding the following new AD:

2012–16–10 Bombardier, Inc.: Amendment 39–17157. Docket No. FAA–2011–1418; Directorate Identifier 2011–NM–187–AD.

(a) Effective Date

This airworthiness directive (AD) becomes effective September 18, 2012.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Bombardier, Inc. Model DHC–8–400, –401, and –402 airplanes; certificated in any category; serial numbers 4001, 4003 through 4354 inclusive; and 4356 through 4363 inclusive.

(d) Subject

Air Transport Association (ATA) of America Code 71: Power Plant.

(e) Reason

This AD was prompted by chafing on high pressure fuel lines due to improper installation of an expandable pin on the lower cowl assembly. We are issuing this AD to prevent chafing of the high pressure fuel lines, which if not corrected, could cause fuel leakage in a fire zone.

(f) Compliance

You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

(g) Actions

Within 6,000 flight hours or 36 months after the effective date of this AD, whichever occurs first, install new or serviceable spring clips and re-position the lanyard attachment points, in accordance with the Accomplishment Instructions of Bombardier Service Bulletin 84–71–13, dated May 19, 2011.

(h) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) Alternative Methods of Compliance (AMOCs): The Manager, New York Aircraft Certification Office (ACO), ANE–170, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the ACO, send it to Attn: Program Manager, Continuing Operational Safety, FAA, New York ACO, 1600 Stewart Avenue, Suite 410, Westbury, New York 11590; telephone 516–228–7300; fax 516–794–5531. Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office. The AMOC approval letter must specifically reference this AD.

(2) Airworthy Product: For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(i) Related Information

Refer to MCAI Canadian Airworthiness Directive CF–2011–21, dated July 12, 2011; and Bombardier Service Bulletin 84–71–13, dated May 19, 2011; for related information.

(j) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) of the following service information under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use the following service information to do the actions required by this AD, unless the AD specifies otherwise.

(i) Bombardier Service Bulletin 84–71–13, dated May 19, 2011.

(ii) Reserved.

(3) For service information identified in this AD, contact Bombardier, Inc., Q–Series Technical Help Desk, 123 Garratt Boulevard, Toronto, Ontario M3K 1Y5, Canada; telephone 416–375–4000; fax 416–375–4539; email *thd.qseries@aero.bombardier.com;* Internet *http://www.bombardier.com.*

(4) You may review copies of the service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

(5) You may also review copies of the service information that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at an NARA facility, call 202–741–6030, or go to *http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.*

Issued in Renton, Washington, on July 31, 2012.

Michael Kaszycki,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2012–19410 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2012–0332; Directorate Identifier 2011–NM–130–AD; Amendment 39–17155; AD 2012–16–08]

RIN 2120–AA64

Airworthiness Directives; BAE Systems (Operations) Limited Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: We are adopting a new airworthiness directive (AD) for certain

BAE SYSTEMS (OPERATIONS) LIMITED Model BAe 146 and Avro 146–RJ series airplanes. This AD was prompted by reports of cracking and surface anomalies of the fuselage skin at the water trap/air dryer unit of the forward discharge valve due to corrosion. This AD requires repetitive detailed inspections for bulging, surface anomalies, and cracking of the fuselage skin adjacent to the discharge valves, repair if necessary, and application of additional sealant in the affected area if necessary. We are issuing this AD to detect and correct bulging, surface anomalies, and cracking that could propagate towards the forward discharge valve outlet, which could result in the failure of the fuselage skin, leading to a possible sudden loss of cabin pressure.

DATES: This AD becomes effective September 18, 2012.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in this AD as of September 18, 2012.

ADDRESSES: You may examine the AD docket on the Internet at *http://www.regulations.gov* or in person at the U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 98057–3356.

FOR FURTHER INFORMATION CONTACT: Todd Thompson, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, Washington 98057–3356; phone 425–227–1175; fax 425–227–1149.

SUPPLEMENTARY INFORMATION:

Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to include an AD that would apply to the specified products. That NPRM was published in the **Federal Register** on April 5, 2012 (77 FR 20572). That NPRM proposed to correct an unsafe condition for the specified products. The MCAI states:

> An operator has reported the cracking and surface anomalies (bulges and/or dents) of the fuselage skin at the water trap/air drier unit of the forward discharge valve located between Frames 22 and 23 and between stringers 22 and 23.
>
> Further investigation established that these surface anomalies (bulges and/or dents) were due to corrosion beneath the water trap/air drier unit that has resulted in cracking of the fuselage skin. A crack at the subject location could propagate towards the forward discharge valve outlet and result in the failure of the fuselage skin leading to a possible sudden loss of cabin pressure.
>
> For the reasons described above, this [EASA] AD mandates an initial and repetitive [detailed] inspections [for bulging, surface anomalies, and cracking] of the fuselage skin adjacent to the front and rear discharge valves, the accomplishment of the associated correctives actions [repair] if applicable and the application of an additional sealant in the affected area.

You may obtain further information by examining the MCAI in the AD docket.

Comments

We gave the public the opportunity to participate in developing this AD. We received no comments on the NPRM (77 FR 20572, April 5, 2012) or on the determination of the cost to the public.

Explanation of Change Made to This AD

We have revised one of the part numbers contained in paragraph (h) of this AD from PR1764–2 to PR1764B–2 due to a typographic error; this change does not change the intent of that paragraph.

Conclusion

We reviewed the available data and determined that air safety and the public interest require adopting the AD with the change described previously—and minor editorial changes. We have determined that these minor changes:

- Are consistent with the intent that was proposed in the NPRM (77 FR 20572, April 5, 2012) for correcting the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM (77 FR 20572, April 5, 2012).

Costs of Compliance

We estimate that this AD will affect 1 product of U.S. registry. We also estimate that it will take about 8 work-hours per product to comply with the basic requirements of this AD. The average labor rate is $85 per work-hour. Based on these figures, we estimate the cost of this AD to the U.S. operators to be $680 or $680 per product. We have no way of determining the number of products that may need these actions.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. ''Subtitle VII: Aviation Programs,'' describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in ''Subtitle VII, Part A, Subpart III, Section 44701: General requirements.'' Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

We determined that this AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

1. Is not a ''significant regulatory action'' under Executive Order 12866;
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);
3. Will not affect intrastate aviation in Alaska; and
4. Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a regulatory evaluation of the estimated costs to comply with this AD and placed it in the AD docket.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* or in person at the Docket Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains the NPRM (77 FR 20572, April 5, 2012), the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone (800) 647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by adding the following new AD:

2012–16–08 BAE Systems (Operations) Limited: Amendment 39–17155. Docket No. FAA–2012–0332; Directorate Identifier 2011–NM–130–AD.

(a) Effective Date

This airworthiness directive (AD) becomes effective September 18, 2012.

(b) Affected ADs

None.

(c) Applicability

This AD applies to BAE SYSTEMS (OPERATIONS) LIMITED Model BAe 146–100A, –200A, and –300A airplanes, and Model Avro 146–RJ70A, 146–RJ85A, and 146–RJ100A airplanes, certificated in any category; all models, and all serial numbers except airplanes that have incorporated auto-pressurization modification HCM50259A during production.

(d) Subject

Air Transport Association (ATA) of America Code 21: Air Conditioning.

(e) Reason

This AD was prompted by reports of cracking and surface anomalies of the fuselage skin at the water trap/air dryer unit of the forward discharge valve due to corrosion. We are issuing this AD to detect and correct bulging, surface anomalies, and cracking that could propagate towards the forward discharge valve outlet, which could result in the failure of the fuselage skin, leading to a possible sudden loss of cabin pressure.

(f) Compliance

You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

(g) Detailed Inspection of External Fuselage Skin

Within 12 months after the effective date of this AD, do a detailed inspection to check for bulging, surface anomalies, and cracking of the fuselage skin adjacent to the discharge valve outlets (one frame fore and aft, one stringer above and below), in accordance with the Accomplishment Instructions of BAE SYSTEMS (OPERATIONS) LIMITED Inspection Service Bulletin ISB.21–162, Revision 1, dated September 16, 2010. Repeat the inspection thereafter at intervals not to exceed 24 months.

(1) If any bulging, surface anomalies, or cracking of the fuselage skin is found to be within the criteria defined in Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 100–200, Revision 66, dated October 15, 2011 (for Model 146–100A and –200A, and Avro 146–RJ70A and 146–RJ85A airplanes); or Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 300, Revision 44, dated October 15, 2011 (for Model 146–300A and Avro 146–RJ100A airplanes): Before further flight, repair the damage, in accordance with the Accomplishment Instructions of BAE SYSTEMS (OPERATIONS) LIMITED Inspection Service Bulletin ISB.21–162, Revision 1, dated September 16, 2010.

(2) If any bulging, surface anomalies, or cracking of the fuselage skin is found exceeding the criteria defined in Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 100–200, Revision 66, dated October 15, 2011 (for Model 146–100A and –200A, and Avro 146–RJ70A and 146–RJ85A airplanes); or Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 300, Revision 44, dated October 15, 2011 (for Model 146–300A and Avro 146–RJ100A airplanes): Before further flight, repair the damage according to a method approved by the Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA, or European Aviation Safety Agency (EASA) or its delegated agent.

(h) Application of Sealant

Within 24 months after the effective date of this AD, unless a repair has already been accomplished in accordance with paragraph (g) of this AD: Apply additional PR1422A–2 or PR1764B–2 edge sealant between the water trap/air dryer and the fuselage skin, in accordance with the Accomplishment Instructions of BAE SYSTEMS (OPERATIONS) LIMITED Inspection Service Bulletin ISB.21–162, Revision 1, dated September 16, 2010. Application of additional sealant does not constitute terminating action for the repetitive detailed inspections required by paragraph (g) of this AD. Accomplishment of a repair as required by paragraph (g) of this AD terminates the repetitive inspection requirements of this AD.

(i) Credit for Previous Actions

(1) This paragraph provides credit for inspections and sealant applications required by paragraphs (g) and (h) of this AD, if those actions were performed before the effective date of this AD using BAE SYSTEMS (OPERATIONS) LIMITED Inspection Service Bulletin ISB.21–162, dated June 7, 2010.

(2) This paragraph provides credit for using criteria defined in the following subject of the applicable structural repair manual, as required by paragraphs (g)(1) and (g)(2) of this AD, if that criteria was used before the effective date of this AD using Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 100–200, Revision 65, dated September 15, 2010 (for Model 146–100A and –200A, and Avro 146–RJ70A and 146–RJ85A airplanes); or Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 300, Revision 43, dated September 15, 2010 (for Model 146–300A and Avro 146–RJ100A airplanes).

(j) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) Alternative Methods of Compliance (AMOCs): The Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the International Branch, send it to ATTN: Todd Thompson, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, Washington 98057–3356; phone 425–227–1175; fax 425–227–1149. Information may be emailed to: *9-ANM-116-AMOC-REQUESTS@faa.gov.* Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office. The AMOC approval letter must specifically reference this AD.

(2) Airworthy Product: For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(k) Related Information

Refer to MCAI EASA Airworthiness Directive 2011–0099, dated May 26, 2011, and the service information identified in paragraphs (k)(1), (k)(2), and (k)(3) of this AD, for related information.

(1) BAE SYSTEMS (OPERATIONS) LIMITED Inspection Service Bulletin ISB.21–162, Revision 1, dated September 16, 2010.

(2) Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 100–200, Revision 66, dated October 15, 2011.

(3) Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 300, Revision 44, dated October 15, 2011.

(l) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference

(IBR) of the following service information under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use the following service information to do the actions required by this AD, unless the AD specifies otherwise.

(i) BAE SYSTEMS (OPERATIONS) LIMITED Inspection Service Bulletin ISB.21–162, Revision 1, dated September 16, 2010.

(ii) Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 100–200, Revision 66, dated October 15, 2011. The revision level of this document is specified only in the Letter of Transmittal.

(iii) Subject 53–00–00, ''Fuselage, General—Description,'' of Chapter 53, ''Fuselage,'' of the BAE SYSTEMS BAe 146 Series/AVRO 146–RJ Series Structural Repair Manual for Series 300, Revision 44, dated October 15, 2011. The revision level of this document is specified only in the Letter of Transmittal.

(3) For service information identified in this AD, contact BAE SYSTEMS (OPERATIONS) LIMITED, Customer Information Department, Prestwick International Airport, Ayrshire, KA9 2RW, Scotland, United Kingdom; telephone +44 1292 675207; fax +44 1292 675704; email *RApublications@baesystems.com;* Internet *http://www.baesystems.com/Businesses/RegionalAircraft/index.htm.*

(4) You may review copies of the service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

(5) You may also review copies of the service information that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at an NARA facility, call 202–741–6030, or go to *http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.*

Issued in Renton, Washington, on July 31, 2012.

Michael Kaszycki,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2012–19420 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2012–0336; Directorate Identifier 2011–NM–213–AD; Amendment 39–17154; AD 2012–16–07]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: We are adopting a new airworthiness directive (AD) for certain The Boeing Company Model 737–500 series airplanes. This AD was prompted by reports of chem-mill step cracking on the aft lower lobe fuselage skins. This AD requires inspections of the fuselage skin at the chem-mill steps, and repair if necessary. We are issuing this AD to detect and correct cracking on the aft lower lobe fuselage skins, which could result in decompression of the airplane.

DATES: This AD is effective September 18, 2012.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in the AD as of September 18, 2012.

ADDRESSES: For service information identified in this AD, contact Boeing Commercial Airplanes, Attention: Data & Services Management, P.O. Box 3707, MC 2H–65, Seattle, Washington 98124–2207; telephone 206–544–5000, extension 1; fax 206–766–5680; Internet *https://www.myboeingfleet.com.* You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this AD, the regulatory evaluation, any comments received, and other information. The address for the Docket Office (phone: 800–647–5527) is Document Management Facility, U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Wayne Lockett, Aerospace Engineer, Airframe Branch, ANM–120S, FAA, Seattle Aircraft Certification Office (ACO), 1601 Lind Avenue SW., Renton, Washington 98057–3356; phone: 425–917–6447; fax: 425–917–6590; email: *wayne.lockett@faa.gov.*

SUPPLEMENTARY INFORMATION:

Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to include an AD that would apply to the specified products. That NPRM published in the **Federal Register** on April 17, 2012 (77 FR 22686). That NPRM proposed to require inspections of the fuselage skin at the chem-mill steps, and repair if necessary.

Comments

We gave the public the opportunity to participate in developing this AD. We have considered the comment received. Boeing supports the NPRM (77 FR 22686, April 17, 2012).

Clarification of Terms in the Relevant Service Information Section of the NPRM (77 FR 22686, April 17, 2012)

The Relevant Service Information section of the NPRM (77 FR 22686, April 17, 2012) specified that ''Related investigative actions'' and ''corrective actions'' are those actions specified in the service information that are necessary to address the identified unsafe condition. Those ''necessary'' actions are applicable to particular configurations and conditions. ''Related investigative actions'' are those actions that are identified as follow-on actions that are: (1) Related to the required action, and (2) are on-condition actions that further investigate the nature of any condition found. Related investigative actions could include, for example, inspections and operational tests. ''Corrective actions'' are those actions that are on-condition actions that correct or address any condition found. Corrective actions could include, for example, repairs, removal and replacement, and modifications.

Conclusion

We reviewed the relevant data, considered the comment received, and determined that air safety and the public interest require adopting the AD as proposed—with minor editorial changes. We have determined that these minor changes:

- Are consistent with the intent that was proposed in the NPRM (77 FR 22686, April 17, 2012) for correcting the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM (77 FR 22686, April 17, 2012).

Costs of Compliance

We estimate that this AD affects 91 airplanes of U.S. registry. We estimate the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspections	23 work-hours × $85 per hour = $1,955 per inspection cycle.	$0	$1,955 per inspection cycle.	$177,905 per inspection cycle.

We estimate the following costs to do any necessary corrective actions that would be required based on the results of the inspection. We have no way of determining the number of aircraft that might need these corrective actions:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Inspection	2 work-hours × $85 per hour = $170	$0	$170
Repair	7 work-hours × $85 per hour = $595	0	595

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. Subtitle VII: Aviation Programs, describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701: ''General requirements.'' Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

This AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

(1) Is not a ''significant regulatory action'' under Executive Order 12866,

(2) Is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979),

(3) Will not affect intrastate aviation in Alaska, and

(4) Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by adding the following new airworthiness directive (AD):

2012–16–07 The Boeing Company: Amendment 39–17154; Docket No. FAA–2012–0336; Directorate Identifier 2011–NM–213–AD.

(a) Effective Date

This AD is effective September 18, 2012.

(b) Affected ADs

None.

(c) Applicability

This AD applies to The Boeing Company Model 737–500 series airplanes, certificated in any category, as identified in Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011.

(d) Subject

Joint Aircraft System Component (JASC)/Air Transport Association (ATA) of America Code 53, Fuselage.

(e) Unsafe Condition

This AD was prompted by reports of chem-mill step cracking on the aft lower lobe fuselage skins. We are issuing this AD to detect and correct cracking on the aft lower lobe fuselage skins, which could result in decompression of the airplane.

(f) Compliance

Comply with this AD within the compliance times specified, unless already done.

(g) Inspection

At the applicable time specified in paragraph 1.E., ''Compliance,'' of Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011, except as required by paragraph (i)(1) of this AD: Do an external detailed inspection; and, as applicable, do an external or internal subsurface eddy current, magneto optic imager, or C-scan inspection; to detect cracks in the fuselage skin at the chem-mill steps; in accordance with the Accomplishment Instructions of Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011. Repeat the inspections thereafter at the applicable times specified in paragraph 1.E., ''Compliance,'' of Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011.

(h) Repair

If any crack is found during any inspection required by paragraph (g) of this AD: At the applicable times specified in paragraph 1.E., ''Compliance,'' of Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011, do all the actions specified in either paragraph (h)(1) or (h)(2) of this AD.

(1) Do a time-limited repair; followed by applicable related investigative actions, corrective actions, and making the time-limited repair permanent; in accordance with Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011, except as required by paragraph (i)(2) of this AD.

(2) Do a permanent repair, including a detailed inspection of the bonded doubler for disbonding and a high frequency eddy current inspection for cracks of the bonded doubler, in accordance with Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011. Repair any cracks and disbonding before further flight, in accordance with Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011, except as required by paragraph (i)(2) of this AD. Accomplishment of the permanent repair terminates the repetitive inspections required by this AD for the area(s) of the repair only.

(i) Exceptions to Service Bulletin Specifications

The exceptions specified in paragraphs (i)(1) and (i)(2) of this AD apply to this AD.

(1) Where Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011, specifies a compliance time after ''the date of this service bulletin,'' this AD requires compliance within the specified compliance time after the effective date of this AD.

(2) Where Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011, specifies to contact Boeing for repair instructions: Before further flight, repair using a method approved in accordance with the procedures specified in paragraph (j) of this AD.

(j) Alternative Methods of Compliance (AMOCs)

(1) The Manager, Seattle Aircraft Certification Office (ACO), FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the ACO, it may be emailed to *9-ANM-Seattle-ACO-AMOC-Requests@faa.gov*.

(2) Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/ certificate holding district office.

(3) An AMOC that provides an acceptable level of safety may be used for any repair required by this AD if it is approved by the Boeing Commercial Airplanes Organization Designation Authorization (ODA) that has been authorized by the Manager, Seattle ACO, to make those findings. For a repair method to be approved, the repair must meet the certification basis of the airplane, and the approval must specifically refer to this AD.

(k) Related Information

For more information about this AD, contact Wayne Lockett, Aerospace Engineer, Airframe Branch, ANM–120S, FAA, Seattle Aircraft Certification Office (ACO), 1601 Lind Avenue SW., Renton, Washington 98057–3356; phone: 425–917–6447; fax: 425–917–6590; email: *wayne.lockett@faa.gov*.

(l) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use the following service information to do the actions required by this AD, unless the AD specifies otherwise.

(i) Boeing Special Attention Service Bulletin 737–53–1315, dated July 29, 2011.

(ii) Reserved.

(3) For service information identified in this AD, contact Boeing Commercial Airplanes, Attention: Data & Services Management, P.O. Box 3707, MC 2H–65, Seattle, WA 98124–2207; telephone 206–544–5000, extension 1; fax 206–766–5680; Internet *https://www.myboeingfleet.com.*

(4) You may review copies of the service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington 98057–3356. For information on the availability of this material at the FAA call 425–227–1221.

(5) You may also review copies of the service information that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202–741–6030, or go to: *http://www.archives.gov/federal-register/cfr/ibr-locations.html.*

Issued in Renton, Washington, on July 31, 2012.

Michael Kaszycki,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2012–19423 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2012–0192; Directorate Identifier 2011–NM–225–AD; Amendment 39–17152; AD 2012–16–05]

RIN 2120–AA64

Airworthiness Directives; Airbus Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: We are adopting a new airworthiness directive (AD) for certain Airbus Model A330–200 and –200 freighter series airplanes; and Model A340–200, –300, –500, and –600 series airplanes. This AD was prompted by fuel system reviews conducted by the manufacturer. This AD requires modification of the control circuit for the fuel pumps for the center fuel tanks for certain airplanes, and center and rear fuel tanks for certain other airplanes. We are issuing this AD to prevent the potential of ignition sources inside fuel tanks, which, in combination with flammable fuel vapors, could result in fuel tank explosions and consequent loss of the airplane.

DATES: This AD becomes effective September 18, 2012.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in this AD as of September 18, 2012.

ADDRESSES: You may examine the AD docket on the Internet at *http://www.regulations.gov* or in person at the U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Vladimir Ulyanov, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, WA 98057–3356; telephone 425–227–1138; fax 425–227–1149.

SUPPLEMENTARY INFORMATION:

Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to include an AD that would apply to the specified products. That NPRM was published in the **Federal Register** on March 16, 2012 (77 FR 15644). That NPRM proposed to correct an unsafe condition for the specified products. The MCAI states:

> * * * [T]he FAA issued a set of new rules related to Fuel Tank Safety including Special Federal Aviation Regulation (SFAR) 88. In line with SFAR88, the JAA [Joint Aviation Authorities] issued policy JAA INT/POL 25/12 and recommended to the National Aviation Authorities (NAA) the application of a similar regulation.
>
> To ensure compliance with the requirements set by SFAR88 and JAA INT/POL 25/12, this [EASA] AD requires that Ground Fault Interrupters (GFI) are installed into the electrical power supply circuits of fuel pumps for which the canisters become uncovered during normal operation, taking into account normal fuel reserve or the fuel level, triggering the low fuel level warning.
>
> The function of this additional system protection is to electrically isolate the pump if a ground fault condition occurs downstream of the GFI. The GFI gives additional earth leakage protection to the downstream circuit.

The unsafe condition is the potential of ignition sources inside fuel tanks, which, in combination with flammable fuel vapors, could result in fuel tank explosions and consequent loss of the airplane. The corrective action is modifying the control circuits of the fuel pump for the rear and center fuel tanks. You may obtain further information by examining the MCAI in the AD docket.

Comments

We gave the public the opportunity to participate in developing this AD. We received no comments on the NPRM (77 FR 15644, March 16, 2012) or on the determination of the cost to the public.

Changes to the AD

European Aviation Safety Agency (EASA) has issued AD 2011–0196, dated October 7, 2011, corrected March 23, 2012, to correct a typographical error in the applicability paragraph of the MCAI which changed the intent of the applicability. The exception to the

applicability should have specified ''or'' instead of ''and.'' We have changed paragraph (c)(2) of this AD to add paragraphs (c)(2)(i) and (c)(2)(ii) to this AD to clarify the exception to the applicability of this AD.

Airbus has issued Mandatory Service Bulletins A330–28–3113, Revision 01, dated March 27, 2012 (for Model A330–200 and –200 freighter series airplanes); and A340–28–4129, Revision 01, dated March 27, 2012 (for Model A340–200 and –300 series airplanes); to include a test procedure for a certain ground fault interrupter. We have revised paragraphs (g) and (j) of this AD to reference Airbus Mandatory Service Bulletins A330–28–3113, Revision 01, dated March 27, 2012; and A340–28–4129, Revision 01, dated March 27, 2012. We have added paragraph (h) to this AD to allow credit for actions done in accordance with Airbus Mandatory Service Bulletins A330–28–3113, dated July 19, 2011; and A330–28–4129, dated July 19, 2011; we have revised subsequent paragraph identifiers accordingly.

Conclusion

We reviewed the available data and determined that air safety and the public interest require adopting the AD with the changes described previously and minor editorial changes. We have determined that these changes:

- Are consistent with the intent that was proposed in the NPRM (77 FR 15644, March 16, 2012) for correcting the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM (77 FR 15644, March 16, 2012).

Costs of Compliance

We estimate that this AD will affect 29 products of U.S. registry. We also estimate that it will take about 10 work-hours per product to comply with the basic requirements of this AD. The average labor rate is $85 per work-hour. Required parts will cost about $3,480 per product. Where the service information lists required parts costs that are covered under warranty, we have assumed that there will be no charge for these parts. As we do not control warranty coverage for affected parties, some parties may incur costs higher than estimated here. Based on these figures, we estimate the cost of this AD to the U.S. operators to be $125,570 or $4,330 per product.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. ''Subtitle VII: Aviation Programs,'' describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in ''Subtitle VII, Part A, Subpart III, Section 44701: General requirements.'' Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

We determined that this AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

1. Is not a ''significant regulatory action'' under Executive Order 12866;
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);
3. Will not affect intrastate aviation in Alaska; and
4. Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a regulatory evaluation of the estimated costs to comply with this AD and placed it in the AD docket.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* or in person at the Docket Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains the NPRM (77 FR 15644, March 16, 2012), the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone (800) 647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by adding the following new AD:

2012–16–05 Airbus: Amendment 39–17152. Docket No. FAA–2012–0192; Directorate Identifier 2011–NM–225–AD.

(a) Effective Date

This airworthiness directive (AD) becomes effective September 18, 2012.

(b) Affected ADs

None.

(c) Applicability

This AD applies to the airplanes specified in paragraphs (c)(1), (c)(2), and (c)(3) of this AD, certificated in any category.

(1) Airbus Model A330–201, –202, –203, –223, and –243 airplanes; all serial numbers; except those on which Airbus modification 200242 has been accomplished in production.

(2) Airbus Model A330–223F and –243F airplanes; all serial numbers; except airplanes identified in paragraph (c)(2)(i) or (c)(2)(ii) of this AD.

(i) Airplanes on which Airbus modification 58623 has been accomplished in production and on which Airbus modification 200281 has not been accomplished in production; or

(ii) Airplanes on which modification 200242 has been accomplished in production.

(3) Airbus Model A340–211, –212, –213, –311, –312, –313, –541, and –642 airplanes; all serial numbers; except airplanes on which Airbus modification 200242 has been accomplished in production.

(d) Subject

Air Transport Association (ATA) of America Code 28, Fuel.

(e) Reason

This AD was prompted by fuel system reviews conducted by the manufacturer. We are issuing this AD to prevent the potential of ignition sources inside fuel tanks, which, in combination with flammable fuel vapors, could result in fuel tank explosions and consequent loss of the airplane.

(f) Compliance

You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

(g) Actions

Within 48 months after the effective date of this AD, do the actions specified in

paragraph (g)(1) or (g)(2) of this AD, as applicable.

(1) For Model A330–200 and –200F series airplanes, and Model A340–200 and –300 series airplanes: Modify the control circuit for the fuel pump for the center fuel tank, in accordance with the Accomplishment Instructions of Airbus Mandatory Service Bulletin A330–28–3113, Revision 01, dated March 27, 2012 (for Model A330–200 and –200 freighter series airplanes); or A340–28–4129, Revision 01, dated March 27, 2012 (for Model A340–200 and –300 series airplanes).

(2) For Model A340–500 and –600 series airplanes: Modify the control circuit for the fuel pump for the rear and/or center fuel tanks, in accordance with the Accomplishment Instructions of Airbus Mandatory Service Bulletin A340–28–5051, dated September 1, 2011.

(h) Credit for Previous Actions

This paragraph provides credit for the actions required by paragraph (g)(1) of this AD, if those actions were performed before the effective date of this AD, using Airbus Mandatory Service Bulletin A330–28–3113 or A340–28–4129, both dated July 19, 2011, as applicable.

(i) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) Alternative Methods of Compliance (AMOCs): The Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the International Branch, send it to Attn: Vladimir Ulyanov, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, WA 98057–3356; telephone 425–227–1138; fax 425–227–1149. Information may be emailed to: *9–ANM–116–AMOC–REQUESTS@faa.gov.* Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office. The AMOC approval letter must specifically reference this AD.

(2) Airworthy Product: For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(j) Related Information

Refer to MCAI European Aviation Safety Agency (EASA) Airworthiness Directive 2011–0196, dated October 7, 2011, corrected March 23, 2012, and the service bulletins specified in paragraphs (j)(1), (j)(2), and (j)(3) of this AD, for related information.

(1) Airbus Mandatory Service Bulletin A330–28–3113, Revision 01, dated March 27, 2012.

(2) Airbus Mandatory Service Bulletin A340–28–4129, Revision 01, dated March 27, 2012.

(3) Airbus Mandatory Service Bulletin A340–28–5051, dated September 1, 2011.

(k) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) of the following service information under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use the following service information to do the actions required by this AD, unless the AD specifies otherwise.

(i) Airbus Mandatory Service Bulletin A330–28–3113, Revision 01, dated March 27, 2012.

(ii) Airbus Mandatory Service Bulletin A340–28–4129, Revision 01, dated March 27, 2012.

(iii) Airbus Mandatory Service Bulletin A340–28–5051, dated September 1, 2011.

(3) For service information identified in this AD, contact Airbus SAS—Airworthiness Office—EAL, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 45 80; email *airworthiness.A330–A340@airbus.com;* Internet *http://www.airbus.com.*

(4) You may review copies of the service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

(5) You may also review copies of the service information that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at an NARA facility, call 202–741–6030, or go to *http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.*

Issued in Renton, Washington, on July 31, 2012.

Michael Kaszycki,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2012–19262 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2012–0038; Directorate Identifier 2011–NM–209–AD; Amendment 39–17153; AD 2012–16–06]

RIN 2120–AA64

Airworthiness Directives; Airbus Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: We are adopting a new airworthiness directive (AD) for all Airbus Model A300 B4–600 series airplanes and Model A310–203, –204, –221, and –222 airplanes. This AD was prompted by a report of a capacitive density condensator (cadensicon) coil overheating during testing. This AD requires an inspection to determine if a certain fuel quantity indication computer (FQIC) is installed, replacement of identified FQICs, and modification of the associated wiring. We are issuing this AD to detect and correct potential overheating of the cadensicon coil, which could create an ignition source inside a fuel tank, which, in combination with flammable fuel vapors, could result in a fuel tank explosion and consequent loss of the airplane.

DATES: This AD becomes effective September 18, 2012.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in this AD as of September 18, 2012.

ADDRESSES: You may examine the AD docket on the Internet at *http://www.regulations.gov* or in person at the U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Dan Rodina, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, Washington 98057–3356; telephone (425) 227–2125; fax (425) 227–1149.

SUPPLEMENTARY INFORMATION:

Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to include an AD that would apply to the specified products. That NPRM was published in the **Federal Register** on February 7, 2012 (77 FR 6023). That NPRM proposed to correct an unsafe condition for the specified products. The MCAI states:

> In view to address the scope of Special Federal Aviation Regulation 88 (SFAR 88) (66 FR 23086, May 7, 2001) and the equivalent JAA Internal Policy INT/POL/25/12, a safety analysis of Fuel Quantity Indication Computers (FQIC) fitted to Wide Body aeroplanes has been performed.
>
> Detailed analysis has shown that on early standard FQIC, Type 1, there is an insufficient gap on the printed circuit board between an 115V [volt] supply and a direct path to the Capacitive Density Condensator (Cadensicon).
>
> During tests that were carried out applying 115V to the Cadensicon coil, measured temperature levels were in excess of the acceptable level of 200°C. This potential

overheating of the Cadensicon coil could be a possible ignition point within the fuel tank.

This condition, if left uncorrected, could create an ignition source in the tank vapour space, possibly resulting in a wing fuel tank explosion and consequent loss of the aeroplane.

For the reasons explained above, this [European Aviation Safety Agency] AD requires the replacement of all Type 1 FQICs with Type 2 FQICs.

You may obtain further information by examining the MCAI in the AD docket.

Comments

We gave the public the opportunity to participate in developing this AD. We have considered the comment received.

Request for Extension of Compliance Time

FedEx requested that we revise the compliance time for the actions required by paragraph (g) of the NPRM (77 FR 6023, February 7, 2012), from 30 months to 36 months. FedEx explained that the lead time for the Airbus kit part number 282039A01R01 is 60 days, as listed in Airbus Mandatory Service Bulletin A310–28–2039, Revision 01, dated January 19, 2011. FedEx explained further that a 30-day lead-time was quoted from Intertechnique for a Type 2 FQIS unit. FedEx expressed that while the 30 months aligns with the heavy maintenance schedule for Model A310 airplanes, it would take time to procure the new FQIS units and kits required to comply with the NPRM. Therefore, the additional 6 months it proposed for scheduling and material procurement will allow the work to be performed during a heavy maintenance check for all FedEx airplanes.

We disagree to revise the compliance time in the final rule. In developing an appropriate compliance time, we considered the safety implications, parts availability, and normal maintenance schedules for timely accomplishment of the required actions in the final rule. However, under the provisions of paragraph (i) of this AD, we will consider requests for approval of an alternative method of compliance (AMOC) if sufficient data are submitted to substantiate that the change would provide an acceptable level of safety. We have not changed the AD in this regard.

Conclusion

We reviewed the available data, including the comment received, and determined that air safety and the public interest require adopting the AD as proposed—except for minor editorial changes. We have determined that these minor changes:

- Are consistent with the intent that was proposed in the NPRM (77 FR 6023, February 7, 2012) for correcting the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM (77 FR 6023, February 7, 2012).

Costs of Compliance

We estimate that this AD will affect 53 products of U.S. registry. We also estimate that it will take about 6 work-hours per product to comply with the basic requirements of this AD. The average labor rate is $85 per work-hour. Required parts will cost about $200 per product. Where the service information lists required parts costs that are covered under warranty, we have assumed that there will be no charge for these parts. As we do not control warranty coverage for affected parties, some parties may incur costs higher than estimated here. Based on these figures, we estimate the cost of this AD to the U.S. operators to be $37,630, or $710 per product.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. ''Subtitle VII: Aviation Programs,'' describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in ''Subtitle VII, Part A, Subpart III, Section 44701: General requirements.'' Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

We determined that this AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

1. Is not a ''significant regulatory action'' under Executive Order 12866;

2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);

3. Will not affect intrastate aviation in Alaska; and

4. Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a regulatory evaluation of the estimated costs to comply with this AD and placed it in the AD docket.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* or in person at the Docket Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains the NPRM (77 FR 6023, February 7, 2012), the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone (800) 647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by adding the following new AD:

2012–16–06 Airbus: Amendment 39–17153. Docket No. FAA–2012–0038; Directorate Identifier 2011–NM–209–AD.

(a) Effective Date

This airworthiness directive (AD) becomes effective September 18, 2012.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Airbus Model A300 B4–601, B4–603, B4–620, and B4–622 airplanes, and Model A310–203, –204, –221, and –222 airplanes, certificated in any category, all manufacturer serial numbers.

(d) Subject

Air Transport Association (ATA) of America Code 28: Fuel.

(e) Reason

This AD was prompted by a report of a capacitive density condensator (cadensicon) coil overheating during testing. We are issuing this AD to detect and correct potential overheating of the cadensicon coil, which could create an ignition source inside a fuel tank, which, in combination with flammable fuel vapors, could result in a fuel tank explosion and consequent loss of the airplane.

(f) Compliance

You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

(g) Actions

Within 30 months after the effective date of this AD, inspect to determine whether any fuel quantity indication computer (FQIC) Type 1, having part number (P/N) SIC5054 or P/N SIC5051 (as applicable to the airplane model), is installed, in accordance with the Accomplishment Instructions of Airbus Mandatory Service Bulletin A300–28–6024, Revision 02, dated January 19, 2011; or Airbus Mandatory Service Bulletin A310–28–2039, Revision 01, dated January 19, 2011; as applicable. A review of airplane maintenance records is acceptable in lieu of this inspection if the part number of the FQIC can be conclusively determined from that review. If any FQIC Type 1 having P/N SIC5054 or P/N SIC5051 is installed, within 30 months after the effective date of this AD, replace the FQIC Type 1 with a FQIC Type 2 having P/N SIC5055, P/N SIC5076, P/N SIC5082, or P/N SIC5083 (as applicable to Model A310 series airplanes) or with a FQIC Type 2 having P/N SIC5077 (as applicable to Model A300 B4–600 series airplanes), and modify the associated wiring, in accordance with the Accomplishment Instructions of Airbus Mandatory Service Bulletin A300–28–6024, Revision 02, dated January 19, 2011; or Airbus Mandatory Service Bulletin A310–28–2039, Revision 01, dated January 19, 2011; as applicable.

(h) Parts Installation Prohibition

As of the effective date of this AD, no person may install any FQIC Type 1 having P/N SIC5054 or P/N SIC5051, on any airplane.

(i) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) Alternative Methods of Compliance (AMOCs): The Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the International Branch, send it to Attn: Dan Rodina, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, Washington 98057–3356; telephone (425) 227–2125; fax (425) 227–1149. Information may be emailed to: *9–ANM–116–AMOC–REQUESTS@faa.gov.* Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office. The AMOC approval letter must specifically reference this AD.

(2) Airworthy Product: For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(j) Related Information

Refer to MCAI European Aviation Safety Agency Airworthiness Directive 2011–0186, dated September 23, 2011, and the service information specified in paragraphs (j)(1) and (j)(2) of this AD, for related information.

(1) Airbus Mandatory Service Bulletin A300–28–6024, Revision 02, dated January 19, 2011.

(2) Airbus Mandatory Service Bulletin A310–28–2039, Revision 01, dated January 19, 2011.

(k) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) of the following service information under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use the following service information to do the actions required by this AD, unless the AD specifies otherwise.

(i) Airbus Mandatory Service Bulletin A300–28–6024, Revision 02, dated January 19, 2011.

(ii) Airbus Mandatory Service Bulletin A310–28–2039, Revision 01, dated January 19, 2011.

(3) For Airbus service information identified in this AD, contact Airbus SAS—EAW (Airworthiness Office), 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 44 51; email *account.airworth-eas@airbus.com;* Internet *http://www.airbus.com.*

(4) You may review copies of the service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

(5) You may also review copies of the service information that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at an NARA facility, call 202–741–6030, or go to *http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.*

Issued in Renton, Washington, on July 31, 2012.

Michael Kaszycki,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2012–19254 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

15 CFR Part 774

The Commerce Control List

CFR Correction

In the **Federal Register** published on July 26, 2012, on page 43711, in the third column, in instruction 3.C., ''5A003'' is corrected to read ''5A002''.

[FR Doc. 2012–19955 Filed 8–13–12; 8:45 am]

BILLING CODE 1505–01–D

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

29 CFR Parts 2700, 2701, 2702, 2704, 2705, 2706

Commission Address Change

AGENCY: Federal Mine Safety and Health Review Commission (FMSHRC).

ACTION: Final rule.

SUMMARY: The Federal Mine Safety and Health Review Commission is relocating its Headquarters office and is amending its regulations to inform the public of the address change.

DATES: This final rule will take effect on August 27, 2012.

ADDRESSES: This final rule is available on FMSHRC's Web site, *http://www.fmshrc.gov.*

FOR FURTHER INFORMATION CONTACT: Sarah Stewart, Deputy General Counsel, Office of the General Counsel, Federal Mine Safety and Health Review Commission, at (202) 434–9935 or *sstewart@fmshrc.gov.*

SUPPLEMENTARY INFORMATION:

A. Background

On August 24, 2012, FMSHRC will move its Headquarters office from 601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001 to 1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710.

B. Notice and Public Procedure

Because this amendment deals with agency management and procedures, the notice and comment provisions of the Administrative Procedure Act do not apply pursuant to 5 U.S.C. 553(a)(2) and (b)(3)(A).

Good cause exists to dispense with the usual 30-day delay in the effective date because the amendments are of a minor and administrative nature dealing with only a change in address.

The Commission is an independent regulatory agency and, as such, is not

subject to the requirements of E.O. 12866, E.O. 13132, or the Unfunded Mandates Reform Act, 2 U.S.C. 1501 *et seq.*

The Commission has determined that this rulemaking is exempt from the requirements of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) because a general notice of proposed rulemaking is not required under 5 U.S.C. 553(b).

This rule does not contain a new or amended information collection requirement subject to the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

The Commission has determined that the Congressional Review Act, 5 U.S.C. 801, is not applicable here because, pursuant to 5 U.S.C. 804(3)(C), this rule ''does not substantially affect the rights or obligations of non-agency parties.''

List of Subjects

29 CFR Part 2700

Administrative practice and procedure, Mine safety and health, Penalties, Whistleblowing.

29 CFR Part 2701

Sunshine Act.

29 CFR Part 2702

Freedom of information.

29 CFR Part 2704

Claims, Equal access to justice, Lawyers.

29 CFR Part 2705

Privacy.

29 CFR Part 2706

Administrative practice and procedure, Civil rights, Equal employment opportunity, Federal buildings and facilities, Individuals with disabilities.

Accordingly, Chapter XXVII of Title 29 of the Code of Federal Regulations is amended as follows:

PART 2700—PROCEDURAL RULES

■ 1. The authority citation for part 2700 continues to read as follows:

Authority: 30 U.S.C. 815, 820, 823, and 876.

§ 2700.1 [Amended]

■ 2. In § 2700.1(a)(1), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

§ 2700.4 [Amended]

■ 3. In § 2700.4(b)(1), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

§ 2700.5 [Amended]

■ 4. In § 2700.5:

■ a. In paragraph (b)(1), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

■ b. In paragraph (i), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

§ 2700.82 [Amended]

■ 5. In § 2700.82(d), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

PART 2701—GOVERNMENT IN THE SUNSHINE ACT REGULATIONS

■ 6. The authority citation for part 2701 continues to read as follows:

Authority: Sec. 113, Federal Mine Safety and Health Act of 1977, Pub. L. 95–165 (30 U.S.C. 823).

§ 2701.4 [Amended]

■ 7. In § 2701.4, remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

PART 2702—REGULATIONS IMPLEMENTING THE FREEDOM OF INFORMATION ACT

■ 8. The authority citation for part 2702 continues to read as follows:

Authority: Sec. 113, Federal Mine Safety and Health Act of 1977, Pub. L. 95–165 (30 U.S.C. 801 *et seq.*); 5 U.S.C. 552; Pub. L. 104–231, October 2, 1996, 110 Stat. 3048.

■ 9. Section 2702.2 is revised to read as follows:

§ 2702.2 Location of headquarters.

The Commission maintains its Headquarters office at 1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710. The locations of other Commission offices may obtained from the Commission's Web site (*http://www.fmshrc.gov*).

§ 2702.3 [Amended]

■ 10. In § 2702.3(a), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001–2021'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

§ 2702.4 [Amended]

■ 11. In § 2702.4(a), remove ''601 New Jersey Ave., NW., Suite 9500, Washington, DC'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

PART 2704—IMPLEMENTATION OF THE EQUAL ACCESS TO JUSTICE ACT IN COMMISSION PROCEEDINGS

■ 12. The authority citation for part 2704 continues to read as follows:

Authority: (5 U.S.C. 504(c)(1); Pub. L. 99–80, 99 Stat. 183; Pub. L. 104–121, 110 Stat. 862.

§ 2704.201 [Amended]

■ 13. In § 2704.201(a), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

§ 2704.308 [Amended]

■ 14. In § 2704.308(b), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

PART 2705—PRIVACY ACT IMPLEMENTATION

■ 15. The authority citation for part 2705 continues to read as follows:

Authority: 5 U.S.C. 552a; Pub. L. 93–579.

§ 2705.4 [Amended]

■ 16. In § 2705.4, remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

§ 2705.8 [Amended]

■ 17. In § 2705.8, remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

PART 2706—ENFORCEMENT OF NONDISCRIMINATION ON THE BASIS OF HANDICAP IN PROGRAMS OR ACTIVITIES CONDUCTED BY THE FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

■ 18. The authority citation for part 2706 continues to read as follows:

Authority: 29 U.S.C. 794.

§ 2706.170 [Amended]

■ 19. In § 2706.170(c), remove ''601 New Jersey Avenue NW., Suite 9500, Washington, DC 20001'' and add in its place ''1331 Pennsylvania Avenue NW., Suite 520N, Washington, DC 20004–1710''.

Dated: August 7, 2012.

Mary Lu Jordan,

Chairman, Federal Mine Safety and Health Review Commission.

[FR Doc. 2012–19828 Filed 8–13–12; 8:45 am]

BILLING CODE 6735–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2012–0494]

RIN 1625–AA00

Safety Zone for Fireworks Display, Pamlico and Tar Rivers; Washington, NC

AGENCY: Coast Guard, DHS.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone on the Pamlico and Tar Rivers, Washington, NC. This action is necessary to protect the life and property of the maritime public from the hazards posed by fireworks displays. This zone is intended to restrict vessels from a portion of the Pamlico River and Tar River during Beaufort County's 300th Anniversary Celebration Fireworks.

DATES: This rule is effective on September 22, 2012, from 8:00 p.m. until 10:00 p.m.

ADDRESSES: Documents mentioned in this preamble are part of docket [USCG–2012–0494]. To view documents mentioned in this preamble as being available in the docket, go to *http://www.regulations.gov,* type the docket number in the ''SEARCH'' box and click ''SEARCH.'' Click on Open Docket Folder on the line associated with this rulemaking. You may also visit the Docket Management Facility in Room W12–140 on the ground floor of the Department of Transportation West Building, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: If you have questions on this rule, call or email CWO4 Joseph M. Edge, Sector North Carolina Waterways Management, Coast Guard; telephone 252–247–4525, email *Joseph.M.Edge@uscg.mil.* If you have questions on viewing or submitting material to the docket, call Renee V. Wright, Program Manager, Docket Operations, telephone (202) 366–9826.

SUPPLEMENTARY INFORMATION:

Table of Acronyms

DHS Department of Homeland Security
FR Federal Register
NPRM Notice of Proposed Rulemaking

A. Regulatory History and Information

On June 21, 2012 a Notice of Proposed Rule Making (NPRM) was published in 77 FR 37356. We received no comments on the proposed rule. No public meeting was requested, and none was held.

B. Basis and Purpose

On September 22, 2012 fireworks will be launched from a point on land near the Pamlico and Tar Rivers to commemorate Beaufort County's 300th anniversary. The temporary safety zone created by this rule is necessary to ensure the safety of vessels and spectators from hazards associated with the fireworks display. Such hazards include obstructions to the waterway that may cause death, serious bodily harm, or property damage. Establishing a safety zone to control vessel movement around the location of the launch area will help ensure the safety of persons and property in the vicinity of this event and help minimize the associated risks.

C. Discussion of Comments, Changes and the Final Rule

We received no comments on the proposed rule. No public meeting was requested, and none was held.

A temporary safety zone is necessary to ensure the safety of spectators and vessels during the setup, loading, and launching of the Beaufort County 300th Anniversary Fireworks Display. The fireworks display will occur for approximately 25 minutes from 9 p.m. to 9:25 p.m. on September 22, 2012. However, the Safety Zone will be enforced from 8 p.m. until 10 p.m. in order to ensure safety during the setup, loading and removal of the display equipment.

The safety zone will encompass all waters on the Pamlico and Tar Rivers within a 300 yard radius of the launch site on land at position 35°32′25″ N, longitude 077°03′42″ W. All geographic coordinates are North American Datum 1983 (NAD 83). The effect of this temporary safety zone will be to restrict navigation in the regulated area during the enforcement period.

All persons and vessels shall comply with the instructions of the Coast Guard Captain of the Port or the designated on scene patrol personnel. Entry into, transiting, or anchoring within the safety zone is prohibited unless authorized by the Captain of the Port Sector North Carolina or his designated representative. The Captain of the Port or his designated representative may be contacted via VHF Channel 16. Notification of the temporary safety zone will be provided to the public via marine information broadcasts.

D. Regulatory Analyses

We developed this rule after considering numerous statutes and executive orders related to rulemaking. Below we summarize our analyses based on 13 of these statutes or executive orders.

1. Regulatory Planning and Review

This rule is not a significant regulatory action under section 3(f) of Executive Order 12866, Regulatory Planning and Review, as supplemented by Executive Order 13563, Improving Regulation and Regulatory Review, and does not require an assessment of potential costs and benefits under section 6(a)(3) of Executive Order 12866 or under section 1 of Executive Order 13563. The Office of Management and Budget has not reviewed it under those Orders. Although this regulation will restrict access to the area, the effect of this rule will not be significant because: (i) The safety zone will only be in effect from 8 p.m. to 10 p.m. on September 22, 2012, (ii) the Coast Guard will give advance notification via maritime advisories so mariners can adjust their plans accordingly, and (iii) although the safety zone will apply to the section of the Pamlico River and Tar River, vessel traffic will be able to transit safely around the safety zone.

2. Impact on Small Entities

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601–612, as amended, requires federal agencies to consider the potential impact of regulations on small entities during rulemaking. The Coast Guard received no comments from the Small Business Administration on this rule. The Coast Guard certifies under 5 U.S.C. 605(b) that this rule will not have a significant economic impact on a substantial number of small entities. This rule will affect the following entities, some of which may be small entities: The owners or operators of vessels intending to transit through or anchor in the specified portion of

Pamlico River and Tar River from 8 p.m. to 10 p.m. on September 22, 2012.

This safety zone will not have a significant economic impact on a substantial number of small entities for the following reasons. This rule will only be in effect for two hours, from 8 p.m. to 10 p.m. Although the safety zone will apply to a section of the Pamlico River, vessel traffic will be able to transit safely around the safety zone. Before the effective period, the Coast Guard will issue maritime advisories widely available to the users of the waterway.

3. Assistance for Small Entities

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121), we want to assist small entities in understanding this rule. If the rule would affect your small business, organization, or governmental jurisdiction and you have questions concerning its provisions or options for compliance, please contact the person listed in the **FOR FURTHER INFORMATION CONTACT**, above.

Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency's responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

4. Collection of Information

This rule will not call for a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

5. Federalism

A rule has implications for federalism under Executive Order 13132, Federalism, if it has a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. We have analyzed this rule under that Order and determined that this rule does not have implications for federalism.

6. Protest Activities

The Coast Guard respects the First Amendment rights of protesters. Protesters are asked to contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section to coordinate protest activities so that your message can be received without jeopardizing the safety or security of people, places or vessels.

7. Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of $100,000,000 (adjusted for inflation) or more in any one year. Though this rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

8. Taking of Private Property

This rule will not cause a taking of private property or otherwise have taking implications under Executive Order 12630, Governmental Actions and Interference with Constitutionally Protected Property Rights.

9. Civil Justice Reform

This rule meets applicable standards in sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden.

10. Protection of Children

We have analyzed this rule under Executive Order 13045, Protection of Children from Environmental Health Risks and Safety Risks. This rule is not an economically significant rule and does not create an environmental risk to health or risk to safety that may disproportionately affect children.

11. Indian Tribal Governments

This rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

12. Energy Effects

This action is not a ''significant energy action'' under Executive Order 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use.

13. Technical Standards

This rule does not use technical standards. Therefore, we did not consider the use of voluntary consensus standards.

14. Environment

We have analyzed this rule under Department of Homeland Security Management Directive 023–01 and Commandant Instruction M16475.lD, which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321–4370f), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This rule establishes a temporary safety zone to protect the public from fireworks fallout. This rule is categorically excluded from further review under paragraph 34(g) of Figure 2–1 of the Commandant Instruction. An environmental analysis checklist supporting this determination and a Categorical Exclusion Determination are available in the docket where indicated under **ADDRESSES**. We seek any comments or information that may lead to the discovery of a significant environmental impact from this rule.

List of Subjects in 33 CFR Part 165

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security measures, and Waterways.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 165 as follows:

PART 165— REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

■ 1. The authority citation for part 165 continues to read as follows:

Authority: 33 U.S.C. 1231; 46 U.S.C. Chapter 701, 3306, 3703; 50 U.S.C. 191, 195; 33 CFR 1.05–1, 6.04–1, 6.04–6, 160.5; Pub. L. 107–295, 116 Stat. 2064; Department of Homeland Security Delegation No. 0170.1.

■ 2. Add § 165.T05–0494 to read as follows:

§ 165.T05–0494 Safety Zone For Fireworks Display, Pamlico River; Washington, NC

(a) *Definitions.* For the purposes of this section, *Captain of the Port* means the Commander, Sector North Carolina. *Representative* means any Coast Guard commissioned, warrant, or petty officer who has been authorized to act on the behalf of the Captain of the Port.

(b) *Regulated Area.* All waters on the Pamlico and Tar Rivers within a 300 yard radius of the launch site on land at position latitude 35°32′25″ N, longitude 077°03′42″ W. All geographic coordinates are North American Datum 1983 (NAD 83).

(c) *Regulations.* The general safety zone regulations contained in 33 CFR 165.23 of this part apply to the area described in paragraph (b) of this section.

(1) Persons or vessels requiring entry into or passage through any portion of the safety zone must first request authorization from the Captain of the Port, or a designated representative, unless the Captain of the Port previously announced via Marine Safety Radio Broadcast on VHF Marine Band Radio channel 22 (157.1 MHz) that this regulation will not be enforced in that portion of the safety zone. The Captain of the Port can be contacted at telephone number (910) 343–3882 or by radio on VHF Marine Band Radio, channels 13 and 16.

(d) *Enforcement.* The U.S. Coast Guard may be assisted in the patrol and enforcement of the zone by Federal, State, and local agencies.

(e) *Enforcement period.* This section will be enforced from 8 p.m. to 10 p.m. on September 22, 2012 unless cancelled earlier by the Captain of the Port.

Dated: July 30, 2012.

A. Popiel,

Captain, U.S. Coast Guard, Captain of the Port North Carolina.

[FR Doc. 2012–19841 Filed 8–13–12; 8:45 am]

BILLING CODE 9110–04–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 60

[EPA–HQ–OAR–2010–0750; FRL–9667–3]

RIN 2060–AQ10

New Source Performance Standards Review for Nitric Acid Plants

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The EPA is finalizing the new source performance standards (NSPS) for nitric acid plants. Nitric acid plants include one or more nitric acid production units (NAPUs). These revisions include a change to the nitrogen oxides (NO_X) emission limit, which applies to each NAPU commencing construction, modification, or reconstruction after October 14, 2011. These revisions also include additional testing and monitoring requirements.

DATES: This final rule is effective on August 14, 2012. The incorporation by reference of certain publications listed in this rule is approved by the Director of the Federal Register as of August 14, 2012.

ADDRESSES: *Docket:* The docket for this action is identified by Docket ID No. EPA–HQ–OAR–2010–0750. All documents in the docket are listed in the *www.regulations.gov* index. Although listed in the index, some information is not publicly available (e.g., CBI or other information whose disclosure is restricted by statute). Certain other material, such as copyrighted material, will be publicly available only in hard copy form. Publicly available docket materials are available either electronically through *www.regulations.gov* or in hard copy at the EPA Docket Center, Public Reading Room, EPA West, Room 3334, 1301 Constitution Ave. NW., Washington, DC. The Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Public Reading Room is (202) 566–1744, and the telephone number for the Air Docket is (202) 566–1742.

FOR FURTHER INFORMATION CONTACT: For questions about these standards for nitric acid plants, contact Mr. Nathan Topham, Sector Policies and Program Division, Office of Air Quality Planning and Standards (D243–02), Environmental Protection Agency, Research Triangle Park, North Carolina 27711, telephone number (919) 541–0483; fax number (919) 541–3207, email address: *topham.nathan@epa.gov.*

SUPPLEMENTARY INFORMATION: The information presented in this preamble is organized as follows:

I. General Information
A. Does this action apply to me?
B. Where can I get a copy of this document?
C. Judicial Review
II. Background Information
A. What is the statutory authority for this final NSPS?
B. History of the NSPS for Nitric Acid Plants
III. Summary of the Final NSPS
A. What source category is being regulated?
B. What pollutants are emitted from these sources?
C. What are the final requirements for new nitric acid production units?
IV. Summary of Significant Changes Since Proposal
A. How is the EPA revising the proposed emissions limit for affected facilities?
B. How is the EPA revising the testing and monitoring requirements that were proposed for Subpart Ga of Part 60?
C. How is the EPA revising the notification, reporting, and recordkeeping requirements that were proposed for Subpart Ga?
V. Summary of Significant Comments and Responses to the Proposed NSPS
VI. Summary of Cost, Environmental, Energy, and Economic Impacts of These Standards
A. What are the impacts for Nitric Acid Production Units?
B. What are the secondary impacts for Nitric Acid Production Units?
C. What are the economic impacts for Nitric Acid Production Units?
VII. Statutory and Executive Order Reviews
A. Executive Order 12866: Regulatory Planning and Review and Executive Order 13563: Improving Regulation and Regulatory Review
B. Paperwork Reduction Act
C. Regulatory Flexibility Act as Amended by the Small Business Regulatory Enforcement Fairness Act (RFA) of 1996 (SBREFA), 5 U.S.C. 601 et seq.
D. Unfunded Mandates Reform Act of 1995
E. Executive Order 13132: Federalism
F. Executive Order 13175: Consultation and Coordination with Indian Tribal Governments
G. Executive Order 13045: Protection of Children from Environmental Health and Safety Risks
H. Executive Order 13211: Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use
I. National Technology Transfer and Advancement Act
J. Executive Order 12898: Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations
K. Congressional Review Act

I. General Information

A. Does this action apply to me?

Categories and entities potentially regulated by these revisions include:

Category	NAICS code [1]	Examples of regulated entities
Industry	325311	Nitrogenous Fertilizer Manufacturing.
Federal government		Not affected.
State/local/tribal government		Not affected.

[1] North American Industrial Classification System.

This table is not intended to be exhaustive, but rather provides a guide for readers regarding entities likely to be regulated by this action. To determine whether your facility would be regulated by this action, you should examine the applicability criteria in 40 CFR 60.70a. If you have any questions regarding the applicability of this final action to a particular entity, contact the person in the preceding **FOR FURTHER INFORMATION CONTACT** section.

B. Where can I get a copy of this document?

In addition to being available in the docket, an electronic copy of the final action is available on the Worldwide Web (WWW) through the Technology Transfer Network (TTN) Web site. Following signature, EPA posted a copy of the final action on the TTN Web site's policy and guidance page for newly proposed or promulgated rules at www.epa.gov/ttn/oarpg. The TTN Web site provides information and technology exchange in various areas of air pollution control.

C. Judicial Review

Under CAA section 307(b)(1), judicial review of this final rule is available only by filing a petition for review in the U.S. Court of Appeals for the District of Columbia Circuit by October 15, 2012.

Under CAA section 307(d)(7)(B), only an objection to this final rule that was raised with reasonable specificity during the period for public comment (including any public hearing) can be raised during judicial review. This section also provides a mechanism for the EPA to convene a proceeding for reconsideration, ''[i]f the person raising an objection can demonstrate to the Administrator that it was impracticable to raise such objection within [the period for public comment] or if the grounds for such objection arose after the period for public comment (but within the time specified for judicial review) and if such objection is of central relevance to the outcome of the rule[.]'' Any person seeking to make such a demonstration to us should submit a Petition for Reconsideration to the Office of the Administrator, Environmental Protection Agency, Room 3000, Ariel Rios Building, 1200 Pennsylvania Ave. NW., Washington, DC 20004, with a copy to the person listed in the preceding **FOR FURTHER INFORMATION CONTACT** section, and the Associate General Counsel for the Air and Radiation Law Office, Office of General Counsel (Mail Code 2344A), Environmental Protection Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20004. Note, under CAA section 307(b)(2), the requirements established by this final rule may not be challenged separately in any civil or criminal proceedings brought by EPA to enforce these requirements.

II. Background Information

A. What is the statutory authority for this final NSPS?

New source performance standards (NSPS) implement Clean Air Act (CAA) section 111(b), and are issued for categories of sources which cause, or contribute significantly to, air pollution which may reasonably be anticipated to endanger public health or welfare. Section 111 of the CAA requires that NSPS reflect the application of the best system of emission reductions which (taking into consideration the cost of achieving such emission reductions, any nonair quality health and environmental impact and energy requirements) the Administrator determines has been adequately demonstrated.

This level of control has sometimes been referred to as ''best demonstrated technology'' or BDT. In order to better reflect that, CAA section 111 was amended in 1990 to clarify that ''best systems'' may or may not be ''technology,'' the EPA is now using the term ''best system of emission reduction'' or BSER. In assessing whether a standard is achievable, EPA must account for routine operating variability associated with performance of the system on whose performance the standard is based. See *National Lime Ass'n* v. *EPA,* 627 F. 2d 416, 431–33 (DC Cir. 1980).

Common sources of information as to what constitutes a BSER, and for assessing that technology's level of performance, include test data collected during development of proposed rules, best available control technology (BACT) determinations made as part of new source review (NSR), emissions limits that exist in state and federal permits for recently permitted sources, and emissions test data for demonstrated control technologies collected for compliance demonstration or other purposes. EPA compares permit limitations and BACT determination data with actual performance test data to identify any site-specific factors that could influence general applicability of this information. Also, as part of this review we evaluate if NO_X emissions limits more stringent than those in Subpart G have been established, or if emissions limits have been developed for additional air pollutants.

New source performance standards implement CAA section 111(b), and are issued for categories of sources which cause, or contribute significantly to, air pollution which may reasonably be anticipated to endanger public health or welfare. The primary purpose of the NSPS is to attain and maintain ambient air quality by ensuring that the best demonstrated emission control technologies are installed as the industrial infrastructure is modernized, when it is most cost effective to build in controls. Since 1970, the NSPS have been successful in achieving long-term emissions reductions in numerous industries by assuring that cost-effective controls are installed on new, reconstructed, or modified sources. Section 111(b)(1)(B) of the CAA requires EPA to periodically review and revise the standards of performance, as necessary, to reflect improvements in methods for reducing emissions.

Existing affected NAPUs that are modified or reconstructed would also be subject to these revisions for affected facilities. Under CAA section 111(a)(4), ''modification'' means any physical change in, or change in the method of operation of, a stationary source which increases the amount of any air pollutant emitted by such source or which results in the emission of any air pollutant not previously emitted. Changes to an existing NAPU that do not result in an increase in emissions are not considered modifications.

Rebuilt affected NAPUs would become subject to the standards under the reconstruction provisions, regardless of changes in emission rate. Reconstruction means the replacement of components of an existing NAPU such that (1) the fixed capital cost of the new components exceeds 50 percent of the fixed capital cost that would be required to construct a comparable entirely new NAPU; and (2) it is technologically and economically feasible to meet the applicable standards (40 CFR 60.15).

B. History of the NSPS for Nitric Acid Plants

The NSPS for Nitric Acid Plants (40 CFR part 60, Subpart G) were promulgated in the **Federal Register** on December 23, 1971 (36 FR 24881). The first review of the Nitric Acid Plants NSPS was completed on June 19, 1979 (44 FR 35265). An additional review was completed on April 5, 1984 (49 FR 13654). No changes were made to the NSPS as a result of those reviews. Minor testing and monitoring changes were made during three reviews since the original promulgation in 1971 (October 6, 1975 (40 FR 46258), April 22, 1985 (50 FR 15894), and February 14, 1989 (54 FR 6666)). Subpart G applies to each NAPU constructed or modified after

August 17, 1971, and on or before October 14, 2011. Subpart G has an emissions limit of 3.0 lb of NO_X per ton of 100 percent nitric acid produced (based on any 3-hour average) and a 10 percent opacity standard as an additional method of demonstrating compliance with the NO_X emission limit. Continuous NO_X monitors are required as well as recording daily production rates.

III. Summary of the Final NSPS

A. What source category is being regulated?

Today's standards (Subpart Ga) apply to new NAPUs. The affected facility under the final NSPS is each NAPU. Nitric acid plants may include one or more NAPUs. A new NAPU is defined as a NAPU for which construction, modification, or reconstruction commences after October 14, 2011.

For purposes of these final regulations, a NAPU is defined as any facility producing weak nitric acid by either the pressure or atmospheric pressure process. This definition has not changed from Subpart G.

B. What pollutants are emitted from these sources?

The pollutant to be regulated under section 111(b) in today's action, for new NAPUs, is NO_X, which undergoes reactions in the atmosphere to form particulate matter and ozone. Nitrogen oxides, particulate matter, and ozone are all criteria pollutants that are subject to national ambient air quality standards under section 109 of the Clean Air Act, based on their adverse effects to human health and welfare.

These NAPUs also emit another nitrogen compound known as nitrous oxide (N_2O), which is considered a greenhouse gas (GHG). We are not taking final agency action with respect to a GHG emission standard in this action. The EPA is in the process of gathering and analyzing additional data on GHG emissions from NAPUs that will allow the Agency to continue working towards a proposal for GHG standards for nitric acid plants.

C. What are the final requirements for new nitric acid production units?

As proposed, and after consideration of the comments we received, we are reducing the NO_X emissions limit from 3.0 pounds of NO_X (expressed as NO_2) per ton of 100 percent nitric acid produced (lb NO_X/ton acid) to 0.50 lb NO_X/ton acid as a 30 operating day emission rate calculated each operating day based on the previous 30 operating days.

The general provisions in 40 CFR part 60 provide that emissions in excess of the level of the applicable emissions limit during periods of startup, shutdown, and malfunction shall not be considered a violation of the applicable emission limit unless otherwise specified in the applicable standard. See 40 CFR 60.8(c). The general provisions, however, may be amended for individual subparts. See 40 CFR 60.8(h). In today's action, the EPA is finalizing standards in Subpart Ga that apply at all times, including periods of startup or shutdown, and periods of malfunction.

Periods of Startup or Shutdown. Consistent with *Sierra Club* v. *EPA* (551 F.3d 1019 (DC Cir. 2008)), the EPA has established standards in this rule that apply at all times. In revising the standards in this rule, the EPA has taken into account startup and shutdown periods and, for the reasons explained below, has not established different standards for those periods.

According to information received from industry in the section 114 ICR, NO_X emissions during startup and shutdown are higher than during normal operations for some nitric acid plants. However, due to the relatively short duration of startup and shutdown events (generally a few hours per month) compared to normal steady-state operations, we conclude that a 30-day emission rate calculated based on 30 operating days will allow affected facilities to meet the 0.50 lb NO_X/ton acid at all times, including periods of startup and shutdown.

If higher NO_X emissions during periods of startup and shutdown are a concern, there are two types of equipment that can be used by affected facilities. These include startup heaters and hydrogen peroxide injection. Startup heaters are used to heat the SCR so that it can begin to reduce NO_X during startups. Hydrogen peroxide injection, which is not applicable in all situations, can also be used to decrease NO_X emissions in the extended absorption column.

Periods of Malfunction. As explained in the preamble to the proposed rule, periods of startup, normal operations, and shutdown are all predictable and routine aspects of a source's operations. However, by contrast, malfunction is defined as a ''sudden, infrequent, and not reasonably preventable failure of air pollution control equipment, process equipment or a process to operate in a normal or usual manner * * *'' (40 CFR 60.2). As explained in more detail in the proposed rule, EPA has determined that CAA section 111 does not require that emissions that occur during periods of malfunction be factored into development of CAA section 111 standards.

Further, accounting for malfunctions would be difficult, if not impossible, given the myriad different types of malfunctions that can occur across all sources in the category and given the difficulties associated with predicting or accounting for the frequency, degree, and duration of various malfunctions that might occur. As such, the performance of units that are malfunctioning is not ''reasonably'' foreseeable. See, e.g., *Sierra Club* v. *EPA,* 167 F. 3d 658, 662 (DC Cir. 1999) (''[T]he EPA typically has wide latitude in determining the extent of data-gathering necessary to solve a problem. We generally defer to an agency's decision to proceed on the basis of imperfect scientific information, rather than to 'invest the resources to conduct the perfect study.' ''). See also, *Weyerhaeuser* v. *Costle,* 590 F.2d 1011, 1058 (DC Cir. 1978) (''In the nature of things, no general limit, individual permit, or even any upset provision can anticipate all upset situations. After a certain point, the transgression of regulatory limits caused by 'uncontrollable acts of third parties,' such as strikes, sabotage, operator intoxication or insanity, and a variety of other eventualities, must be a matter for the administrative exercise of case-by-case enforcement discretion, not for specification in advance by regulation.''). In addition, accounting for malfunctions when setting standards of performance under section 111 which reflect the degree of emission limitation achievable through ''the application of the best system of emission reduction'' that the EPA determines is adequately demonstrated could lead to standards that are significantly less stringent than levels that are achieved by a well-performing non-malfunctioning source. The EPA's approach to malfunctions is consistent with section 111 and is a reasonable interpretation of the statute.

In the event that a source fails to comply with the applicable CAA section 111 standards as a result of a malfunction event, the EPA would determine an appropriate response based on, among other things, the good faith efforts of the source to minimize emissions during malfunction periods, including preventative and corrective actions, as well as root cause analyses to ascertain and rectify violations. The EPA would also consider whether the source's failure to comply with the CAA section 111 standard was, in fact, ''sudden, infrequent, not reasonably preventable'' and was not instead ''caused in part by poor maintenance or

careless operation.'' 40 CFR 60.2 (definition of malfunction).

Finally, the EPA recognizes that even equipment that is properly designed and maintained can sometimes fail and that such failure can sometimes cause a violation of the relevant emission standard. The EPA is therefore finalizing an affirmative defense to civil penalties for violations of emission standards that are caused by malfunctions. See 40 CFR 60.71a (defining ''affirmative defense'' to mean, in the context of an enforcement proceeding, a response or defense put forward by a defendant, regarding which the defendant has the burden of proof, and the merits of which are independently and objectively evaluated in a judicial or administrative proceeding.). We also have finalized other regulatory provisions to specify the elements that are necessary to establish this affirmative defense; the source must prove by a preponderance of the evidence that it has met all of the elements set forth in 60.74a. (See 40 CFR 22.24). The criteria ensure that the affirmative defense is available only where the event that causes a violation of the emission standard meets the narrow definition of malfunction in 40 CFR 60.2 (sudden, infrequent, not reasonable preventable and not caused by poor maintenance and or careless operation). For example, to successfully assert the affirmative defense, the source must prove by a preponderance of the evidence that the violation ''[w]as caused by a sudden, infrequent, and unavoidable failure of air pollution control equipment, process equipment, or a process to operate in a normal or usual manner * * *.'' The criteria also are designed to ensure that steps are taken to correct the malfunction, to minimize emissions in accordance with section 60.72a(b) and to prevent future malfunctions. For example, the source must prove by a preponderance of the evidence that ''[r]epairs were made as expeditiously as possible when a violation occurred * * *'' and that ''[a]ll possible steps were taken to minimize the impact of the violation on ambient air quality, the environment and human health * * *.'' In any judicial or administrative proceeding, the Administrator may challenge the assertion of the affirmative defense and, if the respondent has not met its burden of proving all of the requirements in the affirmative defense, appropriate penalties may be assessed in accordance with Section 113 of the Clean Air Act (see also 40 CFR 22.27).

The EPA proposed and is now finalizing an affirmative defense in this rule in an attempt to balance a tension, inherent in many types of air regulations, to ensure adequate compliance while simultaneously recognizing that despite the most diligent of efforts, emission standards may be violated under circumstances beyond the control of the source. The EPA must establish emission standards that ''limit the quantity, rate, or concentration of emissions of air pollutants on a continuous basis.'' 42 U.S.C. § 7602(k) (defining ''emission limitation and emission standard''). See generally *Sierra Club* v. *EPA,* 551 F.3d 1019, 1021 (D.C. Cir. 2008). Thus, the EPA is required to ensure that Section 111 emissions standards are continuous. The affirmative defense for malfunction events meets this requirement by ensuring that even where there is a malfunction, the emission standard is still enforceable through injunctive relief. While ''continuous'' standards, on the one hand, are required, there is also caselaw indicating that in many situations it is appropriate for the EPA to account for the practical realities of technology. For example, in *Essex Chemical* v. *Ruckelshaus,* 486 F.2d 427, 433 (D.C. Cir. 1973), the D.C. Circuit acknowledged that in setting standards under CAA section 111 ''variant provisions'' such as provisions allowing for upsets during startup, shutdown and equipment malfunction ''appear necessary to preserve the reasonableness of the standards as a whole and that the record does not support the 'never to be exceeded' standard currently in force.'' See also, *Portland Cement Association* v. *Ruckelshaus,* 486 F.2d 375 (D.C. Cir. 1973). Though intervening caselaw such as *Sierra Club* v. *EPA* and the CAA 1977 amendments calls into question the relevance of these cases today, they support the EPA's view that a system that incorporates some level of flexibility is reasonable. The affirmative defense simply provides for a defense to civil penalties for violations that are proven to be beyond the control of the source. By incorporating an affirmative defense, the EPA has formalized its approach to upset events. In a Clean Water Act setting, the Ninth Circuit required this type of formalized approach when regulating ''upsets beyond the control of the permit holder.'' *Marathon Oil Co.* v. *EPA,* 564 F.2d 1253, 1272–73 (9th Cir. 1977). See also, *Mont. Sulphur & Chem. Co.* v. *United States EPA,* 2012 U.S. App. LEXIS 1056 (Jan 19, 2012) (rejecting industry argument that reliance on the affirmative defense was not adequate). But see, *Weyerhaeuser Co.* v. *Costle,* 590 F.2d 1011, 1057–58 (D.C. Cir. 1978) (holding that an informal approach is adequate). The affirmative defense provisions give the EPA the flexibility to both ensure that its emission standards are ''continuous'' as required by 42 U.S.C. 7602(k), and account for unplanned upsets and thus support the reasonableness of the standard as a whole.

IV. Summary of Significant Changes Since Proposal

A. How is the EPA revising the proposed emissions limit for affected facilities?

For affected facilities constructed, modified, or reconstructed after October 14, 2011, we proposed to reduce the NO_X emissions limit from 3.0 lb NO_X/ton acid to 0.50 lb NO_X/ton acid as a 30-day emission rate calculated each operating day based on the previous 30 consecutive operating days. See 76 FR 63878 (October 14, 2011). For these final standards, we are promulgating the proposed NO_X emissions limit of 0.50 lb NO_X/ton acid as a 30 operating day emission rate calculated each operating day based on the previous 30 operating days. In response to commenters' concerns related to how the 30 day emission rate is calculated, we have revised the equation used to calculate the 30 day emission rate. This revision prevents days with very few operating hours from having an artificially large influence on the calculated 30 day emission rate. See Section V of this preamble, *Statistical Evaluation of CEMS Data to Determine the NO_X Emission Standard (Updated Memo for Final Standard),* and the *Response to Comment Document* for more information on calculation of the 30 day emission rates. The two documents mentioned above are available in the docket for this final rule.

The conclusion that selective catalytic reduction (SCR) is BSER has not changed from proposal. The justification includes the following reasons: (1) Based on the data available to the Agency, SCR achieves lower emissions than other control technologies; (2) SCR technology is less expensive and more cost effective than nonselective catalytic reduction (NSCR) for control of NO_X emissions; and (3) SCR produces minimal secondary environmental impacts. In addition, we note that SCR is the only known NO_X control technology being installed in new NAPUs and SCR has been determined to be BACT in several recent BACT determinations.

Although the limit of 0.50 lb NO_X/ton acid is based on the data for SCR, NSPS do not require the use and installation of a specific control device. Whether NSCR can meet the levels achievable by

SCR over a long term was an area of uncertainty at proposal. At proposal, the long term CEMS data from 2 NSCR plants (PCS Geismar Train 4 and Agrium Sacramento) indicated that neither plant was achieving the 0.50 lb NO_X/ton limit. After proposal, we evaluated continuous NO_X emission data from Dyno Nobel—St Helens (which uses NSCR) that showed a maximum 30 day emission rate of 0.21 lb NO_X/ton acid. Also, we had monthly data from JR Simplot (another nitric acid plant with NSCR) that ranged from 0.15 to 0.36 lb NO_X/ton acid. Although the data from JR Simplot are not directly comparable to continuous NO_X emission data (hour by hour), there is a strong probability that this source also could comply with 0.50 lb NO_X/ton acid. Therefore, we conclude the standard of 0.50 lb NO_X/ton acid limit is achievable for at least some NAPUs using NSCR.

We conclude that new NAPUs will be able to meet the limit taking into consideration routine operating variability as well as variation due to weather and periods of startup and shutdown as the data analyzed included all of these periods. Based on the data available to the agency, the limit is demonstrated in practice and achievable for new, modified, or reconstructed sources. See *Statistical Evaluation of CEMS Data to Determine the NO_X Emission Standard (Updated Memo for Final Standard),* for more information.

B. How is the EPA revising the testing and monitoring requirements that were proposed for Subpart Ga of Part 60?

We are finalizing the testing and monitoring requirements that were proposed for Subpart Ga and adding the requirement of a dual span monitor for reasons explained in Section V of this preamble.

C. How is the EPA revising the notification, reporting, and recordkeeping requirements that were proposed for Subpart Ga?

The reporting and recordkeeping requirements that we proposed are being finalized as separate sections for Subpart Ga. Since proposal, there have been minor changes to the reporting language at § 60.77a(e) in relation to EPA's Central Data Exchange (CDX), detailed below, but no other changes have been made to the electronic reporting requirements.

The EPA must have performance test data to conduct effective reviews of CAA section 111 standards, as well as for many other purposes including compliance determinations, emission factor development, and annual emission rate determinations. In conducting these required reviews, the EPA has found it ineffective and time consuming, not only for us, but also for regulatory agencies and source owners and operators, to locate, collect, and submit performance test data because of varied locations for data storage and varied data storage methods. In recent years, though, stack testing firms have typically collected performance test data in electronic format, making it possible to move to an electronic data submittal system that would increase the ease and efficiency of data submittal and improve data accessibility.

In this action, as a step to increase the ease and efficiency of data submittal and improve data accessibility, EPA is requiring the electronic submittal of select performance test data. Specifically, the EPA is requiring owners and operators of Nitric Acid facilities to submit electronic copies of performance test reports required under Subpart Ga of part 60 to the EPA's WebFIRE database. The WebFIRE database was constructed to store performance test data for use in developing emission factors. A description of the WebFIRE database is available at *http://cfpub.epa.gov/oarweb/index.cfm?action=fire.main.*

As mentioned above, data entry will be through an electronic emissions test report structure called the Electronic Reporting Tool (ERT). The ERT will generate an electronic report which will be submitted using the Compliance and Emissions Data Reporting Interface (CEDRI). The submitted report is submitted through the EPA's Central Data Exchange (CDX) network for storage in the WebFIRE database making submittal of data very straightforward and easy. A description of the ERT can be found at *http://www.epa.gov/ttn/chief/ert/index.html* and CEDRI can be accessed through the CDX Web site (*www.epa.gov/cdx*).

The requirement to submit performance test data electronically to the EPA does not create any additional performance testing and would apply only to those performance tests conducted using test methods that are supported by the ERT. The ERT contains a specific electronic data entry form for most of the commonly used EPA reference methods. A listing of the pollutants and test methods supported by the ERT is available at *http://www.epa.gov/ttn/chief/ert/index.html.* We believe that industry will benefit from this new electronic data submittal requirement. Having these data, the EPA will be able to develop improved emission factors, make fewer information requests, and promulgate better regulations. The information to be reported is already required for the existing test methods and is necessary to evaluate the conformance to the test method.

One major advantage of submitting performance test data through the ERT is a standardized method to compile and store much of the documentation required to be reported by this rule. Another advantage is that the ERT clearly states what testing information would be required. Another important benefit of submitting these data to the EPA at the time the source test is conducted is that it should substantially reduce the effort involved in data collection activities in the future. When the EPA has performance test data in hand, there will likely be fewer or less substantial data collection requests in conjunction with prospective technology reviews. This results in a reduced burden on both affected facilities (in terms of reduced manpower to respond to data collection requests) and the EPA (in terms of preparing and distributing data collection requests and assessing the results).

State, local, and tribal agencies can also benefit from a more streamlined and accurate review of electronic data submitted to them. The ERT allows for an electronic review process rather than a manual data assessment making review and evaluation of the data and calculations easier and more efficient. Finally, another benefit of submitting data to WebFIRE electronically is that these data will greatly improve the overall quality of the existing and new emission factors by supplementing the pool of emissions test data for establishing emissions factors and by ensuring that the factors are more representative of current industry operational procedures. A common complaint heard from industry and regulators is that emission factors are outdated or not representative of a particular source category. With timely receipt and incorporation of data from most performance tests, the EPA will be able to ensure that emission factors, when updated, represent the most current range of operational practices. In summary, in addition to supporting regulation development, control strategy development, and other air pollution control activities, having an electronic database populated with performance test data will save industry, state, local, tribal agencies, and the EPA significant time, money, and effort while improving the quality of emission inventories and, as a result, air quality regulations.

Several changes were made to the recordkeeping and reporting provisions related to the affirmative defense

provisions of the final rule. In addition to minor wording changes to improve clarity, the EPA added language to 60.74a(a)(9) to clarify that the purpose of the root cause analysis is to determine, correct, and eliminate the primary cause of the malfunction. The root cause analysis itself does not necessarily require that the cause be determined, corrected or eliminated. However, in most cases, the EPA believes that a properly conducted root cause analysis will have such results. The EPA also eliminated the 2-day notification requirement in 60.74a because EPA will receive sufficient notification of malfunction events that result in violations in other required compliance reports, such as the reports required under 60.77a. In addition, EPA revised 60.74a(b) to state that ''[t]he owner or operator seeking to assert an affirmative defense shall submit a written report to the Administrator with all necessary supporting documentation, that it has met the requirements set forth in paragraph (a) of this section. This affirmative defense report shall be included in the first periodic compliance, deviation report or excess emission report otherwise required after the initial occurrence of the violation of the relevant standard (which may be the end of any applicable averaging period). If such compliance, deviation report or excess emission report is due less than 45 days after the initial occurrence of the violation, the affirmative defense report may be included in the second compliance, deviation report or excess emission report due after the initial occurrence of the violation of the relevant standard.''

V. Summary of Significant Comments and Responses to the Proposed NSPS

The EPA received comments on a number of issues during the public comment period. These issues include the level and time period of the NO_X standard, NO_X monitoring requirements, issues related to startup and shutdown, and regulation of GHGs from nitric acid plants. Summaries of the major comments and EPA responses are presented in the following paragraphs. Summaries of comments on these and other issues that are not presented in the preamble, as well as the EPA's responses to those comments, can be found in the *Response to Comment Document.* The *Response to Comment Document* is available in the docket for this final rule, EPA–HQ–OAR–2010–0750.

Comment: Multiple commenters supported the EPA's decision to tighten the standard for NO_X emissions. One commenter stated that the revisions to the standard are warranted given the low emissions achieved by well controlled facilities across the industry, as shown in the ICR data, and the lengthy delay in reviewing the NSPS. The commenter asks that the EPA consider the myriad health effects related to NO_X emissions when determining the standard for the final rule. The commenter notes that these effects include direct effects from NO_X exposure as well as effects of secondary pollutants, such as ozone and fine particulate matter, for which NO_X is a precursor.

One commenter agrees that the EPA has clearly demonstrated that its proposed NO_X standard of 0.50 lb/ton based on a 30-day rolling emission rate is not only ''achievable'' and ''adequately demonstrated,'' it is already routinely being achieved at multiple facilities within the industry. Given the technology-forcing nature of Section 111's BDT standard, the commenter believes that EPA could establish a standard more stringent than its current proposal. Nevertheless, the commenter believes that the proposed emission limit is within the range of what is reasonable for purposes of the NSPS program.

Another commenter stated that the standard should be more stringent than what was proposed based on the fact that some facilities are achieving lower emissions than the proposed limit. The commenter further stated that the EPA failed to justify why a standard more stringent than 0.50 lb/ton was not proposed. The commenter states that the EPA appeared to accommodate current industry practice rather than comply with the ''technology forcing'' mandate of CAA section 111. One commenter suggested that the EPA should set a tighter limit than the proposed standard because ''most control systems installed on future affected facilities would achieve emissions below the proposed emissions limit even in the absence of these proposed revisions.''

Response: The EPA disagrees with commenters that the emission limit should be more stringent. The EPA believes that the rationale for proposing the standard of 0.50 lb NO_X/ton acid was well supported by the emissions data and continues to be well supported for the final rule. The emissions data from the three ICR test plants that employ SCR (Agrium North Bend, PCS Geismar Train 5, and El Dorado Nitrogen) have no discernible differences in technology or process that would account for the differences in emission levels. Therefore we selected an emission limit that was achievable by all three of the units controlled by SCR.

Emissions during some short periods (e.g. startup and shutdown) can be higher than during steady state operations at some nitric acid plants. At proposal, we estimated these periods to occur on average about 3 to 4 hours per month. However, as the result of public comments, we have learned that these periods can occur more frequently for some facilities. These periods still make up an extremely small fraction of total operating time (i.e. about 1 percent or less). In response to public comments, the final rule contains a revised method for calculating NO_X emissions. The calculation method used at proposal assumed that each operating day was weighted equally, regardless of the numbers of operating hours during that day. The proposed method could hypothetically lead to a day with only a few operating hours contributing 1/30th of the calculated rolling emission rate. The calculation method used for the final rule has been established such that every hourly NO_X concentration monitored during each 30 unit operating day period is weighted equally. The adjusted calculation calculates each hourly emission rate and divides by the total operating hours. This adjustment prevents infrequent and short duration events from having an unrepresentatively large impact on the 30 day rolling emission rate. Using the adjusted calculation method, the maximum 30 day rolling emission rate for any of the three ICR test plants with SCR is 0.41 lb NO_X/ton acid at Agrium North Bend.

The EPA also reanalyzed the CEMS data using the assumption that the number of periods of startup and shutdown could be higher for some facilities compared to the number of periods reported for Agrium North Bend. EPA compared the number of startup/shutdown periods for Agrium North Bend to the highest number of startup/shutdown periods reported through the Section 114 request.

According to the information received in response to the Section 114 request, the highest number of hourly startup/shutdown (SS) periods per year was reported as 95 by Coffeyville. Information received after publication of the proposed rule indicates there are reasons that other facilities may startup and shutdown more frequently than the Agrium North Bend facility.

To look at the impact of more frequent start up and shutdown periods, we doubled the 67 hourly SS periods reported by Agrium North Bend to 134 hourly SS periods, which would place them above the highest number of SS periods from any of our Section 114 respondents. Then, we analyzed the

CEMS data for Agrium North Bend by assuming that the number of SS periods is doubled. The resulting maximum 30 operating day emission rate is 0.47 lb NO_X/ton acid. This example demonstrates that the limit promulgated in this final rule is achievable by affected facilities that experience more periods of startup and shutdown than the Agrium North Bend plant. See *Agrium North Bend Analyses,* and *Statistical Evaluation of CEMS Data to Determine the NO_X Emission Standard (Updated Memo for Final Standard)*, available in docket ID: EPA–HQ–OAR–2010–0750. Thus, we conclude that a limit of 0.50 lb NO_X/ton acid is appropriate.

The EPA disagrees with the commenter that stated ''the proposed standard appears to simply accommodate current industry practice rather than properly comply with the EPA's technology-forcing mandate under CAA § 111.'' The EPA maintains that SCR is the ''best system of emission reduction'' even though it is not a new technology. It is unclear what technologies the commenter suggests would work more effectively for controlling NO_X emissions than those evaluated during this rulemaking (SCR and NSCR). Though the CAA is intended to be ''technology-forcing,'' NSPS must be set based on ''substantial evidence that such improvements are feasible and will produce the improved performance necessary to meet the standard.'' *Sierra Club* v. *Costle,* 657 F.2d 298, 364 (D.C. Cir. 1981). As one court stated, ''[t]he statutory standard is one of achievability, given costs.'' *National Lime Assn.* v. *EPA,* 627 F.2d 416, 431 n.46 (D.C. Cir. 1980). Further, in assessing whether a standard is achievable, the EPA must account for routine operating variability associated with performance of the system on whose performance the standard is based. See *National Lime Ass'n,* 627 F. 2d at 431–33. While NSPS are based on the effectiveness of one or more specific technological systems of emissions control, unless certain conditions are met, the CAA does not authorize the EPA to prescribe a particular technological system that must be used to comply with a NSPS. See CAA section 111(b)(5). Rather, sources can select whatever combination of measures will achieve equivalent or greater control of emissions.

Comment: Commenters stated that the EPA did not fulfill the requirements of CAA section 111 because the agency failed to consider the variable conditions present in the industry that impact that achievability of the proposed standard. Specifically, the commenters stated that the EPA failed to consider the costs of adding additional controls to modified or reconstructed facilities that are controlled with NSCR given that the EPA acknowledged that there was uncertainty at the time of the proposed rule that NSCR controlled plants could achieve the 0.50 lb/ton limit.

Another commenter stated that the facilities used to develop the proposed standard are not representative of the industry as a whole because these three facilities use controls that are not in use or not available to all nitric acid plants. The commenter notes that two of the three plants (PCS Geismar and El Dorado Nitrogen) were designed with dual-pressure technology and other features that minimize emissions. According to the commenter, these technologies may not be available to smaller new plants or modified plants. The commenter also notes that El Dorado Nitrogen has high pressure steam that can be used to pre-heat the SCR and the Agrium North Bend facility uses hydrogen peroxide injection and extended absorption. According to the commenter, these control technologies may not be economically feasible for some facilities. The commenter further states that adding a SCR or NSCR may not be enough to meet the proposed limit for some existing mono-pressure facilities that trigger the NSPS.

Response: The EPA agrees that further evaluation of the achievability of the standard by nitric acid plants that have been modified or reconstructed was warranted prior to issuing the final rule. The commenters identified a few nitric acid plants that fit those definitions, and we performed further evaluation of the NO_X CEMS data for such plants.

A BACT determination has been made on a modified source (Agrium North Bend) for which we have CEMS data. We note that the Agrium North Bend facility is a relatively small, monopressure, modified facility. As part of our evaluation, we analyzed the data for this plant to estimate emissions performance of this BACT facility and have determined this facility meets the NO_X limit in this final rule. See memo entitled *Agrium North Bend Analyses,* which is available in the docket for this rulemaking: EPA–HQ–OAR–2010–0750.

As a part of our analysis, we have evaluated the cost for controls required for the Agrium North Bend plant when this facility was modified. An SCR was installed at a capital cost of roughly $2,700,000 ($370,000 annualized cost, assuming a 20 year capital recovery period). This facility achieved emissions reductions of nearly 300 tons of NO_X per year. From these figures, we calculate the cost effectiveness for the addition of this control device as roughly $1,200 per ton of NO_X. See the memo *Impacts of Nitric acid NSPS Review-NO_X* (*Updated Memo for Final NSPS*). We conclude this cost effectiveness is reasonable and supported by NSPS for NO_X for other source categories. See 77 FR 9303, 76 FR 24976, 75 FR 51570, and 75 FR 55009.

The EPA has decided to promulgate a limit of 0.50 lb NO_X/ton calculated in a manner that is more appropriate than what was proposed. The calculation in the final rule uses each hourly NO_X emission rate during the 30 day period rather than creating 30 daily values. See *Statistical Evaluation of CEMS Data to Determine the NO_X Emission Standard (Updated Memo for Final Standard),* and *Agrium North Bend Analyses,* for more information on the 30 day rolling emission rate calculations. We conclude that the modified monopressure Agrium North Bend plant would meet this emission limit of 0.50 lb NO_X/ton acid, and that this level is appropriate for future modified and reconstructed sources as well as new sources. For a discussion of the data received from the American Chemistry Council after the proposed rule, see *Analysis of Data Received Between Proposal and Promulgation of Part 60, Subpart Ga,* which is available in docket ID EPA–HQ–OAR–2010–0750. Also see *Response to Comment Document* section 7.1–7.3.

At proposal, there was uncertainty as to whether units using NSCR could achieve the proposed limits. We have evaluated CEMS data for two additional plants using NSCR and these facilities do meet the final emission limit. We evaluated continuous NO_X emission data from Dyno Nobel St. Helens. This analysis shows a maximum 30 operating day emission rate of 0.21 lb NO_X/ton acid. Also, we had monthly data from JR Simplot, a nitric acid plant controlled by NSCR, which ranged from 0.15 lb NO_X/ton acid to 0.36 lb NO_X/ton acid. Although monthly data are not directly comparable to continuous hourly NO_X emission data, there is a strong probability that this source controlled by NSCR could comply with 0.50 lb NO_X/ton acid. Therefore, based on our evaluation of this technical information, we conclude the standard of 0.50 lb NO_X/ton acid limit is achievable for at least some nitric acid production units using NSCR.

The conclusion that selective catalytic reduction (SCR) is BSER has not changed from proposal. The justification includes the following reasons: (1) Based on the data available to the Agency, SCR achieves lower emissions

than other control technologies; (2) SCR technology is less expensive and more cost effective than nonselective catalytic reduction (NSCR) for control of NO_X emissions; and (3) SCR produces minimal secondary environmental impacts. In addition, we note that SCR is the only known NO_X control technology being installed in new NAPUs and SCR has been determined to be BACT in several recent BACT determinations.

If higher NO_X emissions during periods of startup and shutdown are a concern, there are two types of equipment that can be used by affected facilities. These include startup heaters and hydrogen peroxide injection. Startup heaters are used to heat the SCR to the appropriate operating temperature so that the SCR can be operational during startups, thereby reducing NO_X emissions during startup. Hydrogen peroxide injection, which is not applicable in all situations, can also be used in the extended absorption column to decrease NO_X emissions. Affected facilities could also employ extended absorption to increase the yield of nitric acid; thus reducing the amount of NO_X emitted from the absorption unit. We recognize that there may be circumstances where one or more of these specific types of equipment or measures may not be feasible. However, based on all of the data and information that we have gathered and analyzed, we conclude any facility (including mono pressure units) that chooses to modify or reconstruct will be able to achieve a limit of 0.50 lb/ton at a reasonable costs by adding controls (e.g., SCR) and or by making other changes such as those described above. Additionally, because the standard is based on 30-day emission rates, even if these technologies are not employed, emissions during brief periods of startup or shutdown should not have substantial impacts on the source's ability to meet the standard.

Comment: Several commenters supported the EPA's decision not to take final agency action with respect to greenhouse gases in today's rule. The commenters stated that the EPA is not obligated to develop standards for GHG as a part of the 8 year review of the NSPS and that the EPA has broad discretion to decide whether and how to regulate greenhouse gases.

Alternatively, some commenters state that the EPA's discretion to develop standards for pollutants not previously subject to NSPS is limited by the language of the statute. The commenters state that the clearest reading of CAA sections 111(a) and 111(b) require the EPA to regulate any pollutant emitted from a listed source category when it is cost effective to do so.

Multiple commenters assert that Congress intended for the EPA to regulate the full scope of air pollution emitted by a source category when developing the initial NSPS because the language of CAA section 111 repeatedly refers to ''any'' air pollutant emitted by source categories subject to regulation under this section. The commenter asserts that the use of the word ''any'' as a modifier for ''air pollutant'' limits the EPA's discretion to decline to set NSPS for pollutants emitted from a listed source category. Although ''any'' is not included as a modifier for ''air pollutant'' in Section 111(a)(1)'s definition of ''standard of performance,'' the commenter notes that it is included in the definitions of the term ''modification.'' According to the commenter, under Section 111(b), NSPS standards apply to facilities constructed or modified after standards have been set. The commenter notes that if an existing facility undergoes a modification, a physical change that increases the emission of ''any'' air pollutant, it is a structure now subject to NSPS. The commenter asserts that reading Section 111 to allow for unlimited agency discretion on which pollutants require performance standards could lead to the peculiarity that a facility could become subject to NSPS regulation by increasing its emissions of a pollutant for which EPA has chosen not to set standards. According to one commenter, the emissions of GHGs from nitric acid plants would warrant listing the nitric acid plant source category, even in the absence of NO_X emissions. The commenter asserts that the EPA is obligated to set standards for GHGs from nitric acid plants to avoid a situation in which a facility could become subject to NSPS for increased emissions of a pollutant that is not subject to a standard. The commenters say that the same scope that applies when the EPA develops new NSPS exists when the EPA reviews an existing NSPS and requires the EPA to review and update (or develop) the performance standard for all emitted air pollutants.

One commenter states that the EPA must regulate GHGs in this rulemaking action based on the decision by the U.S. Supreme Court in *Massachusetts* v. *EPA,* which held that GHGs fall within the CAA definition of ''air pollutant''. The commenter states that since GHGs are defined as ''air pollutants'' and Section 111 of the CAA creates a general duty for the EPA to regulate such emissions, it would be unlawful for the EPA to choose not to regulate GHGs in this action. The commenter states that the EPA has failed to provide an adequate explanation for its failure to regulate nitrous oxide and other greenhouse gas emissions from nitric acid plants. According to the commenter, the only way the EPA could legitimately avoid establishing standards for nitrous oxide and other greenhouse gas emissions from nitric acid plants would be if it developed a record clearly demonstrating that such regulations would not be appropriate based on relevant and lawful considerations. The commenter notes that the EPA has made no effort to make such a showing with respect to nitric acid plants.

Response: While the CAA permits the EPA, under appropriate circumstances, to add new standards of performance for additional pollutants, the EPA is not taking final agency action with regard to standards for GHG at this time.

The EPA has promulgated new performance standards for pollutants not previously covered concurrent with some previous 8-year review rulemakings. See 52 FR 24672, 24710 (July 1, 1987) (considering PM_{10} controls in future rulemakings); 71 FR 9866 (February 27, 2006) (new PM standards for boilers). Additionally, as commenters correctly point out, the EPA is promulgating a new standard of performance for NO_X emissions from certain affected facilities at nitric acid plants in this rulemaking. The EPA does not yet have adequate information regarding emissions of GHGs from nitric acid plants, the cost and secondary impacts of controlling NO_X and GHGs, and the level of emissions achieved through simultaneous control of GHGs and NO_X. However, because the Agency is in the process of gathering information and reviewing controls for this industry to continue working towards a proposal for GHG standards for nitric acid plants, the EPA is not taking any final action in today's rule with respect to a GHG standard for nitric acid plants.

Comment: Multiple commenters state that the EPA must promulgate section 111(d) standards for existing facilities within the nitric acid sector. One commenter states that promulgation of a performance standard for greenhouse gas emissions from newer nitric acid plants will enable (and compel) EPA to issue emission guidelines and to require states to submit implementation plans demonstrating how they will control greenhouse gas emissions from existing nitric acid plants. The commenter notes that Section 111(d) was meant to be a gap-filling provision intended to regulate this third category, and EPA's

main focus was on pollutants rather than source categories. Here, according to the commenter, nitrous oxide and other greenhouse gases are pollutants that endanger public health welfare, and existing nitric acid plants are significant sources of such pollution. According to the commenter, existing nitric acid plants account for the vast majority of the industry's nitrous oxide emissions, and they will continue to do so for some time until older plants eventually retire and are replaced with newer plants. Another commenter recommends that the EPA update section 111(d) standards as soon as possible because these standards are long overdue and technology exists that is capable of reducing emissions.

One commenter states that the EPA should develop emission guidelines for existing sources to prevent ''grandfathering'' of existing sources that can occur when section 111(b) is used without concurrent use of section 111(d). The commenter states that the absence of emission guidelines for existing sources creates a disincentive to build new, more environmentally friendly sources. The commenter asserts that there is existing technology to limit emissions from existing sources that is likely cost-effective. Another commenter states that the EPA should develop standards for GHGs from existing nitric acid plants through the collaborative, iterative process of setting section 111(d) emission guidelines given the importance of GHG emissions from existing nitric acid plants.

Response: Emission guidelines for existing sources are developed concurrently or after standards of performance for new, modified, or reconstructed sources. See 40 CFR 60.22(a) (''Concurrently upon or after proposal of standards of performance for the control of a designated pollutant from affected facilities, the Administrator will publish a draft guideline document containing information pertinent to control of the designated pollutant from designated facilities.''). See also CAA section 111(d)(1) (emission guidelines are developed for existing sources in a source category for a pollutant ''to which a standard of performance under this section would apply if such existing source were a new source''). Under the NSPS program, the Agency only develops section 111(d) existing source emission guidelines for non-criteria pollutants and non-HAPs.

In this action, we are reviewing and revising the NO_X standard for new, modified, or reconstructed sources under section 111(b). As noted above, Section 111(d) does not provide authority to the Agency to set emission guidelines for existing sources for criteria pollutants, such as NO_X.

With respect to emissions guidelines for existing sources of GHGs, we are not taking final action with respect to GHG emissions from new, modified, or reconstructed sources in today's rule. As noted above, emissions guidelines for existing sources are set concurrently with or after standards for new, modified or reconstructed sources, and so we are also not taking any final action to develop emissions guidelines for existing sources of GHGs.

VI. Summary of Cost, Environmental, Energy, and Economic Impacts of These Standards

In setting standards, the CAA requires us to consider alternative emission control approaches, taking into account the estimated costs as well as impacts on energy, solid waste, and other effects.

A. What are the impacts for nitric acid production units?

We are presenting estimates of the impacts for 40 CFR part 60, Subpart Ga, the performance standards for new NAPUs constructed or reconstructed after October 14, 2011. The cost, environmental, and economic impacts presented in this section are expressed as incremental differences between the impacts of NAPUs complying with Subpart Ga and the current NSPS requirements of Subpart G (i.e., baseline). The impacts are presented for future NAPUs that commence construction, reconstruction, or modification over the five years following promulgation of the revised NSPS. To account for variation in the value of money over time, all annualized costs have been scaled to the 2nd quarter of 2010 using the Marshall and Swift Index. The analyses and the documents referenced below can be found in Docket ID No. EPA–HQ–OAR–2010–0750.

In order to determine the incremental impacts of this rule, we first estimated the number of new NAPUs that would become subject to regulation during the five year period after promulgation of Subpart Ga. Based on existing NAPUs and estimated future growth rates, six NAPUs are expected to trigger Subpart Ga NSPS in that five year period. In response to concerns from commenters, we have included five new NAPUs and one modified or reconstructed NAPU in the impact analysis for the final rule. For further detail on the methodology of these calculations, see memorandum *Impacts of Nitric Acid NSPS Review—NO_X (Updated Memo for Final NSPS),* in Docket ID No. EPA–HQ–OAR–2010–0750.

The Subpart Ga NO_X emission limit being promulgated in this action reflects the control technology currently in use by the industry. The Subpart G NSPS NO_X emissions limit can be achieved using a number of control techniques including NSCR, SCR and HPI. We expect most new facilities to employ SCR to comply with Subpart Ga. Since we expect new units will apply the same control technology to comply with the revised limit being promulgated in today's action as they would have applied to meet the current limit, there is no increase in control costs of meeting the emission limit of 0.50 lb NO_X/ton acid for new NAPUs.

There are differences in notification, testing, monitoring, reporting, and recordkeeping (MRR) between Subpart G and the new Subpart Ga that result in increased costs for new and modified NAPUs. These will include the capital cost of installing an air flow monitor and a dual span NO_X concentration monitor ($39,000 per NAPU and $23,000 per NAPU, respectively). These costs represent annualized costs of $15,000 per NAPU and $9,000 per NAPU, respectively. Annual costs will also be incurred for reporting, recordkeeping, and stack testing and total $72,000 for all six NAPUs. The incremental stack testing costs are due to the Appendix F requirements for annual rather than one-time testing for CEMS certification. They were inadvertently omitted from the cost analysis in the proposed rule. These increased costs are the only increased costs that will be incurred by new facilities as a result of the revised standards being promulgated in today's action. They are shown in Table 2.

The industry-wide cost estimate has been changed from the proposal. In the proposal we estimated that there would be six new sources during the first five years of the new Subpart Ga. We now estimate that there will be one modified source and five new sources during those five years. We estimate that the modified source would install an SCR system at a capital cost of $2.7 million and a total annualized cost of $370,000. The costs for the modified source are shown in Table 3.

The potential nationwide emission reduction associated with lowering the NO_X limit from 3.0 to 0.50 lb NO_X/ton acid (100 percent acid basis) is estimated to be about 2100 tons per year (tpy) NO_X.

At proposal, the estimated capital costs and annualized costs for Subpart Ga were $234,000, and $90,000, respectively. The cost effectiveness was

estimated at $45 per ton of NO_X. Based on the revised costs estimates discussed above, we currently estimate the final capital costs and annualized costs to be $3.1 million and $585,000, respectively, for all six of the production units projected to become subject to subpart Ga between 2012 and 2017. These costs result in a cost effectiveness of about $280 per ton of NO_X.

The estimated nationwide incremental 5-year NO_X emissions reductions and cost impacts for these revisions are summarized in Table 4 of this preamble. The methodology is detailed in the memorandum *Impacts of Nitric Acid NSPS Review—NO_X (Updated Memo for Final NSPS).* Further discussion of this cost effectiveness is available in the Section V of this preamble. As discussed in Section V, the cost effectiveness in this NSPS is reasonable and supported by previous NSPS for NO_X.

TABLE 2—NATIONAL INCREMENTAL NO_X EMISSION REDUCTIONS AND COST IMPACTS FOR NEW NITRIC ACID PRODUCTION UNITS SUBJECT TO STANDARDS UNDER 40 CFR PART 60, SUBPART Ga (FIFTH YEAR AFTER PROMULGATION)

Revisions for future affected facilities	Total capital cost [$1,000]	Total annualized cost [$1,000/yr]	Estimated annual NO_X emission reductions [tons NO_X/yr]	Estimated cost effectiveness [$/ton NO_X]
Revisions to NO_X emission limit	$0	$0	1806	.....
Revisions to MRR requirements	310	180	.....	.....
Total	310	180	1806	100

TABLE 3—NATIONAL INCREMENTAL NO_X EMISSION REDUCTIONS AND COST IMPACTS FOR MODIFIED OR RECONSTRUCTED NITRIC ACID PRODUCTION UNITS SUBJECT TO STANDARDS UNDER 40 CFR PART 60, SUBPART Ga (FIFTH YEAR AFTER PROMULGATION)

Revisions for future affected facilities	Total capital cost [$1,000]	Total annualized cost [$1,000/yr]	Estimated annual NO_X emission reductions [tons NO_X/yr]	Estimated cost effectiveness [$/ton NO_X]
Revisions to NO_X emission limit	$2,700	$370	299	$1,200
Revisions to MRR requirements	62	36	.....	.....
Total	2,762	406	299	1,360

TABLE 4—NATIONAL INCREMENTAL NO_X EMISSION REDUCTIONS AND COST IMPACTS FOR ALL NITRIC ACID PRODUCTION UNITS SUBJECT TO STANDARDS UNDER 40 CFR PART 60, SUBPART Ga (FIFTH YEAR AFTER PROMULGATION) *

Revisions for future affected facilities	Total capital cost [$1,000]	Total annualized cost [$1,000/yr]	Estimated annual NO_X emission reductions [tons NO_X/yr]	Estimated cost effectiveness [$/ton NO_X]
Revisions to NO_X emission limit	$2,700	$370	2,104	$176
Revisions to MRR requirements	372	215	.....	.....
Total	3,072	585	2,104	278

* Any small discrepancies between Tables 2, 3, and 4 are due to rounding.

B. What are the secondary impacts for nitric acid production units?

Indirect or secondary air quality impacts are impacts that would result from the increased electricity usage associated with the operation of control devices (i.e., increased secondary emissions of criteria pollutants from power plants). Energy impacts consist of the electricity and steam needed to operate control devices and other equipment that would be required under this final rule. The five new sources would likely install the same control systems to comply with the current Subpart G NO_X emission limit or this Subpart Ga NO_X emission limit. The revisions being finalized in today's rule require the addition of exhaust gas flow monitors and dual span NO_X concentration monitors, which would result in minimal secondary air impacts or increase in overall energy demand.

For the one modification expected to take place over the next five years, the installation of an SCR is expected. This addition will result in secondary air impacts and/or an increase in overall energy demand. However, the reductions in NO_X emissions achieved through installation of this control equipment will greatly outweigh any secondary air impacts associated with increased electricity use. See *Secondary Impact Analysis—SCR.*

C. What are the economic impacts for nitric acid production units?

We performed an economic impact analysis that estimates changes in prices and output for NAPUs nationally using the annual compliance costs estimated for this rule. All estimates are for the fifth year after promulgation since this is the year for which the compliance cost impacts are estimated. The impacts to producers and consumers affected by this rule are slightly higher product prices and slightly lower outputs. Prices for products (nitric acid) from affected plants should increase by less than 0.36 percent for the fifth year. The output of nitric acid should decrease by less than 1.20 percent for the fifth year. Hence, the overall economic impact of this

NSPS should be low on the affected industries and their consumers. For more information, please refer to the Economic Impact Analysis for this rulemaking in the public docket.

VII. Statutory and Executive Order Reviews

A. Executive Order 12866: Regulatory Planning and Review and Executive Order 13563: Improving Regulation and Regulatory Review

This action is not a ''significant regulatory action'' under the terms of Executive Order 12866 (58 FR 51735, October 4, 1993) and is therefore not subject to review under Executive Orders 12866 and 13563 (76 FR 3821, January 21, 2011).

B. Paperwork Reduction Act

The information collection requirements in this final rule have been submitted for approval to the Office of Management and Budget (OMB) under the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.* The information collection requirements are not enforceable until OMB approves them.

These revisions to the existing new source performance standards for NAPUs add monitoring requirements for future affected facilities. We have revised the ICR for the existing rule.

These revisions to the new source performance standards for NAPUs for future affected facilities include a change to the emission limit and additional continuous monitoring requirements. The monitoring requirements include installing a continuous flow monitor and a dual span NO_X concentration monitor, and monitoring the nitric acid production rate and concentration. These monitoring requirements are in addition to a CEMS for NO_X concentration which is required under the current Subpart G. These requirements are based on specific requirements in Subpart Ga which are mandatory for all operators subject to NSPS. These recordkeeping and reporting requirements are specifically authorized by section 114 of the CAA (42 U.S.C. 7414). All information submitted to the EPA pursuant to the recordkeeping and reporting requirements for which a claim of confidentiality is made is safeguarded according to the EPA policies set forth in 40 CFR part 2, subpart B.

When a malfunction occurs, sources must report them according to the applicable reporting requirements of 40 CFR part 60, subpart Ga. An affirmative defense to civil penalties for violations of emission standard that are caused by malfunctions is available to a source if it can demonstrate that certain criteria and requirements are satisfied. The criteria ensure that the affirmative defense is available only where the event that causes a violation of the emission standard meets the narrow definition of malfunction in 40 CFR 60.2 (sudden, infrequent, not reasonable preventable, and not caused by poor maintenance and or careless operation) and where the source took necessary actions to minimize emissions. In addition, the source must meet certain notification and reporting requirements. For example, the source must prepare a written root cause analysis and submit a written report to the Administrator documenting that it has met the conditions and requirements for assertion of the affirmative defense.

For this rule, EPA is adding affirmative defense to the estimate of burden in the ICR. To provide the public with an estimate of the relative magnitude of the burden associated with an assertion of the affirmative defense position adopted by a source, the EPA has provided administrative adjustments to this ICR that shows what the notification, recordkeeping, and reporting requirements associated with the assertion of the affirmative defense might entail. The EPA's estimate for the required notification, reports, and records, including the root cause analysis, associated with a single incident totals approximately $3,141, and is based on the time and effort required of a source to review relevant data, interview plant employees, and document the events surrounding a malfunction that has caused a violation of an emission standard. The estimate also includes time to produce and retain the record and reports for submission to the EPA.

The EPA provides this illustrative estimate of this burden because these costs are only incurred if there has been a violation and a source chooses to take advantage of the affirmative defense. Given the variety of circumstances under which malfunctions could occur, as well as differences among sources' operation and maintenance practices, we cannot reliably predict the severity and frequency of malfunction-related excess emissions events for a particular source. It is important to note that the EPA has no basis currently for estimating the number of malfunctions that would qualify for an affirmative defense. Current historical records would be an inappropriate basis, as source owners or operators previously operated their facilities in recognition that they were exempt from the requirement to comply with emissions standards during malfunctions. Of the number of violation events reported by source operators, only a small number would be expected to result from a malfunction (based on the definition above), and only a subset of violations caused by malfunctions would result in the source choosing to assert the affirmative defense. Thus, we believe the number of instances in which source operators might be expected to avail themselves of the affirmative defense will be extremely small.

For this reason, we estimate no more than 2 such occurrences for all sources subject to 40 CFR part 60, subpart Ga over the 3-year period covered by this ICR. We expect to gather information on such events in the future, and will revise this estimate as better information becomes available.

The annual burden for this information collection averaged over the first 3 years of this ICR is estimated to total 968 labor-hours per year at a cost of $91,800 per year. The annualized capital costs are estimated at $19,300 per year. The annualized operation and maintenance (O&M) costs are $23,500. The total annualized capital and O&M costs are $42,800 per year. Burden is defined at 5 CFR 1320.3(b).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for the EPA's regulations in 40 CFR are listed in 40 CFR part 9.

C. Regulatory Flexibility Act (RFA) as Amended by the Small Business Regulatory Enforcement Fairness Act (RFA) of 1996 (SBREFA), 5 U.S.C. 601 et seq.

The Regulatory Flexibility Act (RFA) generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements under the Administrative Procedure Act or any other statute unless the agency certifies that this rule will not have a significant economic impact on a substantial number of small entities. Small entities include small businesses, small organizations, and small governmental jurisdictions.

For purposes of assessing the impacts of this rule on small entities, small entity is defined as: (1) A small business as defined by the Small Business Administration's regulations at 13 CFR 121.201; (2) a small governmental jurisdiction that is a government of a city, county, town, school district or special district with a population of less than 50,000; and (3) a small organization that is any not-for-profit

enterprise which is independently owned and operated and is not dominant in its field.

After considering the economic impacts of this rule on small entities, I certify that this action will not have a significant economic impact on a substantial number of small entities. This certification is based on the economic impact of this action to all affected small entities. Only four small entities may be impacted by this rule. This is an estimate that may overstate small entity impacts in that we assume each existing small entity will have a new source subject to this rule, which is unlikely. We estimate that all affected small entities will have annualized costs of less than 0.2 percent of their sales.

For more information on the small entity impacts associated with this rule, please refer to the Economic Impact and Small Business Analyses in the public docket. Although this rule would not have a significant economic impact on a substantial number of small entities, the EPA nonetheless tried to reduce the impact of this rule on small entities. When developing the revised standards, the EPA took special steps to ensure that the burdens imposed on small entities were minimal. The EPA conducted several meetings with industry trade associations to discuss regulatory options and the corresponding burden on industry, such as recordkeeping and reporting.

D. Unfunded Mandates Reform Act

This rule does not contain a federal mandate that may result in expenditures of $100 million or more for state, local, and tribal governments, in the aggregate, or to the private sector in any one year. This rule is not expected to impact state, local, or tribal governments. The nationwide annualized cost of this rule for affected industrial sources is $585,000/yr. Thus, this rule is not subject to the requirements of sections 202 and 205 of the Unfunded Mandates Reform Act (UMRA).

This rule is also not subject to the requirements of section 203 of UMRA because it contains no regulatory requirements that might significantly or uniquely affect small governments. This rule will not apply to such governments and will not impose any obligations upon them.

E. Executive Order 13132, Federalism

This action does not have federalism implications. It will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government, as specified in Executive Order 13132. Nitric acid plants are privately owned companies and there will be no direct impact on states and other federal offices. Thus, Executive Order 13132 does not apply to this rule. In the spirit of Executive Order 13132, and consistent with the EPA policy to promote communications between the EPA and state and local governments, the EPA specifically solicited comment on this rule from state and local officials.

F. Executive Order 13175, Consultation and Coordination With Indian Tribal Governments

This action does not have tribal implications, as specified in Executive Order 13175 (65 FR 67249, November 9, 2000). It will not have substantial direct effects on tribal governments, on the relationship between the federal government and Indian tribes, or on the distribution of power and responsibilities between the federal government and Indian tribes, as specified in Executive Order 13175. This rule imposes requirements on owners and operators of NAPUs and not tribal governments. We do not know of any NAPUs owned or operated by Indian tribal governments. However, if there are any, the effect of this rule on communities of tribal governments would not be unique or disproportionate to the effect on other communities. Thus, Executive Order 13175 does not apply to this action.

G. Executive Order 13045: Protection of Children From Environmental Health and Safety Risks

The EPA interprets Executive Order 13045 (62 F.R. 19885, April 22, 1997) as applying to those regulatory actions that concern health or safety risks, such that the analysis required under section 5–501 of the Executive Order has the potential to influence the regulation. This action is not subject to Executive Order 13045 because it is based solely on technology performance. Nevertheless, this action will result in reductions in NO_X emissions which will provide some increased protection of health for people of all ages including children.

H. Executive Order 13211: Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use

This action is not a ''significant energy action'' as defined in Executive Order 13211 (66 FR 28355 (May 22, 2001)), because it is not likely to have a significant adverse energy effect on the supply, distribution, or use of energy. This action will not create any new requirements for sources in the energy supply, distribution, or use sectors.

I. National Technology Transfer and Advancement Act

Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (''NTTAA''), Public Law 104–113 (15 U.S.C. 272 note), directs the EPA to use voluntary consensus standards (VCS) in its regulatory activities unless to do so would be inconsistent with applicable law or otherwise impractical. VCS are technical standards (e.g., materials specifications, test methods, sampling procedures, business practices) that are developed or adopted by voluntary consensus standards bodies. NTTAA directs the EPA to provide Congress, through OMB, explanations when the Agency decides not to use available and applicable VCS.

This final rulemaking involves technical standards. The EPA is using the following: ASTM D6348–03, Standard Test Method for Determination of Gaseous Compounds by Extractive Direct Interface Fourier Transform Infrared (FTIR) Spectroscopy, and ASTM E1584–11, Standard Test Method for Assay of Nitric Acid, which have been incorporated by reference.

J. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations

Executive Order 12898 (59 FR 7629, February 16, 1994) establishes federal executive policy on environmental justice. Its main provision directs federal agencies, to the greatest extent practicable and permitted by law, to make environmental justice part of their mission by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of their programs, policies, and activities on minority populations and low-income populations in the United States.

The EPA has determined that this final rule will not have disproportionately high and adverse human health or environmental effects on minority or low-income populations because it increases the level of environmental protection for all affected populations without having any disproportionately high and adverse human health or environmental effects on any population, including any minority or low-income population. The EPA has also determined that a proximity-based demographic study comparing populations in closest proximity to the regulated sources to the

general population is not appropriate for this rulemaking due to lack of pollutants with localized effects.

K. Congressional Review Act

The Congressional Review Act, 5 U.S.C. 801, *et seq.,* as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that, before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. The EPA will submit a report containing this final rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the United States prior to publication of the final rule in the **Federal Register**. A major rule cannot take effect until 60 days after it is published in the **Federal Register**. This action is not a ''major rule'' as defined by 5 U.S.C. 804(2). The final rules will be effective on August 14, 2012.

List of Subjects in 40 CFR Part 60

Environmental protection, Administrative practice and procedure, Air pollution control, Incorporation by reference, Intergovernmental relations, Reporting and recordkeeping requirements.

Dated: May 14, 2012.

Lisa P. Jackson,

Administrator.

For the reasons stated in the preamble, title 40, chapter I, of the Code of Federal Regulations is amended as follows:

PART 60—[AMENDED]

■ 1. The authority citation for part 60 continues to read as follows:

Authority: 42 U.S.C. 7401 *et seq.*

Subpart A—[Amended]

■ 2. Section 60.17 is amended by revising paragraph (a)(82), adding and reserving paragraphs (a)(97) and (a)(98), and adding paragraph (a)(99) to read as follows:

§ 60.17 Incorporations by reference.

* * * * *

(a) * * *

(82) ASTM D6348–03, Standard Test Method for Determination of Gaseous Compounds by Extractive Direct Interface Fourier Transform Infrared (FTIR) Spectroscopy, approved October 1, 2003, IBR approved for § 60.73a(b) of subpart Ga of this part, table 7 of subpart IIII of this part, and table 2 of subpart JJJJ of this part.

* * * * *

(99) ASTM E1584–11, Standard Test Method for Assay of Nitric Acid, approved August 1, 2011, IBR approved for § 60.73a(c) of subpart Ga of this part.

* * * * *

■ 3. Section 60.70 is amended by revising paragraph (b) to read as follows:

§ 60.70 Applicability and designation of affected facility.

* * * * *

(b) Any facility under paragraph (a) of this section that commences construction or modification after August 17, 1971, and on or before October 14, 2011 is subject to the requirements of this subpart. Any facility that commences construction or modification after October 14, 2011 is subject to subpart Ga of this part.

■ 4. Add Subpart Ga to read as follows:

Subpart Ga—Standards of Performance for Nitric Acid Plants for Which Construction, Reconstruction, or Modification Commenced After October 14, 2011

Sec.
60.70a Applicability and designation of affected facility.
60.71a Definitions.
60.72a Standards.
60.73a Emissions testing and monitoring.
60.74a Affirmative defense for violations of emission standards during malfunction.
60.75a Calculations.
60.76a Recordkeeping.
60.77a Reporting.

Subpart Ga—Standards of Performance for Nitric Acid Plants for Which Construction, Reconstruction, or Modification Commenced After October 14, 2011

§ 60.70a Applicability and designation of affected facility.

(a) The provisions of this subpart are applicable to each nitric acid production unit, which is the affected facility.

(b) This subpart applies to any nitric acid production unit that commences construction or modification after October 14, 2011.

§ 60.71a Definitions.

As used in this subpart, all terms not defined herein shall have the meaning given them in the Act and in subpart A of this part.

Affirmative defense means, in the context of an enforcement proceeding, a response or defense put forward by a defendant, regarding which the defendant has the burden of proof, and the merits of which are independently and objectively evaluated in a judicial or administrative proceeding.

Monitoring system malfunction means a sudden, infrequent, not reasonably preventable failure of the monitoring system to provide valid data. Monitoring system failures that are caused in part by poor maintenance or careless operation are not malfunctions. You are required to implement monitoring system repairs in response to monitoring system malfunctions or out-of-control periods, and to return the monitoring system to operation as expeditiously as practicable.

Nitric acid production unit means any facility producing weak nitric acid by either the pressure or atmospheric pressure process.

Operating day means a 24-hour period beginning at 12:00 a.m. during which the nitric acid production unit operated at any time during this period.

Weak nitric acid means acid which is 30 to 70 percent in strength.

§ 60.72a Standards.

Nitrogen oxides. On and after the date on which the performance test required to be conducted by § 60.73a(e) is completed, you may not discharge into the atmosphere from any affected facility any gases which contain NO_X, expressed as NO_2, in excess of 0.50 pounds (lb) per ton of nitric acid produced, as a 30-day emission rate calculated based on 30 consecutive operating days, the production being expressed as 100 percent nitric acid. The emission standard applies at all times.

§ 60.73a Emissions testing and monitoring.

(a) *General emissions monitoring requirements.* You must install and operate a NO_X concentration (ppmv) continuous emissions monitoring system (CEMS). You must also install and operate a stack gas flow rate monitoring system. With measurements of stack gas NO_X concentration and stack gas flow rate, you will determine hourly NO_X emissions rate (e.g., lb/hr) and with measured data of the hourly nitric acid production (tons), calculate emissions in units of the applicable emissions limit (lb/ton of 100 percent acid produced). You must operate the monitoring system and report emissions during all operating periods including unit startup and shutdown, and malfunction.

(b) *Nitrogen oxides concentration continuous emissions monitoring system.* (1) You must install, calibrate, maintain, and operate a CEMS for measuring and recording the concentration of NO_X emissions in accordance with the provisions of § 60.13 and Performance Specification 2

of Appendix B and Procedure 1 of Appendix F of this part. You must use cylinder gas audits to fulfill the quarterly auditing requirement at section 5.1 of Procedure 1 of Appendix F of this part for the NO_X concentration CEMS.

(2) For the NO_X concentration CEMS, use a span value, as defined in Performance Specification 2, section 3.11, of Appendix B of this part, of 500 ppmv (as NO_2). If you emit NO_X at concentrations higher than 600 ppmv (e.g., during startup or shutdown periods), you must apply a second CEMS or dual range CEMS and a second span value equal to 125 percent of the maximum estimated NO_X emission concentration to apply to the second CEMS or to the higher of the dual analyzer ranges during such periods.

(3) For conducting the relative accuracy test audits, per Performance Specification 2, section 8.4, of Appendix B of this part and Procedure 1, section 5.1.1, of Appendix F of this part, use either EPA Reference Method 7, 7A, 7C, 7D, or 7E of Appendix A–4 of this part; EPA Reference Method 320 of Appendix A of part 63 of this chapter; or ASTM D6348–03 (incorporated by reference, see § 60.17). To verify the operation of the second CEMS or the higher range of a dual analyzer CEMS described in paragraph (b)(2) of this section, you need not conduct a relative accuracy test audit but only the calibration drift test initially (found in Performance Specification 2, section 8.3.1, of Appendix B of this part) and the cylinder gas audit thereafter (found in Procedure 1, section 5.1.2, of Appendix F of this part).

(4) If you use EPA Reference Method 7E of Appendix A–4 of this part, you must mitigate loss of NO_2 in water according to the requirements in paragraphs (b)(4)(i), (ii), or (iii) of this section and verify performance by conducting the system bias checks required in EPA Reference Method 7E, section 8, of Appendix A–4 of this part according to (b)(4)(iv) of this section, or follow the dynamic spike procedure according to paragraph (b)(4)(v) of this section.

(i) For a wet-basis measurement system, you must measure and report temperature of sample line and components (up to analyzer inlet) to demonstrate that the temperatures remain above the sample gas dew point at all times during the sampling.

(ii) You may use a dilution probe to reduce the dew point of the sample gas.

(iii) You may use a refrigerated-type condenser or similar device (e.g., permeation dryer) to remove condensate continuously from sample gas while maintaining minimal contact between condensate and sample gas.

(iv) If your analyzer measures nitric oxide (NO) and nitrogen dioxide (NO_2) separately, you must use both NO and NO_2 calibration gases. Otherwise, you must substitute NO_2 calibration gas for NO calibration gas in the performance of system bias checks.

(v) You must conduct dynamic spiking according to EPA Reference Method 7E, section 16.1, of Appendix A–4 of this part using NO_2 as the spike gas.

(5) Instead of a NO_X concentration CEMS meeting Performance Specification 2, you may apply an FTIR CEMS meeting the requirements of Performance Specification 15 of Appendix B of this part to measure NO_X concentrations. Should you use an FTIR CEMS, you must replace the Relative Accuracy Test Audit requirements of Procedure 1 of appendix F of this part with the validation requirements and criteria of Performance Specification 15, sections 11.1.1 and 12.0, of Appendix B of this part.

(c) *Determining NO_X mass emissions rate values.* You must use the NO_X concentration CEMS, acid production, gas flow rate monitor and other monitoring data to calculate emissions data in units of the applicable limit (lb NO_X/ton of acid produced expressed as 100 percent nitric acid).

(1) You must install, calibrate, maintain, and operate a CEMS for measuring and recording the stack gas flow rates to use in combination with data from the CEMS for measuring emissions concentrations of NO_X to produce data in units of mass rate (e.g., lb/hr) of NO_X on an hourly basis. You will operate and certify the continuous emissions rate monitoring system (CERMS) in accordance with the provisions of § 60.13 and Performance Specification 6 of Appendix B of this part. You must comply with the following provisions in (c)(1)(i) through (iii) of this section.

(i) You must use a stack gas flow rate sensor with a full scale output of at least 125 percent of the maximum expected exhaust volumetric flow rate (see Performance Specification 6, section 8, of Appendix B of this part).

(ii) For conducting the relative accuracy test audits, per Performance Specification 6, section 8.2 of Appendix B of this part and Procedure 1, section 5.1.1, of Appendix F of this part, you must use either EPA Reference Method 2, 2F, or 2G of Appendix A–4 of this part. You may also apply Method 2H in conjunction with other velocity measurements.

(iii) You must verify that the CERMS complies with the quality assurance requirements in Procedure 1 of Appendix F of this part. You must conduct relative accuracy testing to provide for calculating the relative accuracy for RATA and RAA determinations in units of lb/hour.

(2) You must determine the nitric acid production parameters (production rate and concentration) by installing, calibrating, maintaining, and operating a permanent monitoring system (e.g., weigh scale, volume flow meter, mass flow meter, tank volume) to measure and record the weight rates of nitric acid produced in tons per hour. If your nitric acid production rate measurements are for periods longer than hourly (e.g., daily values), you will determine average hourly production values, tons acid/hr, by dividing the total acid production by the number of hours of process operation for the subject measurement period. You must comply with the following provisions in (c)(2)(i) through (iv) of this section.

(i) You must verify that each component of the monitoring system has an accuracy and precision of no more than ±5 percent of full scale.

(ii) You must analyze product concentration via titration or by determining the temperature and specific gravity of the nitric acid. You may also use ASTM E1584–11 (incorporated by reference, see § 60.17), for determining the concentration of nitric acid in percent. You must determine product concentration daily.

(iii) You must use the acid concentration to express the nitric acid production as 100 percent nitric acid.

(iv) You must record the nitric acid production, expressed as 100 percent nitric acid, and the hours of operation.

(3) You must calculate hourly NO_X emissions rates in units of the standard (lb/ton acid) for each hour of process operation. For process operating periods for which there is little or no acid production (e.g., startup or shutdown), you must use the average hourly acid production rate determined from the data collected over the previous 30 days of normal acid production periods (see § 60.75a).

(d) *Continuous monitoring system.* For each continuous monitoring system, including NO_X concentration measurement, volumetric flow rate measurement, and nitric acid production measurement equipment, you must meet the requirements in paragraphs (d)(1) through (3) of this section.

(1) You must operate the monitoring system and collect data at all required intervals at all times the affected facility

is operating except for periods of monitoring system malfunctions or out-of-control periods as defined in Appendix F, sections 4 and 5, of this part, repairs associated with monitoring system malfunctions or out-of-control periods, and required monitoring system quality assurance or quality control activities including, as applicable, calibration checks and required zero and span adjustments.

(2) You may not use data recorded during monitoring system malfunctions or out-of-control periods, repairs associated with monitoring system malfunctions or out-of-control periods, or required monitoring system quality assurance or control activities in calculations used to report emissions or operating levels. You must use all the data collected during all other periods in calculating emissions and the status of compliance with the applicable emissions limit in accordance with § 60.72a(a).

(e) *Initial performance testing.* You must conduct an initial performance test to demonstrate compliance with the NO_X emissions limit under § 60.72a(a) beginning in the calendar month following initial certification of the NO_X and flow rate monitoring CEMS. The initial performance test consists of collection of hourly NO_X average concentration, mass flow rate recorded with the certified NO_X concentration and flow rate CEMS and the corresponding acid generation (tons) data for all of the hours of operation for the first 30 days beginning on the first day of the first month following completion of the CEMS installation and certification as described above. You must assure that the CERMS meets all of the data quality assurance requirements as per § 60.13 and Appendix F, Procedure 1, of this part and you must use the data from the CERMS for this compliance determination.

§ 60.74a Affirmative defense for violations of emission standards during malfunction.

In response to an action to enforce the standards set forth in § 60.72a, you may assert an affirmative defense to a claim for civil penalties for violations of such standards that are caused by malfunction, as defined at 40 CFR 60.2. Appropriate penalties may be assessed, however, if you fail to meet your burden of proving all of the requirements in the affirmative defense. The affirmative defense shall not be available for claims for injunctive relief.

(a) To establish the affirmative defense in any action to enforce such a standard, you must timely meet the reporting requirements in paragraph (b) of this section, and must prove by a preponderance of evidence that:

(1) The violation:

(i) Was caused by a sudden, infrequent, and unavoidable failure of air pollution control equipment, process equipment, or a process to operate in a normal or usual manner; and

(ii) Could not have been prevented through careful planning, proper design or better operation and maintenance practices; and

(iii) Did not stem from any activity or event that could have been foreseen and avoided, or planned for; and

(iv) Was not part of a recurring pattern indicative of inadequate design, operation, or maintenance; and

(2) Repairs were made as expeditiously as possible when a violation occurred. Off-shift and overtime labor were used, to the extent practicable to make these repairs; and

(3) The frequency, amount, and duration of the violation (including any bypass) were minimized to the maximum extent practicable; and

(4) If the violation resulted from a bypass of control equipment or a process, then the bypass was unavoidable to prevent loss of life, personal injury, or severe property damage; and

(5) All possible steps were taken to minimize the impact of the violation on ambient air quality, the environment, and human health; and

(6) All emissions monitoring and control systems were kept in operation if at all possible, consistent with safety and good air pollution control practices; and

(7) All of the actions in response to the violation were documented by properly signed, contemporaneous operating logs; and

(8) At all times, the affected facility was operated in a manner consistent with good practices for minimizing emissions; and

(9) A written root cause analysis has been prepared, the purpose of which is to determine, correct, and eliminate the primary causes of the malfunction and the violation resulting from the malfunction event at issue. The analysis shall also specify, using best monitoring methods and engineering judgment, the amount of any emissions that were the result of the malfunction.

(b) *Report.* The owner or operator seeking to assert an affirmative defense shall submit a written report to the Administrator with all necessary supporting documentation, that it has met the requirements set forth in paragraph (a) of this section. This affirmative defense report shall be included in the first periodic compliance, deviation report or excess emission report otherwise required after the initial occurrence of the violation of the relevant standard (which may be the end of any applicable averaging period). If such compliance, deviation report or excess emission report is due less than 45 days after the initial occurrence of the violation, the affirmative defense report may be included in the second compliance, deviation report or excess emission report due after the initial occurrence of the violation of the relevant standard.

§ 60.75a Calculations.

(a) You must calculate the 30 operating day rolling arithmetic average emissions rate in units of the applicable emissions standard (lb NO_X/ton 100 percent acid produced) at the end of each operating day using all of the quality assured hourly average CEMS data for the previous 30 operating days.

(b) You must calculate the 30 operating day average emissions rate according to Equation 1:

$$E_{30} = k\frac{1}{n}\frac{\sum_{i=1}^{n} C_i\, Q_i}{P_i} \qquad \text{(Eq. 1)}$$

Where:

E_{30} = 30 operating day average emissions rate of NO_X, lb NO_X/ton of 100 percent HNO_3;

C_i = concentration of NO_X for hour i, ppmv;

Q_i = volumetric flow rate of effluent gas for hour i, where C_i and Q_i are on the same basis (either wet or dry), scf/hr;

P_i = total acid produced during production hour i, tons 100 percent HNO_3;

k = conversion factor, 1.194×10^{-7} for NO_X; and

n = number of operating hours in the 30 operating day period, i.e., n is between 30 and 720.

§ 60.76a Recordkeeping.

(a) For the NO_X emissions rate, you must keep records for and results of the performance evaluations of the continuous emissions monitoring systems.

(b) You must maintain records of the following information for each 30 operating day period:

(1) Hours of operation.

(2) Production rate of nitric acid, expressed as 100 percent nitric acid.

(3) 30 operating day average NO_X emissions rate values.

(c) You must maintain records of the following time periods:

(1) Times when you were not in compliance with the emissions standards.

(2) Times when the pollutant concentration exceeded full span of the NO_X monitoring equipment.

(3) Times when the volumetric flow rate exceeded the high value of the

volumetric flow rate monitoring equipment.

(d) You must maintain records of the reasons for any periods of noncompliance and description of corrective actions taken.

(e) You must maintain records of any modifications to CEMS which could affect the ability of the CEMS to comply with applicable performance specifications.

(f) For each malfunction, you must maintain records of the following information:

(1) Records of the occurrence and duration of each malfunction of operation (i.e., process equipment) or the air pollution control and monitoring equipment.

(2) Records of actions taken during periods of malfunction to minimize emissions in accordance with § 60.11(d), including corrective actions to restore malfunctioning process and air pollution control and monitoring equipment to its normal or usual manner of operation.

§ 60.77a Reporting.

(a) The performance test data from the initial and subsequent performance tests and from the performance evaluations of the continuous monitors must be submitted to the Administrator at the appropriate address as shown in 40 CFR 60.4.

(b) The following information must be reported to the Administrator for each 30 operating day period where you were not in compliance with the emissions standard:

(1) Time period;

(2) NO_X emission rates (lb/ton of acid produced);

(3) Reasons for noncompliance with the emissions standard; and

(4) Description of corrective actions taken.

(c) You must also report the following whenever they occur:

(1) Times when the pollutant concentration exceeded full span of the NO_X pollutant monitoring equipment.

(2) Times when the volumetric flow rate exceeded the high value of the volumetric flow rate monitoring equipment.

(d) You must report any modifications to CERMS which could affect the ability of the CERMS to comply with applicable performance specifications.

(e) Within 60 days of completion of the relative accuracy test audit (RATA) required by this subpart, you must submit the data from that audit to EPA's WebFIRE database by using the Compliance and Emissions Data Reporting Interface (CEDRI) that is accessed through EPA's Central Data Exchange (CDX) (*https://cdx.epa.gov/SSL/cdx/EPA_Home.asp*). You must submit performance test data in the file format generated through use of EPA's Electronic Reporting Tool (ERT) (*http://www.epa.gov/ttn/chief/ert/index.html*). Only data collected using test methods listed on the ERT Web site are subject to this requirement for submitting reports electronically to WebFIRE. Owners or operators who claim that some of the information being submitted for performance tests is confidential business information (CBI) must submit a complete ERT file including information claimed to be CBI on a compact disk or other commonly used electronic storage media (including, but not limited to, flash drives) by registered letter to EPA and the same ERT file with the CBI omitted to EPA via CDX as described earlier in this paragraph. Mark the compact disk or other commonly used electronic storage media clearly as CBI and mail to U.S. EPA/OAPQS/CORE CBI Office, Attention: WebFIRE Administrator, MD C404–02, 4930 Old Page Rd., Durham, NC 27703. At the discretion of the delegated authority, you must also submit these reports to the delegated authority in the format specified by the delegated authority. You must submit the other information as required in the performance evaluation as described in § 60.2 and as required in this chapter.

(f) If a malfunction occurred during the reporting period, you must submit a report that contains the following:

(1) The number, duration, and a brief description for each type of malfunction which occurred during the reporting period and which caused or may have caused any applicable emission limitation to be exceeded.

(2) A description of actions taken by an owner or operator during a malfunction of an affected facility to minimize emissions in accordance with § 60.11(d), including actions taken to correct a malfunction.

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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 51

[WC Docket Nos. 10–90, 07–135, 05–337, 03–109; GN Docket No. 09–51; CC Docket Nos. 01–92, 96–45; WT Docket No. 10–208; DA 12–870]

Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: In this document, the Federal Communications Commission revises and clarifies certain provisions of its rules relating to the transition of intrastate switched access rates and the operation of the transitional recovery mechanism that were adopted in the *USF/ICC Transformation Order.* The Commission also grants a number of limited waivers of the Commission's rules to address administrative concerns and rule inconsistencies.

DATES: Effective September 13, 2012.

FOR FURTHER INFORMATION CONTACT: Belinda Nixon, Wireline Competition Bureau, (202) 418–1520.

SUPPLEMENTARY INFORMATION: This is a summary of the Wireline Competition Bureau's Order in WC Docket Nos. 10–90, 07–135, 05–337, 03–109; GN Docket No. 09–51; CC Docket Nos. 01–92, 96–45; WT Docket No. 10–208; DA 12–870, released on June 5, 2012. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY–A257, 445 12th Street SW., Washington, DC 20554, and at the following Internet address: *http://transition.fcc.gov/Daily_Releases/Daily_Business/2012/db0425/FCC-12-47A1.pdf.* The complete text may be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. (BCPI), Portals II, 445 12th Street SW., Room CY–B402, Washington, DC 20554, (202) 488–5300, facsimile (202) 488–5563, or via email at *fcc@bcpiweb.com.*

I. Introduction

1. In the *USF/ICC Transformation Order,* the Commission delegated to the Wireline Competition Bureau (Bureau) the authority to revise and clarify rules as necessary to ensure that the reforms adopted in the *USF/ICC Transformation Order* are properly reflected in the rules. In this Order, the Bureau acts pursuant to this delegated authority to revise and

clarify certain rules, and acts pursuant to authority delegated to the Bureau in §§ 0.91, 0.201(d), and 0.291 of the Commission's rules to clarify certain rules. Below, the Bureau clarifies several intercarrier compensation issues relating to the transition of intrastate switched access rates and operation of the transitional recovery mechanism adopted in the *USF/ICC Transformation Order.* The Bureau also grants limited waivers of the Commission's rules to address administrative concerns and rule inconsistencies.

II. Discussion

2. In the *USF/ICC Transformation Order,* the Commission adopted a uniform national bill-and-keep framework as the ultimate intercarrier compensation end state for all telecommunications traffic exchanged with a local exchange carrier (LEC), and established a gradual, measured transition that focused initially on reducing certain terminating switched access rates. The initial steps of the transition cap the vast majority of switched access rates and require carriers to, among other things, reduce certain intrastate switched access rates to interstate levels pursuant to the methodology contained in the rules. The Commission also adopted a transitional recovery mechanism to mitigate the effect of reduced intercarrier revenues on carriers and to facilitate continued investment in broadband infrastructure, while providing greater certainty and predictability going forward than the *status quo ante.* As part of the transitional recovery mechanism, the Commission defined, as ''Eligible Recovery,'' the amount of intercarrier compensation revenue reductions that incumbent LECs would be eligible to recover.

3. In this Order, the Bureau clarifies that the required reductions to intrastate switched access rates may be made to the rate level for any intrastate switched access rate so long as the lowered rates produce a reduction in revenues equal to the total reduction required in 2012. In addition, the Bureau clarifies that non-commercial mobile radio service (CMRS) reciprocal compensation traffic exchanged pursuant to a bill-and-keep arrangement should not be included in demand for the purpose of intercarrier compensation rate transition calculations. Finally, we grant a number of limited rule waivers, including a limited waiver of § 54.712 of our rules, to allow incumbent LECs to charge the second quarter 2012 universal service contribution factor until July 3, 2012.

A. Transition Implementation

1. Rate Structure Issues

4. In the *USF/ICC Transformation Order,* the Commission noted that in many states, intrastate switched access rates are significantly higher than interstate switched access rates; in others, intrastate switched access and interstate switched access rates are at parity; and in still other states, intrastate access rates are below interstate levels. The Commission noted that this rate disparity ''created incentives for arbitrage and pervasive competitive distortions within the industry.'' The Commission, therefore, adopted transition mechanisms for incumbent LECs and competitive LECs that require carriers to reduce intrastate switched access rates in 2012 if intrastate rates are higher than interstate rates. Specifically, in making the comparison, the Commission did not focus on specific rates, but compared certain intrastate revenues resulting from switched demand for Fiscal Year 2011 to the same demand priced at corresponding interstate rates for the same period. If the intrastate revenues are higher, then the carrier is required to make a reduction in its intrastate switched access rates in 2012.

5. Under the methodology adopted in the transition rules, the reduction in a carrier's intrastate rates on July 1, 2012, is equal to one-half of the difference between the compared revenue levels. On July 1, 2013, the specified intrastate switched access rates move to parity with interstate switched access rate levels employing the carrier's interstate rate structure. This movement to interstate rates and rate structure was designed to reduce the potential for arbitrage between interstate and intrastate rates and deliver the benefits of a uniform intercarrier compensation system. The Commission also prohibited carriers from raising any intrastate rates that are lower than their functionally equivalent interstate rates in making this transition.

6. Carriers and state commissions have posed a number of questions concerning the implementation of this transition. For instance, some of a carrier's intrastate switched access rate element rates in a state may be below the carrier's functionally equivalent interstate switched access rate element rates. Other of the carrier's intrastate switched access rate element rates in the state could, simultaneously, be above the functionally equivalent interstate switched access rate element rates. In other cases, a carrier's overall intrastate switched access rate structure may be dissimilar to its interstate switched access rate structure. This situation may require a carrier desiring to move to the interstate rate structure in 2012 to establish new rate elements, which on its face, could be viewed to violate the prohibition on intrastate switched access rate increases in 2012.

7. We conclude that some clarification of the rules governing the transition from intrastate switched access rates and rate structures to interstate switched access rates and rate structures is warranted to assist carriers in making their 2012 intrastate switched access tariff filings and to provide guidance to state commissions who are responsible for reviewing these filings. As noted above, the determination of whether intrastate switched access rates must be reduced in 2012 was based on an aggregate measurement, not on the basis of comparing one tariffed rate to another tariffed rate. Accordingly, prohibiting increases to specific intrastate switched access rate element rates is inconsistent with a transition plan based on moving aggregate revenue levels to interstate levels using interstate switched access rates and rate structure. If a carrier has an intrastate rate for a particular rate element that is below the rate for its functionally equivalent interstate rate element, it cannot comply with both the prohibition on increasing rates and the requirement to transition to interstate rates using the interstate switched access rate structure. Therefore, we clarify that, for carriers required to make reductions to intrastate switched access rates in 2012 under the intercarrier compensation transition, achievement of unified rate levels and rate structure overrides the prohibition on rate element increases included in the adopted transition rules.

8. The rules set forth two approaches for implementing the initial reductions to specified intrastate switched access rates. First, a LEC may elect to establish rates for Transitional Intrastate Access Service using its intrastate access rate structure. Alternatively, it may elect to apply its interstate access rates and rate structures, and for one year assess a transitional per-minute charge on Transitional Intrastate Access Service end office switching minutes. These approaches remain valid, but should not be read as the only approaches that can be used to transition intrastate switched access rates to interstate switched access rates. In considering alternative rate and rate structure approaches to reducing intrastate switched access rates, the overarching principle is compliance with the requirement that a carrier reduce its overall intrastate switched access rates by the amount calculated in § 51.907(b)(2) (for price cap carriers) or

51.909(b)(2) (for rate-of-return carriers) of the Commission's rules. Thus, we now clarify that a carrier required to make intrastate rate reductions in 2012 may increase individual intrastate switched access rate element levels to levels above comparable interstate rate element levels in 2012 without violating the prohibition on raising intrastate switched access rates as long as the overall reduction principle is satisfied. For example, a carrier could adopt the interstate rate structure for its intrastate switched access and price out each rate element so that the intrastate revenues will reflect the reductions required in 2012. A carrier could also partially adopt the interstate rate structure in the first year and move to the interstate rate structure completely in 2013. Furthermore, we clarify that, for carriers required to make intrastate switched access rate reductions in 2012, any intrastate switched access rate element that is below the functionally equivalent interstate switched access rate must be increased to the interstate level no later than July 1, 2013 to be consistent with the use of aggregate revenue relations reflected in our transition rules. Such increase will not be considered to violate the prohibition on raising intrastate switched access rates. Accordingly, we revise §§ 51.907, 51.909, and 51.911 of the Commission's rules to reflect these clarifications. An incumbent LEC shall reflect any increased revenues from increased intrastate rates made in light of this clarification in calculating its Eligible Recovery under § 51.915(d) or 51.917(d) of the Commission's rules, as appropriate.

9. Moreover, several carriers and state commissions have inquired as to whether the transition rules require a proportionate reduction to each intrastate access rate element or whether the reduction may be targeted to a subset of rate element rates. Consistent with the above clarification, the required reductions to intrastate switched access rates may be made to any intrastate switched access rate as long as the lowered rates produce a reduction in revenues equal to the reduction required in 2012.

B. Recovery Implementation Issues

10. In the *USF/ICC Transformation Order,* the Commission adopted rules establishing procedures for calculating Eligible Recovery for non-CMRS traffic subject to reciprocal compensation. Within these rules, the Commission established, as an option, a process for using a composite rate procedure to calculate required reductions in non-CMRS reciprocal compensation during the intercarrier compensation rate transition. Under this process, a price cap carrier may establish a ''composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by their respective Fiscal Year 2011 demand * * *.'' AT&T sought clarification that Fiscal Year 2011 non-CMRS reciprocal compensation demand used to calculate the reduction in net reciprocal compensation revenues should exclude demand that is already exchanged pursuant to a bill-and-keep arrangement.

11. We clarify that demand associated with non-CMRS reciprocal compensation traffic exchanged pursuant to a bill-and-keep arrangement should not be used in the recovery calculation. Non-CMRS reciprocal compensation arrangements and the associated demand for traffic exchanged pursuant to a bill-and-keep arrangement are not part of this transition process. Under the composite rate approach, non-CMRS reciprocal compensation rate reductions are required when the target rate is below the composite rate. If the composite reflected bill-and-keep demand, the resulting lower composite rate would take longer to fall below the target transition rate to trigger a reduction in rates. Because this traffic is not part of the transition and would skew the average lower, including such demand is inappropriate and contrary to the intent of the *USF/ICC Transformation Order.* This would delay the benefits of reduced, uniform intercarrier compensation rates. We accordingly amend section 51.915 of the Commission's rules to reflect this clarification, as set forth in the Appendix.

C. Implementation Issues

1. Waiver of USF Contribution Date Rule

12. In the *2012 Annual Access Tariff Filing Procedures Order,* the Bureau established an effective date of July 3, 2012, for the 2012 annual access charge tariff filing for incumbent LECs. The Commission moved the annual access charge tariff effective date from July 1, 2012 to July 3, 2012 because, pursuant to Section 204(a)(3) of the Act, carriers filing their tariff revisions on 15 days' notice would have been filing their tariffs over a weekend. Accordingly, the Bureau waived § 69.3 of the Commission's rules and established July 3, 2012 as the effective date for the 2012 annual access charge tariff filing.

13. Carriers may recover the costs of universal service fund (USF) contributions by passing through an explicit charge to customers. As part of the annual access charge tariff filing, carriers include the universal service charge contribution factor for the third quarter, which begins on July 1, 2012. Section 54.712 of the Commission's rules states that ''[i]f a contributor chooses to recover its federal universal service contribution costs through a line item on a customer's bill the amount of the federal universal service line-item charge may not exceed the interstate telecommunications portion of that customer's bill times the relevant contribution factor.''

14. We recognize that moving the annual access charge tariff filing to July 3, 2012 creates administrative difficulties with respect to inclusion of the universal service charge contribution factor. Requiring carriers to have a different rate for the two first days of July would be administratively burdensome for carriers and complicated for the Commission to manage. Accordingly, for incumbent LECs and competitive LECs filing an annual access charge tariff filing in 2012, we grant a limited waiver of § 54.712 of the Commission's rules, to allow such carriers to charge the universal service contribution factor for the second quarter 2012, until July 3, 2012, at which time carriers must begin charging the third quarter 2012 factor, with respect to end user charges that are part of the annual access filing.

15. In addition, if a carrier chooses to apply and pass through charges associated with the third quarter 2012 universal service contribution factor on July 1, 2012, we grant a limited waiver of § 61.59 of the Commission's rules, to allow carriers to modify material in their tariff that has not been effective for 30 days, in order to file their annual access charge tariff filing on July 3, 2012.

2. Changing the Effective Date to July 3, 2012

16. As explained above, in the *2012 Annual Access Tariff Filing Procedures Order,* the Bureau moved the annual access charge tariff effective date from July 1, 2012 to July 3, 2012. Because of that modification to the effective date, the Commission granted a limited waiver of §§ 69.3(a), 51.705, 51.907, and 51.909 of its rules to the extent that those rules would otherwise require rates to be effective as of July 1, 2012. Pursuant to that waiver language, state commissions have informally inquired

whether the Bureau intended to change the effective date to July 3, 2012, for the intrastate filings that must be made in accordance with §§ 51.705(c), 51.907(b), and 51.909(b) of the Commission's rules. State commissions have also inquired whether the Bureau intended to move to July 3, 2012, the date that competitive LECs must reduce intrastate reciprocal compensation rates in accordance with § 51.911(b) of the Commission's rules.

17. With regard to incumbent LECs, we clarify that the *2012 Annual Access Tariff Filing Procedures Order* granted a limited waiver of the July 1, 2012 date for intrastate filings made pursuant to §§ 51.705(c), 51.907(b), and 51.909(b) of the Commission's rules. In 2012, the only step incumbent LECs are required to take pursuant to those rules is to reduce intrastate access and non-access reciprocal compensation rates. To further clarify, the waiver the Bureau granted permits, but does not require states to move their effective dates for intrastate filings from July 1, 2012 to July 3, 2012. However, for administrative efficiency, we encourage states to move to July 3, 2012 as many effective dates for rate changes as possible.

18. With regard to competitive LECs, the Bureau's *2012 Annual Access Tariff Filing Procedures Order* did not grant a waiver of section 51.911(b) of its rules, which requires competitive LECs to reduce intrastate reciprocal compensation rates. However, for purposes of fairness in the treatment of competitive LECs and incumbent LECs, we conclude that good cause exists to grant a limited waiver of § 51.911(b) of the Commission's rules to allow such rates to become effective on July 3, 2012 instead of July 1, 2012. As we noted above, although the waiver does not require states to move their intrastate effective dates, the Bureau encourages states to move effective dates for rate changes to July 3, 2012.

3. Waiver of Inconsistent Rules

19. In this Order we make revisions to part 51 of the Commission's rules as described above to facilitate implementation of Step 1 of the intercarrier compensation rate transition. We intend for the revisions contained in this Order to apply to 2012 annual access charge tariff filings, which must be effective by July 3, 2012. Because the rule revisions adopted herein cannot be published in the **Federal Register** and made effective before the required effective date, we find that good cause exists to waive applicable sections of part 51 to the extent necessary to allow LECs to make annual access tariff filings in accordance with the rule revisions adopted herein.

III. Procedural Matters

A. Paperwork Reduction Act

20. This document does not contain new or modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104–13. Therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, *see* 44 U.S.C. 3506(c)(4).

B. Final Regulatory Flexibility Act Certification

21. The Regulatory Flexibility Act of 1980, as amended (RFA), requires that a regulatory flexibility analysis be prepared for rulemaking proceedings, unless the agency certifies that ''the rule will not have a significant economic impact on a substantial number of small entities.'' The RFA generally defines ''small entity'' as having the same meaning as the terms ''small business,'' ''small organization,'' and ''small governmental jurisdiction.'' In addition, the term ''small business'' has the same meaning as the term ''small business concern'' under the Small Business Act. A small business concern is one which (1) Is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA).

22. This Order clarifies, but does not otherwise modify, the *USF/ICC Transformation Order.* These clarifications do not create any burdens, benefits, or requirements that were not addressed by the Final Regulatory Flexibility Analysis attached to *USF/ICC Transformation Order.* Therefore, we certify that the requirements of this Order will not have a significant economic impact on a substantial number of small entities. The Commission will send a copy of the Order including a copy of this final certification in a report to Congress pursuant to the Small Business Regulatory Enforcement Fairness Act of 1996; *see* 5 U.S.C. 801(a)(1)(A). In addition, the Order and this certification will be sent to the Chief Counsel for Advocacy of the Small Business Administration, and will be published in the **Federal Register**. *See* 5 U.S.C. 605(b).

C. Congressional Review Act

23. The Commission will send a copy of this Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act.

IV. Ordering Clauses

24. Accordingly, *it is ordered,* pursuant to the authority contained in sections 1, 2, 4(i), 201–203, 220, 251, 252, 303(r), 332, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i), 201–203, 220, 251, 252, 303(r), 332, 403, and pursuant to sections 0.91, 0.201(d), 0.291, 1.3, and 1.427 of the Commission's rules, 47 CFR 0.91, 0.201(d), 0.291, 1.3, 1.427 and pursuant to the delegation of authority in paragraph 1404 of 26 FCC Rcd 17663 (2011) that this Order *is adopted,* effective thirty (30) days after publication of the text or summary thereof in the **Federal Register**.

25. *It is further ordered* that part 51 of the Commission's rules, 47 CFR 51.907, 51.909, 51.911, 51.915, and 51.917, are *amended* as set forth and such rule amendments shall be effective 30 days after the date of publication of the rule amendments in the **Federal Register**.

26. *It is further ordered* that pursuant to section 1.3 of the Commission's rules, 47 CFR 1.3, and pursuant to authority delegated in 0.91 and 0.291 of the Commission's rules, 47 CFR 0.91, 0.291, 54.712, and 61.59 of the Commission's rules, 47 CFR 54.712, and 61.59(a) *are waived* effective upon release of this Order for the limited purposes specified in this Order.

27. *It is further ordered* that, pursuant to section 1.3 of the Commission's rules, 47 CFR 1.3, and pursuant to authority delegated in 0.91 and 0.291 of the Commission's rules, 47 CFR 0.91, 0.291, Parts 51.907, 51.909, 51.911, 51.915, and 51.917 of the Commission's rules, 47 CFR 51.907, 51.909, 51.911, 51.915, and 51.917, *are waived* effective upon release of this Order for the limited purpose specified in paragraph 19, *supra.*

28. *It is further ordered* that the Commission *shall send* a copy of this Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A).

List of Subjects in 47 CFR Part 51

Communications common carriers, Reporting and record keeping requirements, Telecommunications, Telephone.

Federal Communications Commission.

Nicholas G. Alexander,

Acting Chief, Pricing Policy Division.

Final Rules

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR part 51 to read as follows:

PART 51–INTERCONNECTION

■ 1. The authority citation for part 51 continues to read as follows:

Authority: Sections 1–5, 7, 201–05, 207–09, 218, 220, 225–27, 251–54, 256, 271, 303(r), and 332, of the Communications Act of 1934, as amended, and section 706 of the Telecommunication Act of 1996, as amended; 47 U.S.C. 151–55, 157, 201–05, 207–09, 218, 220, 225–227, 251–254, 256, 271, 303(r), 332, 1302, 47 U.S.C. 157 note, unless otherwise noted.

■ 2. In § 51.907 revise paragraphs (b)(2)(v) and (vi), add paragraph (b)(3), revise paragraph (c)(1), remove and reserve paragraph (c)(3), and add paragraph (c)(4), to read as follows:

§ 51.907 Transition of price cap carrier access charges.

* * * * *

(b) * * *

(2) * * *

(v) A Price Cap Carrier may elect to apply its interstate access rate structure and interstate rates to Transitional Intrastate Access Service. In addition to applicable interstate access rates, the carrier may, between July 1, 2012 and July 1, 2013, assess a transitional per-minute charge on Transitional Intrastate Access Service end office switching minutes (previously billed as intrastate access). The transitional per-minute charge shall be no greater than the Step 1 Access Revenue Reduction divided by Fiscal Year 2011 Transitional Intrastate Access Service end office switching minutes. Carriers electing to establish rates for Transitional Intrastate Access Service in this manner shall notify the appropriate state regulatory authority of their election in the filing required by paragraph (b)(1) of this section.

(vi) Except as provided in paragraph (b)(3) of this section, nothing in this section obligates or allows a Price Cap Carrier that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions to increase such rates.

(3) If a Price Cap Carrier must make an intrastate switched access rate reduction pursuant to paragraph (b)(2) of this section, and that Price Cap Carrier has an intrastate rate for a rate element that is below the comparable interstate rate for that element, the Price Cap Carrier shall:

(i) Increase the rate for any intrastate rate element that is below the comparable interstate rate for that element to the interstate rate no later than July 1, 2013;

(ii) Include any increases made pursuant to paragraph (b)(3)(i) of this section in the calculation of its eligible recovery for 2012.

(c) * * *

(1) Transitional Intrastate Access Service rates shall be no higher than the Price Cap Carrier's interstate access rates. Once the Price Cap Carrier's Transitional Intrastate Access Service rates are equal to its functionally equivalent interstate access rates, they shall be subject to the same rate structure and all subsequent rate and rate structure modifications. Except as provided in paragraph (c)(4) of this section, nothing in this section obligates or allows a Price Cap Carrier that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions to increase such rates.

* * * * *

(4) If a Price Cap Carrier made an intrastate switched access rate reduction in 2012 pursuant to paragraph (b)(2) of this section, and that Price Cap Carrier has an intrastate rate for a rate element that is below the comparable interstate rate for that element, the Price Cap Carrier shall:

(i) Increase the rate for any intrastate rate element that is below the comparable interstate rate for that element to the interstate rate on July 1, 2013; and

(ii) Include any increases made pursuant to paragraph (b)(4)(i) of this section in the calculation of its eligible recovery for 2013.

* * * * *

■ 3. In § 51.909 revise paragraphs (a)(3), (b)(2)(v), and (b)(3), add paragraph (b)(4), and revise paragraph (c), to read as follows:

§ 51.909 Transition of rate-of-return carrier access charges.

(a) * * *

(3) Except as provided in paragraph (b)(4) of this section, nothing in this section obligates or allows a Rate-of-Return Carrier that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions raising such rates.

(b) * * *

(2) * * *

(v) A Rate-of-Return Carrier may elect to apply its interstate access rate structure and interstate rates to Transitional Intrastate Access Service. In addition to applicable interstate access rates, the carrier may, between July 1, 2012 and July 1, 2013, assess a transitional per-minute charge on Transitional Intrastate Access Service end office switching minutes (previously billed as intrastate access). The transitional per-minute charge shall be no greater than the Step 1 Access Revenue Reduction divided by Fiscal Year 2011 Transitional Intrastate Access Service end office switching minutes. Carriers electing to establish rates for Transitional Intrastate Access Service in this manner shall notify the appropriate state regulatory authority of their election in the filing required by § 51.907(b)(1).

(3) Except as provided in paragraph (b)(4) of this section, nothing in this section obligates or allows a Rate-of-Return carrier that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions raising such rates.

(4) If a Rate-of-Return Carrier must make an intrastate switched access rate reduction pursuant to paragraph (b)(2) of this section, and that Rate-of-Return Carrier has an intrastate rate for a rate element that is below the comparable interstate rate for that element, the Rate-of-Return Carrier shall:

(i) Increase the rate for any intrastate rate element that is below the comparable interstate rate for that element to the interstate rate no later than July 1, 2013;

(ii) Include any increases made pursuant to paragraph (b)(4)(i) of this section in the calculation of its eligible recovery for 2012.

(c) *Step 2.* Beginning July 1, 2013, notwithstanding any other provision of the Commission's rules:

(1) Transitional Intrastate Access Service rates shall be no higher than the Rate-of-Return Carrier's interstate Terminating End Office Access Service and Terminating Tandem-Switched Transport Access Service rates and subject to the same rate structure and all subsequent rate and rate structure modifications. Except as provided in paragraph (c)(2) of this section, nothing in this section obligates or allows a Rate-of-Return Carrier that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions to increase such rates.

(2) If a Rate-of-Return Carrier made an intrastate switched access rate reduction in 2012 pursuant to paragraph (b)(2) of this section, and that Rate-of-Return Carrier has an intrastate rate for a rate

element that is below the comparable interstate rate for that element, the Rate-of-Return Carrier shall:

(i) Increase any intrastate rate element that is below the comparable interstate rate to the interstate rate by July 1, 2013; and

(ii) Include any increases made pursuant to paragraph (c)(2)(i) of this section in the calculation of its eligible recovery for 2013.

* * * * *

■ 4. In § 51.911 revise paragraphs (b) introductory text and (b)(6), and add paragraph (b)(7) to read as follows:

§ 51.911 Access reciprocal compensation rates for competitive LECs.

* * * * *

(b) Except as provided in paragraph (b)(7) of this section, beginning July 3, 2012, notwithstanding any other provision of the Commission's rules, each Competitive LEC that has tariffs on file with state regulatory authorities shall file intrastate access tariff provisions, in accordance with § 51.505(b)(2), that set forth the rates applicable to Transitional Intrastate Access Service in each state in which it provides Transitional Intrastate Access Service. Each Competitive Local Exchange Carrier shall establish the rates for Transitional Intrastate Access Service using the following methodology.

* * * * *

(6) Except as provided in paragraph (b)(7) of this section, nothing in this section obligates or allows a Competitive LEC that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions raising such rates.

(7) If a Competitive LEC must make an intrastate switched access rate reduction pursuant to paragraph (b) of this section, and that Competitive LEC has an intrastate rate for a rate element that is below the comparable interstate rate for that element, the Competitive LEC may increase the rate for any intrastate rate element that is below the comparable interstate rate for that element to the interstate rate no later than July 1, 2013;

* * * * *

5. In § 51.915 revise paragraphs (d)(1)(i)(C)(*2*)(*i*), (d)(1)(ii)(C)(*2*)(*i*), (d)(1)(iii)(E)(*2*)(*i*), (d)(1)(iv)(E)(*2*)(*i*), (d)(1)(v)(E)(*2*)(*i*), (d)(1)(vi)(F)(*2*)(*i*), and (d)(1)(vii)(G)(*2*)(*i*), to read as follows:

§ 51.915 Recovery mechanism for price cap carriers.

* * * * *

(d) * * *

(1) * * *

(i) * * *

(C) * * *

(*2*) * * *

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

* * * * *

(ii) * * *

(C) * * *

(*2*) * * *

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

* * * * *

(iii) * * *

(E) * * *

(*2*) * * *

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

* * * * *

(iv) * * *

(E) * * *

(*2*) * * *

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

* * * * *

(v) * * *

(E) * * *

(*2*) * * *

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

* * * * *

(vi) * * *

(F) * * *

(*2*) * * *

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

* * * * *

(vii) * * *

(G) * * *

(*2*) * * *

(*i*) Establish a composite reciprocal compensation rate for its Fiscal Year 2011 reciprocal compensation receipts and its Fiscal Year 2011 reciprocal compensation payments by dividing its Fiscal Year 2011 reciprocal compensation receipts and payments by its respective Fiscal Year 2011 demand excluding demand for traffic exchanged pursuant to a bill-and-keep arrangement;

* * * * *

[FR Doc. 2012–19810 Filed 8–13–12; 8:45 am]

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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket Nos. 03–109, 05–337, 07–135, 10–90; CC Docket Nos. 96–45, 01–92; GN Docket No. 09–51; WT Docket No. 10–208; FCC 12–82]

Connect America Fund; High-Cost Universal Service Support; Universal Service Reform—Mobility Fund

AGENCY: Federal Communications Commission.

ACTION: Final rule; petition for reconsideration.

SUMMARY: In this document, the Federal Communications Commission (Commission) reconsiders certain aspects of the *USF/ICC Transformation Order* in response to various petitions for reconsideration and/or clarification.

DATES: Effective September 13, 2012.

FOR FURTHER INFORMATION CONTACT: *Wireless Telecommunications Bureau,*

Auctions and Spectrum Access Division: call Sayuri Rajapakse at (202) 418–0660.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Fourth Order on Reconsideration (*USF–ICC Fourth Order on Reconsideration) in WC Docket Nos. 10–90, 07–135, 05–337, 03–109; GN Docket No. 09–51; CC Docket Nos. 01–92, 96–45; WT Docket No. 10–208; FCC 12–82,* released on July 18, 2012. The complete text of *this document,* including an attachment and related Commission documents, is available for public inspection and copying from 8:00 a.m. to 4:30 p.m. Eastern Time (ET) Monday through Thursday or from 8:00 a.m. to 11:30 a.m. ET on Fridays in the FCC Reference Information Center, 445 12th Street SW., Room CY–A257, Washington, DC 20554. The *USF–ICC Fourth Order on Reconsideration* and related Commission documents also may be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. (BCPI), 445 12th Street SW., Room CY–B402, Washington, DC 20554, telephone 202–488–5300, fax 202–488–5563, or you may contact BCPI at its Web site: *http://www.BCPIWEB.com.* When ordering documents from BCPI, please provide the appropriate FCC document number, for example, FCC 12–82. The *USF–ICC Fourth Order on Reconsideration* and related documents also are available on the Internet at the Commission's Web site: *http://wireless.fcc.gov,* or by using the search function for Dockets: WC 03–109, 05–337, 07–135, 10–90; CC 96–45, 01–92; GN 09–51; WT 10–208 on the Commission's Electronic Comment Filing System (ECFS) web page at *http://www.fcc.gov/cgb/ecfs/.*

1. In the *USF–ICC Fourth Order on Reconsideration,* the Federal Communications Commission (Commission) reconsiders and clarifies certain aspects of the *USF/ICC Transformation Order* 76 FR 73830, November 29, 2011 and 76 FR 81562, December 28, 2011, in response to various petitions for reconsideration and/or clarification. The *USF/ICC Transformation Order* represents a careful balancing of policy goals, equities, and budgetary constraints. This balance was required in order to advance the fundamental goals of universal service and intercarrier compensation reform within a defined budget while simultaneously providing sufficient transitions for stakeholders to adapt. As a preliminary matter, the Commission observes that, under its rules, if a petition for reconsideration simply repeats arguments that were previously considered and rejected in the proceeding, it will not likely warrant reconsideration.

2. With this standard in mind, the Commission takes several limited actions stemming from reconsideration petitions. Specifically, the Order: (1) Affirms the Commission's adoption of a reverse auction mechanism; (2) Denies requests to link funding from Mobility Fund Phase I and Phase II and to condition the use of funds by precluding the use of Mobility Fund Phase I funding for the construction of middle mile facilities in certain cases; (3) Denies requests seeking changes to the eligibility requirements for Mobility Fund Phase I, including proposals to: (i) restrict or prohibit Tier I carriers from receiving Mobility Fund Phase I support, (ii) hold applications for eligible telecommunications carrier (ETC) status in abeyance pending completion of the auction and then automatically qualify any winning bidder as an ETC, (iii) deem an entity designated solely as a Lifeline-only ETC to be eligible to participate in the Mobility Fund without first obtaining general ETC status, and (iv) clarify that unlicensed spectrum may be used to meet the spectrum access requirements for Mobility Fund Phase I; (4) Rejects, for purposes of the auction of Mobility Fund Phase I support, arguments that the Commission provide for bidding preferences to small or rural entities and extend eligibility for the Tribal lands bidding credit to entities that are not Tribally-owned or controlled; and (5) Declines to adopt a series of performance requirements concerning the upgradability of systems, roaming requirements and rates, and exclusive handset arrangements and to use this proceeding to amend the service rules for Advanced Wireless Service in the 2155–2175 MHz band.

I. Mobility Fund Phase I

A. Use of Auction To Determine Awards of Support

3. The Blooston Rural Carriers (Blooston) seek reconsideration of the Commission's decision to use a reverse auction format to distribute Mobility Fund Phase I support. Blooston reiterates the position it took prior to adoption of the *USF/ICC Transformation Order,* alleging that reverse auctions could lead to construction and equipment quality short-cuts that ultimately could require larger disbursements of high-cost support. Instead, Blooston urges the Commission to award support based on a qualitative analysis, to ensure that support is awarded to carriers that have a legitimate interest in building and maintaining high-quality services, such as rural carriers. Blooston contends that the *USF/ICC Transformation Order* did not adequately address concerns raised by it and other carriers about the effects of the reverse auction format on small rural wireless carriers, and was therefore arbitrary and capricious. Blooston argues that the reverse auction model is vulnerable to gaming strategies and anti-competitive bidding practices that would unfairly benefit larger carriers.

4. The Commission addressed Blooston's arguments in the *USF/ICC Transformation Order,* and rejected the arguments by those, including Blooston, who claimed that a reverse auction format would allow larger carriers to bid more competitively than smaller providers. The Commission determined that both the auction design and natural advantages of carriers with existing investments in networks in rural areas should provide opportunities for smaller providers to compete effectively at auction. The Commission rejected assertions that reverse auctions unduly harm small businesses, finding that the examples cited by commenters merely illustrated issues in implementing specific reverse auction programs, and did not demonstrate that reverse auctions are inherently biased against small businesses.

5. The Commission is unpersuaded by Blooston's claim that the only way to effectively encourage high-quality expansion into unserved areas is to ensure that Mobility Fund Phase I support is distributed based on a qualitative analysis of prospective carriers. As the Commission concluded in the *USF/ICC Transformation Order,* for purposes of Mobility Fund Phase I, the difficulty in appropriately weighting differences in services provided outweigh the benefits that might be gained from such an approach. The Commission decided that a reverse auction is the best available tool for awarding support to eligible areas quickly and effectively. A well-designed system of competitive bidding will target support to those providers in an area that can meet the program requirements most cost-effectively. The bidding process will use competition among potential awardees to identify a support amount at which the bidder will commit to provide the required services, and below which no other competitor is willing to do so, thus minimizing the cost to the program. The qualitative proposal advanced by Blooston, in contrast, would require a subjective and time-consuming evaluation of a variety of factors that could result in delayed broadband

deployment to unserved communities, would be much less likely to ensure that the Commission's limited support funds are disbursed as effectively as possible, and would require at least as much enforcement to ensure that consumers receive the desired broadband.

6. In response to Blooston's claim that the reverse auction format could lead to short-cuts in construction and equipment quality, the Commission emphasized that it would, and in fact did establish clear performance standards, and would effectively enforce them. Blooston's assertion that no such standards have been adopted is therefore incorrect. The Commission in the *USF/ICC Transformation Order* adopted a series of rigorous performance metrics for recipients of Mobility Fund Phase I funding, requiring them to provide mobile supported services over a 3G or better network that has achieved particular data rates under particular conditions and required submission of drive test data to demonstrate support recipients' compliance with their public interest obligation to provide mobile broadband. The Commission imposed a range of additional requirements on Mobility Fund Phase I recipients, including collocation and voice and data roaming, and established reporting requirements. Moreover, the Commission's requirement that support recipients maintain a Letter of Credit, along with traditional enforcement tools, helps to protect the government's interests in the funds it disburses and to ensure that performance obligations are met. In short, Blooston's petition contains no new arguments or data that would cause the Commission to reconsider the adoption of the reverse auction format for the distribution of Mobility Fund Phase I support. Accordingly, the Commission rejects Blooston's claim that adoption of the reverse auction format was arbitrary or capricious, and the Commission affirms its conclusion that the auction mechanism adopted in the *USF/ICC Transformation Order,* coupled with eligibility and performance requirements, best ensures that mobile broadband is deployed quickly to unserved areas by well-qualified carriers.

B. Scope and Use of Mobility Fund Support

7. NTCH, Inc. (NTCH) requests that the Commission link Phase I and Phase II funding to plan for the construction and ongoing operating costs of providing service in high cost areas. NTCH notes that ongoing support may be necessary to sustain service in areas eligible for one-time assistance and that prospective bidders should know in advance whether they will receive Phase II support before competing in Phase I. NTCH therefore proposes that applicants be permitted to apply for Phase I and Phase II in an integrated way or, alternatively, to consolidate funding into a single phase that covers both construction and operational financial needs. NTCH concludes that this approach would allow the Commission to more meaningfully evaluate the real costs of providing service and performance. NTCH also suggests that this approach will encourage new entrants who may be able to offer service for significantly less than the field of potential bidders who would otherwise qualify. No parties commented on this aspect of NTCH's petition.

8. As the Commission noted in the *USF/ICC Transformation Order,* the goal in establishing the Mobility Fund Phase I is to provide the necessary ''jump start'' to immediately accelerate service to areas where it is cost effective to do so. It is focused on identifying recipients that can extend coverage with one time support and is not intended to target areas where ongoing support is required, even if such areas technically might be eligible to seek Mobility Fund Phase I support. By contrast, the Mobility Fund Phase II is intended to expand and sustain mobile voice and broadband services in communities in which service would be unavailable absent federal support. It contemplates a larger budget, payable annually over a multi-year term, to bring service to areas that cannot be sustained with one-time support. NTCH's petition does not persuade the Commission that it should forgo the immediate benefits that could be provided by targeted support under Mobility Fund Phase I to integrate or consolidate it with Mobility Fund Phase II. In due course, Mobility Fund Phase II will be available for those areas that need support over the longer-term.

9. GCI requests that the Commission preclude use of Mobility Fund Phase I funding to construct middle mile facilities where adequate facilities are otherwise available. GCI contends that the public interest would not be served by allowing support recipients to expend support on duplicative middle mile facilities, noting that the areas to be served by Mobility Fund Phase I are extremely thin and it is therefore important to aggregate demand to the extent possible. No parties commented on this aspect of GCI's petition.

10. Consistent with the Commission's overall market-based approach to awarding support it declines to condition Mobility Fund support in the manner GCI requests. The Commission notes that, as a general matter, the competitive bidding process adopted in the *USF/ICC Transformation Order* was designed to provide qualified recipients with an incentive to extend advanced mobile services in an efficient and cost effective manner, without prescribing any particular solution or limitations. The Commission anticipates that, where middle mile facilities are adequate and available at reasonable rates, Mobility Fund participants will have a strong economic incentive to use existing facilities to offer services, especially given the specific build out obligations required in Mobility Fund Phase I.

C. Eligibility for Mobility Fund Phase I Support

i. Eligibility of Tier I Carriers

11. Blooston asserts that permitting Tier I carriers to participate in the Mobility Fund Phase I constitutes corporate welfare, as the average annual net income of such carriers purportedly demonstrates that they have no need for support. In addition, Blooston notes that the Commission previously concluded that a phase-down of the legacy Universal Service Fund support received by Verizon and Sprint was in the public interest and therefore contends that it would be contrary to the public interest for either of these entities to receive any new Mobility Fund Phase I support. Finally, Blooston contends that the Commission erred when it noted that a party's relinquishment of legacy support to meet legacy obligations should not be determinative of whether the party should be eligible for new support to meet new obligations.

12. AT&T Inc. (AT&T) and Verizon Wireless (Verizon) both oppose Blooston's petition. AT&T contends that the Commission must reject out-of-hand any requests such as this one for the Commission to use universal service funding to discriminate against certain providers. Verizon further notes that the Mobility Fund program did not exist at the time Verizon and Sprint committed to relinquish high-cost support.

13. The Commission finds Blooston's arguments unpersuasive. Phase I of the Mobility Fund targets one-time support to areas that current market-based incentives have left without 3G or better mobile networks—even by carriers with substantial resources. Thus, in these areas the apparent availability of resources has not, and will not, inevitably lead to speedy deployment of universal coverage. As AT&T notes in opposition to Blooston's petition, market forces alone are insufficient to

incent private investment by any provider—Tier 1 or otherwise—in those areas. The Commission's primary policy concern is with the consumers in those unserved areas who have been disadvantaged due to the lack of current generation mobile broadband networks. By permitting all qualified providers to participate in this reverse auction, the Commission expects that its limited USF dollars will be used more efficiently and effectively to construct mobile broadband networks to cover more unserved areas.

14. Blooston's assertion that the phase-down commitments of Verizon and Sprint should make them ineligible for Mobility Fund Phase I support so as not to undo the benefits reaped from their withdrawal is also unpersuasive. The Commission concluded that such limitations under past mechanisms should not carry over to the newly reformed support mechanisms, such as the Mobility Fund, and the Commission will not disturb that conclusion. A decision that a party should not continue to receive support available under the former identical support rule does not lead to a conclusion that the same party cannot be a recipient of more efficiently allocated targeted support under new mechanisms with additional public interest obligations.

ii. ETC Designation

15. NTCH states that the Commission should hold in abeyance applications for eligible telecommunications carrier (ETC) status pending the completion of competitive bidding for Mobility Fund support and then automatically qualify any party that receives Mobility Fund support as an ETC in the areas for which it applied. NTCH contends that such an approach is necessary in order to enable participation in the Mobility Fund. Sprint comments favorably on this request, for the most part re-iterating NTCH's arguments.

16. In the *USF/ICC Transformation Order,* the Commission considered suggestions that it circumvent the existing ETC regime for purposes of the Mobility Fund and declined to do so. Most importantly, the Commission recognized that the existing ETC regime is built upon a statutory foundation that gives a significant role to the States as well as to the Commission. The Commission concluded that the Mobility Fund should operate within the general structure of the Universal Service Fund with respect to ETC designation, rather than attempt to replace it. The Commission recognized the concern, echoed by NTCH and Sprint, that the obligations that accompany ETC status might make parties reluctant to become ETCs in advance of learning whether they would receive Mobility Fund support. The Commission addressed this concern by permitting parties to seek ETC designation on a conditional basis, that is subject to their becoming a winning bidder.

17. NTCH does not persuade the Commission to revise its original conclusion. As noted in the *USF/ICC Transformation Order,* requiring that applicants be designated as ETCs prior to a Mobility Fund Phase I auction may help ensure that the pool of bidders is serious about seeking support and meeting the obligations that receipt of support would entail. It may be true, as NTCH contends, that more parties might participate in the auction if the Commission simply accepted the applicants' asserted willingness to seek ETC status. However, that approach risks the possibility that parties might participate and win—or otherwise affect the outcome of the auction—and then be found unqualified to be ETCs. At a minimum, this would delay any use of funds that had been set aside for the winning bid. This would undermine the Commission's objective to extend mobile broadband networks as quickly as possible. Consequently, consumers living, traveling, and working in the unserved areas would suffer, contrary to the Commission's objectives for Mobility Fund Phase I. NTCH's further suggestion that any party qualifying to receive Mobility Fund support automatically should be designated as an ETC ignores the role given by statute to the states regarding the designation of many ETCs as well as the fact that ETC obligations themselves go beyond the requirements for participation in the Mobility Fund. The Commission, however, cannot ignore the obligations Congress requires for ETC designations, and denies NTCH's request for reconsideration.

iii. Forbearance From Service Area Conformance Requirement of Section 214(e)(5)

18. NTCH also asks that the Commission forbear from applying the service area requirements of 47 U.S.C. 214(e)(5) to applicants seeking to become ETCs for purposes of the Mobility Fund. 47 U.S.C. 214(e)(5) requires that a party seeking ETC status in a service area overlapping a rural telephone company's study area be designated for the entire study area, unless the Commission and relevant State jointly redefine the underlying study area of the rural telephone company. The Commission considered NTCH's request for forbearance in the context of a separate Order forbearing from the application of 47 U.S.C. 214(e)(5) to petitions for conditional ETC designation for purposes of participating in the Mobility Fund Phase I auction. Accordingly, the Commission will not address that aspect of NTCH's petition here.

iv. Lifeline-Only ETCs

19. NTCH seeks clarification that a party designated as a Lifeline-only ETC can satisfy on that basis the Mobility Fund eligibility requirement that a participant be an ETC.

20. The Commission denies NTCH's request. As an initial matter, when this Commission has designated parties as Lifeline-only ETCs, it has made clear that the designation is not effective for any other purpose. Thus, it is clear, under the terms of those orders, that these parties are not to be deemed ETCs for the Mobility Fund on the basis of their Lifeline-only designations. Moreover, many carriers designated as Lifeline-only ETCs do not offer service over their own facilities, or over a combination of their own and a third-party's facilities. It is not at all clear that these Lifeline-only ETCs will be in a position to undertake the materially different obligations that ETCs must satisfy in areas where they receive Mobility Fund Phase I support. The Commission does not have a basis in this record to conclude that states that have designated Lifeline-only ETCs have evaluated the capability of such applicants to meet the obligations associated with the receipt of high-cost support. Consequently, the Commission cannot draw a blanket conclusion that a party designated as a Lifeline-only ETC would be qualified to expand or deploy network facilities to meet a Mobility Fund recipient's public interest obligations and thus the Commission requires designation as an ETC generally.

v. Spectrum Access With Unlicensed Spectrum

21. Townes Telecommunications, Inc. (Townes) requests that the Commission clarify that the Mobility Fund eligibility requirement of spectrum access can be satisfied with unlicensed spectrum used to meet or exceed the public interest requirements of the Mobility Fund. More specifically, Townes asserts that it has employed the xMax cognitive radio technology to provide the type of service that the Mobility Fund supports, and provides a link to a Web site describing the xMax technology. Townes also notes that the Commission has been supportive of the use of unlicensed spectrum in related contexts,

such as the proposal for the Remote Areas Fund to provide fixed wireless service.

22. Although the Commission supports the use of unlicensed spectrum for developing innovative approaches to bring new technologies to consumers, the Commission declines the request to clarify its rules regarding the use of unlicensed spectrum to meet the spectrum access eligibility requirement for Mobility Fund Phase I. The *USF/ICC Transformation Order* required that an applicant have access, through a license or lease in effect prior to the auction, to spectrum necessary to fulfill all obligations related to support. The Commission concluded that a provider's access to spectrum must support mobile broadband services meeting its requirements and conditions for the required timeframe. The Commission notes that the use of unlicensed spectrum to support mobility over large areas is not proven at this time.

23. Thus, the Commission concludes that the use of unlicensed spectrum to meet the spectrum access eligibility requirement for Mobility Fund Phase I would entail a significant risk that the mobile services deployed on such spectrum will not meet performance requirements and other obligations under the rules. This does not close the door to the possibility that unlicensed spectrum may play a complementary part in the provision of services supported by the Mobility Fund Phase I. Nor does it prevent carriers from receiving high cost universal service support in other contexts for services provided over unlicensed spectrum, e.g., for fixed wireless broadband services offered over unlicensed spectrum. However, with respect to the Commission's current spectrum access requirement for Mobility Fund Phase I, the Commission rejects Townes' request to permit the use of unlicensed spectrum to meet this requirement.

D. Bidding Preferences

i. Preferences for Small Businesses and Rural Carriers

24. Blooston argues that the Commission should have adopted a mechanism for Phase I of the Mobility Fund that assures that a significant portion of the Mobility Fund is awarded to small rural wireless carriers. Blooston suggests that small and rural carriers have been successful at auction only when adequate protections were implemented, such as substantial bid credits, set asides, and the exclusion of large carriers. Blooston notes that the Commission is obligated under 47 U.S.C. 309(j) to ensure that small businesses, rural telephone companies, and businesses owned by minorities and women are given the opportunity to participate in the provision of spectrum-based services and argues that the Commission should extend similar preferences to small and rural entities in the context of the Mobility Fund Phase I auction.

25. AT&T opposes Blooston's suggestions. AT&T notes that this proceeding does not involve a spectrum auction and is not governed by the statutory provisions of 47 U.S.C. 309(j). AT&T argues that the Blooston proposals are inconsistent with section 254 of the Communications Act, which governs the universal service program. AT&T contends Blooston's approach would limit competition in the Mobility Fund Phase I auction, which could violate 47 U.S.C. 254(b)(1) and (b)(5)'s sufficiency and affordability objectives. AT&T disputes Blooston's contention that small wireless carriers are better suited to meet the needs of local communities because, according to Blooston, all winning wireless carrier bidders, large or small, will have the same service obligations.

26. Blooston replies that it is irrelevant that 47 U.S.C. 254 does not contain small business auction preference provisions that appear in 47 U.S.C. 309(j)(3) and (4). Blooston maintains that the Commission's intention to draw upon established spectrum auction procedures for the Mobility Fund Phase I auction calls for adoption of similar preferences here. Blooston cites the Universal Service principle of competitive neutrality, which it characterizes as requiring that the Commission treat no carrier 'unfairly, as authority for the provision of bidding credits and other assistance to small carriers. Blooston asserts that only rural carriers would encourage the provision of service to rural communities not located near highways, claiming that larger carriers are primarily interested in providing service to the interstate highways and major roads on which their customers travel.

27. The Commission rejects Blooston's contentions that it failed to examine the issues and concerns of small businesses and rural carriers as raised in the record in this proceeding. The Commission's decision not to establish bidding preferences for small or rural entities in the auction of Mobility Fund Phase I support was neither arbitrary nor capricious, contrary to Blooston's assertion. The Commission fully considered the views of Blooston and other parties responding to questions raised in the Mobility Fund *Notice of Proposed Rulemaking (Mobility Fund NPRM), 75 FR 67060, November 1, 2010,* about potential ways to encourage the participation of the widest possible range of qualified entities, including smaller entities. The Commission determined in the *USF/ICC Transformation Order* that reverse auctions are not inherently unfair to smaller carriers and that it was confident that the reverse auction format would enable smaller providers to compete effectively. Given the limited and targeted purpose of the one-time Mobility Fund Phase I support, the Commission does not find persuasive Blooston's argument that its use of a reverse auction as a mechanism for distributing USF support requires the Commission to adopt special provisions for small entities, such as the small business bidding credits the Commission awards to fulfill the statutory mandate in 47 U.S.C. 309(j)(3)(B) to disseminate spectrum licenses among a wide variety of applicants.

ii. Expansion of Tribal Lands Bidding Credits

28. GCI seeks reconsideration of the Commission's decision for the Mobility Fund Phase I auction to provide bidding credits to Tribally-owned or controlled providers seeking support to serve the Tribal lands with which they are associated. GCI agrees with the Commission that service for Tribal lands should be prioritized, but maintains that bidding credits should be extended to all entities serving Tribal lands, not just those that are Tribally-owned or controlled. GCI maintains that the *USF–ICC Transformation Order* does not explain why the credits should be limited to Tribally-owned or controlled entities. It asserts that because many qualifying Tribal lands are not served by a Tribally-owned or controlled entity, these lands will be unable to benefit from the bidding credits. GCI further asserts that the exclusion of other entities from bidding credit eligibility could lead to inefficient operations and fragmented service, ultimately impairing broadband service.

29. The Commission is not persuaded that eligibility for the Tribal lands bidding credit should be extended to entities that are not Tribally-owned or controlled providers. In adopting the Tribal lands bidding credit, the Commission sought to facilitate the self-provisioning of wireless broadband service by Tribes themselves by providing a bidding credit to increase the likelihood that Tribally-owned or controlled entities will receive funding. This is consistent with the

Commission's belief that encouraging Tribal-centric solutions to the communications needs of Tribal lands can be particularly advantageous. The Commission has previously found that Tribal-centric business models, ones that actively engage the Native Nation, its core community institutions, and members in deployment and adoption planning—have a greater chance of establishing sustainable services on Tribal lands. A Tribal-centric approach has enabled a number of Native Nations to successfully establish service providers that have deployed critical communications infrastructure on Tribal lands. Extending bidding credits to all participants in the Mobility Fund Phase I auction would dilute the Commission's ability to achieve this objective.

E. Performance Requirements

i. Upgradability of Systems Built With Mobility Fund Support to 4G Technology

30. The Blooston Petition urges the Commission to require that Mobility Fund participants choosing to build 3G mobile wireless broadband networks, rather than 4G networks, use equipment and facilities capable of ready, efficient and economical conversion to 4G networks. Blooston argues that, with 4G service currently being rolled out in urban areas, it would be unreasonably inefficient and wasteful to use Mobility Fund support to deploy facilities and equipment that will soon be outmoded and need to be replaced in the immediately foreseeable future. Blooston argues that it would be far more efficient and less expensive for the Mobility Fund if the Commission required facilities and equipment that can be readily and economically converted to 4G.

31. The Commission declines to adopt the Blooston suggestion to require carriers who plan to build 3G networks with Mobility Fund support to use equipment and facilities that can easily convert to 4G. Requiring upgradable 3G equipment and facilities would add an extra layer of regulatory review and approval. Carriers choosing to build 3G networks with Mobility Fund support likely already face an economic incentive to install equipment that can be easily converted to 4G. But there may be carriers whose business plans indicate that another path is more economical—for example, because they want to deploy the same equipment used in its adjacent system—and the Commission believes that those carriers will be in the best position to determine what equipment to use to meet the goals of the Mobility Fund. Imposing an additional regulatory requirement could limit participation in the auction or elicit higher bids, thereby interfering with the process the Commission chose to determine support, without providing clear benefits, overall, relative to the existing approach. Finally, the Commission notes that Mobility Fund Phase I recipients that choose to install 4G networks have an additional year to meet the performance requirements. This should encourage 4G build-out where reasonable. Therefore, the Commission finds it unnecessary to add such a requirement limiting the type of equipment and facilities used by Mobility Fund Phase I support recipients. This conclusion does not prejudge the Commission's consideration of similar issues for Mobility Fund Phase II.

ii. Roaming Requirement and Roaming Rates

32. Blooston petitions the Commission to request an expansion of the roaming requirement that the Commission established in the *USF/ICC Transformation Order,* in order to ensure that roaming is available to Mobility Fund recipients throughout the United States. Blooston also urges adopting measures to ensure that roaming is not only available, but also practically affordable for small carriers. Without such a mandate, Blooston argues, small carriers will likely suffer losses from roaming arrangements since their customers often spend more time roaming than in their home network. AT&T opposes Blooston's call for additional roaming regulations, noting that the Commission already has voice and data roaming rules in place and arguing that further regulation would be not only unnecessary but also unrelated to the universal service objectives.

33. NTCH also raises the issue of roaming on reconsideration, asking the Commission to adopt measures that will bring roaming rates down to rational levels. NTCH argues that, without any action on this issue, rural customers' ability to roam outside their home networks may be limited and rural carriers will need more support. NTCH asks that all wireless carriers should have the right to roam on reasonable terms, which it defines as rates that are not 700 or 800% higher than the rates offered by large carriers to their own customers, and rates that are not thousands of times higher than actual costs. NTCH argues that if the Commission took action against unreasonable roaming rates, small carriers would spend less on roaming fees and therefore would need less support for high cost operations.

34. The Commission declines to expand the roaming requirements beyond those set forth in the *USF/ICC Transformation Order.* The *USF/ICC Transformation Order* required Mobility Fund recipients to comply with the Commission's current voice and data requirements on networks that are built through Mobility Fund support, and specifically made compliance with those rules a condition of receiving Mobility Fund support. To add further measures regarding roaming access and affordability would be beyond the scope of the present proceeding. Moreover, the Commission engaged in an extensive rulemaking on roaming issues six months prior to adopting the *USF/ICC Transformation Order* and adopted specific rules that create a general mandate for data roaming. The Commission noted in the *USF/ICC Transformation Order* that the Commission's existing processes would enable any interested party to file a formal or informal complaint if it believes that a Mobility Fund recipient has violated the roaming requirements. Moreover, as described in the roaming proceeding, Accelerated Docket procedures, including pre-complaint mediation, are among the various dispute resolution procedures available with respect to data roaming disputes. Finally, the Commission observed in the *USF/ICC Transformation Order* that it has authority to initiate enforcement actions on its own motion. Blooston and NTCH have not persuaded the Commission to revisit its deliberations. Therefore, The Commission denies Blooston's and NTCH's petitions with regard to their roaming requests.

iii. Mobility Fund Recipients and Exclusive Handset Arrangements

35. In the *Mobility Fund NPRM,* the Commission sought comment on other eligibility requirements for entities seeking to receive support from the Mobility Fund and specifically inquired whether are there any steps the Commission should take to encourage smaller eligible parties to participate in the bidding for support. In its comments submitted in response to the *Mobility Fund NPRM,* Blooston suggested the Commission prohibit any carrier from participating in the Mobility Fund if it engages in exclusive arrangements for the design or procurement of handsets and other equipment. In the *USF/ICC Transformation Order,* the Commission declined to bar any particular class of parties out of concern that they might appear to be better positioned to win Mobility Fund support. The Blooston

Petition argues that the Commission's action was arbitrary and capricious in that it failed to specifically address the Blooston proposal to limit eligibility based on exclusive handset arrangements. Blooston claims exclusivity arrangements for handsets and equipment impair the service and competitive options of smaller carriers, deprive the customers of such smaller carriers of roaming capabilities and service features, and increase the cost of the mobile broadband services and equipment available to customers of smaller carriers. AT&T opposes the Blooston proposal, arguing that such a prohibition is nothing more than a thinly veiled effort to bar larger wireless providers from competing for Mobility Fund support.

36. The rationale behind the Commission's decision not to bar any particular class of parties out of concern that they might appear to be better positioned to win Mobility Fund support, is that, in the Commission's view, such restrictions could impede its primary goals for USF reform and the Connect America Fund, generally, or the Mobility Fund. Specifically, these goals include the deployment of mobile broadband networks in currently unserved areas in as cost effective a manner as practicable. Blooston's argument to restrict parties who have entered into exclusive handset arrangements could similarly impede these goals of USF/ICC reform. Therefore, the Commission denies Blooston Petition's request that the Commission prohibit recipients of Mobility Fund Phase I support from utilizing exclusive arrangements for handsets or other equipment.

iv. Build-Out Requirements for AWS–3 Licensees

37. In its Petition for Reconsideration of the *USF/ICC Transformation Order,* NTCH urges the Commission to amend the rules for Advanced Wireless Service in the 2155–2175 MHz band (AWS–3) to explicitly link the use of that spectrum with the build-out of unserved areas. As part of this, NTCH proposes barring or severely handicapping companies who already own significant spectrum in a given market from acquiring even more. NTCH asserts that current spectrum holders have spectrum but are not utilizing it, while other carriers cannot get more spectrum. Therefore, NTCH urges the Commission to skew the AWS–3 auction in the direction of competing carriers and condition licensing AWS–3 on meeting the goals of Mobility Fund.

38. CTIA opposes NTCH's proposal for AWS–3. Noting that AWS–3 rules are the subject of other Commission proceedings, CTIA argues that any modifications of them in the present proceeding would be procedurally improper, particularly given the absence of any notice that AWS–3 would be considered in the USF docket. In addition to the procedural considerations, CTIA finds NTCH's proposal unwise, noting that many parties have expressed interest in pairing the AWS–3 spectrum with 1.7 GHz spectrum, which NTIA is currently considering reallocating from the Federal government to commercial use. CTIA contends that such a pairing would be ideal for mobile broadband, which it argues would further the Commission's goals for the Mobility Fund and broadband generally. Given its support for pairing AWS–3 and 1.7 GHz, CTIA therefore opposes what it terms NTCH's ''designer allocation'' of the AWS–3 spectrum.

39. In response, NTCH acknowledges that the parameters of AWS–3 are still in flux, but argues that, if the AWS–3 auction would occur in the second half of 2013, the six to nine month delay would be ''well worth the savings to the public.'' NTCH adds that conditioning AWS–3 licenses on meeting the Mobility Fund objectives would also eliminate the post-Mobility Fund auction application review envisioned in the *USF/ICC Transformation Order.*

40. The Commission declines to use this proceeding to adopt service and auction rules for AWS–3 as NTCH suggests. NTCH's proposal focuses on access to spectrum, not on USF reform. The Commission agrees with CTIA that such rules are beyond the scope of this proceeding. Moreover, the goal of the Mobility Fund is to expand 3G or better service to unserved areas, and carriers are able to utilize various frequency bands so long as the spectrum will support the required services to meet the Mobility Fund performance requirements. Focusing Mobility Fund deployment on one frequency band, as NTCH proposes, would likely reduce the participation in the program, increase the costs of providing service, and therefore, decrease the area and people that will benefit from new service. Therefore, the Commission denies NTCH's petition with regard to its proposal to condition AWS–3 spectrum on meeting the Mobility Fund requirements.

II. Procedural Matters

A. Paperwork Reduction Act

41. The USF–ICC Fourth Order on Reconsideration does not contain new or modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104–13. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, see 44 U.S.C. 3506(c)(4).

B. Congressional Review Act

42. The rules previously adopted in the *USF/ICC Transformation Order* were submitted to Congress and the Government Accountability Office pursuant to the Congressional Review Act and remain unchanged by this Order.

III. Ordering Clauses

43. Accordingly, *it is ordered,* pursuant to the authority contained in 47 U.S.C. 151, 152, 154(i), 201–206, 214, 218–220, 251, 252, 254, 256, 303(r), 332, 403, and 1302, and 47 CFR 1.1 and 1.429 that this Fourth Order on Reconsideration *is adopted,* effective thirty (30) days after publication in the **Federal Register**.

44. *It is further* ordered that, pursuant to the authority contained in 47 U.S.C. 405 and 47 CFR 0.331 and 1.429, that the Petition for Partial Reconsideration filed by the Blooston Rural Carriers on December 29, 2011 *is denied.*

45. It is further ordered that, pursuant to the authority contained in 47 U.S.C. 405, and 47 CFR 0.331 and 1.429, that the Petition for Reconsideration filed by NTCH, Inc. on December 29, 2011 *is denied in part* to the extent described herein.

46. *It is further ordered* that, pursuant to the authority contained in 47 U.S.C. 405, and 47 CFR 0.331 and 1.429, that the Petition for Reconsideration filed by General Communications, Inc. on December 23, 2011 *is denied in* part to the extent described herein.

47. *It is further ordered* that, pursuant to the authority contained in 47 U.S.C. 405, and 47 CFR 0.331 and 1.429, that the Petition for Clarification or Partial Reconsideration filed by Townes Telecommunications, Inc. on December 29, 2011 *is denied.*

Federal Communications Commission.

Marlene H. Dortch,

Secretary.

[FR Doc. 2012–19761 Filed 8–13–12; 8:45 am]

BILLING CODE 6712–01–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

49 CFR Part 375

[Docket No. FMCSA–2012–0119]

RIN 2126–AB52

Transportation of Household Goods in Interstate Commerce; Consumer Protection Regulations

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), DOT.

ACTION: Direct final rule; confirmation of effective date.

SUMMARY: FMCSA confirms the effective date for its June 20, 2012, direct final rule concerning household goods consumer protection. The direct final rule amended the regulations governing the transportation of household goods to remove an obsolete requirement related to collect calls, resolved ambiguities, and made other noncontroversial amendments. The Agency did not receive any comments in response to the direct final rule and confirms the August 20, 2012, effective date of the rule.

DATES: The effective date for the direct final rule published in the **Federal Register** on June 20, 2012 (77 FR 36932), is confirmed as August 20, 2012.

ADDRESSES: The docket for this rulemaking (FMCSA–2012–0119) is available for inspection at *http://www.regulations.gov*. If you do not have access to the Internet, you may also view the docket by visiting the Docket Management Facility in Room W12–140 on the ground floor of the Department of Transportation West Building, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m. e.t., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Mr. Brodie Mack, FMCSA, Household Goods Team Leader, Commercial Enforcement and Investigations Division at (202) 385–2400 or by email at *brodie.mack@dot.gov*.

SUPPLEMENTARY INFORMATION: On June 20, 2012, FMCSA published a direct final rule amending its regulations at 49 CFR part 375. The rule clarified that certain independent delivery services are not household goods motor carriers, removed an obsolete provision requiring household goods motor carriers to post notices relating to acceptance of collect telephone calls, clarified the Agency's requirement that renegotiated estimates contain detailed descriptions of the goods or services that gave rise to the renegotiation, and required household goods motor carriers that relinquish possession of goods to permanent storage to do so in the shipper's name.

FMCSA used the Agency's direct final rule procedures (75 FR 29915, May 28, 2010) because it was a routine and noncontroversial amendment, and the Agency did not expect any adverse comments. The direct final rule advised the public that unless a written adverse comment, or a written notice of intent to submit such an adverse comment, was received by July 20, 2012, the Agency would provide notice confirming the effective date. Because the Agency did not receive any comments to the docket by July 20, 2012, the direct final rule will become effective August 20, 2012.

Issued on: August 8, 2012.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2012–19876 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–EX–P

Proposed Rules

Federal Register
Vol. 77, No. 157
Tuesday, August 14, 2012

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Food and Nutrition Service

7 CFR Parts 278 and 279

RIN 0584–AD88

Supplemental Nutrition Assistance Program: Farm Bill of 2008 Retailer Sanctions

AGENCY: Food and Nutrition Service (FNS), USDA .

ACTION: Proposed rule.

SUMMARY: The Department is proposing changes to the Supplemental Nutrition Assistance Program (SNAP) (formerly the Food Stamp Program) retailer sanction regulations in accordance with amendments made to Sections 7, 9, and 12 of the Food and Nutrition Act of 2008 (''the Act'') by the Food, Conservation, and Energy Act of 2008, Public Law 110–246 (''the 2008 Farm Bill''). The proposal would update SNAP retailer sanction regulations to include authority granted in the 2008 Farm Bill to allow FNS to impose a civil penalty in addition to disqualification, raise the allowable penalties per violation, and provide greater flexibility to USDA for minor violations.

DATES: Comments must be received on or before October 15, 2012 to be assured of consideration.

ADDRESSES: The Food and Nutrition Service, USDA, invites interested persons to submit comments on this proposed rule. Comments may be submitted by one of the following methods:

- *Federal e-Rulemaking Portal:* Go to *http://www.regulations.gov.* Preferred method; follow the on-line instructions for submitting comments on docket [insert docket number].
- *Mail:* Comments should be addressed to Andrea Gold, Director, Benefit Redemption Division, Rm. 426, 3101 Park Center Drive, Alexandria, Virginia 22302.

All comments submitted in response to this proposed rule will be included in the record and will be made available to the public. Please be advised that the substance of the comments and the identity of the individuals or entities submitting the comments will be subject to public disclosure. Food and Nutrition Service (FNS) will make the comments publicly available on the Internet via *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Andrea Gold, Director, Benefit Redemption Division, Rm. 426, 3101 Park Center Drive, Alexandria, Virginia 22302, 703–305–2434.

SUPPLEMENTARY INFORMATION:

Executive Summary

I. Purpose of the Regulatory Action

The purpose of this rule is to implement the greater flexibility provided by the 2008 Farm Bill in assessing SNAP sanctions against retail food stores and wholesale food concerns found in violation of program rules by imposing a civil penalty in addition to disqualification, raising the allowable penalties per violation, and providing greater flexibility to USDA for minor violations. This rule is necessary in order to improve the integrity of the program, deter participating retailers from committing program violations to ensure voluntary compliance, and adjust civil penalties to better reflect the value of redemptions. The legal authority for this proposed rule is addressed by Sections 7, 9 and 12 of the Act, as amended by sections 4115 and 4132 of the 2008 Farm Bill.

II. Summary of the Major Provisions

Trafficking Civil Penalty and Trafficking Civil Money Penalty. Trafficking is the exchange of SNAP benefits for cash and is the most serious violation of program rules and firms can be permanently disqualified from participating in SNAP for such violations. It significantly undermines the integrity of the program and diverts funds from their intended use. Section 12 of the Act provides FNS greater flexibility in assessing sanctions against retailers that traffic benefits by adding a new trafficking civil penalty in addition to permanent disqualification. This sanction is designed to recoup the government provided funds diverted from their intended use by basing the amount of the civil penalty on a retail food store's SNAP redemptions. Current regulations allow trafficking civil money penalties in lieu of permanent disqualification; not in addition to the disqualification. The change ensures more equitable treatment in the way civil penalties will be assessed while increasing the deterrent effect against large scale fraud that may result in significant administrative penalties beyond existing criminal penalties.

Sale of Common Ineligibles. The sale of common ineligibles, such as paper products and cooking supplies, is the least egregious violation against SNAP and firms can be assessed a disqualification from 6 months to 10 years for such violations. Analysis by FNS indicates that many firms assessed a 6-month disqualification for the sale of ineligibles frequently go out of business because they are located in areas with higher concentration of SNAP recipients. This rule proposes to apply disqualifications only to repeat offenders or more severe violators; first time offenders selling only common ineligibles would be assessed a newly established civil penalty of $1,000 per violation in lieu of being disqualified. This would allow owners to take corrective actions to prevent such violations in the future.

Civil Money Penalties: Hardship, Transfer of Ownership, Trafficking in Lieu of Permanent Disqualification. Pursuant to Section 12 of the Act, this rule proposes to assess civil money penalties of up to $100,000 per violation for hardship or transfer of ownership. The civil money penalty for a trafficking in lieu of permanent disqualification will continue to be capped at an overall limit of $59,000 per investigation. The rule also proposes to allow retailers an additional 15 days to obtain and submit a collateral bond, which is currently required when civil money penalties are imposed. Increasing the time from 15 days to 30 days is in response to concerns from the retailer community that it has become more difficult to find financial institutions offering these services at competitive prices.

Fines for Transactions Conducted without the Presence of an EBT Card. This rule also proposes a new fine involving EBT transactions. If the point-of-sale (POS) device that reads the magnetic stripe of the EBT card cannot read the card, the alternative methods to complete the transaction involve manual key entry of the EBT card number or the use of a voucher. In all

EBT transactions the card must be present. FNS receives complaints from SNAP recipients who have had their benefits stolen by firms who conducted transactions without the EBT card being present, and there is no rule that allows FNS to take action against these firms. This provision allows FNS to assess fines against firms that engage in this activity.

III. Costs and Benefits

USDA estimates total sanctions to be assessed from this rule to be approximately $175 million per year. These provisions are expected to affect a very few, mostly small, retailers, in each of the next 5 years. Most of the provisions will result in larger or additional penalties for firms who commit program violations.

The proposed rule is expected to improve program integrity by increasing sanctions and civil penalties on the small number of authorized firms that commit program violations. The vast majority of retailers—those that abide by the rules—will be unaffected by the proposed changes. The purposes of increased sanctions on the few authorized firms that willingly violate program rules will be to provide additional deterrence to strengthen program integrity and increase public confidence in stewardship of program administration.

SUMMARY OF FEDERAL COSTS AND BENEFITS PER YEAR

	Costs (in millions of dollars)	Number of affected retailers	Benefits
Implementation Costs	0.176 (First year only)	0	
Denials and Withdrawals	0	0	Improve program integrity.
Trafficking Civil Penalty [1]	(174)	1,211	Improve program integrity.
Sale of Common Ineligibles [1]	(1.034)	292	Improve program integrity; Reduce number of retailers facing 6-month disqualification.
New Maximum Limits on Civil Money Penalties [1]	(0.256)	100	Improve program integrity.
Fines for Transactions Without EBT Cards	*	1–3	Improve program integrity.
Total Cost	(175.1)		

[1] The majority of penalties are turned over to Treasury and never collected.

Executive Order 12866 and Executive Order 13563

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility.

This proposed rule has been designated economically significant. Accordingly, the rule has been reviewed by the Office of Management and Budget. A summary of the regulatory impact analysis is included below. The full analysis is available through *www.regulations.gov* in the docket for this rule (RIN 0584–AD88).

Regulatory Impact Analysis Summary

Need for Action

The proposed rule is needed to implement expanded authority and flexibility for FNS to assess SNAP retailer penalties as provided in the 2008 Farm Bill.

Benefits

Implementing Farm Bill sanctions and updating regulatory language will strengthen deterrence of violations among retailers, help clarify program requirements and improve program integrity.

Costs

FNS estimates that the cost impact of this proposed rule is minimal. The primary costs anticipated are those FNS will bear in relation to updating systems, training materials and letters to reflect the new regulations; as well as informing participating stores of the changes. The costs are expected to be minimal as the changes may be incorporated into planned, regularly scheduled maintenance updates and mailings that already exist to inform participating stores of relevant program changes.

One provision in this rulemaking will also impact some third party providers that contract with retail food stores or wholesale food concerns who wish to purchase point-of-sale (POS) equipment for their stores to support multiple forms of payment beyond just SNAP electronic benefit transfer (EBT) cards. While the provision does not add any new rules that do not exist today, providing only an enforcement mechanism to ensure that third party providers follow those existing requirements, there will be some cost impact on the providers who have failed to comply with these rules to date. The vast majority of third party POS equipment providers, however, already meet existing requirements as specified in part 7 CFR 274. Therefore, FNS does not anticipate that this provision will have a significant cost impact.

The rule will have no cost impact on retail food stores or wholesale food concerns, as the rule only implements greater authority and flexibility provided by the Act, but does not change what constitutes a violation. Those firms must continue to follow the same program rules as are in place today to prevent any violations.

ACCOUNTING STATEMENT

	Primary estimate	Year dollar	Discount rate (percent)	Period covered
Benefits				
Qualitative: The proposed changes to the retailer sanction regulations will improve program integrity by increasing the deterrent effect of sanctions on the small number of authorized firms that commit program violations.				
Costs				
Annualized Monetized ($millions/year)		2013 2013	7 3	FY2013–2017
Transfers				
Annualized Monetized ($millions/year)	175 175	2013 2013	7 3	FY2013–2017
From Authorized Firms to the Federal Government.				

Regulatory Flexibility Act

This rule proposes changes to SNAP by issuing regulations in accordance with amendments made to Sections 7, 9 and 12 of the Act. The proposal would codify provisions to provide FNS greater flexibility to assess a disqualification, civil penalty, or both; revise the caps currently in place on civil money penalties to reflect the new limits provided by the Act; and remove penalties that pertain to the issuance and redemption of paper coupons that are no longer relevant. Each year, FNS assesses a sanction, either a disqualification or a civil money penalty, against less than 1% of the participating stores. Of those impacted roughly half commit trafficking violations and will face stiffer sanctions as a result of this proposed rule. A portion of the remaining retail food stores who are disqualified for 6 months under the current rules due to the sale of common ineligibles would now receive a civil penalty instead of a disqualification. Because disqualifications of any duration increase the risk a business may be forced to close, substituting a civil penalty could potentially allow the sanctioned business to continue to operate.

The Regulatory Flexibility Act (5 U.S.C. 601–612) requires Agencies to analyze the impact of rulemaking on small entities and consider alternatives that would minimize any significant impacts on a substantial number of small entities. Pursuant to that review and based on the limited population of retail food stores impacted, this rule is certified not to have a significant impact on a substantial number of small entities.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104–4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments, and the private sector. Under Section 202 of the UMRA, the Department generally must prepare a written statement, including a cost/benefit analysis, for proposed and final rules with Federal mandates that may result in expenditures to State, local, or tribal governments, in the aggregate, or to the private sector, of $100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the Department to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule.

This rule does not contain Federal mandates (under the regulatory provisions of Title II of the UMRA) that impose costs on State, local, or tribal governments or to the private sector of $100 million or more in any one year. This rule is, therefore, not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 12372

SNAP is listed in the Catalog of Federal Domestic Assistance under No. 10.551. For the reasons set forth in the Final Rule codified in 7 CFR part 3015, Subpart V and related Notice (48 FR 29115), this Program is excluded from the scope of Executive Order 12372, which requires intergovernmental consultation with state and local officials.

Executive Order 13132

Executive Order 13132 requires Federal agencies to consider the impact of their regulatory actions on State and local governments. Where such actions have federalism implications, agencies are directed to provide a statement for inclusion in the preamble to the regulations describing the agency's considerations in terms of the three categories called for under section (6)(b)(2)(B) of Executive Order 13132. FNS has considered the impact of this rule on State and local governments and has determined that this rule does not have federalism implications. This rule does not impose substantial or direct compliance costs on State and local governments. Therefore, under Section 6(b) of the Executive Order, a federalism summary impact statement is not required.

Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is intended to have preemptive effect with respect to any State or local laws, regulations or policies which conflict with its provisions or which would otherwise impede its full implementation. This rule is not intended to have retroactive effect unless specified in the **DATES** section of the final rule. Prior to any judicial challenge to the provisions of this rule or the application of its provisions, all applicable administrative procedures must be exhausted.

Executive Order 13175—Consultation and Coordination With Indian Tribal Governments

E.O. 13175 requires Federal agencies to consult and coordinate with tribes on a government-to-government basis on policies that have tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes. In late 2010 and early 2011, USDA engaged in a series of consultative sessions to obtain input by Tribal officials or their designees concerning the impact of this rule on the tribe or Indian Tribal governments. The Joint Consultation sessions were coordinated by USDA's Office of Tribal Relations and held on the following dates and locations:

1. Rapid City, SD—October 28–29, 2010
2. Oklahoma City, OK—November 3–4, 2010
3. Minneapolis, MN—November 8–9, 2010
4. Seattle, WA—November 22–23, 2010
5. Nashville, TN—November 29–30, 2010
6. Albuquerque, NM—December 1–2, 2010
7. Anchorage, AK—January 10–11, 2011

There were no comments about this regulation during any of the aforementioned Tribal Consultation sessions.

Reports from these consultations are part of the USDA annual reporting on Tribal consultation and collaboration. FNS will respond in a timely and meaningful manner to Tribal government requests for consultation concerning this rule. Currently, FNS provides regularly scheduled quarterly consultation sessions through the end of FY2012 as a venue for collaborative conversations with Tribal officials or their designees.

Civil Rights Impact Analysis

FNS has reviewed this rule in accordance with Departmental Regulations 4300–4, ''Civil Rights Impact Analysis,'' and 1512–1, ''Regulatory Decision Making Requirements.'' This rule is not intended to have a differential impact on minority owned or operated business establishments, and woman owned or operated business establishments that participate in SNAP. FNS does not collect or maintain any data on the nationality, ethnicity, or gender of owners of participating retail food stores. Therefore, those factors have no impact on how the Agency identifies fraud or implements sanctions against firms found violating program rules.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. Chap. 35; see 5 CFR 1320) requires the Office of Management and Budget (OMB) approve all collections of information by a Federal agency before they can be implemented. Respondents are not required to respond to any collection of information unless it displays a current valid OMB control number. This rule does not contain information collection requirements subject to approval by OMB under the Paperwork Reduction Act of 1995.

E-Government Act Compliance

The Food and Nutrition Service is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

Background

This rulemaking proposes to implement the greater flexibility provided by the 2008 Farm Bill section 4132 in assessing sanctions and civil penalties against retail and wholesale food concerns that violate program rules. Furthermore, in accordance with Section 4115 (Issuance and Use of Program Benefits) of the 2008 Farm Bill, this rulemaking proposes to update 7 CFR parts 278 and 279 to reflect the Program's issuance of benefits through EBT systems. FNS recognizes that this proposed rule amends a few but not all of the references to coupon(s) and food stamp(s) in part 278 to reflect the Act's de-obligation of coupons. FNS plans to address this technical discrepancy in future rulemaking.

7 CFR Part 278—Participation of Retail Food Stores

The general provisions addressed in part 278 are required by Sections 9 and 12 of the Act, as amended by the 2008 Farm Bill. The discussion below and the subsequent regulatory language for this part provide additional details to address operational processes and clarify current policy to align the regulations with authority provided in the Act.

Denial and Withdrawals

The current regulations governing retail food store and wholesale food concern participation in SNAP stipulates that FNS shall deny new applicants or withdraw participating firms that fail to pay civil money penalties or fines assessed under part 278. In accordance with the Act, FNS proposes to revise the denial and withdrawal language to extend this authority to unpaid portions of the newly introduced civil penalties in addition to those already covered. In addition, the language would be revised to clarify that FNS may deny or withdraw a firm if any member of ownership committed an intentional program violation and was disqualified as a SNAP recipient. This provision is necessary because a person, who violates program rules as a recipient, lacks the necessary business integrity and responsibility expected of a store owner who must train employees and oversee operations to ensure that SNAP EBT transactions are conducted in accordance with Department rules. Allowing a formerly disqualified program recipient the ability to conduct transactions would create an unnecessary risk to the integrity of the program.

In addition, § 278.2(b) specifies FNS policy on equal treatment at the food retailer, ensuring that program recipients are treated in the same manner as non-program recipients. This proposed rule introduces a new provision that would allow FNS to deny or withdraw a firm for failing to adhere to § 278.2(b) by singling out program recipients for inequitable treatment compared to a firm's other customers. This provision is in response to complaints submitted to FNS of stores that implement policies targeted against SNAP recipients and not applied equally to all customers. An example would be stores that institute a minimum purchase requirement for customers using SNAP as a form of payment, but fail to apply the same requirement on credit, cash, or debit card customers. Retail food stores and wholesale food concerns found out of compliance with this provision would be provided an opportunity to come into compliance prior to being withdrawn.

FNS estimates that half of all participating firms opt to purchase POS equipment from third party providers and do not utilize government provided POS equipment. A small percentage of those firms have purchased POS equipment from providers that fail to properly adhere to existing requirements for equipment in part 274. Those requirements include informing the recipient as to the transaction and their remaining balance, prohibiting the recipient's personal information from being printed on a receipt to protect

their privacy, and providing accurate information to FNS to better help FNS identify and target program fraud. In particular, FNS requires that each POS device is identified by a unique terminal ID and that the unique ID is reported to FNS along with transaction information. Failure to provide unique terminal ID's makes it more difficult for FNS to monitor transaction activity within a firm and may lead to inaccurate assessments that divert FNS resources from taking appropriate actions against stores that violate the Program. This proposed rule would allow FNS to deny or withdraw a firm that opts to purchase or lease POS equipment from a third party provider that fails to comply with part 274, particularly with the requirement to provide unique terminal ID's. There are many third party equipment providers and almost all comply with these requirements; therefore, this change is not expected to result in a significant number of retailer withdrawals. FNS would inform retailers in advance of this requirement so they can use this information to ensure that the provider from whom they elect to purchase equipment meets the requirements. Moreover, retail food stores and wholesale food concerns found out of compliance with this provision would be provided an opportunity to switch providers to avoid being withdrawn.

Trafficking Civil Penalty and Trafficking Civil Money Penalty

Trafficking is the exchange of SNAP benefits for cash and is the most serious violation of program rules. Trafficking represents collusion between a retail food concern and a program recipient. The firm conducts a transaction through the EBT system and provides the recipient with cash, typically at a discounted rate, that both deprives the recipient of the full value of their benefits intended for eligible food products necessary to help provide the nutritional needs of their household, as well as provides a profit directly to the firm. It significantly undermines the integrity of the program and diverts funds from their intended use. As a result, Congress has been clear in its intent that the administrative penalties for trafficking be severe and has stipulated that such violations result in the permanent disqualification of a firm.

In the Food Stamp Act of 1977, Congress granted FNS the authority to either disqualify a firm for program violations or impose a civil money penalty, but not both. With the Food and Nutrition Act of 2008, Congress removed this constraint, specifically providing USDA greater flexibility in assessing sanctions both for retail food stores and wholesale food concerns with lesser violations as well as for retail food stores and wholesale food concerns that commit the most egregious offenses, such as trafficking. Pursuant to that change, this proposed rule would add a new trafficking civil penalty in addition to the permanent disqualification. With this rule, the Department is proposing a civil penalty that is calculated based on a firm's SNAP redemptions, thereby adjusting to the size and scope of the fraud, much as existing provisions do for civil money penalties, such as those associated with transfer of ownership.

The new proposed trafficking civil penalty is not related to a firm's future participation, but is designed to recoup the government provided funds diverted from their intended use. Thus, this rule would also clarify that, as the trafficking civil penalty and trafficking civil money penalty in lieu of permanent disqualification serve different purposes, they are not mutually exclusive and can both be assessed against a violating retailer. That is, if a firm is granted a trafficking civil money penalty in lieu of permanent disqualification, the firm would still be responsible for paying the trafficking civil penalties assessed pursuant to the violations that had occurred. The proposed methodology for calculating the trafficking civil penalty is based on a retail food store's redemptions, ensuring that the penalty is reflective of a firm's size and sales volume. The proposed rule, therefore, ensures not only equitable treatment by assessing fines proportional to the violation, but also increases the deterrent effect against large scale fraud that may result in significant administrative penalties beyond existing criminal penalties.

Furthermore, this rule would provide that, if a firm was previously granted a trafficking civil money penalty in lieu of permanent disqualification, and again was found trafficking on a second occasion, the firm would no longer qualify for a trafficking civil money penalty in lieu of disqualification.

Sale of Common Ineligibles

Current regulations at 7 CFR 278.6 outline the penalties assessed against stores found violating the program rules, including those for the sale of common ineligibles. In today's environment, if the violations are too minor to warrant a sanction, FNS sends the store an official warning letter describing what FNS found during its investigation, thus providing the store an opportunity to take corrective action and come into compliance. However, if during an investigation FNS finds that non-trafficking violations are sufficiently extensive or pervasive as to suggest that it is the common practice of a firm, FNS assesses an administrative disqualification that can range from 6 months to 10 years, depending on the seriousness of the violations and whether the retailer has had previous violations. The longer disqualification time periods are reserved for either more egregious violations, such as the sale of alcohol or tobacco products for benefits, or if the firm had been previously sanctioned and has a history of program violations. If FNS establishes that it is common practice for a firm to sell common ineligibles for SNAP benefits, those firms are typically disqualified for six months for the first violation.

In providing greater flexibility for the Department to increase the penalties against trafficking violations, the Act also allows USDA to expand the progressive scale of penalties faced by firms whose violations are less severe. The sale of common ineligibles is the least egregious violation that is issued a sanction by FNS. Common ineligibles typically consist of paper products, cooking supplies, or household products. Research by FNS has indicated that many firms assessed a 6-month disqualification, due to the usual practice of selling common ineligibles, tend to close and/or undergo a change in ownership. This occurs because the firms are typically located in areas that have a higher concentration of SNAP recipients; therefore, even a limited 6-month suspension can result in the firm no longer being economically viable. Consequently, this rule proposes to apply disqualifications only to those repeat offenders or more severe violators; first time offenders that sell only common ineligibles would be assessed a newly established civil penalty and no longer be disqualified.

The proposed civil penalty is $1,000 per violation and must be paid within 30 calendar days after FNS's final determination. This civil penalty is proposed as a flat fine, instead of being based on redemption volume, to reflect that the sale of common ineligibles for first time offenders is a minor violation, typically the result of negligence or oversight in training on the behalf of management, as opposed to more egregious violations, with the clear intent to defraud the government, that are based on redemption volume. The proposed civil penalty would allow retail food stores to pay the civil penalty, without enduring a disqualification, take corrective action, and re-evaluate their training

methodology to ensure that there are no repeat offenses.

Civil Money Penalties: Hardship, Transfer of Ownership, Trafficking in Lieu of Permanent Disqualification

The current regulations reference parts of the Act that had imposed limits on the amount FNS could assess through a civil money penalty, applying caps that were based on individual violations and, in some cases, in a single overall investigation. The maximum limits currently used by FNS are $11,000 per violation for hardship civil money penalties and transfer of ownership civil money penalties and $32,000 per violation, with an overall limit of $59,000 per investigation, for trafficking civil money penalties in lieu of permanent disqualification. In the Act, Congress removed the limitations for hardship civil money penalties and provided new language that allows the Secretary to issue a penalty of up to $100,000 per violation. This rule revises the caps placed on calculations for hardship and transfer of ownership civil money penalties to bring the regulations in compliance with the Act. The cap for trafficking civil money penalty in lieu of permanent disqualification will remain unchanged.

In addition, the Act removed specific language referencing revised penalties assessed if the removal of a retail food store or wholesale food concern for non-trafficking violations would cause a hardship to SNAP recipients. Nevertheless, pursuant to the flexibility provided to the USDA by Section 12 of the Act, the USDA proposes to retain the qualification criteria for the hardship civil money penalty as it exists in current regulations. Today, upon request by the violating retailer and after FNS assesses whether a retailer qualifies, the hardship civil money penalty is assessed against retail food stores or wholesale food concerns that serve areas with limited food access or provide inventories that are not readily available in a given area, as their removal would cause a hardship to SNAP recipients. Typically, hardship civil money penalties are assessed against retail food stores and wholesale food concerns that sell common ineligibles. As this rule replaces the current 6-month disqualification with a new civil penalty for those situations, FNS estimates that, while hardship civil money penalties are not common today, they will be even less common going forward. However, as some geographic areas continue to struggle with adequate food access, USDA will be keeping the hardship provision in the regulations to better address unforeseen circumstances that may arise.

Furthermore, when imposing a hardship civil money penalty, current regulations require a retailer to submit a collateral bond within 15 days to be eligible for reinstatement. The proposed rule would extend this time frame to allow retailers up to 30 days to submit a collateral bond. This change is necessary to respond to concerns from the retailer community indicating that it is becoming more difficult to find financial institutions offering these services at a competitive price within the time allotted. The additional time proposed in this rule would allow retailers more time to shop for these services.

Eliminating Fines for the Acceptance of Loose Coupons

This rule would eliminate provisions of part 278 that were enacted to address violations that occurred as a result of how retail food stores and wholesale food concerns accepted and redeemed paper coupons. Section 12(e)(3) of the Act continues to give the Secretary discretion to impose a fine against any retail food store or wholesale food concern that accepts food coupons not accompanied by the corresponding book cover; however, the 2008 Farm Bill de-obligated paper coupons, and such coupons are no longer issued, accepted, or redeemable. As a result, this rule proposes to eliminate a fine for accepting loose coupons at § 278.6(l).

Fines for Transactions Conducted Without the Presence of an EBT Card

Pursuant to Section 7(h)(2) of the Act, this rule proposes to impose a fine for conducting a transaction without an EBT card being present. Current rules require that a card be present at the time of transaction. This new fine would apply to those retailers that conduct transactions without having the card present.

To complete a transaction, a program recipient must present their EBT card, swipe the card through a POS device, and enter their personal identification number (PIN). The PIN identifies the individual as the one responsible for that card and authorizes the transaction. If a POS device is not working, the magnetic stripe of an EBT card is not reading, or if a business does not have ready access to a phone line, the EBT system offers alternative methods for completing the transaction. The typical alternative methods involve manual key entry of the EBT card number or the use of a manual voucher process, the latter of which is more common among delivery routes, farmers' markets, or traditional stores experiencing a system outage. However, the alternative methods do not change the requirement for the recipient and card to be present at the POS. Today, FNS receives complaints that program recipients who have benefits stolen by firms who conduct transactions without the EBT card being present or the knowledge and consent of the recipient. This may be enabled by households providing their card and PIN number to a retail food concern despite training by State Agencies not to ever divulge their PIN. Nevertheless, this is a violation of the regulations and this rule would allow FNS to assess penalties against firms that engage in this activity.

7 CFR Part 279—Administrative and Judicial Review

The Department is proposing to update this part to align the regulations with the Act by updating the FNS Administrative Review Branch mailing address and revising references to § 278.6(e)(8), which is being moved as part of the changes, and removing some of the references to coupon claims as the Act de-obligated coupons and prohibits them from being issued, accepted or redeemed.

List of Subjects

7 CFR Part 278

Approval and participation of retail food stores and wholesale food concerns, food stamps; participation of financial institutions, disqualification and imposition of civil penalties or fines for retail food stores and wholesale food concerns; and disposition of claims; penalties.

7 CFR Part 279

Administrative practice and procedure; administrative review, judicial review.

For reason set forth in the preamble, 7 CFR parts 278 and 279 are proposed to be amended as follows:

1. The authority citation for 7 CFR parts 278 and 279 continues to read as follows:

Authority: 7 U.S.C. 2011–2036.

PART 278—PARTICIPATION OF RETAIL FOOD STORES, WHOLESALE FOOD CONCERNS AND INSURED FINANCIAL INSTITUTIONS

2. In § 278.1:

a. Amend paragraph (b)(3)(vi) by removing the period and adding the phrase ", including the commission of intentional program violations while receiving benefits in the Supplemental Nutrition Assistance Program." at the end.

b. Revise paragraph (k)(7);
c. Add paragraph (k)(8);
d. Add paragraph (k)(9);
e. Revise paragraph (l)(1)(v);
f. Remove paragraph (1)(l)(vi) and redesignate paragraph (l)(1)(vii) as paragraph (l)(1)(vi);
g. Add new paragraphs (l)(1)(vii) and (l)(1)(viii).

The revisions and additions read as follows:

§ 278.1 Approval of retail food stores and wholesale food concerns.

* * * * *

(k) * * *

(7) The firm has failed to pay any civil penalties assessed under § 278.6(e)(1) or (e)(6); pay a transfer of ownership or hardship civil money penalty assessed under § 278.6(g); pay any fines assessed under § 278.6(m) or § 278.6(l); or pay in full any fiscal claim assessed against the firm under § 278.7.

(8) The firm has failed to adhere to the equal treatment provisions as specified in § 278.2(b).

(9) The firm utilizes any access device that fails to comply with § 274.8(b)(6) and (b)(7) or fails to provide unique terminal identification to the EBT system.

* * * * *

(l) * * *

(1) * * *

(v) The firm has failed to pay any civil penalties assessed under § 278.6(e)(1) or (e)(6); pay a transfer of ownership or hardship civil money penalty assessed under § 278.6(g); pay any fines assessed under § 278.6(m) or § 278.6(l); or pay in full any fiscal claim assessed against the firm under § 278.7; or

(vi) The firm is required under State and/or local law to charge tax on eligible food purchased with benefits or to sequence or allocate purchases of eligible foods made with benefits and cash in a manner inconsistent with § 272.1 of these regulations.

(vii) The firm has failed to adhere to the equal treatment provisions as specified in § 278.2(b).

(viii) The firm utilizes any access device that fails to comply with § 274.8(b)(6) and (7) or fails to provide unique terminal identification to the EBT system.

* * * * *

3. In § 278.2, remove paragraphs (c) and (d) and redesignate paragraphs (e) through (l) as paragraphs (c) through (j), respectively.

4. Remove § 278.2(e)(2).

5. Remove and reserve §§ 278.3 and 278.4.

6. In § 278.6:

a. Amend the section heading by adding the words ''civil penalties'' and removing the words ''in lieu of disqualifications'';

b. Revise the heading of paragraph (a);

c. Revise the first sentence of paragraph (a);

d. Amend paragraph (b)(1) by removing the words ''disqualification or imposition of a civil money penalty'' wherever they appear and add in its place the words ''disqualification or imposition of a civil penalty or civil money penalty'' and by removing the words ''The firm shall make its response, if any, to the officer in charge of the FNS field office which has responsibility for the project area in which the firm is located'' in the seventh sentence and adding in its place the words ''The firm shall make its response to FNS.''

e. Revise the first sentence of paragraph (b)(2)(i);

f. Revise the first and second sentences of paragraph (c);

g. Amend paragraph (d) by removing the word ''regional'' in the first sentence;

h. Revise paragraph (e)(1);

i. Redesignate paragraph (e)(4)(ii) as paragraph (e)(4)(iii) and add a new paragraph (e)(4)(ii);

j. Amend paragraph (e)(5) by removing the period adding the words ''and FNS had previously advised the firm of the possibility that violations were occurring and of the possible consequences of violating regulations'' at the end of the paragraph;

k. Redesignate paragraph (e)(6) to (e)(8) as paragraphs (e)(7) to (e)(9) and add a new paragraph (e)(6);

l. Revise paragraphs (g) and (h);

m. Revise the introductory text of paragraph (i);

n. Revise paragraphs (j) and (l);

The revisions and additions read as follows:

§ 278.6 Disqualification of retail food stores and wholesale food concerns, and imposition of civil penalties and civil money penalties.

(a) *Authority to disqualify and subject to a civil penalty and civil money penalty.* FNS may assess a civil penalty and civil money penalty against and disqualify any authorized retail food store or wholesale food concern from further participation. For the purposes of this part, civil money penalty refers to a civil penalty issued for hardship, transfer of ownership, or trafficking in lieu of disqualification. * * *

* * * * *

(b) * * *

(2) * * *

(i) The charge letter shall advise a firm being considered for permanent disqualification based on evidence of trafficking as defined in § 271.2 that the firm must notify FNS if the firm desires FNS to consider the sanction of a trafficking civil money penalty in lieu of permanent disqualification and that if granted, the trafficking civil money penalty in lieu of permanent disqualification is in addition to any other civil penalties assessed under § 278.6(e). * * *

* * * * *

(c) *Review of evidence.* The letter of charges, the response, and any other information available to FNS shall be reviewed and considered by the appropriate FNS office, which shall then issue the determination. In the case of a firm subject to permanent disqualification and civil penalty under paragraph (e)(1) of this section, the determination shall inform such a firm that action to permanently disqualify the firm shall be effective immediately upon the date of receipt of the notice of determination from FNS, regardless of whether a request for review is filed in accordance with part 279 of this chapter; however, any civil penalties shall be held in abeyance pending the outcome of administrative or judicial review. * * *

* * * * *

(e) *Penalties.* FNS shall take action as follows against any firm determined to have violated the Act or regulations. For the purposes of assigning a period of disqualification, a warning letter shall not be considered to be a sanction. A civil money penalty, a civil penalty, and a disqualification shall be considered sanctions for such purposes. FNS shall:

(1) Disqualify a firm permanently and assess a civil penalty in accordance with § 278.6(g) if personnel of the firm have trafficked as defined in § 271.2; or only disqualify a firm permanently if:

(i) Violations such as, but not limited to, the sale of ineligible items occurred and the firm had twice before been sanctioned.

(ii) It is determined that personnel of the firm knowingly submitted information on the application that contains false information of a substantive nature that could affect the eligibility of the firm for authorization in the program, such as, but not limited to, information related to:

(A) Eligibility requirements under § 278.1(b), (c), (d), (e), (f), (g) and (h);

(B) Staple food stock;

(C) Annual gross sales for firms seeking to qualify for authorization under Criterion B as specified in the Food Stamp Act of 1977, as amended;

(D) Annual staple food sales;

(E) Total annual gross retail food sales for firms seeking authorization as co-located wholesale/retail firms;

(F) Ownership of the firm;

(G) Employer Identification Numbers and Social Security Numbers;

(H) Food Stamp Program history, business practices, business ethics, WIC disqualification or authorization status, when the store did (or will) open for business under the current ownership, business, health or other licenses, and whether or not the firm is a retail and wholesale firm operating at the same location; or

(I) Any other information of a substantive nature that could affect the eligibility of a firm. * * *

(4) * * *

(ii) It is to be the second sanction for the firm and evidence shows that personnel of the firm have committed violations, such as the sale of common nonfood items in amounts normally found in a shopping basket; or

* * * * *

(6) Impose a civil penalty if it is to be the first sanction for the firm and evidence shows that personnel of the firm have committed violations such as but not limited to the sale of common nonfood items due to carelessness or poor supervision by the firm's ownership or management and FNS had not previously advised the firm of the possibility that violations were occurring and of the possible consequences of violating regulations. The civil penalty shall be $1,000 for each violation and must be paid in full within 30 days of the individual's or legal entity's receipt of FNS' notification to pay the penalty. FNS may withdraw the authorization of any firm that has failed to pay the civil penalty in full within 30 days, as specified under § 278.1(l).

* * * * *

(g) *Amount of trafficking civil penalties and civil money penalties for hardship and transfer of ownership.* FNS shall determine the amount of the trafficking civil penalty and hardship and transfer of ownership civil money penalty as follows:

(1) Determine the firm's average monthly redemptions of benefits for the 12-month period ending with the month immediately preceding the month during which the firm was charged with violations.

(2) Multiply the average monthly redemption figure by 10 percent.

(3) Multiply the product by arrived at in paragraph (g)(2) by the number of months for which the firm would have been disqualified under paragraph (e) of this section. Firms disqualified permanently for trafficking shall multiply the product arrived at in paragraph (g)(2) by 120 when determining the amount of a trafficking civil penalty. Firms disqualified permanently for trafficking shall multiply the product arrived at in paragraph (g)(2) by 240, to reflect double the penalty for a ten year disqualification, when determining a transfer of ownership civil money penalty in accordance with § 278.6(f). The penalty may not exceed an amount specified in § 3.91(b)(3)(i) of this title for each violation.

(h) *Notifying the firm of trafficking civil penalties and civil money penalties for hardship and transfer of ownership.* A firm has 15 days from the date that FNS notifies the firm in writing in which to pay the penalty, or to notify FNS in writing of its intent to pay in installments as specified by the Agency. For hardship civil money penalties, FNS shall:

(1) Require the firm to present to FNS a collateral bond as specified in § 278.1(b)(4), within 30 days, and the civil money penalty must be paid in full by the end of the period for which the firm would have been disqualified;

(2) Disqualify the firm for the period determined to be appropriate under paragraph (e) of this section if the firm refuses to pay any of the civil money penalty;

(3) Disqualify the firm for a period corresponding to the unpaid part of the civil money penalty if the firm does not pay the civil money penalty in full or in installments as specified by FNS; or

(4) Disqualify the firm for the prescribed period if the firm does not present a collateral bond or irrevocable letter of credit within the required 30 days. Any payment on the hardship civil money penalty which has been received by FNS shall be returned to the firm. If the firm presents the required bond or irrevocable letter of credit during the disqualification period, the civil money penalty may be reinstated for the duration of the disqualification period.

(i) *Criteria for eligibility for a civil money penalty in lieu of permanent disqualification for trafficking.* FNS may impose a civil money penalty in lieu of a permanent disqualification for trafficking as defined in § 271.2 if the firm timely submits to FNS substantial evidence which demonstrates that the firm had established and implemented an effective compliance policy and program to prevent violations of the Program. A civil money penalty is in lieu of the permanent disqualification does not replace, but is in addition to, the trafficking civil penalty described in § 278.6(e)(1). Firms assessed a civil money penalty under this paragraph shall be subject to the applicable penalties included in § 278.6(e)(2) through (e)(7) for the sale of ineligible items. In determining the minimum standards of eligibility of a firm for a civil money penalty in lieu of a permanent disqualification for trafficking, the firm shall, at a minimum, establish by substantial evidence its fulfillment of each of the following criteria:

Criterion 1. The firm shall have developed an effective compliance policy as specified in § 278.6(i)(1); and

Criterion 2. The firm had developed and instituted an effective personnel training program as specified in § 278.6(i)(2) and that both its compliance policy and program were in operation at the location where the violation(s) occurred prior to the occurrence of violations cited in the charge letter sent to the firm; and

Criterion 3. The firm's ownership was not aware of, did not approve, did not benefit from, or was not in any way involved in the conduct or approval of the trafficking violations; and

Criterion 4. It is the first occasion of any trafficking violations at the firm, regardless of whether the firm's management was aware of, approved of, benefited from, or was in any way involved in the conduct or approval of the trafficking violations. Upon the second occasion of trafficking, regardless of whether the violations were committed by firm management or employees, a firm shall not be eligible for a civil money penalty in lieu of permanent disqualification. Notwithstanding the above provision, if trafficking violations consisted of the sale of firearms, ammunition, explosives, or controlled substances, as defined in 21 U.S.C. 802, and such trafficking was conducted by ownership or management of the firm, the firm shall not be eligible for a civil money penalty in lieu of permanent disqualification. For purposes of this section, a person is considered to be part of firm management if that individual has substantial supervisory responsibilities with regard to directing the activities and work assignments of store employees. Such supervisory responsibilities shall include the authority to hire employees for the store or to terminate the employment of individuals working for the store.

* * * * *

(j) *Amount of civil money penalty in lieu of permanent disqualification for trafficking.* A civil money penalty assessed in accordance with § 278.6(i) shall not exceed the amount specified in § 3.91(b)(3)(ii) of this title for each violation and shall not exceed the

amount specified in § 3.91(b)(3)(ii) of this title for all violations occurring during a single investigation. FNS shall determine the amount of the civil money penalty as follows:

(1) Determine the firm's average monthly redemptions for the 12-month period ending with the month immediately preceding the month during which the firm was charged with violations;

(2) Multiply the average monthly redemption figure by 10 percent;

(3) Multiply the product by 120, in accordance with § 278.6(f), to reflect double the penalty for a ten year disqualification;

(4) If a second trafficking offense is committed by the firm, the firm shall not be eligible for a civil money penalty in lieu of permanent disqualification.

* * * * *

(l) *Fines for acceptance of benefits without an EBT Card being present.* FNS may impose a fine against any retail food store or wholesale food concern that accepts benefits that are not accompanied by an EBT card being present and with the intent of conducting a transaction without a recipient's knowledge or consent. The fine to be assessed against a firm found to be accepting benefits without an EBT card being present shall be $1,000 per investigation plus an amount equal to double the value of each transaction that occurred without an EBT card being present, and may be assessed in addition to any fiscal claim or civil penalty established by FNS under § 278.6(e)(1) through (e)(6), § 278.6(g), or § 278.6(j). The fine shall be paid in full within 30 days of receipt of FNS' notification to pay the fine. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against the store or concern to collect the fine. FNS may withdraw the authorization of the store, as well as other authorized locations of a multi-unit firm which are under the same ownership, for failure to pay such a fine as specified under § 278.6(l).

7. In § 278.7, remove paragraphs (d) through (g);

8. Remove § 278.8 and redesignate § 278.9 as § 278.8;

9. In the newly redesignated § 278.8, remove paragraph (a) and redesignate paragraphs (b) through (m) as (a) through (l), respectively;

10. Remove § 278.10.

PART 279—ADMINISTRATIVE AND JUDICIAL REVIEW—FOOD RETAILERS AND FOOD WHOLESALERS

11. In § 279.1:

a. Paragraph (a)(2), remove the reference to ''§ 278.6(e)(8)'' and add in its place the reference ''§ 278.6(e)(9)'';

b. Revise paragraph (a)(4) to read as follows:

§ 279.1 Jurisdiction and authority.

* * * * *

(a) * * *

(4) Denial of all or part of any claim asserted by a firm against FNS under § 278.7(c) of this chapter;

* * * * *

12. In § 279.2, revise paragraph (a) to read as follows:

§ 279.2 Manner of filing requests for review.

(a) *Submitting requests for review.* Requests for review submitted by firms shall be mailed to or filed with the Branch Chief, Administrative Review Branch, U.S. Department of Agriculture, Food and Nutrition Service, 3101 Park Center Drive, Alexandria, Virginia 22302.

* * * * *

13. In § 279.6, revise paragraph (a) to read as follows:

§ 279.6 Legal advice and extensions of time.

(a) Advice from the Office of the General Counsel. If any request for review involves any doubtful questions of law, FNS shall obtain the advice of the Department's Office of the General Counsel.

* * * * *

14. In § 279.7, remove the reference to ''§ 278.6(e)(8)'' and add in its place the reference ''§ 278.6(e)(9)''

Dated: July 10, 2012.

Kevin W. Concannon,

Under Secretary, Food, Nutrition, and Consumer Services.

[FR Doc. 2012–19773 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–30–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2012–0808; Directorate Identifier 2010–NM–170–AD]

RIN 2120–AA64

Airworthiness Directives; Airbus Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for Airbus Model A330–200 and A330–300 series airplanes, and Model A340–200 and A340–300 series airplanes. This proposed AD was prompted by reports of an elevator blocked in the down position due to two independent failures; first, the inability of a servo control to switch to active mode because it was not detected by a flight control computer, and second, an internal hydraulic leak due to the deterioration of an O-ring seal on a solenoid. This proposed AD would require, depending on airplane configuration, modifying three flight control primary computers (FCPCs); modifying two flight control secondary computers (FCSCs); revising the airplane flight manual (AFM) to include certain information; replacing certain O-rings; and checking part number, and replacing certain O-ring seals if needed. We are proposing this AD to detect and correct O-rings with incorrect part number whose deterioration could lead to improper sealing of solenoid valves, and to correct FCPC and FCSC software to allow better control of elevator positioning; both conditions, if not corrected, could lead to the loss of elevator control on takeoff, and potentially reduce the controllability of the airplane.

DATES: We must receive comments on this proposed AD by September 28, 2012.

ADDRESSES: You may send comments by any of the following methods:

- *Federal eRulemaking Portal:* Go to *http://www.regulations.gov.* Follow the instructions for submitting comments.
- *Fax:* (202) 493–2251.
- *Mail:* U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590.
- *Hand Delivery:* U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For service information identified in this proposed AD, contact Airbus SAS—Airworthiness Office—EAL, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 45 80; email *airworthiness.A330–A340@airbus.com;* Internet *http://www.airbus.com.* You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* or in person at the Docket Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this proposed AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone (800) 647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Vladimir Ulyanov, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, Washington 98057–3356; phone: (425) 227–1138; fax: (425) 227–1149; email: *Vladimir.Ulyanov@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposed AD. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2012–0808; Directorate Identifier 2010–NM–170–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD based on those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

Discussion

The European Aviation Safety Agency (EASA), which is the Technical Agent for the Member States of the European Community, has issued EASA Airworthiness Directive 2010–0081, dated April 27, 2010 (referred to after this as ''the MCAI''), to correct an unsafe condition for the specified products. The MCAI states:

This [EASA] AD deals with the two following points:

• Case of an elevator blocked in down position due to two independent failures one of which is hidden:

Each elevator is controlled by two servo controls. In normal operation:

—One servo control in active mode controlled by PRIM 1 (Green servo control),

—One servo control in damping mode (Yellow or Blue servo control) monitored by PRIM 2.

Change from active mode to damped mode is obtained by means of a mode selector which is controlled by two identical solenoid valves housed on the servo control. The sealing of each solenoid valve is ensured by four O-ring seals.

During pre-flight control checks, the flight crew of an A330–200 aeroplane observed that one of the elevators was blocked in down position, the ECAM screen displaying ''F/CTL PRIM 1 PITCH FAULT''.

This condition was due to two independent failures, one of which was dormant, which occurred on one of the elevators.

Investigations revealed that the origin of the elevator malfunction was due to the inability of the Yellow servo control to switch to active mode.

This inability:

—Was caused by an internal hydraulic leak due to the deterioration of an O-ring seal on a solenoid valve,

—Was not detected by the PRIM 2 computer nor announced to the flight crew.

• Incorrect Part Number (P/N) for solenoid valve O-ring seals in IPC [illustrated parts catalog]:

An incorrect O-ring seal P/N in IPC 27–34–51–1 could have led to the installation of O-ring seals incompatible with the hydraulic fluid, causing them to deteriorate.

These conditions if not detected could lead to the loss of elevator [control] on takeoff and, potentially reduce the controllability of the aeroplane.

The aim of EASA AD 2007–0009 was to:

—Take over the requirements of AD F–2004–158, and

—Require the terminating action for § (1), (2) and (4) of this AD by introducing new capped seals on solenoid valves for A330–200 only.

This new [EASA] AD * * * requires the embodiment of the latest software standard on the three Flight Control Primary Computers (FCPC) and on the two Flight Control Secondary Computers (FCSC) [by modifying the FCPCs and FCSCs] * * *.

The modification is accomplished either by replacing the FCPCs and FCSCs with new FCPCs and FCSCs, or by replacing or reprogramming the on-board replaceable modules in the FCPCs and FCSCs. Required actions also include, depending on airplane configuration, the following actions: revising the airplane flight manual (AFM) to include certain information; replacing certain O-rings; and checking part number, and replacing certain O-ring seals if needed. You may obtain further information by examining the MCAI in the AD docket.

Relevant Service Information

Airbus has issued the following service information:

• Airbus All Operators Telex (AOT) A330–27A3129, Revision 01, dated July 16, 2004.

• Airbus Mandatory Service Bulletin A330–27–3136, Revision 01, dated July 19, 2006.

• Airbus Mandatory Service Bulletin A330–27–3146, Revision 01, dated September 3, 2008.

• Airbus Mandatory Service Bulletin A330–27–3148, Revision 01, including Appendix 1, dated October 9, 2008.

• Airbus Mandatory Service Bulletin A330–27A3131, Revision 01, including Appendix 01, dated March 3, 2005.

• Airbus Mandatory Service Bulletin A340–27–4144, including Appendix 1, dated October 19, 2009.

• Airbus Mandatory Service Bulletin A340–27–4146, dated June 1, 2007.

• Airbus Mandatory Service Bulletin A340–27–4148, including Appendix 1, dated June 13, 2008.

• Airbus Mandatory Service Bulletin A340–27A4130, Revision 01, including Appendix 01, dated March 3, 2005.

• Airbus Service Bulletin A330–27–3134, Revision 01, dated May 12, 2006.

• Airbus Service Bulletin A330–27–3144, Revision 01, including Appendix 1, dated July 16, 2009.

• Airbus Service Bulletin A330–27–3145, dated December 16, 2008.

• Airbus Service Bulletin A340–27–4145, dated December 16, 2008.

• Airbus Temporary Revision TR4, Issue 1.0, ''TR 4.02.00/25 Issue 2—Undetected Elevator Control Loss in Case of Dual Failure,'' dated November 26, 2009, to the Airbus A330/A340 Airplane Flight Manual.

• Airbus Temporary Revision TR22, Issue 1.0, ''TR 4.02.00/40 Issue 2—Undetected Elevator Control Loss in Case of Dual Failure,'' dated November 26, 2009, to the Airbus A330/A340 Airplane Flight Manual.

The actions described in this service information are intended to correct the unsafe condition identified in the MCAI.

FAA's Determination and Requirements of This Proposed AD

This product has been approved by the aviation authority of another country, and is approved for operation in the United States. Pursuant to our bilateral agreement with the State of Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all pertinent information and determined an unsafe condition exists and is likely to exist or develop on other products of the same type design.

Differences Between This AD and the MCAI or Service Information

EASA AD 2010–0081, dated April 27, 2010, contains additional requirements to modify the four elevator servo controls installed on Model A330–200 series airplanes, as specified in Airbus Service Bulletin A330–27–3134. This AD does not contain those requirements because those actions are already mandated by FAA AD 2008–06–07, Amendment 39–15419 (73 FR 13103, March 12, 2008; as corrected on April 15, 2008 (73 FR 20367), and must be accomplished within 17 months after April 16, 2008 (the effective date of AD 2008–06–07, Amendment 39–15419). EASA AD 2010–0081, dated April 27, 2010, also contains additional requirements to amend the airplane flight manual to include the operational procedure specified in paragraph (n) of this proposed AD. This proposed AD does not include that requirement, because that information is already contained in the U.S. operators' AFMs.

Costs of Compliance

Based on the service information, we estimate that this proposed AD would affect about 41 products of U.S. registry. We also estimate that it would take about 5 work-hours per product to comply with the basic requirements of this proposed AD. The average labor rate is $85 per work-hour. Required parts would cost about $0 per product. Where the service information lists required parts costs that are covered under warranty, we have assumed that there will be no charge for these costs. As we do not control warranty coverage for affected parties, some parties may incur costs higher than estimated here. Based on these figures, we estimate the cost of the proposed AD on U.S. operators to be $17,425, or $425 per product.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. ''Subtitle VII: Aviation Programs,'' describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in ''Subtitle VII, Part A, Subpart III, Section 44701: General requirements.'' Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

We determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this proposed regulation:

1. Is not a ''significant regulatory action'' under Executive Order 12866;
2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);
3. Will not affect intrastate aviation in Alaska; and
4. Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a regulatory evaluation of the estimated costs to comply with this proposed AD and placed it in the AD docket.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

The Proposed Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA proposes to amend 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. The FAA amends § 39.13 by adding the following new AD:

Airbus: Docket No. FAA–2012–0808; Directorate Identifier 2010–NM–170–AD.

(a) Comments Due Date

We must receive comments by September 28, 2012.

(b) Affected ADs

None.

(c) Applicability

This AD applies to Airbus airplanes, certificated in any category, specified in paragraphs (c)(1) and (c)(2) of this AD.

(1) Model A330–201, –202, –203, –223, –243, –301, –302, –303, –321, –322, –323, –341, –342, and –343 airplanes, all manufacturer serial numbers (MSN).

(2) Model A340–211, –212, –213, –311, –312, and –313 airplanes, all MSN.

(d) Subject

Air Transport Association (ATA) of America Code 27: Flight controls.

(e) Reason

This AD was prompted by reports of an elevator blocked in the down position due to two independent failures; first, the inability of a servo control to switch to active mode because it was not detected by a flight control computer, and second, an internal hydraulic leak due to the deterioration of an O-ring seal on a solenoid. We are issuing this detect and correct O-rings with incorrect part number whose deterioration could lead to improper sealing of solenoid valves, and to correct FCPC and FCSC software to allow better control of elevator positioning; both conditions, if not corrected, could lead to the loss of elevator control on takeoff, and potentially reduce the controllability of the airplane.

(f) Compliance

You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

(g) Replace O-ring Seals For Elevator Servo Controls Installed in Damping Position on Model A330–200 Series Airplanes Only

For all Airbus Model A330–200 series airplanes, except those on which Airbus modifications 53969 and 54833 have been embodied in production: At the later of the times specified in paragraphs (g)(1) and (g)(2) of this AD, replace the O-ring seals installed on the two solenoid valves of each servo control using new O-ring seals, in accordance with Airbus All Operators Telex (AOT) A330–27A3129, Revision 01, dated July 16, 2004.

(1) Before the accumulation of 3,000 flight cycles by the servo control since first installation on an airplane, or 3,000 flight cycles since the installation of the solenoid valve on the servo control.

(2) Within 700 flight hours after the effective date of this AD.

(h) Replace O-ring Seals on Spare Elevator Servo Controls Whose O-ring Seals Were Not Replaced as Required by Paragraph (g) of This AD

For all Airbus Model A330–200 series airplanes, except those on which Airbus modifications 53969 and 54833 have been embodied in production: As of the effective date of this AD, before the installation of an elevator servo control on an Airbus Model A330–200 airplane, replace the O-ring seals installed on the two spare servo control solenoid valves using new O-ring seals, in accordance with Airbus AOT A330–27A3129, Revision 01, dated July 16, 2004.

(i) Replace O-ring Seals with Part Number (P/N) MS28775–XXX or a Part Number That Cannot Be Identified

For Model A330–200 series airplanes which have been modified as specified in Airbus AOT A330–27A3129, dated June 24, 2004, but which have not been modified as specified in Airbus AOT A330–27A3129, Revision 01, dated July 16, 2004; except those airplanes on which Airbus modifications 53969 and 54833 have been embodied in production: Within 15 days after the effective date of this AD, check the (P/N) of the seals installed on the solenoid valve of the servo control of the elevator in the damping position. If the seals installed have P/N MS28775–XXX or a part number that cannot be identified, before further flight, replace the seals with new seals using a part number listed in paragraph (i)(1), (i)(2), or (i)(3) of this AD, in accordance with Airbus AOT A330–27A3129, Revision 01, dated July 16, 2004.

(1) IPC 27–34–51–1 item 130: NAS1611–011 or NAS1611–011A;

(2) IPC 27–34–51–1 item 140: NAS1611–012 or NAS1611–012A; or

(3) IPC 27–34–51–1 item 150: NAS1611–013 or NAS1611–013A.

(j) Replace O-ring Seals on Model A330–200, A330–300, A340–200, and A340–300 Series Airplanes

For Model A330–200, A330–300, A340–200, and A340–300 series airplanes equipped with elevator servo controls P/N SC4800–2/–4/–7/–8 or SC4800–7/–8 modified into P/N SC4800–7A/–9, as specified in Airbus Service Bulletin A340–27–4083 or Airbus Service Bulletin A330–27–3076: Within 1,400 flight hours after the effective date of this AD, replace the O-ring seals installed on the two solenoid valves of each elevator servo control in damping position (except for Model A330–200 series airplanes which have to comply with paragraph (g) of this AD), and in active position, using a new O-ring seal P/N NAS1611–XXX or P/N NAS1611–XXXA, in accordance with the Accomplishment Instructions of Airbus Mandatory Service Bulletin A330–27A3131, Revision 01, excluding Appendix 01, dated March 3, 2005 (for Model A330 series airplanes); or Airbus Mandatory Service Bulletin A340–27A4130, Revision 01, excluding Appendix 01, dated March 3, 2005 (for Model A340 series airplanes).

(k) Replace O-ring Seals on Spare Elevator Servo Controls on Model A330–200, A330–300, A340–200, and A340–300 Series Airplanes

For the spare elevator servo controls P/N SC4800–2/–4/–7/–8 or SC4800–7/–8 modified into P/N SC4800–7A/–9, as specified in Airbus Service Bulletin A340–27–4083 or Airbus Service Bulletin A330–27–3076: Before the installation of a spare elevator servo control on an airplane, replace the O-ring seals installed on the two spare servo control solenoid valves using a new O-ring seal P/N NAS1611–XXX or P/N NAS1611–XXXA, in accordance with the Accomplishment Instructions of Airbus Mandatory Service Bulletin A330–27A3131, Revision 01, excluding Appendix 01, dated March 3, 2005 (for Model A330 series airplanes); or Airbus Mandatory Service Bulletin A340–27A4130, Revision 01, excluding Appendix 01, dated March 3, 2005 (for Model A340 series airplanes).

(l) Modify the Flight Control Primary Computers (FCPCs)

For all Airbus Model A330–200 and A330–300 series airplanes, except those on which both Airbus modifications 53468 and 55697 have been embodied in production; and for all Airbus Model A340–200 and A340–300 series airplanes, except those on which both modifications 55879 and 55697 have been embodied in production: Within 24 months after the effective date of this AD, modify the three FCPCs in accordance with the Accomplishment Instructions of the applicable service bulletin identified in paragraphs (l)(1) or (l)(2) of this AD.

(1) Airbus Service Bulletin A330–27–3144, Revision 01, excluding Appendix 1, dated July 16, 2009; or Airbus Mandatory Service Bulletin A330–27–3148, Revision 01, excluding Appendix 1, dated October 9, 2008 (for Model A330 series airplanes).

(2) Airbus Mandatory Service Bulletin A340–27–4144, excluding Appendix 1, dated October 19, 2009; or Airbus Mandatory Service Bulletin A340–27–4148, excluding Appendix 1, dated June 13, 2008 (for Model A340 series airplanes).

(m) Modify the Flight Control Secondary Computers (FCSCs)

For all Airbus Model A330–200 and A330–300 series airplanes, except those on which both Airbus modifications 53468 and 55697 have been embodied in production, and for all Airbus Model A340–200 and A340–300 series airplanes, except those on which both modifications 55879 and 55697 have been embodied in production: Within 24 months after the effective date of this AD, modify both FCSCs, in accordance with the Accomplishment Instructions of the applicable service bulletin identified in paragraphs (m)(1) or (m)(2) of this AD.

(1) Airbus Mandatory Service Bulletin A330–27–3146, Revision 01, dated September 3, 2008; or Airbus Service Bulletin A330–27–3145, dated December 16, 2008 (for Model A330 airplanes).

(2) Airbus Mandatory Service Bulletin A340–27–4146, June 1, 2007; or Airbus Service Bulletin A340–27–4145, dated December 16, 2008 (for Model A340 airplanes).

(n) Revise the Airplane Flight Manual

Before further flight, after doing the applicable actions required by both paragraphs (l) and (m) of this AD, remove the following procedure from the airplane flight manual, if inserted, in accordance with the instructions contained in Airbus Temporary Revision TR4, Issue 1.0, ''TR 4.02.00/25 Issue 2—Undetected Elevator Control Loss in Case of Dual Failure,'' dated November 26, 2009, to the Airbus A330/A340 Airplane Flight Manual; and Airbus Temporary Revision TR22, Issue 1.0, ''TR 4.02.00/40 Issue 2—Undetected Elevator Control Loss in Case of Dual Failure,'' dated November 26, 2009, to the Airbus A330/A340 Airplane Flight Manual.

Undetected Elevator Control Loss in Case of Dual Failure

On ground, before takeoff until takeoff power thrust setting, apply the following procedure.

- In the case of a F/CTL PRIM 1 FAULT, or F/CTL PRIM 1 PITCH FAULT: Turn off PRIM 1, then back on to perform a FCPC PRIM 1 reset.
- If successful: Perform the normal pre-flight Flight Control check.
- If unsuccessful: Return to the gate and require appropriate maintenance actions.
- In the case of a F/CTL ELEV SERVO FAULT: Return to the gate and require appropriate maintenance actions.

(o) Credit for Previous Actions

This paragraph provides credit for certain actions described in the following paragraphs.

(1) This paragraph provides credit for replacements of the O-ring seals, as required by paragraphs (j) and (k) of this AD, if those actions were performed before the effective date of this AD using Airbus Service Bulletin A330–27A3131, dated September 22, 2004 (for Model A330 airplanes); or Airbus Service Bulletin 340–27A4130, dated September 22, 2004 (for Model A340 airplanes).

(2) This paragraph provides credit for modifications of the FCPC, as required by paragraph (l) of this AD, if those actions were performed before the effective date of this AD using Airbus Service Bulletin A330–27–3144, dated April 2, 2009 (for Model A330 airplanes); or Airbus Service Bulletin A340–27–3148, dated July 17, 2008 (for Model A340 airplanes).

(3) This paragraph provides credit for modifications of the FCSCs, as required by paragraph (m) of this AD, if those actions were performed before the effective date of this AD using Airbus Mandatory Service Bulletin A330–27–3146, dated June 1, 2007 (for Model A330 airplanes).

(p) Terminating Action

Installation of modified servo-controls at all positions on Model A330–200 airplanes in accordance with the Accomplishment Instructions of Airbus Service Bulletin A330–27–3134, Revision 01, dated May 12, 2006; and Airbus Mandatory Service Bulletin A330–27–3136, Revision 01, dated July 19, 2006; terminates the actions required by paragraphs (g), (h), and (i) and of this AD.

(q) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the International Branch, send it to Attn: Vladimir Ulyanov, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, Washington 98057–

3356; telephone (425) 227–1138; fax (425) 227–1149. Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office. The AMOC approval letter must specifically reference this AD.

(2) *Airworthy Product:* For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(r) Related Information

(1) Refer to MCAI European Aviation Safety Agency (EASA) Airworthiness Directive 2010–0081, dated April 27, 2010, and the service information specified in paragraphs (r)(1)(i) through (r)(1)(xv) of this AD, for related information.

(i) Airbus AOT A330–27A3129, Revision 01, dated July 16, 2004.

(ii) Airbus Mandatory Service Bulletin A330–27–3136, Revision 01, dated July 19, 2006.

(iii) Airbus Mandatory Service Bulletin A330–27–3146, Revision 01, dated September 3, 2008.

(iv) Airbus Mandatory Service Bulletin A330–27–3148, Revision 01, excluding Appendix 1, dated October 9, 2008.

(v) Airbus Mandatory Service Bulletin A330–27A3131, Revision 01, excluding Appendix 01, dated March 3, 2005.

(vi) Airbus Mandatory Service Bulletin A340–27–4144, excluding Appendix 1, dated October 19, 2009.

(vii) Airbus Mandatory Service Bulletin A340–27–4146, dated June 1, 2007.

(viii) Airbus Mandatory Service Bulletin A340–27–4148, excluding Appendix 1, dated June 13, 2008.

(ix) Airbus Mandatory Service Bulletin A340–27A4130, Revision 01, excluding Appendix 01, dated March 3, 2005.

(x) Airbus Service Bulletin A330–27–3134, Revision 01, dated May 12, 2006.

(xi) Airbus Service Bulletin A330–27–3144, Revision 01, excluding Appendix 1, dated July 16, 2009.

(xii) Airbus Service Bulletin A330–27–3145, dated December 16, 2008.

(xiii) Airbus Service Bulletin A340–27–4145, dated December 16, 2008.

(xiv) Airbus Temporary Revision TR4, Issue 1.0, ''TR 4.02.00/25 Issue 2—Undetected Elevator Control Loss in Case of Dual Failure,'' dated November 26, 2009, to the Airbus A330/A340 Airplane Flight Manual.

(xv) Airbus Temporary Revision TR22, Issue 1.0, ''TR 4.02.00/40 Issue 2—Undetected Elevator Control Loss in Case of Dual Failure,'' dated November 26, 2009, to the Airbus A330/A340 Airplane Flight Manual.

(2) For service information identified in this AD, contact Airbus SAS—Airworthiness Office—EAL, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 45 80; email *airworthiness.A330-A340@airbus.com;* Internet *http://www.airbus.com.* You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

Issued in Renton, Washington, on August 3, 2012.

Ali Bahrami,

Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2012–19887 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2012–0143; Directorate Identifier 2011–NM–077–AD]

RIN 2120–AA64

Airworthiness Directives; Fokker Services B.V. Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Supplemental notice of proposed rulemaking (NPRM); reopening of comment period.

SUMMARY: We are revising an earlier proposed airworthiness directive (AD) for all Fokker Services B.V. Model F.28 Mark 0070 and 0100 airplanes. That NPRM proposed to supersede an existing AD that requires revising the airworthiness limitations section (ALS) of the instructions for continued airworthiness for certain airplanes, and the FAA-approved maintenance program for certain other airplanes, to incorporate new limitations. That NPRM was prompted by Fokker Services B.V. issuing a Fokker 70/100 maintenance review board (MRB) document with revised limitations, tasks, thresholds, and intervals. This action revises that NPRM by revising the maintenance program to incorporate the limitations, tasks, thresholds, and intervals specified in certain revised Fokker MRB documents. We are proposing this AD to reduce the potential of structural failures or of ignition sources inside fuel tanks, which, in combination with flammable fuel vapors, could result in fuel tank explosions and consequent loss of the airplane. Since these actions impose an additional burden over that proposed in the NPRM, we are reopening the comment period to allow the public the chance to comment on these proposed changes.

DATES: We must receive comments on this proposed AD by September 28, 2012.

ADDRESSES: You may send comments by any of the following methods:

- *Federal eRulemaking Portal:* Go to *http://www.regulations.gov.* Follow the instructions for submitting comments.
- *Fax:* (202) 493–2251.
- *Mail:* U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590.
- *Hand Delivery:* U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For service information identified in this proposed AD, contact Fokker Services B.V., Technical Services Dept., P.O. Box 1357, 2130 EL Hoofddorp, the Netherlands; telephone +31 (0)88–6280–350; fax +31 (0)88–6280–111; email *technicalservices@fokker.com;* Internet *http://www.myfokkerfleet.com.* You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* or in person at the Docket Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this proposed AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone (800) 647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Tom Rodriguez, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA 1601 Lind Avenue SW., Renton, Washington 98057–3356; telephone (425) 227–1137; fax (425) 227–1149.

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposed AD. Send your comments to an address listed under the **ADDRESSES** section. Include ''Docket No. FAA–2012–0143; Directorate Identifier 2011–NM–077–AD'' at the beginning of

your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD based on those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

Discussion

We proposed to amend 14 CFR part 39 with an earlier NPRM for the specified products, which was published in the **Federal Register** on February 21, 2012 (77 FR 9871). That earlier NPRM proposed to supersede AD 2004–15–08, Amendment 39–13742 (69 FR 44586, July 27, 2004), to require actions intended to address the unsafe condition for the products listed above.

Since that NPRM (77 FR 9871, February 21, 2012) was issued, Fokker Services B.V. has issued certain revised MRB documents with revised limitations, tasks, thresholds, and intervals. This supplemental NPRM would revise the maintenance program to incorporate the limitations, tasks, thresholds, and intervals specified in those Fokker MRB documents. Additionally, The European Aviation Safety Agency (EASA), which is the Technical Agent for the Member States of the European Community, has issued EASA Airworthiness Directive 2012–0049, dated March 27, 2012 (referred to after this as ''the MCAI''), to correct an unsafe condition for the specified products. The MCAI states:

Fokker Services published issue 3 of report SE–672 dated 3 January 2012 and issue 9 of report SE–473 dated 11 January 2012, both part of the Airworthiness Limitations Section (ALS) of the Instructions for Continued Airworthiness, referred to in Section 06, Appendix 1, of the Fokker 70/100 Maintenance Review Board (MRB) document. The complete ALS currently consists of:

—Certification Maintenance Requirements (CMRs)—report SE–473, issue 9
—Airworthiness Limitation Items (ALIs) and Safe Life Items (SLIs)—report SE–623, issue 8
—Fuel ALIs and Critical Design Configuration Control Limitations (CDCCLs)—report SE–672, issue 3

The instructions contained in those reports have been identified as mandatory actions for continued airworthiness.

For the reasons described above, this [EASA] AD retains the requirements of EASA AD 2011–0157, which is superseded, and requires the implementation of the inspections and limitations as specified in the ALS of the Instructions for Continued Airworthiness, referred to in Section 06, Appendix 1 of the Fokker 70/100 MRB document, reports SE–473, SE–623 and SE–672 at the above-mentioned issues.

We have determined that the actions identified in this supplemental NPRM are necessary to reduce the potential of structural failures or of ignition sources inside fuel tanks, which, in combination with flammable fuel vapors, could result in fuel tank explosions and consequent loss of the airplane. You may obtain further information by examining the MCAI in the AD docket.

Relevant Service Information

Fokker has issued the following documents:

- Fokker Report SE–473, ''Fokker 70/100 Certification Maintenance Requirements,'' Issue 9, released January 11, 2012.
- Fokker Report SE–623, ''Fokker 70/100 Airworthiness Limitation Items and Safe Life Items,'' Issue 8, released March 17, 2011.
- Fokker Report SE–672, ''Fokker 70/100 Fuel Airworthiness Limitation Items (ALI) and Critical Design Configuration Control Limitations (CDCCL),'' Issue 3, released January 4, 2012.

The actions described in this service information are intended to correct the unsafe condition identified in the MCAI.

Comments

We gave the public the opportunity to comment on the earlier NPRM (77 FR 9871, February 21, 2012). We received no comments on that NPRM or on the determination of the cost to the public.

Explanation of Changes Made to This Supplemental NPRM

We have revised certain headings throughout this supplemental NPRM. We have also re-identified Note 1 of the earlier NPRM (77 FR 9871, February 21, 2012) to paragraph (c)(2) of this supplemental NPRM, and changed Note 2 of the earlier NPRM to paragraph (h)(2) of this supplemental NPRM. These changes do not affect the intent of those paragraphs.

FAA's Determination and Requirements of This Proposed AD

This product has been approved by the aviation authority of another country, and is approved for operation in the United States. Pursuant to our bilateral agreement with the State of Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all pertinent information and determined an unsafe condition exists and is likely to exist or develop on other products of the same type design.

Certain changes described above expand the scope of the earlier NPRM (77 FR 9871, February 21, 2012). As a result, we have determined that it is necessary to reopen the comment period to provide additional opportunity for the public to comment on this proposed AD.

Costs of Compliance

Based on the service information, we estimate that this proposed AD would affect about 13 products of U.S. registry.

The actions that are required by AD 2004–15–08, Amendment 39–13742 (69 FR 44586, July 27, 2004), and retained in this proposed AD take about 1 work-hour per product, at an average labor rate of $85 per work hour. The actions that are required by AD 2008–06–20, Amendment 39–15432 (73 FR 14661, March 19, 2008), and retained in this proposed AD take about 1 work-hour per product, at an average labor rate of $85 per work hour. Based on these figures, the estimated cost of the currently required actions is $170 per product.

We estimate that it would take about 1 work-hour per product to comply with the new basic requirements of this proposed AD. The average labor rate is $85 per work-hour. Based on these figures, we estimate the cost of the proposed AD on U.S. operators to be $1,105, or $85 per product.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. ''Subtitle VII: Aviation Programs,'' describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in ''Subtitle VII, Part A, Subpart III, Section 44701: General requirements.'' Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

We determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify this proposed regulation:

1. Is not a ''significant regulatory action'' under Executive Order 12866;

2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);

3. Will not affect intrastate aviation in Alaska; and

4. Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a regulatory evaluation of the estimated costs to comply with this proposed AD and placed it in the AD docket.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

The Proposed Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA proposes to amend 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. The FAA amends § 39.13 by removing airworthiness directive (AD) 2004–15–08, Amendment 39–13742 (69 FR 44586, July 27, 2004), and adding the following new AD:

Fokker Services B.V.: Docket No. FAA–2012–0143; Directorate Identifier 2011–NM–077–AD.

(a) Comments Due Date

We must receive comments by September 28, 2012.

(b) Affected ADs

This AD supersedes AD 2004–15–08, Amendment 39–13742 (69 FR 44586, July 27, 2004). This AD also affects AD 2008–06–20, Amendment 39–15432 (73 FR 14661, March 19, 2008).

(c) Applicability

(1) This AD applies to Fokker Services B.V. Model F.28 Mark 0070 and 0100 airplanes, certificated in any category, all serial numbers.

(2) This AD requires revisions to certain operator maintenance documents to include new actions (e.g., inspections) and/or Critical Design Configuration Control Limitations (CDCCLs). Compliance with these actions and/or CDCCLs is required by 14 CFR 91.403(c). For airplanes that have been previously modified, altered, or repaired in the areas addressed by this AD, the operator may not be able to accomplish the actions described in the revisions. In this situation, to comply with 14 CFR 91.403(c), the operator must request approval for an alternative method of compliance according to paragraph (n) of this AD. The request should include a description of changes to the required actions that will ensure the continued operational safety of the airplane.

(d) Subject

Air Transport Association (ATA) of America Code 28, Fuel.

(e) Reason

This AD was prompted by a revised Fokker 70/100 maintenance review board (MRB) document with revised limitations, tasks, thresholds, and intervals. We are issuing this AD to reduce the potential of structural failures or of ignition sources inside fuel tanks, which, in combination with flammable fuel vapors, could result in fuel tank explosions and consequent loss of the airplane.

(f) Compliance

You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

(g) Retained Airworthiness Limitations Revision

This paragraph restates the requirements of paragraph (c) of AD 2004–15–08, Amendment 39–13742 (69 FR 44586, July 27, 2004). Within 6 months after August 31, 2004 (the effective date of AD 2004–15–08), revise the Airworthiness Limitations section (ALS) of the Instructions for Continued Airworthiness by incorporating Fokker Services B.V. Report SE–623, ''Fokker 70/100 Airworthiness Limitations Items and Safe Life Items,'' Issue 2, dated September 1, 2001; and Fokker Services B.V. Report SE–473, ''Fokker 70/100 Certification Maintenance Requirements,'' Issue 5, dated July 16, 2001; into Section 6 of the Fokker 70/100 MRB document. (These reports are already incorporated into Fokker 70/100 MRB document, Revision 10, dated October 1, 2001.) Once the actions required by this paragraph have been accomplished, the original issue of Fokker Services B.V. Report SE–623, ''Fokker 70/100 Airworthiness Limitations Items and Safe Life Items,'' dated June 1, 2000, may be removed from the ALS of the Instructions for Continued Airworthiness. Doing the actions specified in paragraph (i) of this AD terminates the requirements of paragraph (g) of this AD.

(h) Retained Requirement for No Alternative Inspections or Intervals

This paragraph restates the requirements of paragraph (e) of AD 2004–15–08, Amendment 39–13742 (69 FR 44586, July 27, 2004).

(1) After the actions required by paragraph (g) of this AD have been accomplished, no alternative inspections or inspection intervals may be approved for the structural elements specified in the documents identified in paragraph (g) of this AD, except as required by paragraph (k) of this AD.

(2) Notwithstanding any other maintenance or operational requirements, components that have been identified as airworthy or installed on the affected airplanes before the revision of the ALS for certain airplanes, and the maintenance program for certain other airplanes, as required by paragraph (i) of this AD, do not need to be reworked in accordance with the CDCCLs. However, once the ALS for certain airplanes, and the maintenance program for certain other airplanes, has been revised, future maintenance actions on these components must be done in accordance with the CDCCLs.

(i) New Maintenance Program Revision

Within 3 months after the effective date of this AD, revise the maintenance program to incorporate the airworthiness limitations specified in the Fokker MRB documents identified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD. For all tasks and retirement lives identified in the Fokker MRB documents identified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD, the initial compliance times start from the later of the times specified in paragraphs (i)(1) and (i)(2) of this AD, and the repetitive inspections must be accomplished thereafter at the applicable interval specified in the Fokker MRB documents identified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD.

(1) Within 3 months after the effective date of this AD.

(2) At the time specified in the documents identified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD.

(3) Fokker Report SE–473, ''Fokker 70/100 Certification Maintenance Requirements,'' Issue 9, released January 11, 2012.

(4) Fokker Report SE–623, ''Fokker 70/100 Airworthiness Limitation Items and Safe Life Items,'' Issue 8, released March 17, 2011.

(5) Fokker Report SE–672, ''Fokker 70/100 Fuel Airworthiness Limitation Items (ALI) and Critical Design Configuration Control Limitations (CDCCL),'' Issue 3, released January 4, 2012.

(j) New Corrective Actions

If any discrepancy (as defined in the documents specified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD) is found during accomplishment of any task specified in the documents specified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD: Within the applicable compliance time specified in the applicable documents specified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD, accomplish the corrective actions in accordance with the approved maintenance documentation. If no compliance time is

identified in the applicable documents specified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD, accomplish the applicable corrective actions before further flight. If any discrepancy is found and there is no corrective action specified in the applicable documents specified in paragraphs (i)(3), (i)(4), and (i)(5) of this AD: Before further flight contact the Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA, or the European Aviation Safety Agency (EASA) (or its delegated agent), for approved corrective actions, and accomplish those actions before further flight.

(k) No Alternative Actions, Intervals, and/or CDCCLs

After accomplishing the revision required by paragraph (i) of this AD, no alternative actions (e.g., inspections), intervals, or CDCCLs may be used unless the actions, intervals, or CDCCLs are approved as an alternative method of compliance (AMOC) in accordance with the procedures specified in paragraph (n)(1) of this AD.

(l) Terminating Action

Accomplishing the actions specified in paragraph (i) of this AD terminates the requirements of paragraph (g) of this AD.

(m) Method of Compliance With AD 2008–06–20, Amendment 39–15432 (73 FR 14661, March 19, 2008)

Accomplishing the actions specified in paragraph (i) of this AD terminates the requirements of paragraphs (f)(1) through (f)(5) of AD 2008–06–20, Amendment 39–15432 (73 FR 14661, March 19, 2008).

(n) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the International Branch, send it to Attn: Tom Rodriguez, Aerospace Engineer, International Branch, ANM–116, Transport Airplane Directorate, FAA 1601 Lind Avenue SW., Renton, Washington 98057–3356; telephone (425) 227–1137; fax (425) 227–1149. Information may be emailed to: *9-ANM-116-AMOC-REQUESTS@faa.gov*. Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office. The AMOC approval letter must specifically reference this AD.

(2) *Airworthy Product:* For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(o) Related Information

(1) Refer to MCAI EASA Airworthiness Directive 2012–0049, dated March 27, 2012, and the service information specified in paragraphs (o)(1)(i), (o)(1)(ii), and (o)(1)(iii)2q of this AD, for related information.

(i) Fokker Report SE–473, ''Fokker 70/100 Certification Maintenance Requirements,'' Issue 9, released January 11, 2012.

(ii) Fokker Report SE–623, ''Fokker 70/100 Airworthiness Limitation Items and Safe Life Items,'' Issue 8, released March 17, 2011.

(iii) Fokker Report SE–672, ''Fokker 70/100 Fuel Airworthiness Limitation Items (ALI) and Critical Design Configuration Control Limitations (CDCCL),'' Issue 3, released January 4, 2012.

(2) For service information identified in this AD, contact Fokker Services B.V., Technical Services Dept., P.O. Box 1357, 2130 EL Hoofddorp, the Netherlands; telephone +31 (0)88–6280–350; fax +31 (0)88–6280–111; email *technicalservices@fokker.com;* Internet *http://www.myfokkerfleet.com*. You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

Issued in Renton, Washington, on August 3, 2012.

Ali Bahrami,

Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2012–19888 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA–2012–0661; Airspace Docket No. 09–AWA–4]

RIN 2120–AA66

Proposed Amendment to Class B Airspace; Detroit, MI

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This action proposes to modify the Detroit, MI, Class B airspace area to contain aircraft conducting published instrument procedures at Detroit Metropolitan Wayne County Airport (DTW), Detroit, MI, within Class B airspace. The FAA is taking this action to support all three existing Simultaneous Instrument Landing System (SILS) configurations today, runways 22/21, runways 4/3 and runways 27L/27R, as well as support aircraft containment for triple SILS operations planned for the very near future for runways 4L/4R/3R and runways 21L/22L/22R. This action would enhance safety, improve the flow of air traffic, and reduce the potential for midair collisions in the DTW terminal area, while accommodating the concerns of airspace users. Further, this effort supports the FAA's national airspace redesign goal of optimizing terminal and enroute airspace areas to reduce aircraft delays and improve system capacity.

DATES: Comments must be received on or before October 15, 2012.

ADDRESSES: Send comments on this proposal to the U.S. Department of Transportation, Docket Operations, M–30, 1200 New Jersey Avenue SE., West Building Ground Floor, Room W12–140, Washington, DC 20590–0001; telephone: (202) 366–9826. You must identify FAA Docket No. FAA–2012–0661 and Airspace Docket No. 09–AWA–4 at the beginning of your comments. You may also submit comments through the Internet at *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Colby Abbott, Airspace, Regulations and ATC Procedures, Office of Airspace Services, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591; telephone: (202) 267–8783.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal.

Communications should identify both docket numbers (FAA Docket No. FAA–2012–0661 and Airspace Docket No. 09–AWA–4) and be submitted in triplicate to the Docket Management Facility (see ''**ADDRESSES**'' section for address and phone number). You may also submit comments through the Internet at *http://www.regulations.gov.*

Commenters wishing the FAA to acknowledge receipt of their comments on this action must submit with those comments a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket Nos. FAA–2012–0661 and Airspace Docket No. 09–AWA–4.'' The

postcard will be date/time stamped and returned to the commenter.

All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this action may be changed in light of comments received. All comments submitted will be available for examination in the public docket both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRMs

An electronic copy of this document may be downloaded through the Internet at *http://www.regulations.gov.* Recently published rulemaking documents can also be accessed through the FAA's Web page at *http://www.faa.gov/regulations_policies/rulemaking/recently_published/.*

You may review the public docket containing the proposal, any comments received and any final disposition in person in the Dockets Office (see ''**ADDRESSES**'' section for address and phone number) between 9:00 a.m. and 5.00 p.m., Monday through Friday, except Federal holidays. An informal docket may also be examined during normal business hours at the office of the Central Service Center, Operations Support Group, Federal Aviation Administration, 2601 Meacham Blvd. Fort Worth, TX 76137.

Persons interested in being placed on a mailing list for future NPRMs should contact the FAA's Office of Rulemaking, (202) 267–9677, for a copy of Advisory Circular No. 11–2A, Notice of Proposed Rulemaking Distribution System, which describes the application procedure.

Background

In 1974, the FAA issued a final rule which established the Detroit, MI (Metropolitan Wayne County Airport), Terminal Control Area (TCA) (39 FR 11085). The Detroit TCA airspace, renamed Class B airspace in 1993, has been altered three times since being established. The first modification was in 1975 (40 FR 12253) to redefine certain lateral boundaries and floor altitudes in the vicinity of the Detroit River. The second modification was in 1985 (50 FR 37994) to redefine lateral boundaries for containing aircraft conducting SILS approaches as a result of the addition of Runway 3R/21L. And the last modification was accomplished in 1987 (52 FR 4893) to redefine lateral boundaries for containing aircraft conducting instrument approaches to Runway 21R and two instrument approaches to Runway 27. There have been no airspace modifications to the Detroit Class B airspace since 1987.

As a result of the Airspace Reclassification final rule (56 FR 65638), which became effective in 1993, the terms ''terminal control area'' and ''airport radar service area'' were replaced by ''Class B airspace area,'' and ''Class C airspace area,'' respectively. The primary purpose of a Class B airspace area is to reduce the potential for midair collisions in the airspace surrounding airports with high density air traffic operations by providing an area in which all aircraft are subject to certain operating rules and equipment requirements. FAA directives require Class B airspace areas be designed to contain all instrument procedures, and that air traffic controllers vector aircraft as appropriate to remain within Class B airspace after entry.

In 1985, the Detroit TCA airspace was modified to accommodate SILS procedures as the primary instrument approach configuration to meet demand at that time. These procedures today require that the aircraft be established on final approach course no less than 17 miles from the runway. This forces the traffic pattern out of the lateral limits of the Class B airspace to the northeast, when landing runways 22/21, and to the southwest, when landing runways 4/3, by a minimum of five miles in both directions.

In 1987, the last modification to the Detroit TCA airspace was accomplished to contain aircraft flying instrument approaches to runway 21R and runway 27. In 1993, runway 27L opened at DTW allowing SILS approaches to be flown when on a west flow. The associated traffic patterns for the SILS approaches once again extended 5 to 10 miles beyond the lateral limits of today's Class B airspace design. In 2001, runway 22R was opened at DTW with no modification to the Class B airspace for containing aircraft flying the new final approach courses extending beyond the Class B airspace boundary to the west. As a result of opening runway 22R and creating a third parallel Instrument Landing System (ILS) approach, the associated SILS procedures required aircraft to be established on final approach course between 19 and 21 miles from the runways. The new runway procedures caused the associated traffic patterns to be extended further as well.

Since the Detroit Class B airspace area was last modified in 1987, DTW has experienced increased traffic levels, expanding operational requirements, a considerably different fleet mix, and airport infrastructure improvements enabling simultaneous instrument approach procedures to multiple parallel runway combinations. For calendar year 2010, DTW ranked number 12 in the list of the ''50 Busiest FAA Airport Traffic Control Towers,'' with 453,000 operations (an increase of 20,000 from the previous year), and number 18 in the list of the ''50 Busiest Radar Approach Control Facilities,'' with 590,000 instrument operations (an increase of 30,000 from the previous year). Additionally, the calendar year 2010 passenger enplanement data ranked DTW as number A14 among Commercial Service Airports, with A14,643,890 passenger enplanements (an increase of 2.84% from the previous year).

The FAA has determined that it is not possible to modify current procedures to contain arrival aircraft conducting simultaneous instrument approaches to the existing parallel runways within the Detroit Class B airspace area. As the capacity increases, the number of aircraft exiting the Class B airspace also increases. With the current Class B airspace configuration, arriving aircraft routinely enter, exit, and then reenter Class B airspace while flying published instrument approach procedures, contrary to FAA directives. The procedural requirements for establishing aircraft on the final approach course to conduct simultaneous approaches to the existing parallel runways has resulted in aircraft exceeding the lateral boundaries of the Class B airspace by up to 5 to 10 miles during moderate levels of air traffic. Modeling of existing and projected traffic flows has shown that the proposed expanded Class B airspace would enhance flight safety by containing all instrument approach procedures and associated traffic patterns within the boundaries of the Class B airspace, support increased operations to the current and planned parallel runways, and better segregate the IFR aircraft arriving/departing DTW and the VFR aircraft operating in the vicinity of the Detroit Class B airspace. The proposed Class B airspace modifications described in this NPRM are intended to address these issues.

Pre-NPRM Public Input

In 2009, the FAA took action to form an Ad hoc Committee to provide recommendations for the FAA to consider in designing a proposed modification to the Detroit Class B airspace area. The Michigan Department of Transportation Aviation Programs Office chaired the group with participants including representatives from Eastern Michigan University,

Monroe Aviation, University of Michigan Flyers, Wayne County Airport Authority, U.S. Coast Guard Air Station Detroit, OAM CBP Detroit, Plymouth Mettetal Airport, Dearborn Flying Club, Civil Air Patrol, 127th Wing Selfridge ANGB, Dawn Patrol Flying Club—Mettetal Airport, Aircraft Owners and Pilots Association (AOPA), Michigan Business Aircraft Association, Skydive Tecumseh, Adrian Soaring Club, and Kalitta Charters. The Airlines Pilots Association (ALPA) was inadvertently left off the invitation, but was able to provide input later. Three Ad hoc Committee meetings were held on November 12, 2009; December 10, 2009; and February 19, 2010. Although the Ad hoc Committee did not reach consensus on any airspace design recommendations, the participants offered a number of comments for consideration.

In addition, as announced in the **Federal Register** of May 13, 2010 (75 FR 11496), three informal airspace meetings were held; the first on July 20, 2010, at the Troy, MI, Holiday Inn; the second on July 21, 2010, at the Ypsilanti, MI, campus of the Eastern Michigan University; and the third on July 22, 2010, at the Monroe, MI, Holiday Inn Express. These meetings provided interested airspace users with an opportunity to present their views and offer suggestions regarding the planned modifications to the Detroit Class B airspace area. All substantive comments received as a result of the informal airspace meetings, along with the comments and recommendations offered by the Ad hoc Committee were considered in developing this proposal.

Discussion of Ad Hoc Committee Recommendations and Comments

As a starting point for discussions, a preliminary Class B design was presented to the Ad hoc Committee for review. In general, the preliminary design consisted of lower Class B floors within portions of existing Class B airspace and expansion of the Class B airspace area to a 30 nautical mile (NM) radius of the Detroit (DXO) VOR/DME antenna as opposed to the current 20 NM configuration centered on the Detroit ILS Localizer runway 4R (I–DTW) antenna.

The Ad hoc Committee agreed the current configuration of Detroit Class B airspace is antiquated and in need of revision to accommodate new runways, new approach procedures, and increased traffic. The Ad hoc Committee's report provided to the FAA for consideration regarding the proposed modification of the Detroit Class B airspace area contained numerous recommendations related to the Class B airspace design, raised by the committee participants.

The Ad hoc Committee recommended the ceiling of the Detroit Class B airspace remain at 8,000 feet MSL, arguing that raising the ceiling to 10,000 feet MSL would be more restrictive to aircraft overflying the Class B airspace area. They further offered there was no evidence provided that there are safety problems with the upper limit of the existing Detroit Class B.

The FAA believes raising the ceiling of the Class B airspace would enhance flight safety for all by better segregating the large turbine-powered aircraft and non-participating VFR aircraft that are currently operating in the vicinity of the Detroit Class B airspace area. Non-participating VFR aircraft would continue to have their choice of flying above or below the Class B airspace, or circumnavigating it, to remain clear should they decide not to contact Detroit Terminal Radar Approach Control (D21) to receive Class B services. When simultaneous triple ILS approaches are implemented in the future, aircraft assigned the middle runway would be held above the traffic going to the outboard runways. These aircraft would be vectored and delivered to the final controller at 9,000 feet MSL on downwind and at 8,000 feet MSL on base legs of the pattern to final approaches.

A portion of the Detroit Class B airspace configuration extends into Canadian airspace. For that portion of airspace, the U.S. Class B airspace equivalent would be established by NAV CANADA as Canadian ''Class C'' airspace to ensure the same ATC services and procedures are provided. NAV CANADA usually designates their Class C airspace with a ceiling at 12,500 feet MSL, and supports raising the Detroit Class B/Class C airspace ceiling to 10,000 feet MSL, but objects to keeping the ceiling at 8,000 feet MSL. Canadian regulations do not have an equivalent requirement to the FAA's Mode C veil (Mode C transponder use required within 30 NM of Class B primary airports); however, Canadian regulations do require transponder use above 10,000 feet MSL in radar controlled airspace. As such, NAV CANADA strongly advocates against a modified Class B/Class C airspace configuration that would leave a 2,000-foot gap in transponder requirements between the ceiling of the Class B/Class C configuration and the 10,000 feet MSL regulatory transponder requirement in Canada.

The Ad hoc Committee recommended that the outer boundaries of the Class B airspace area should be limited to 25 NM and only to the north-northeast (NNE) and south-southwest (SSW) of Detroit where such extensions are necessary for containing the parallel SILS approaches and associated base leg and traffic pattern radar vectoring airspace.

The recommendation to limit the outer boundaries of the Class B proposal to 25 NM and then only to the NNE and SSW was not adopted. The proposed Class B airspace modifications were designed to ensure containment of current and future instrument procedures within Class B airspace with the minimum amount of airspace essential to control IFR aircraft arriving from multiple arrival streams being sequenced for SILS procedures into DTW. Aircraft conducting SILS approaches cannot be assigned the same altitude when being turned on to any of the three parallel final approach courses; they must be assigned altitudes that differ by a minimum of 1,000 feet. This, combined with straight flight requirements prior to final approach course interception, results in traffic patterns that are expected to routinely extend beyond 21 miles from the runway, at altitudes as low as 4,000 feet MSL in ideal conditions. During daily periods of greater than moderate air traffic demand, the patterns would extend beyond the suggested 25 NM boundary limit. Additionally, when DTW begins utilizing triple Precision Runway Monitoring (PRM) SILS approaches, the associated traffic patterns are expected to extend beyond a 25 NM boundary also. The traffic demand requirements for conducting SILS approaches; containing aircraft flying instrument procedures within Class B airspace, once entered; and realizing the safety benefits with segregating large turbine-powered aircraft and non-participating VFR aircraft operating in the vicinity of the Detroit Class B airspace necessitate expanding the Class B airspace as proposed.

The Ad hoc Committee noted that extending the Class B boundaries to 30 NM in all quadrants, as originally proposed, would have an adverse safety and economic impact on the outlying airports, glider activities, and parachuting operations. They recommended the western boundary of the Class B airspace area remain basically the same as the current Class B boundary. Also, if an extension at 4,000 feet MSL to the northeast was necessary, the Ad hoc Committee contends it should be evaluated for its effect on the Oakland-Troy Airport (VLL), Troy, MI.

In consideration of the recommendation, the FAA proposed a western boundary similar to that of today in part, but not in total, to enable arriving/departing aircraft to enter/exit the Class B airspace through the ceiling. The proposed Class B airspace area from the DXO 333° radial counterclockwise to the SVM 217° radial, west of the Ann Arbor (ARB) and Willow Run (YIP) airports, was removed from the original airspace configuration, and a proposed Class B airspace shelf between 25 NM and 30 NM southwest of DTW, was terminated east of the Tecumseh/Meyers-Divers (3TE) airport. While not strictly similar to the boundary of today, the change is responsive to the recommendation. Additionally, the FAA has determined the 4,000-foot MSL shelf proposed northeast of DTW is necessary and does not affect VLL operations occurring under the Class B airspace shelf. The proposed Class B airspace area represents the minimum airspace prudent to contain arriving/departing IFR aircraft while minimizing impact on other airspace users in the area, and enhancing flight safety to all by segregating large turbine-powered aircraft and the non-participating VFR aircraft operating in close proximity to DTW.

The Ad hoc Committee also recommended that Class B airspace floors overlying Class D airspace areas should only have one altitude and not reflect two different Class B floor altitudes overhead as was presented in the FAA's original Class B proposal over the Coleman A. Young Municipal Airport (DET), Detroit, MI, Class D airspace area. They stated a split altitude configuration could lead to confusion and potential violations.

The recommendation to establish a single Class B airspace floor altitude above Class D airspace was adopted at Ann Arbor Airport (ARB) (not mentioned by the Ad hoc Committee), but not adopted at DET. In response to the Ad hoc Committee's recommendation, the FAA reviewed the original Class B airspace design and modified the airspace design in the vicinity of ARB and DET airports. The portion of Class B airspace overhead ARB is proposed with a single 3,500-foot MSL floor. The Class B airspace overhead DET was redesigned so it does not encroach on the DET Class D airspace, and has a 3,500-foot MSL floor over the southwest half of the Class D airspace area and a 4,000-foot MSL floor over the northeast half of the Class D airspace area. The FAA believes that the amended proposal removes confusion and inadvertent incursions that could result from the infringement of Class B on Class D airspace.

The Ad hoc Committee noted the airspace along the Detroit River and the Lake Erie coastline west and south of Grosse Ile, below existing Class B airspace, provides a valuable uncharted VFR flyway for aircraft transiting the area northeast and southwest, as well as arriving and departing Grosse Ile (ONZ) airport. It recommended protecting that flyway with a 3,000-foot MSL ceiling by terminating the proposed boundary of the 2,500-foot MSL Class B airspace shelf closer to DTW. It also recommended the western boundary of the 3,000-foot MSL Class B airspace shelf located east of DTW be defined using Fort Street, the railroad tracks, or the highway as visual references (similar to the current Class B configuration) to maintain the ability to fly practice approaches at ONZ without the need for a Class B clearance, and to extend the area further west in the vicinity of the Ford Headquarters building. Lastly, the Ad hoc Committee recommended the FAA work with local pilots to establish VFR waypoints for this uncharted VFR flyway.

The FAA adopted the suggestion to terminate the 2,500-foot Class B airspace shelf closer to DTW. In fact, the southern radius of the 2,500-foot MSL shelf was reduced to a 10 NM arc of I–DTW, keeping the southern boundary of the proposed 2,500-foot MSL Class B airspace shelf near where it exists today. At the same time, the proposed radius of the Class B surface area south of DTW was reduced to an 8 NM arc of I–DTW. These adjustments allow easier access at the southern end of the river and allow practice approaches at ONZ to be flown without the need for a Class B clearance. The recommendation to retain I–75 as the western boundary of the 3,000-foot shelf in that area was not pursued because the FAA believes that sufficient visual references remain. Non-participating VFR aircraft transiting the uncharted flyway noted by the Ad hoc Committee may do so with visual reference to the eastern edge of ONZ and the western-most mainland shoreline at Wyandotte, MI. The FAA also agreed with the recommendation to extend the 3,000-foot MSL shelf north of ONZ, as well as further west in the vicinity of the Ford World Headquarters building, using visual reference (I–94) and DXO radial and distance information. The FAA will continue to work with local pilots to establish and chart VFR waypoints independent of this airspace action.

The Ad hoc Committee recommended the FAA maximize the efficiency of the airspace around DTW with a streamlined airspace design that does not envelop the large volume of airspace that was contained in the original modification configuration. For example, instead of 20-mile diameter circular areas around the airport, the FAA could consider ''V'' shaped corridors running northeast and southwest, funneling to the runways in both directions.

The FAA did not pursue the recommendation for establishing ''V'' shaped corridors extending northeast and southwest from DTW because there are departure and arrival flow configurations that run in an east and west alignment as well that would not be captured. To accommodate all the air traffic flows and associated downwind patterns for the various runway configurations, a ''V'' shaped configuration is not practical. Additionally, the air traffic control procedures necessary for safely breaking aircraft off final approach courses, when simultaneous approaches are in use, will require aircraft vectoring that would exceed the suggested design boundaries for containing large turbine-powered aircraft flying the approaches within Class B airspace.

The Ad hoc Committee recommended that the FAA make effective use of landmarks, like the interstate highways, to assist VFR pilots in non-GPS equipped aircraft to easily determine their position relative the Class B airspace boundaries.

The FAA agrees with the Ad hoc Committee's recommendation of using landmarks to assist VFR pilots in non-GPS equipped aircraft when there are easily identifiable landmarks that coincide with the proposed airspace configuration. In the cases where no easily identifiable landmarks are available or coincide with the configuration, the FAA uses ground-based navigation aid radials and distances. Fortunately, there are numerous landmarks depicted on the Detroit Terminal Area Chart that will be retained to assist VFR pilots. As noted previously, the FAA will continue to work with local pilots to define, establish, and chart appropriate VFR waypoints, independent of this airspace action.

The Ad hoc Committee commented that defining the Class B airspace configuration using a radial distance from a DME antenna from one of the DTW ILS systems in the initial modification proposal was unworkable for aircraft not specifically going into DTW. It recommended the airspace be defined by radial and distance information from the DTW airport reference point loaded in all Global

Positioning System (GPS) and Long Range Navigation (LORAN) databases.

The FAA does not agree with the recommendation to use the DTW airport reference point as the center point for determining radial/distance design of the DTW Class B airspace area; opting, instead, to describe the airspace area using a navigation aid as reference consistent with FAA regulatory guidance. The proposed DTW Class B airspace area reference point was changed from using an ILS DME antenna, as originally presented to the Ad hoc Committee, to using the DTW VOR/DME antenna. This change better supports airspace users in the DTW area by providing radial and distance information for navigation aid (non-GPS) equipped aircraft, as well as the geographic coordinate position (lat./long.) reference information for GPS-equipped aircraft.

The Ad hoc Committee was concerned about the reduced volume of airspace proposed north of DTW in the vicinity of the highways squeezed between the Class B airspace shelf floor, the obstructions along I–696, and aircraft flying in and out of VLL. It recommended the FAA establish a Common Traffic Advisory Frequency (CTAF) for the four quadrants around DTW to enable communication amongst transient traffic as they navigated in the vicinity of the proposed Class B airspace.

The establishment of a CTAF to assist pilots in the exchange of position reporting, as recommended, is a misapplication of a CTAF and outside the scope of this Class B airspace modification action. A CTAF is a designated frequency for the purpose of carrying out airport advisory practices while operating to or from an airport that does not have a control tower or an airport where the control tower is not operational. To overcome the reduced volume of airspace impact concerns noted by the Ad hoc Committee, the FAA raised the originally proposed Class B airspace shelf floor (Area E) from 3,000 feet MSL to 3,500 feet MSL along the entire length of I–696 in this proposed action.

The Ad hoc Committee urged consideration of unintended consequences associated with the FAA's suggested Class B airspace modifications, such as the concentration of VFR aircraft training west of DTW. It recommended D21 establish (a) position(s) dedicated to providing ATC advisory service to VFR pilots, especially in areas where intensive flight training is conducted.

The FAA believes the proposed Detroit Class B modification will have no impact on the concentration of VFR aircraft training west of DTW. The FAA acknowledges that the proposed Class B airspace west of DTW extends overhead approximately three quarters of one training area, with 3,500-foot MSL, 4,000-foot MSL, and 6,000-foot MSL Class B airspace shelf floors; however, the training activities conducted in that training area today could continue under the proposed Class B airspace areas or within the proposed Class B airspace with the appropriate clearance. Should VFR training aircraft opt to relocate away from their current training areas, instead of flying under Class B airspace or obtaining a Class B airspace clearance, they are expected to move further west and north outside the lateral boundary of the proposed Class B airspace altogether. The FAA does not expect a substantive change to the concentration of VFR aircraft training west of DTW, and therefore the establishment of (a) dedicated VFR advisory position(s) is unwarranted.

Although (a) dedicated VFR advisory position(s) is not considered warranted, the FAA will continue working with local flight training schools to discuss and pursue training program, scheduling, and airspace alternatives, as needed, independent of this proposed Class B airspace modification.

In addition to the above recommendations, the Ad hoc Committee report listed a number of other concerns about the preliminary design that were not directly tied to a recommendation. These concerns are discussed below.

The Ad hoc Committee expressed concern that the original Class B airspace configuration proposal would render the Eastern Michigan University (EMU) flight school practice area, located south of ARB, unusable. They further offered this would likely concentrate more training aircraft into another existing EMU practice area north of ARB, resulting in congestion and an increasing risk of an in-flight collision.

The FAA believes that these concerns are related to a desire to operate up to 6,000 feet MSL in the training area south of ARB while conducting certain practice maneuvers. As noted previously, the proposed Class B airspace, west of DTW, extends overhead approximately half of EMU's training area south of ARB at 3,500 feet and 4,000 feet MSL. However, the training activities conducted in that portion of the training area today could continue under the proposed Class B airspace areas and within the proposed Class B airspace, with the appropriate clearance. The other half of EMU's training area remains completely useable; either under a proposed Class B airspace shelf with a 6,000-foot MSL floor or outside the lateral boundary of the proposed Class B airspace area altogether. Other committee recommendations were adopted that further minimize training or operating impacts to EMU's training areas noted. Specifically, the airspace area from the DXO 333° radial counterclockwise to the SVM 217° radial west of the ARB and YIP airports was completely removed from the proposed Class B airspace configuration, and the proposed Class B airspace shelf located 25 NM to 30 NM southwest of DTW was terminated east of 3TE. These mitigations allow for the effective containment of aircraft conducting instrument procedures in the Class B airspace once they have entered it, while minimizing purported impacts to the EMU training areas. The FAA does not agree, therefore, that the proposed Class B airspace area would render the EMU training area south of ARB unusable or force a concentration of VFR training aircraft in EMU's north training area.

The Ad hoc Committee raised concern that a proposed 6,000-foot MSL Class B airspace shelf extending 30 miles west of DTW, as contained in the original configuration proposal, would cut significantly through a highly trafficked area of glider activity and soaring operations; where gliders regularly reach 7,000 feet MSL and above altitudes. It also shared a general statement that the broad reaching Class B airspace modification proposal seems excessive, and unnecessarily impacts many facets of general aviation and other commercial operations beyond those of the soaring community.

Upon review, the FAA acknowledges unintended impacts to the soaring and glider activities operating west of DTW would have been created by the original Class B modification configuration, and removed the airspace area from the DXO 333° radial counterclockwise to the SVM 217° radial west of the ARB and YIP airports from the proposed airspace action. Additionally, the proposed Class B airspace shelf located 25 NM to 30 NM southwest of DTW was terminated east of 3TE. Two portions of the Class B airspace area the Ad hoc Committee commented on (west of the Pontiac VOR in the proposed 6,000-foot MSL shelf north of DTW, and west of Michigan State Highway 23 in the proposed 4,000-foot and 6,000-foot MSL shelves south-southwest of DTW) remain within the proposed Class B airspace area. Those portions of the proposed Class B airspace area are necessary to contain

the base and downwind traffic patterns for large turbine-powered aircraft being vectored for instrument approaches to DTW. Given the volume of airspace that was removed from the original proposal configuration in response to soaring and glider activities, the FAA believes the Class B airspace area proposed in this action addresses the Ad hoc Committee's concerns.

The Ad hoc Committee shared concerns relating to the parachuting operations conducted from 3TE by Skydive Tecumseh. The airport is not currently under the Detroit Class B airspace, but would fall under the 6,000-foot MSL Class B airspace shelf southwest of DTW, as proposed in the original Class B airspace configuration. Although the possibility of a Letter of Agreement between the FAA and Skydive Tecumseh was discussed during Ad hoc Committee meetings, the committee did not find this a sufficiently comprehensive solution, preferring to stay outside Class B airspace and retain the existing relationship with ATC.

In consideration of this concern, and other concerns raised about the western boundary of the Class B airspace proposed, the area from the DXO 333° radial, counterclockwise, to the SVM 217° radial west of the ARB and YIP airports was removed from the proposed Class B airspace configuration. Additionally, the Class B airspace shelf located 25 NM to 30 NM southwest of DTW was terminated east of 3TE. The Class B airspace proposal no longer impacts parachute activities, and allows Skydive Tecumseh to operate much as they do today. The amended proposal will continue to allow for the effective containment of aircraft in the Class B airspace area once they have entered it, and thereby effectively segregate the large turbine-powered aircraft and the non-participating VFR aircraft operating in the vicinity of the Detroit Class B airspace area.

The Ad hoc Committee, recognizing and supporting the need to modify the Detroit Class B airspace, expressed concern that an increased number of requests for access to Class B airspace from VFR pilots would overload the controllers providing ATC services.

The FAA remains committed to providing Class B services in a manner that keeps the area safe for all users. Based on historical data and forecast trends, D21 is staffed to provide National Airspace System (NAS) users with high quality Class B airspace services. When traffic demand increases, D21 has sufficient staffing to enable additional positions to be opened as necessary to maintain that high level of service. Many times, denial of VFR aircraft requests for Class B clearances or services are due to traffic volume and airspace capacity, not due to controller workload issues. When the traffic volume and airspace capacity allow for the safe application, D21 provides Class B airspace clearances and services to VFR aircraft requesting access into and through the Detroit Class B airspace.

Discussion of Informal Airspace Meeting Comments

The FAA received comments from 29 individuals as a result of the informal airspace meetings. One commenter wrote in support of the Detroit Class B airspace modification proposal, with the remaining commenters providing comments opposing various aspects of the proposed Class B modification. The following information addresses the substantive comments received.

Six commenters asserted that the Class B airspace is effectively an 'exclusion zone' if one is not landing or departing from DTW and that D21 rarely grants clearances through the Class B airspace.

The FAA does not agree. The primary purpose of a Class B airspace area is to reduce the potential for midair collisions in the airspace surrounding airports with high density air traffic operations by providing an area in which all aircraft are subject to certain operating rules and equipment requirements. FAA directives require Class B airspace areas to be designed to contain all instrument procedures and that air traffic controllers vector aircraft as appropriate to remain within Class B airspace after entry. D21 routinely provides Class B airspace clearances and services to VFR aircraft requesting access into and through the Detroit Class B airspace when traffic volume and conditions enable safely doing so. The FAA remains committed to providing Class B services in a manner that keeps the area safe for all users.

Six commenters noted the lack of, impact to, or need for additional VFR corridors running through the Detroit Class B airspace area in a north and south, and an east and west, direction.

The FAA does not agree. A VFR flyway is a general flight path, not defined as a specific course, for use by pilots in planning flights into, out of, through or near, complex terminal airspace to avoid Class B airspace. An ATC clearance is not required to fly these routes. Where established, VFR flyways are depicted on the reverse side of the VFR Terminal Area Chart (TAC), commonly referred to as ''Class B charts.'' They are designed to assist pilots in planning flight under or around busy Class B airspace without actually entering Class B airspace. Currently there are four VFR flyways depicted on the Detroit TAC. Three flyways will remain unchanged: The first runs north and south (with an east and west spur) and is located west of DTW, the second runs north and south and is located east of DTW, and the third runs east and west and is located north of DTW. The fourth flyway, which runs east and west (with a north and south spur) and is located south of DTW, will remain with a 1,000-foot reduction of the suggested altitude, from below 4,000 to below 3,000, for a portion of the flyway. The FAA believes that these existing VFR flyway options are sufficient to continue supporting the VFR aircraft flying in the vicinity of DTW.

Seven comments suggested the need for a VFR corridor east of Detroit Metro along the Detroit River (a popular visual route to fly between Lake St Clair and Lake Erie, and is coincident with the border between the United States and Canada.). An eighth commenter expressed a general concern for the reduction of corridors for VFR aircraft in the vicinity of ONZ.

The FAA does not agree with the need for a VFR corridor east of Detroit. In response to an Ad hoc Committee recommendation addressing access of an uncharted VFR flyway along the Detroit River, noted previously in the preamble, the FAA adopted the Ad hoc Committee's recommendation. Specifically, the FAA is proposing the boundary of the Class B airspace surface area east of DTW as an 8-mile arc of the DXO VOR–DME and the floor of the Class B airspace shelf beyond that, to the 10-mile arc of the DXO VOR–DME, as 2,500 feet MSL. However, the FAA lowered the floor of the Class B airspace shelf proposed north and east of River Rouge to downtown Detroit by 500 feet to 3,500 feet MSL to accommodate the containment requirements for base leg altitudes and turns to the final approach courses when DTW is landing runways 21R/L and 22R/L. This proposed configuration keeps the Class B airspace in the area very near where it exists today and retains access for VFR aircraft to the uncharted VFR flyway along the Detroit River, as well as allows practice approaches at Grosse Ile airport to be flown without the need for a Class B clearance.

Additionally, two of the above commenters cited post 9/11 constraints on international border crossings for VFR aircraft as creating a requirement for D21 to provide a VFR corridor running north and south located east of DTW, in U.S. territory, with published

altitudes between 2,000 feet and 5,000 feet MSL.

The FAA believes the issue cited was generated by security measures implemented in response to U.S. Customs and Border Patrol requirements and is not within the scope of this Class B airspace modification action. The primary purpose of a Class B airspace area is to reduce the potential for midair collisions in the airspace surrounding airports with high density air traffic operations by providing an area in which all aircraft are subject to certain operating rules and equipment requirements. Additionally, the proximity of DTW to the border and the layout of the runways and final approach courses precludes such a corridor. As noted above, the FAA made adjustments to the proposed Class B airspace at both ends of the Detroit River to provide as much access as possible for VFR aircraft to transit north and south inside U.S. airspace without crossing the U.S./Canadian border or compromising safety to the large turbine-powered aircraft flying in the DTW traffic patterns.

Two commenters suggested that the eastern edge of the 2,500-foot MSL Class B airspace shelf located southwest of DTW be retained as is, identified by parallel railroad tracks and I–75, instead of the 10-mile arc of the DXO VOR–DME. The issues cited were retention of current visual references and a minimum of a 1,000-foot altitude buffer from the ONZ 1,600 feet MSL traffic pattern.

The FAA acknowledges that there will be a loss of some currently used visual references (the cited railroad tracks and I–75) for VFR pilots to determine the Class B airspace as a result of the proposed southeast boundary of Area B being defined by the 10-mile arc of the DXO VOR–DME. However, the FAA believes that sufficient visual references remain for identifying the new proposed boundary. As noted by another commenter, aircraft transiting the narrowest point between the eastern edge of the current DTW Class B airspace 2,500-foot MSL shelf and Canadian airspace do so using visual references to the eastern edge of ONZ and the western-most mainland shoreline at Wyandotte, MI. Use of these visual references would support the proposed boundary, as well as provide VFR pilots the ability to remain at least 1,000 feet above the Grosse Ile airport traffic pattern.

Two individuals commented that the air traffic control procedures for turning landing traffic onto the final approach course for the DTW ILS approaches at a point more than 18 NM from the runway are illegal. They cited the limits described in the FAA Instrument Flying Handbook and the Aeronautical Information Manual.

The FAA does not agree. The standard service volume for an ILS Localizer is 18 NM, as established by FAA Order 8260.19, titled Flight Procedures and Airspace. However, the DTW ILS Localizers, except for the runway 4L antenna, are approved and flight inspected for an expanded service volume capability with signal coverage out to 25 NM or 30 NM, depending on the localizer. The certification and flight inspection information for each ILS at DTW is contained in the FAA's aeronautical database. As such, the ILS approaches and associated patterns, except to runway 4L, are not limited to 18 NM as argued by the commenters.

Seven commenters stated that the DTW traffic volume, and air travel in general, is decreasing and, as such, a Class B airspace area modification is unnecessary.

The FAA does not agree. For calendar year 2010, DTW was ranked number 12 in the list of the ''50 Busiest FAA Airport Traffic Control Towers,'' with 453,000 operations (an increase of 20,000 from the previous year), and number 18 in the list of the ''50 Busiest Radar Approach Control Facilities,'' with 590,000 instrument operations (an increase of 30,000 operations from the previous year). Additionally, the calendar year 2010 passenger enplanement data ranked DTW as number 15 among Commercial Service Airports, with 15,643,890 passenger enplanements (an increase of 2.84% from the previous year). The proposed Class B airspace modification is being considered to ensure the large turbine-powered aircraft conducting instrument procedures at DTW are contained within Class B airspace once they enter it. Currently, nearly every DTW arrival conducting instrument arrival procedures enters, exits, and then re-enters DTW's Class B airspace. This proposed airspace action corrects that lack of containment and enhances the flight safety of the increasing traffic volume and operations in the DTW terminal airspace area.

Two commenters stated that in-trail aircraft separation provided on the DTW final approach courses routinely extends to 7 NM or greater. These commenters assert that arriving aircraft operations would be contained within the current Class B airspace if the minimum allowable separation standards were utilized.

The FAA does not agree. The requirements for conducting simultaneous parallel instrument approaches, independent of in-trail spacing, necessitates traffic patterns and separation between aircraft staggered on parallel final approach courses such that aircraft flying instrument approach procedures are not contained within Class B airspace once they have entered. When SILS approaches are being conducted, the minimum point at which arrival aircraft are required to be established on the final approach course is approximately one NM inside the current Class B boundary for dual ILS approaches. Reducing separation or spacing on final approach courses does not alter that.

Six commenters objected to raising the ceiling of the Detroit Class B airspace area to 10,000 feet MSL. They asserted that the change will make VFR flight and/or over flights of the proposed area more restrictive; other busy airports operate with a lower Class B airspace ceiling and Detroit does not need a higher ceiling; and the reasons advanced by the FAA are not sufficient to warrant the airspace change from a safety or containment standpoint. An additional commenter expressed general opposition to the proposed Class B airspace ceiling stating that the vertical expansion appeared excessive and unnecessary.

The FAA acknowledges and recognizes that some restrictions could occur for some VFR operators. However, with the existing Class B configuration, VFR aircraft that may not be in communication with air traffic control are currently mixing with turbine-powered DTW arrival traffic. The FAA weighed the impacts to VFR pilots flying lower or choosing to circumnavigate the Class B airspace against the safety of having large turbine-powered aircraft flying at altitudes that are not contained within Class B airspace. Considering the concentration of operations by all types of aircraft in the DTW terminal area, the FAA finds the operation of large turbine-powered aircraft outside the Class B airspace poses a greater safety risk. Raising the ceiling of the Class B airspace increases safety by segregating the large turbine-powered aircraft inbound to DTW from the VFR aircraft flying in the vicinity of DTW. VFR aircraft wanting to avoid communication with ATC while flying above 8,000 and up to 10,000 feet will be required to adjust their route and/or altitude.

The FAA believes that raising the ceiling of the Class B is necessary to enhancing flight safety for all by better segregating the large turbine-powered aircraft and the non-participating VFR aircraft from operating in the same

volume of airspace overhead DTW. When the DTW Class B airspace was designed in the mid 1970s, traffic entered the terminal area at 8,000 feet MSL. Traffic now enters the terminal area at 12,000 feet, and enters the traffic patterns abeam DTW descending out of 11,000 feet. When simultaneous triple parallel ILS approaches are implemented, arrival aircraft assigned the middle runway will be held above the traffic going to the outboard runways. These aircraft will be vectored to the final controller at 9,000 feet MSL on downwind and at 8,000 feet MSL on base legs of the pattern to final approaches.

Lastly, the commenters' argument comparing the DTW Class B airspace to other Class B airspace is not germane since each Class B airspace area design is individually tailored to fit the operation needs of the primary airport.

Four commenters noted inconsistent navigation aid radials were being used by the FAA to define various sub-area boundaries of the proposed DTW Class B airspace area. Specifically, they cited inconsistent use of the Salem VORTAC (SVM) and Detroit VOR (DXO) radials.

Upon review, the FAA verified the inconsistent use of the SVM and DXO radials and incorporated four changes to the proposed DTW Class B airspace area to correct this issue. The western boundary of the proposed 2,500-foot MSL Class B airspace shelf south of DTW (Area B), as well as the far south-eastern boundary of the proposed 3,500-foot MSL Class B airspace shelf that overlies ARB (Area D), are now identified by the DXO 240° (M) radial. The western boundary of the proposed 2,500-foot MSL Class B airspace shelf north of DTW (Area B) is now identified by the DXO 360° (M) radial. Finally, a small change was made to the western boundary of the proposed 6,000-foot Class B airspace shelf southwest of DTW (Area G); the northern endpoint of that boundary has been relocated to terminate at the SVM 219° radial, which was an existing boundary point already defined on the 25-mile arc of the DXO VOR–DME. The southern endpoint of that boundary remains identifiable to VFR aircraft, not VOR/GPS equipped, by the town of Blissfield, MI.

Four commenters indicated that the proposed airspace would, or appeared to, hinder glider, sailplane, or parachute operations in the western quadrant of DTW. A fifth commenter asserted that cross country glider flights from the Adrian/Lenawee County airport to the northeast would also be seriously restricted; referencing the Tecumseh/Meyers-Divers (3TE), Rossettie (75G) and New Hudson/Oakland Southwest (Y47) airports that would be encompassed by the proposed Class B airspace area.

The FAA does not agree and believes that all of these comments are based on the initially proposed airspace configuration presented to and commented on by the Ad hoc Committee, and not the proposed airspace configuration contained in this NPRM. The FAA, in response to the Ad hoc Committee's concerns and recommendations, adopted many of the committee's recommendations in the airspace area at issue; significantly changing the proposed Class B airspace in that area. The airspace area from the DXO 333° (M) radial, counterclockwise to the SVM 229° (M) radial, west of the ARB and YIP airports, was completely removed from the proposed Class B airspace. Additionally, the proposed Class B airspace shelf southwest of DTW between the 25-mile to 30-mile arcs of the DXO VOR–DME was terminated east of 3TE. The proposed Class B airspace area contained in this NPRM no longer impacts parachute jump activity at that airport. Further, 75G lies more than nine miles west of the proposed Class B airspace boundaries, and Y47, although at the edge of the proposed Class B airspace area, is no longer encompassed by it; thus, eliminating the cited impact to cross country glider flights.

Five commenters stated concerns over impacts to IFR routes in and around an expanded Class B airspace area.

The purpose for the proposed DTW Class B airspace modification is to contain aircraft conducting instrument procedures at DTW within Class B airspace once they have entered, and to better segregate the large turbine-powered aircraft and the non-participating VFR aircraft operating in the vicinity of the Detroit Class B airspace area. The IFR routes and procedures, fleet mix, and altitudes flown by IFR aircraft would not change as a result of the proposed airspace modification. The proposed action would establish Class B airspace around the existing instrument procedures and associated traffic flows and traffic patterns supporting those procedures to contain the large turbine-powered aircraft flying the instrument procedures within Class B airspace. The proposed modification represents the minimum airspace needed to reasonably accommodate current and future operations and flight tracks at DTW. IFR arrival, departure, or over flight aircraft are vectored within Class B airspace dependent on the IFR traffic patterns in use, which is, in turn, dependent on the runways in use and the DTW landing configuration. The existing IFR routes, traffic patterns, and runway utilizations would not be affected by the proposed DTW Class B modification.

Three comments asserted that the proposed DTW Class B modification was an effort to standardize Detroit Class B airspace with that of other locations around the country; referring to both the proposed airspace boundaries and altitudes. They cited a general concern that the airspace enlargement held no demonstrable value and that FAA guidance stated, ''each Class B airspace area is individually tailored.''

The FAA does not agree with the commenters' assertion of a standardized DTW Class B airspace configuration, and asserts that the proposed Class B airspace modification is tailored to the operational requirements observed at DTW and within its terminal area. The proposed Class B airspace modification is focused on containing all instrument procedures and associated patterns and traffic flows at DTW within Class B airspace; containing the large turbine-powered aircraft conducting instrument procedures within Class B airspace once they've entered, as well as enhancing flight safety by segregating the large turbine-powered aircraft and the nonparticipating VFR aircraft. The proposed DTW Class B airspace design configuration is influenced by the VFR aircraft training areas and activities west of DTW; protection of the uncharted VFR flyway above the Detroit River; the glider, parachute, and ultra-light operations located around DTW; and the geographic location and proximity of satellite airports all around DTW. The proposed Class B airspace area boundaries, and the proposed altitude of the airspace area, are shaped by the operational requirements of aviation users at and around DTW; the DTW terminal airspace environment; and geographic, operational, and procedural factors specific to DTW.

Eight commenters stated that the proposed vertical and lateral expansion of Class B airspace would increase icing risks. Their issues included increased communication with ATC resulting in delays in altitude change clearances; a general concern that the modified airspace will force GA aircraft into more dangerous icing altitudes; and IFR flight restriction impacts to aircraft not landing or departing DTW (typically restricted to a maximum of 4,000 feet).

The FAA does not agree. The proposed Class B airspace modifications would not expose VFR aircraft and operators to any higher icing risks than they face today. The FAA expects VFR pilots, after receiving the appropriate weather briefings, to plan their flights so

as to avoid conditions of known or forecasted icing. In the event they encounter unexpected icing conditions, upon contacting ATC, D21 would continue to respond to all contingencies with the same operational and procedural sense of urgency as they do today. As mentioned previously, IFR aircraft would not be impacted by the proposed changes. Altitude assignment and route of flight is dependent on IFR traffic volume, traffic flows and patterns, and landing runway configurations, not the design of Class B airspace.

One commenter stated that the Class B modification should not include two different floor altitudes (3,500 feet and 4,000 feet MSL) above ARB, the city of Ann Arbor, and the township of Pittsfield. The issue cited is that of confusion and potential inadvertent airspace violations by nonparticipating aircraft.

The FAA adopted a recommendation from the Ad hoc Committee that changed the floor of the proposed Class B airspace shelf (Area D) in the vicinity of ARB, the City of Ann Arbor, and the Township of Pittsfield to a single 3,500-foot MSL altitude that is 200 feet above the ceiling of the ARB Class D airspace area. Although this proposed Class B airspace shelf (Area D) overlaps approximately the southwest half of the ARB Class D airspace area, the other half of the ARB Class D airspace area falls outside the proposed DTW Class B airspace boundary. Specific to the issue of confusion and potential inadvertent airspace violations raised by the commenter, the FAA notes that VFR pilots are safely operating in the vicinity of current DTW Class B airspace areas, with its differing floor altitudes, as well as at other Class B airspace areas across the country. The FAA expects VFR pilots to be able to continue flying in the vicinity of the proposed DTW Class B airspace area without incursions into Class B airspace, as they do today.

Seven commenters raised concerns about impacts to the airspace areas in which flight training activities take place outside of the current Class B airspace area. Six of these commenters cited a general loss of practice areas to the south and west; one commenter stated the proposed modifications would cause overcrowding in that airspace used by flight schools based at the ARB and YIP airports.

The FAA disagrees with the assertion that the proposed DTW Class B airspace would result in a loss of VFR practice areas. D21 is unaware of any practice area that would be lost due to the modified design. The FAA does acknowledge, however, that the floor of the proposed Class B airspace could impact the available altitudes in some areas. As a result of adopting a number of the Ad hoc Committee's recommendations, the FAA adjusted the proposed airspace modification to alleviate many practice area impacts. The result is that the areas west and north of Ann Arbor would be unaffected. While not specifically included in the public comments, the FAA believes the practice areas around Pontiac Oakland County (PTK) airport are unaffected also. The FAA notes that the practice area near the General Motors Proving Ground, southwest of PTK, is not completely outside the proposed Class B airspace area; however, flight operations above 6,000 feet MSL are not normally accomplished there and the proposed Class B airspace floor of 6,000 feet MSL would have negligible impact. The greatest impact is to the southeastern quadrant of the Eastern Michigan Aviation South Practice Area; a point at which the floor of the proposed Class B airspace is 4,000 feet MSL. The proposed Class B airspace shelf in that area is necessary to contain arriving large turbine-powered aircraft flying instrument procedures within Class B airspace, and would enhance flight safety to all by segregating the large turbine-powered aircraft and the non-participating VFR aircraft operating in the vicinity of the proposed DTW Class B airspace.

One commenter stated that there is no need to extend the Class B to contain aircraft on the finals for runways 27L and 27R.

The FAA does not agree and notes that modifications that occur in Canadian airspace are regulated by NAV CANADA. Further, where control responsibility within Canadian airspace has been formally delegated to the FAA, as it has over the Windsor peninsula, an agreement was established that requires the application of FAA procedures (i.e. containing all instrument procedures within Class B airspace so that large turbine-powered aircraft will remain within Class B airspace, and Canadian Class C airspace supporting DTW, once they have entered).

Two commenters expressed concern for helicopter operations based on the proposed increase of the surface area boundary of client facilities south and southeast of DTW, and that it would create increased VFR communication with ATC and inaccessibility problems in poor weather. The commenters suggested keeping the current surface area with a 1,500-foot shelf between the current and proposed surface area because lower Class B floors may cause GA pilots to drop into ''helicopter airspace.'' One of the commenters indicated that ATC personnel were very good at accommodating their needs.

The FAA acknowledges that any expansion of the Class B airspace surface area will require communications with ATC for Class B services in that expanded airspace, and that delays during poor weather could occur. However, the FAA remains committed to providing Class B services to users operating in the airspace surrounding DTW in a manner that keeps the area safe for all users. The FAA has considered and made several changes to the proposed Class B design south of DTW, including moving the proposed surface area boundary from a 10-mile arc of the DXO VOR–DME to an 8-mile arc of the DXO VOR–DME. The FAA has determined that the proposed Class B surface area boundary is the minimum airspace area that is prudent to contain arriving IFR aircraft, and will enhance flight safety by segregating the large turbine-powered aircraft flying instrument procedures and the non-participating VFR aircraft operating in close proximity to DTW. Though not specifically described where by the commenter, the FAA does not believe the proposed Class B airspace modification in this action would cause GA aircraft to drop into ''helicopter airspace.''

Six commenters stated that current advanced equipment capabilities, or proposed NextGen capabilities, or both, if utilized, would negate the need for a larger Class B airspace area.

The FAA does not agree. Existing equipment capabilities and procedures do not alter the requirements for SILS approaches, and have no impact on overcoming the existing Class B airspace containment issues being experienced regularly with large turbine-powered aircraft entering, exiting, and re-entering Class B airspace while flying instrument approach procedures. The FAA remains committed to achieving NextGen capabilities in the future, but is also aware that the airspace requirements for containing turbine-powered aircraft flying instrument procedures within Class B airspace, once they have entered, cannot be resolved through equipage alternatives only.

Three commenters stated that the FAA lacks any demonstrated safety reasons for changing the Detroit Class B airspace because there were no reported TCAS events, no reported ''loss of separation'' incidents, no accidents, and no analysis suggesting a reduction of these same items following a Class B airspace modification.

The FAA does not agree. While the primary purpose of Class B airspace

areas is to reduce the potential for midair collisions in the airspace surrounding airports with high density air traffic operations, this action proposes to modify the DTW Class B airspace area to contain aircraft conducting published instrument procedures at DTW within Class B airspace once they enter it. The FAA is proposing this action to support all three existing SILS configurations today; runways 22/21, runways 4/3 and runways 27L/27R, as well as support aircraft containment for triple SILS operations planned for the future for runways 4L/4R/3R and runways 21L/22L/22R. This proposed action would enhance flight safety in the vicinity of DTW by segregating the large turbine-power aircraft conducting instrument procedures from the VFR aircraft operating in the vicinity of DTW, improve the flow of air traffic, and reduce the potential for midair collisions in the DTW terminal area, while accommodating airspace access concerns of airspace users in the area

One commenter objected to the FAA contracting with Lockheed-Martin for providing support activities since the FAA considered proposing a DTW Class B airspace modification action. The commenter argued there was a conflict of interest in favor of the Air Traffic Organization at the expense of local governments and users; misrepresentation of the Ad hoc Committee recommendations; and a general statement that many users from areas north, northeast and east of DTW were discouraged from providing input on the Class B airspace area.

The FAA does not agree, and noted that the commenter did not provide any substantive support for the allegations. Contract support is used throughout the FAA to supplement workload management in a cost effective way, and in this case, the contractor fulfilled the duties and responsibilities defined by the FAA professionally with no bias noted. Local government representatives, as well as interested local area airspace users and aviation organizations, were invited and accepted to become Ad hoc Committee members charged with providing inputs and recommendations to the FAA regarding the proposed DTW Class B airspace modification action, and they provided those inputs and recommendations in a formal report directly to the FAA. With respect to the claim of users being discouraged from providing input to the FAA's proposed airspace modification, the FAA mailed A14,852 informal airspace meeting notification letters to all registered pilots within all counties in Michigan, Indiana, and Ohio, that were within 100 miles of DTW and actively solicited comments from those individuals and organizations that attended.

Seven commenters stated that safety would be compromised by compressing VFR traffic outside of the Class B airspace area. Five of these commenters cited the issue of increased midair collision risk for general aviation (GA) aircraft landing or departing Oakland County airports by forcing all VFR GA aircraft to remain under the proposed DTW Class B airspace shelf (Area H) with a 6,000-foot MSL floor. Two of the commenters cited the increased potential for collision; stating that a larger population of non-DTW traffic and or non-participating VFR aircraft will be concentrated on the edges of the modified Class B. An eighth commenter argued a possible increase in pilot violations of a redesigned airspace with increased ''safety issues.''

The FAA does not agree. The FAA is taking action to modify the current Class B airspace to contain all instrument procedures at DTW and the aircraft flying those procedures within Class B airspace, once they have entered it, to overcome the IFR aircraft entering, exiting, and re-entering Class B airspace while flying the published instrument approaches and associated traffic patterns. The FAA acknowledges that some compression will occur and that non-participating VFR traffic will have to fly above, below or circumnavigate the proposed DTW Class B airspace in order to remain clear of it should they decide not to contact D21 to seek Class B airspace services. All aircraft operating beneath or in the vicinity of Area H are expected to continue to comply with the regulatory requirements of Title 14 of the Code of Federal Regulation (14 CFR) § 91.111, titled Operating Near Other Aircraft, to avoid creating a collision hazard with other aircraft operating in the same airspace. Additionally, all aircraft operating in the same areas noted above are expected to continue complying with 14 CFR § 91.113, titled Right-of-Way Rules: Except Water Operations, to ''see and avoid'' other aircraft as well. The FAA believes that continued GA pilot compliance with established flight rules regulatory requirements, and these two regulations specifically, will overcome the mid-air collision concerns raised by the commenters.

Eleven commenters stated that either efficiency or negative economic impacts would result. The issues cited included: Increased avoidance and circumnavigation time; longer, less direct routings for VFR and IFR aircraft; increased cost of flight training; loss of fuel efficiency to IFR GA aircraft that will be held to lower altitudes for longer periods of time; economic impacts to communities where flight schools or sky diving businesses may be forced to close; or, due to a lower available altitude when flying over Lake Erie in conjunction with Canadian border restrictions, a reluctance to fly into ONZ.

The FAA recognizes that the proposed Class B airspace modification could increase fuel burn for non-participating VFR aircraft. In order to remain clear of the Detroit Class B airspace area, non-participating VFR pilots who decide not to contact D21 for Class B services may end up flying at lower altitudes or further west of DTW. However, this proposed action is necessary to separate them from the large turbine-powered aircraft being contained within the Class B airspace while flying instrument procedures. While some aircraft will opt to fly additional distances or different altitudes to circumnavigate the proposed Class B airspace, the FAA believes any increase in fuel would be minimal and is justified by the increase in overall safety. The modified Class B airspace area would have no impact to the routes or altitudes assigned to IFR aircraft in the vicinity of the Detroit Class B airspace area. As noted previously in the preamble, the proposed Class B airspace design incorporated the Ad hoc Committee's recommendations to prevent impacts, operationally and economically, to the known sky diving activities at 3TE, as well as to the soaring activities located west of DTW. Additionally, there were no practice areas lost as a result of the proposed airspace modification and there remain numerous unaffected practice areas for use by the local area flight training schools. The FAA does not expect any sky diving operation, soaring club or flight training activity to relocate; thus, averting the financial impacts to any local community. In addition to the alternate overland routes available for non-participating aircraft concerned about an approach to ONZ, D21 remains committed to providing Class B services to all NAS users operating in the airspace surrounding DTW in a manner that keeps the area safe for all users.

One commenter cited a lack of specificity in the number and source of users who have complained about the lack of containment in the current Class B airspace area; suggesting that perhaps the complaints in this regard came from union air traffic controllers.

The FAA is proposing to modify the current DTW Class B airspace area to contain all instrument procedures at

DTW and the aircraft flying those instrument procedures to and from DTW within Class B airspace, consistent with FAA directives and based on the instrument procedures in place today. Currently, large turbine-powered aircraft vectored to DTW are not contained in the Class B airspace area and operate in the same airspace as non-participating VFR aircraft. This proposed action overcomes IFR aircraft entering, exiting, and reentering DTW Class B airspace while flying published instrument approach procedures and the associated traffic patterns during arrival. Additionally, the action further enhances flight safety by segregating IFR aircraft flying the instrument procedures into DTW and VFR aircraft operating in the vicinity of the DTW Class B airspace. The proposed Class B modifications in this NPRM represent the minimum airspace needed to reasonably accommodate the current operations, fleet mix, and existing flight tracks at DTW.

One commenter asserted that the FAA did not allow real comments from the public, or recording of those comments to be made, and suggested that the informal airspace meetings that were held were done so to placate the public.

It is FAA policy to hold, if at all practicable, informal airspace meetings to inform the affected users of planned airspace changes. The purpose of these informal meetings, which are mandated for Class B airspace actions, is to gather facts and information relevant to proposed airspace actions being considered or studied. The FAA recognizes the benefits associated with hosting informal airspace meetings and seeking input on airspace actions from the public; requiring notices of informal airspace meetings be sent to all known licensed pilots, state aviation agencies, airport managers/operators, and operators of parachute, sailplane, ultra-light, and balloon clubs within a 100-mile radius of the primary airport for Class B airspace actions. The FAA is committed to providing all interested aviation-related organizations and persons the opportunity to participate in airspace regulatory actions under consideration; soliciting interested parties to provide verbal and/or written comments for consideration by the FAA as it seeks to balance the needs and requirements of all NAS users. Although official transcripts or minutes of informal airspace meetings are not taken or prepared, a meeting summary, listing attendees and a digest of the discussions held, must be recorded, considered, and retained. Further, written statements received from attendees during and after the informal airspace meetings must be considered and addressed in NPRM and final rule determinations, as well as retained in the administrative record of airspace actions taken by the FAA. Informal airspace meetings and the public's opportunity to comment on airspace actions being considered by the FAA are not held simply to placate the public.

One commenter expressed concern that the modification of the Class B airspace area is to contain the vector pattern for arriving aircraft when the charted instrument approach procedure is fully contained in the current Class B airspace area; suggesting that since controllers only need to use radar vectors in ''certain situations,'' it is the procedures, not the airspace, that require review.

The FAA does not agree. Radar vectors are not used by air traffic controllers only under certain, limited situations; they are used to vector aircraft to intercept the final instrument approach procedure course for virtually every aircraft that lands at DTW. While it is true that the Class B must be designed to contain all instrument procedures within it, it must also contain the supported traffic patterns, and aircraft traffic flows for those instrument procedures. The Class B airspace area must allow for an orderly traffic management within the area. As noted previously, the requirements for simultaneous parallel instrument approach procedures, and the associated traffic flow and traffic patterns supporting the instrument procedures, collectively necessitate this proposed DTW Class B airspace area modification.

The Proposal

The FAA is proposing an amendment to Title 14 of the Code of Federal Regulations (14 CFR) part 71 to modify the Detroit Class B airspace area. This action (depicted on the attached chart) proposes to lower the floor of Class B airspace in some portions of the existing Class B airspace; extend Class B airspace out to 30 NM to the north, east (designated Class C airspace in Canada), and south of DTW; and raise the ceiling of the entire Class B airspace area from 8,000 feet MSL to 10,000 feet MSL. These proposed modifications would provide the additional airspace needed to contain large turbine-powered aircraft conducting instrument procedures within the confines of Class B airspace, especially when dual and triple SILS approaches are utilized. Additionally, the proposed modifications would ensure efficient airspace utilization and enhance safety by better segregating the large turbine-powered IFR aircraft arriving/departing DTW and the VFR aircraft operating in the vicinity of the Detroit Class B airspace area. The current Detroit Class B airspace area consists of four subareas (A through D) while the proposed configuration would consist of nine subareas (A through I). The proposed revisions of the Detroit Class B airspace area are outlined below.

Area A. Area A is the surface area that would extend from the ground upward to 10,000 feet MSL, centered on the Detroit VOR/DME antenna. The southern boundary would arc approximately 2.5 NM further south into the current Area B, lowering the existing floor of Class B airspace from 2,500 feet MSL to the surface in that area.

Area B. A revised Area B would include the airspace extending upward from 2,500 feet MSL to 10,000 feet MSL. The new Area B boundary would incorporate two small segments of the current Area C; one located southeast of DTW and the other arcing counterclockwise from the east of DTW to the north of DTW. The new Area B would lower the existing floor of Class B airspace in those segments of the current Area C from 3,000 feet MSL to 2,500 feet MSL.

Area C. This area would continue to surround Areas A and B, and would include the airspace extending upward from 3,000 feet MSL to 10,000 feet MSL. The revised Area C would expand to incorporate most of the current Area D located south of DTW and almost half of the current Area D located north of DTW, as well as include segments of airspace to the west, south, and southeast of DTW that is outside the current Detroit Class B airspace area. The new Area C would lower the floor of Class B airspace in the portions of the current Area D from 4,000 feet MSL to 3,000 feet MSL and establish a floor of Class B airspace at 3,000 feet MSL in the airspace that falls outside of the current Class B airspace.

Area D. Area D is redefined to include the airspace extending upward from 3,500 feet MSL to 10,000 feet MSL. The new Area D would include the portion of the current Area D south of Detroit that was not incorporated into the new Area C and a portion of airspace west of DTW that is outside the current Class B airspace area. The portion of airspace west of DTW, outside the current Class B airspace area, would also overlay the southeastern half of the Ann Arbor Class D airspace area ceiling. The revised Area D would lower the floor of Class B airspace in the portion of the current Area D from 4,000 feet MSL to 3,500 feet MSL and establish a floor of Class B airspace at 3,500 feet MSL in the

airspace that falls outside of the current Class B airspace.

Area E. Area E would be a new subarea to describe that airspace extending upward from 3,500 feet MSL to 10,000 feet MSL. The new Area E would include the portion of the current Area D north of DTW that was not incorporated into the new Area C and two slivers of airspace, one north and one northeast of DTW, that is outside the current Class B airspace area currently. The new area would lower the floor of Class B airspace in the portion of the current Area D from 4,000 feet MSL to 3,500 feet MSL and establish a floor of Class B airspace at 3,500 feet MSL in the airspace that falls outside of the current Class B airspace.

Area F. The proposed Area F would be a new subarea to describe that airspace extending upward from 4,000 feet MSL to 10,000 feet MSL. This new area would be established outside the current Detroit Class B airspace area between the 20 NM and 25 NM arcs of the Detroit VOR/DME antenna from the SVM 044° radial (north of DTW), clockwise, to the SVM 214° radial (southwest of Detroit). The new area would also incorporate a small piece of the current Area C east of Detroit. The new Area F would raise the floor of Class B airspace for the portion of the current Area C incorporated from 3,000 feet MSL to 4,000 feet MSL and establish a floor of Class B airspace at 4,000 feet MSL in the airspace that falls outside of the current Class B airspace.

Area G. The proposed Area G would be a new subarea to describe that airspace extending upward from 6,000 feet MSL to 10,000 feet MSL. This new area would be established outside the current Detroit Class B airspace area, southwest of DTW, between the 25 NM and 30 NM arcs of the Detroit VOR/DME antenna. This area would abut to the new Area F and I (described below) and establish a floor of Class B airspace at 6,000 feet MSL in airspace that falls outside of the current Class B airspace.

Area H. The proposed Area H would also be a new subarea to describe that airspace extending upward from 6,000 feet MSL to 10,000 feet MSL. The area would be established outside the current Class B airspace area, between the 25 NM and 30 NM arcs of the Detroit VOR/DME antenna from southeast of DTW, counterclockwise, to the Detroit VOR/DME 327° radial. This area would abut the new Areas C, E, F and I (described below) and establish a floor of Class B airspace at 6,000 feet MSL in airspace that falls outside of the current Class B airspace.

Area I. The proposed Area I would be a new subarea to describe that airspace extending upward from 9,000 feet MSL to 10,000 feet MSL. This new area would be established south of DTW, outside the current Class B airspace area, from the 25 NM (approximately) and 30 NM arcs of the Detroit VOR/DME antenna between the new Areas G and H, and abutting the new Area F. This area would establish a floor of Class B airspace at 9,000 feet MSL in airspace that falls outside of the current Class B airspace.

Finally, this proposed action would update the DTW airport reference point coordinates to reflect current NAS data, include in the Detroit Class B airspace area legal description header all airports and navigation aids, with geographic coordinates, used to describe the Detroit Class B airspace, and describe the Detroit Class B airspace area centered on the Detroit VOR/DME (DXO) antenna.

Implementation of these proposed modifications to the Detroit Class B airspace area would enhance the efficient use of the airspace for the safety and management of aircraft operations in the Cleveland terminal area.

Class B airspace areas are published in paragraph 3000 of FAA Order 7400.9V, Airspace Designations and Reporting Points, dated August 9, 2011, and effective September A14, 2011, which is incorporated by reference in 14 CFR section 71.1. The Class B airspace area listed in this document would be published subsequently in the Order.

Regulatory Evaluation Summary

Changes to Federal regulations must undergo several economic analyses. First, Executive Order 12866 and Executive Order 13563 directs that each Federal agency shall propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs. Second, the Regulatory Flexibility Act of 1980 (Pub. L. 96–354) requires agencies to analyze the economic impact of regulatory changes on small entities. Third, the Trade Agreements Act (Pub. L. 96–39) prohibits agencies from setting standards that create unnecessary obstacles to the foreign commerce of the United States. In developing U.S. standards, the Trade Act requires agencies to consider international standards and, where appropriate, that they be the basis of U.S. standards. Fourth, the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4) requires agencies to prepare a written assessment of the costs, benefits, and other effects of proposed or final rules that include a Federal mandate likely to result in the expenditure by State, local, or tribal governments, in the aggregate, or by the private sector, of $100 million or more annually (adjusted for inflation with base year of 1995). This portion of the preamble summarizes the FAA's analysis of the economic impacts of this proposed rule.

Department of Transportation Order DOT 2100.5 prescribes policies and procedures for simplification, analysis, and review of regulations. If the expected cost impact is so minimal that a proposed or final rule does not warrant a full evaluation, this order permits that a statement to that effect and the basis for it be included in the preamble if a full regulatory evaluation of the cost and benefits is not prepared. Such a determination has been made for this proposed rule. The reasoning for this determination follows:

In conducting these analyses, the FAA has determined that this proposed rule:

(1) Imposes minimal incremental costs and provides benefits;

(2) Is not an economically ''significant regulatory action'' as defined in section 3(f) of Executive Order 12866;

(3) Is not significant as defined in DOT's Regulatory Policies and Procedures;

(4) Would not have a significant economic impact on a substantial number of small entities;

(5) Would not have a significant effect on international trade; and

(6) Would not impose an unfunded mandate on state, local, or tribal governments, or on the private sector by exceeding the monetary threshold identified.

These analyses are summarized below.

The Proposed Action

This action proposes to modify the Detroit, MI, Class B airspace to contain aircraft conducting published instrument procedures at Detroit Metropolitan Wayne County (DTW), Detroit, MI, within Class B airspace. The FAA is taking this action to support all three existing Simultaneous Instrument Landing System (SILS) configurations today; runways 22/21, runways 4/3 and runways 27L/27R, as well as support containment for triple SILS operations planned for the future for runways 4L/4R/3R and runways 21L/22L/22R.

Benefits of the Proposed Action

The benefits of this action are that it would enhance safety, improve the flow of air traffic, and reduce the potential for midair collisions in the DTW terminal area. In addition this action would support the FAA's national airspace redesign goal of optimizing terminal and enroute airspace areas to

reduce aircraft delays and improve system capacity.

Costs of the Proposed Action

Possible costs of this proposal would include the costs of general aviation aircraft that might have to fly further if this proposal were adopted. However, the FAA believes that any such costs would be minimal because the FAA designed the proposal to minimize the effect on aviation users who would not fly in the Class B airspace. In addition the FAA held a series of meetings to solicit comments from people who thought that they might be affected by the proposal. Wherever possible the FAA included the comments from these meetings in the proposal.

Expected Outcome of the Proposal

The expected outcome of the proposal would be a minimal impact with positive net benefits, therefore a regulatory evaluation was not prepared. The FAA requests comments with supporting justification about the FAA determination of minimal impact.

Initial Regulatory Flexibility Determination

The Regulatory Flexibility Act of 1980 (Pub. L. 96–354) (RFA) establishes ''as a principle of regulatory issuance that agencies shall endeavor, consistent with the objective of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of the business, organizations, and governmental jurisdictions subject to regulation.'' To achieve that principle, the RFA requires agencies to solicit and consider flexible regulatory proposals and to explain the rationale for their actions. The RFA covers a wide-range of small entities, including small businesses, not-for-profit organizations and small governmental jurisdictions.

Agencies must perform a review to determine whether a proposed or final rule will have a significant economic impact on a substantial number of small entities. If the agency determines that it will, the agency must prepare a regulatory flexibility analysis as described in the Act.

However, if an agency determines that a proposed or final rule is not expected to have a significant economic impact on a substantial number of small entities, section 605(b) of the 1980 RFA provides that the head of the agency may so certify and a regulatory flexibility analysis is not required. The certification must include a statement providing the factual basis for this determination, and the reasoning should be clear.

The proposal is expected to improve safety by redefining Class B airspace boundaries and is expected to impose only minimal costs. The expected outcome would be a minimal economic impact on small entities affected by this rulemaking action.

Therefore, the FAA certifies that this proposed rule, if promulgated, would not have a significant economic impact on a substantial number of small entities. The FAA requests comments on this determination. Specifically, the FAA requests comments on whether the proposal creates any specific compliance costs unique to small entities. Please provide detailed economic analysis to support any cost claims. The FAA also invites comments regarding other small entity concerns with respect to the proposal.

International Trade Impact Assessment

The Trade Agreements Act of 1979 (Pub. L. 96–39), as amended by the Uruguay Round Agreements Act (Pub. L. 103–465), prohibits Federal agencies from establishing standards or engaging in related activities that create unnecessary obstacles to the foreign commerce of the United States. Pursuant to these Acts, the establishment of standards is not considered an unnecessary obstacle to the foreign commerce of the United States, so long as the standard has a legitimate domestic objective, such as the protection of safety, and does not operate in a manner that excludes imports that meet this objective. The statute also requires consideration of international standards and, where appropriate, that they be the basis for U.S. standards.

The FAA has assessed the potential effect of this proposed rule and determined that it would encourage international cooperation between the United States and Canada because the proposal affects airspace in both these countries.

Unfunded Mandates Assessment

Title II of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4) requires each Federal agency to prepare a written statement assessing the effects of any Federal mandate in a proposed or final agency rule that may result in an expenditure of $100 million or more (adjusted annually for inflation) in any 1 year by State, local, and tribal governments, in the aggregate, or by the private sector; such a mandate is deemed to be a ''significant regulatory action.'' The FAA currently uses an inflation-adjusted value of $143.1 million in lieu of $100 million. This proposal does not contain such a mandate; therefore the requirements of Title II do not apply.

Environmental Review

This proposal will be subject to an environmental analysis in accordance with FAA Order 1050.1E, ''Environmental Impacts: Policies and Procedures,'' prior to any FAA final regulatory action.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, B, C, D, AND E AIRSPACE AREAS; AIR TRAFFIC SERVICE ROUTES; AND REPORTING POINTS

1. The authority citation for part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p.389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9V, Airspace Designations and Reporting Points, dated August 9, 2011, and effective September A14, 2011, is amended as follows:

Paragraph 3000—Subpart B—Class B Airspace

* * * * *

AGL MI B Detroit, MI

Detroit Metropolitan Wayne County Airport, MI (Primary Airport)
(Lat. 42°12′45″ N., long. 83°21′12″ W.)
Detroit, Willow Run Airport, MI
(Lat. 42°14′21″ N., long. 83°31′51″ W.)
Ann Arbor Municipal Airport, MI
(Lat. 42°13′23″ N., long. 83°44′44″ W.)
Coleman A. Young Municipal Airport, MI
(Lat. 42°24′33″ N., long. 83°00′36″ W.)
Detroit (DXO) VOR-DME
(Lat. 42°12′47″ N., long. 83°22′00″ W.)
Salem (SVM) VORTAC
(Lat. 42°24′32″ N., long. 83°35′39″ W.)

Area A. That airspace extending upward from the surface to and including 10,000 feet MSL within an area bounded by a line beginning at lat. 42°17′18″ N., long. 83°27′27″ W.; thence northeast to lat. 42°20′47″ N., long. 83°22′12″ W. on the 8-mile arc of the Detroit (DXO) VOR-DME; thence clockwise along the 8-mile arc of the DXO VOR-DME to intercept the 4.4-mile radius of the Detroit Willow Run Airport at lat. 42°09′57″ N., long. 83°32′04″ W.; thence counterclockwise along the 4.4-mile radius of the Detroit Willow Run Airport to lat. 42°12′08″ N., long. 83°26′44″ W.; thence north to lat. 42°5′17″ N., long.

83°26′04″ W. on the 4.4-mile radius of the Detroit Willow Run Airport; thence counterclockwise along the 4.4-mile radius of the Detroit Willow Run Airport to the point of beginning.

Area B. That airspace extending upward from 2,500 feet MSL to and including 10,000 feet MSL within an area bounded by a line beginning at the intersection of the DXO VOR-DME 354°T/360°M radial and the Detroit, Willow Run Airport 047°T/054°M bearing; thence north along the DXO VOR-DME 354°T/360°M radial to intercept the 10-mile arc of the DXO VOR-;DME; thence clockwise along the 10-mile arc of the DXO VOR-DME to intercept the DXO VOR-DME 234°T/240°M radial; thence northeast along the DXO VOR-DME 234°T/240°M radial to intercept the 8-mile arc of the DXO VOR-DME; thence counterclockwise along the 8-mile arc of the DXO VOR-DME arc to lat. 42°20′47″ N., long. 83°22′12″ W.; thence southwest to the point of beginning.

Area C. That airspace extending upward from 3,000 feet MSL to and including 10,000 feet MSL within an area bounded by a line beginning at the intersection of the 5-mile arc of the SVM VORTAC and the 5-mile arc of the DXO VOR-DME at lat. 42°26′42″ N., long. 83°29′34″ W.; thence clockwise along the 5-mile arc of the DXO VOR-DME to intercept the DXO VOR-DME 063°T/069°M radial; thence northeast along the DXO VOR-DME 063°T/069°M radial to intercept the 4.1-mile radius of the Coleman A. Young Municipal Airport at lat. 42°20′30″ N., long. 83°01′31″ W.; thence counterclockwise along the 4.1-mile radius of the Coleman A. Young Municipal Airport to intercept the 20-mile arc of the DXO VOR-DME at lat. 42°21′09″ N., long. 82°57′31″ W.; thence clockwise along the DXO 20-DME arc to intercept the DXO VOR-DME 234°T/240°M radial; thence northeast along the DXO 234°T/240°M radial to intercept the 5-mile arc of the DXO VOR-DME; thence clockwise along the 5-mile arc of the DXO VOR-DME to intercept the 4.4-mile radius of the Ann Arbor Municipal Airport at lat. 42°09′36″ N., long. 83°41′43″ W.; thence counterclockwise around the 4.4-mile radius of the Ann Arbor Municipal Airport to intercept the SVM VORTAC 214°T/217°M radial at lat. 42°17′21″ N., long. 83°42′10″ W.; thence northeast along the SVM VORTAC 214°T/217°M radial to intercept the 5-mile arc of the SVM VORTAC at lat. 42°20′23″ N., long. 83°39′25″ W.; thence counterclockwise along the 5-mile arc of the SVM VORTAC to the point of beginning, excluding Areas A and B previously described.

Area D. That airspace extending upward from 3,500 feet MSL to and including 10,000 feet MSL within an area bounded by a line beginning at the intersection of the SVM VORTAC 214°T/217°M radial and the 20-mile arc of the DXO VOR-DME; thence counterclockwise along the 20-mile arc of the DXO VOR-ME to intercept the DXO VOR-DME 234°T/240°M radial; thence northeast along the DXO VOR-DME 234°T/240°M radial to intercept the 5-mile arc of the DXO VOR-DME at lat. 42°03′57″ N., long. 83°38′18″ W.; thence clockwise along the 5-mile arc of the DXO VOR-DME to intercept the 4.4-mile radius of the Ann Arbor Municipal Airport at lat. 42°9′36″ N., long. 83°41′43″ W.; thence counterclockwise around the 4.4-mile radius of the Ann Arbor Municipal Airport to intercept the SVM VORTAC 214°T/217°M radial at lat. 42°17′21″ N., long. 83°42′10″ W.; thence southwest the point of beginning.

Area E. That airspace extending upward from 3,500 feet MSL to and including 10,000 feet MSL within an area bounded by a line beginning at the intersection of the 5-mile arc of the SVM VORTAC and the 5-mile arc of the DXO VOR-DME at lat. 42°26′42″ N., long. 83°29′34″ W.; thence clockwise along the 5-mile arc of the DXO VOR-DME to intercept the DXO VOR-DME 063°T/069°M radial; thence northeast along the DXO VOR-DME 063°T/069°M radial to intercept the 4.1-mile radius of the Coleman A. Young Municipal Airport at lat. 42°20′30″ N., long. 83°01′31″ W.; thence counterclockwise along the 4.1-mile radius of the Coleman A. Young Municipal Airport to intercept the 20-mile arc of the DXO VOR-DME at lat. 42°21′09″ N., long. 82°57′31″ W.; thence counterclockwise along the 20-mile arc of the DXO VOR-DME to intercept the SVM VORTAC 044°T/047°M radial; thence southwest along the SVM VORTAC 044°T/047°M radial to intercept the 5-mile arc of the SVM VORTAC at lat. 42°28′08″ N., long. 83°30′58″ W.; thence clockwise along the 5-mile arc of the SVM VORTAC to the point of beginning.

Area F. That airspace extending upward from 4,000 feet MSL to and including 10,000 feet MSL within an area bounded by a line beginning at the intersection of the SVM VORTAC 044°T/047°M radial and the 25-mile arc of the DXO VOR-DME; thence clockwise along the 25-mile arc of the DXO VOR-DME to lat. 41°48′32″ N., long. 83°13′49″ W.; thence west to intercept the 25-mile arc of the DXO VOR-DME at lat. 41°48′11″ N., long. 83°28′00″ W.; thence clockwise along the 25-mile arc of the DXO VOR-DME to intercept the SVM VORTAC 214°T/217°M radial; thence northeast along the SVM VORTAC 214°T/217°M radial to intercept the 20-mile arc of the DXO VOR-DME at lat. 42°10′10″ N., long. 83°48′40″ W.; thence counterclockwise along the 20-mile arc of the DXO VOR-DME to intercept the SVM VORTAC 044°T/047°M radial; thence northeast to the point of beginning.

Area G. That airspace extending upward from 6,000 feet MSL to and including 10,000 feet MSL within an area bounded by a line beginning at the intersection of the SVM VORTAC 214°T/217°M radial and the 25-mile arc of the DXO VOR-DME at lat. 42°04′33″ N., long. 83°53′44″ W.; thence counterclockwise along the 25-mile arc of the DXO VOR-DME to lat. 41°48′11″ N., long. 83°28′00″ W.; thence west to intercept the 30-mile arc of the DXO VOR-DME at lat. 41°47′43″ N., long. 83°44′08″ W.; thence clockwise along the 30-mile arc of the DXO VOR-DME to lat. 41°51′00″ N., long. 83°49′42″ W.; thence north to the point of beginning.

Area H. That airspace extending upward from 6,000 feet MSL to and including 10,000 feet MSL within an area bounded by a line beginning at lat. 42°37′56″ N., long. 83°44′08″ W. on the DXO VOR-DME 327°T/333°M radial; thence clockwise along the 30-mile arc of the DXO VOR-DME to lat. 41°46′30″ N., long. 83°02′36″ W.; thence northwest to lat. 41°48′44″ N., long. 83°05′28″ W.; thence west to intercept the 25-mile arc of the DXO VOR-DME at lat. 41°48′32″ N., long. 83°13′49″ W.; thence counterclockwise along the 25-mile arc of the DXO VOR-DME until intercepting the SVM VORTAC 044°T/047°M radial; thence southwest along the SVM VORTAC 044°T/047°M radial until intercepting the 5-mile arc of the SVM VORTAC; thence clockwise along the 5-mile arc of the SVM VORTAC to intercept the DXO VOR-DME 327°T/333°M radial at lat. 42°21′52″ N., long. 83°29′57″ W.; thence northwest to the point of beginning.

Area I. That airspace extending upward from 9,000 feet MSL to and including 10,000 feet MSL within an area bounded by a line beginning at lat. 41°47′43″ N., long. 83°44′08″ W. on the 30-mile arc of the DXO VOR-DME; thence counterclockwise along the 30-mile arc of the DXO VOR-DME to lat. 41°46′30″ N., long. 83°02′36″ W.; thence northwest to lat. 41° 48′ 44″ N., long. 83°05′28″ W.; thence west to the point of beginning.

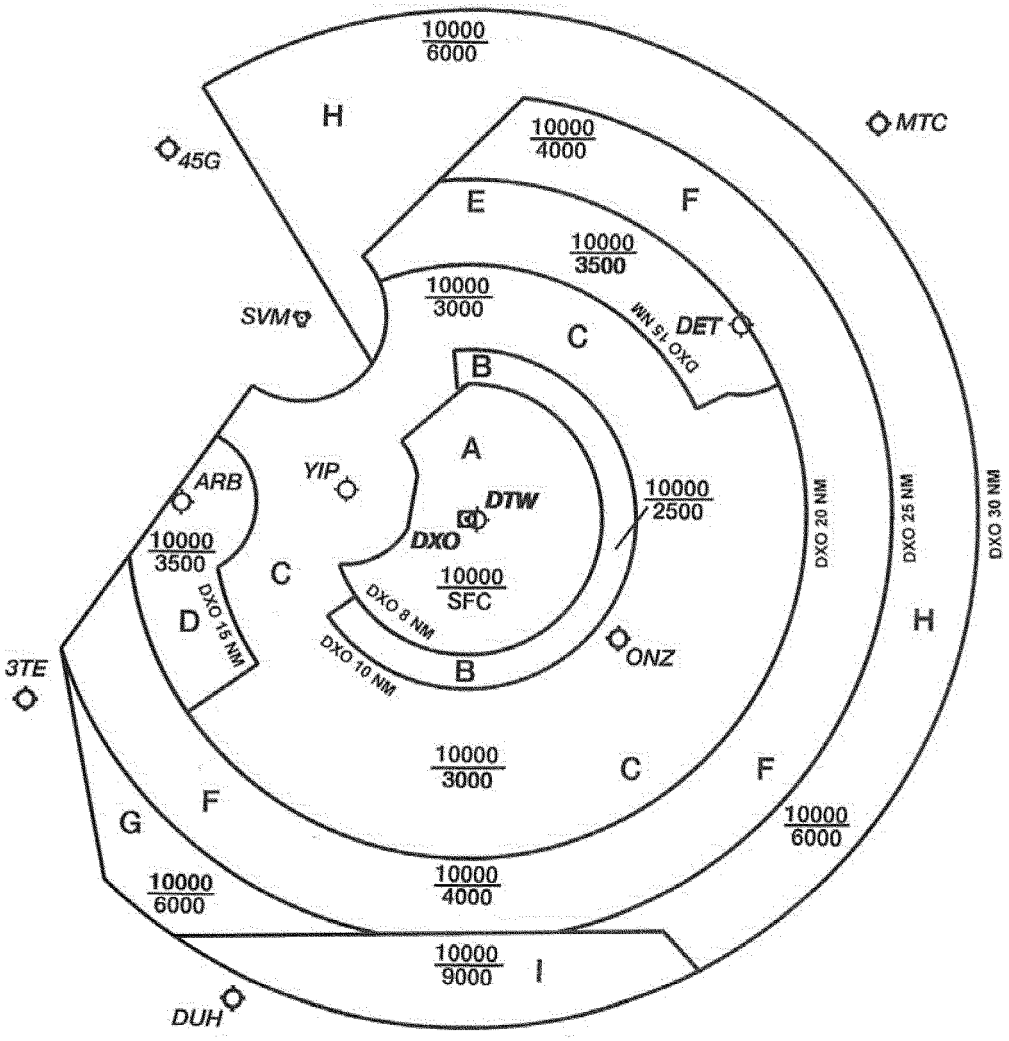
Note: The Canadian airspace depicted in Areas C, F, and H above are included in the legal description for the Detroit Class B to accommodate charting. This accommodation reflects airspace established by Transport Canada to complete the Detroit Class B airspace area.

Issued in Washington, DC, on August 8, 2012.

Gary A. Norek,

Manager, Airspace Policy and ATC Procedures Group.

Detroit, MI, Class B Airspace Area
(Docket No. 09-AWA-4)



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Not For Navigation

[FR Doc. 2012–19902 Filed 8–13–12; 8:45 am]
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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Chapter I

[Docket No. FDA–2012–N–0780]

Regulatory New Drug Review: Solutions for Study Data Exchange Standards; Notice of Meeting; Request for Comments

AGENCY: Food and Drug Administration, HHS

ACTION: Announcement of meeting, request for comments.

SUMMARY: The Food and Drug Administration (FDA) is announcing a meeting entitled ''Regulatory New Drug Review: Solutions for Study Data Exchange Standards'' the purpose of which is to solicit input from industry, technology vendors, and other members of the public regarding the advantages and disadvantages of current and emerging open, consensus-based standards for the exchange of regulated study data. FDA also seeks input from stakeholders and other members of the public on this topic and a set of premeeting questions discussed below.

DATES: The meeting will be held on November 5, 2012, from 10 a.m. to 4 p.m.

ADDRESSES: The meeting will be held at FDA White Oak Campus, 10903 New Hampshire Ave., Building 31 Conference Center, the Great Room (rm. 1503), Silver Spring, MD 20993–0002. Entrance for the public meeting participants (non-FDA employees) is through Building 1 where routine security check procedures will be performed. For parking and security information, please refer to *http://www.fda.gov/AboutFDA/WorkingatFDA/BuildingsandFacilities/WhiteOakCampusInformation/ucm241740.htm.*

FOR FURTHER INFORMATION CONTACT: Ron Fitzmartin, Office of Planning & Informatics, Center for Drug Evaluation and Research, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 51, rm. 1160, Silver Spring, MD 20993, 301–796–5333, FAX: 301–847–8443, email: *CDERDataStandards@hhs.fda.gov.*

SUPPLEMENTARY INFORMATION:

Comments: Regardless of attendance at the public workshop, interested persons may submit either electronic or written comments regarding this document. Given that time will be limited at the public meeting, FDA encourages all interested persons to comment in writing to ensure that their comments are considered. The deadline for submitting responses regarding the premeeting questions is October 5, 2012.

Submit electronic responses to the premeeting questions to *http://www.regulations.gov.* Submit written comments to the Division of Dockets Management (HFA–305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852. Identify comments with the docket number found in brackets in the heading of this document.

Registration: Registration is required in advance and participation will be limited. Send registration information (including name, title, firm name, country of citizenship, address, telephone and fax number, and email address) to Fatima Elnigoumi, Center for Drug Evaluation and Research, 10903 New Hampshire Ave., Bldg. 51, rm. 1195, Silver Spring, MD 20993, 301–796- 4863, email: *CDERDataStandards@hhs.fda.gov.* Registrations will be accepted in the order that they are received with a limit of 300. If you need special accommodations due to a disability, please contact Fatima Elnigoumi at least 7 days in advance.

I. Background

The current study data exchange format supported by FDA is the ASCII-based SAS Transport (XPORT) version 5 file format. Although XPORT has been an exchange format for many years, it is not an extensible modern technology. Moreover, it is not supported and maintained by an open, consensus-based standards development organization.

FDA would like to discuss the current and emerging open study data exchange standards that will support interoperability. Currently, the use of XPORT can be described as an example of the exchange of study data between two or more systems using a specified file format (e.g., XML, SQL, ASCII). However, the desired path forward is to achieve interoperability with other systems where the exchange of data between systems can be reviewed, analyzed, and reported with minimal need for data integration.

Based on feedback from this meeting and other information, an evaluation of the cost-benefit of a migration to a new study data exchange standard—on both FDA and regulated industry—will be conducted to inform next steps, which will include an action plan.

II. Premeeting Questions to Stakeholders

FDA seeks input from stakeholders and other members of the public on the following premeeting questions:

1. What are the most pressing challenges that industry faces with regard to study data management? Please address each of the following areas: (a) Study design/set-up, (b) capture, (c) integration, (d) analysis, (e) reporting, and (f) regulatory submission. What opportunities/solutions exist to meet *each* challenge?
2. How could FDA's regulatory requirements make the study data management process more efficient?
3. What does industry need to make clinical trials data management more effective and efficient? Please describe the tools, techniques, and processes that would help as well as the regulatory guidance documents that would be useful in this area.
4. What data standards are you currently using for the conduct of regulated research studies?
5. Would Health Level Seven v3 [1] (e.g., messages, structured documents and Clinical Data Architecture) be a viable study data exchange standard? Please explain advantages and disadvantages. What would be the impact (e.g., financial, technical, or in terms of implementation or change in business processes)?
6. Would CDISC Operational Data Model [2] be a viable study data exchange standard? Please explain advantages and disadvantages. What would be the impact (e.g., financial, technical, or in terms of implementation or change in business processes)?
7. Are there other open data exchange standards that should be evaluated? Please explain advantages and disadvantages. What would be the impact (e.g., financial, technical, or in terms of implementation or change in business processes)?
8. What would be a reasonable phased implementation period for each recommended exchange standard? And should supporting multiple, concurrent study data exchange standards be evaluated (please explain advantages and disadvantages of this approach)? What can FDA do to help industry to be more prepared for, or reduce burden of, a migration to a new study data exchange standard?
9. FDA encourages sponsors to design study data collection systems so that

[1] See *http://www.hl7.org* for system description.
[2] See *http://www.cdisc.org* for system description.

relationships between data elements, as well as relationships across data domains, can be captured at the point of data entry. Describe the challenges, to and opportunities for, accomplishing this goal.

10. What other comments would you care to share with FDA concerning the general topic of data exchange standards?

Dated: August 7, 2012.

Leslie Kux,

Assistant Commissioner for Policy.

[FR Doc. 2012–19748 Filed 8–13–12; 8:45 am]

BILLING CODE 4160–01–P

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 563

[Docket No. NHTSA–2008–0004]

Event Data Recorders

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Denial of petition for rulemaking.

SUMMARY: On February 17, 2009, the Alliance of Automobile Manufacturers petitioned for NHTSA to initiate rulemaking to delay by one year the effective date of regulations establishing requirements related to event data recorders (EDRs) voluntarily installed on light vehicles. The petitioner suggested that the delay would enable vehicle manufacturers to retain current EDR functionality across all vehicle models and avoid disabling legacy EDR systems for a limited number of vehicle models. The agency is denying the petition since the implementation of the August 2006 final rule has already been delayed by two years and we have recently published a final rule responding to the remaining petitions for reconsideration. We believe these latest amendments alleviate the most significant areas of concern expressed by the Alliance and will not necessitate further delays in implementation.

FOR FURTHER INFORMATION CONTACT: For technical and policy issues, contact:

David Sutula, Office of Crashworthiness Standards, NVS–112. Telephone: (202) 366–3273. Facsimile: (202) 366–7002.

For legal issues, contact:

Mr. David Jasinski, Office of the Chief Counsel, NCC–112. Telephone: (202) 366–4332. Facsimile: (202) 366–3820.

Both persons may be reached by mail at the following address:

National Highway Traffic Safety Administration, 1200 New Jersey Avenue SE., West Building, 4th Floor, Washington, DC 20590.

SUPPLEMENTARY INFORMATION:

Table of Contents

I. Background
II. Petition for Rulemaking
III. Analysis and Agency Decision

I. Background

In August 2006, NHTSA issued a final rule [1] amending 49 CFR Part 563 (Part 563) to establish uniform performance requirements for the accuracy, collection, storage, survivability and retrievability of onboard motor vehicle crash EDRs voluntarily installed in light passenger vehicles. Specifically, the regulation applies to passenger cars, multipurpose passenger vehicles, trucks and buses with a gross vehicle weight rating (GVWR) of 3,855 kg (8,500 pounds) or less and an unloaded vehicle weight of 2,495 kg (5,500 pounds) or less,[2] that are voluntarily equipped with an EDR. The final rule aimed to standardize the data obtained through EDRs so that such data would provide information to enhance the agency's understanding of crash events and safety system performance, thereby potentially contributing to safer vehicle designs and more effective safety regulations. The final rule was intended to be technology-neutral, so as to permit compliance with any available EDR technology that meets the specified performance requirements.

On January 14, 2008,[3] the agency responded to petitions for reconsideration on the August 2006 final rule and the following amendments were made to Part 563:

- We clarified the event storage definitions to alleviate any uncertainties in multiple event crashes;
- Revised certain sensor ranges and accuracies to reflect current state of the art technologies;
- Clarified the recorded data reporting format;
- Specified vehicle storage conditions during compliance testing;
- Clarified the required data elements and scope of covered sensors; and
- Revised the effective date to provide sufficient time for manufacturers and suppliers to comply with the rule.

The agency made these changes to encourage a broad application of EDR technologies in motor vehicles and maximize the usefulness of EDR data for vehicle designers, researchers and the medical community, without imposing unnecessary burdens or deterring future improvements to EDRs that have been voluntarily installed. The final rule also provided two additional years of lead time to provide manufacturers more time to implement the necessary changes to EDR architectures within their normal product development cycles.[4]

In response to the January 2008 final rule, the agency received three petitions for reconsideration from the Alliance of Automobile Manufacturers (Alliance), the Association of International Automobile Manufacturers, Inc., Technical Affairs Committee (AIAM) [5] and Mr. Thomas Kowalick, a private citizen. The agency also received two requests for interpretation from the Automotive Occupant Restraints Council and Robert Bosch, LLC.

On August 5, 2011,[6] the agency published a final rule responding to these petitions and made the following clarifications and amendments to Part 563:

- We removed the required standardization of the reporting requirements for all acceleration data requirements to address certification issues with data clipping, filtering and phase-shifting;
- Clarified the application of sensor tolerances to within the range of the applicable sensor;
- Clarified the event storage definition to alleviate uncertainties in multiple event crashes;
- Clarified our position regarding exclusion of peripheral sensors from the reporting requirements for EDRs;
- Revised requirements for the capture of event data in crashes that
  - Involve side or side curtain/tube air bags such that EDR data would only need to be locked if the vehicle also captures lateral delta-V data, and

[1] 71 FR 50998.

[2] Walk-in van-type trucks or vehicles designed to be sold exclusively to the U.S. Postal Service are excluded.

[3] 73 FR 2168.

[4] NHTSA issued a **Federal Register** notice on February 8, 2008 (73 FR 8408) to correct the placement of decimal points for data in Table II of the final rule.

[5] At the time of its submission, the AIAM Technical Affairs Committee members included: American Honda Motor Co., American Suzuki Motor Corp., Aston Martin Lagonda of North America, Inc., Ferrari North America, Inc., Hyundai Motor America, Isuzu Motors America LLC, Kia Motors America, Inc., Maserati North America, Inc., Nissan North America, Inc., Peugeot Motors of America, Subaru of America, ADVICS North America, Inc., Delphi Corporation, Denso International America, Inc., and Robert Bosch Corporation.

[6] 76 FR 47478.

○ Involve non-reversible deployable restraints other than frontal, side or side/curtain air bags such that EDR data would not need to be locked at the option of the manufacturer;

• Clarified that any non-reversible deployable restraint may serve as an event trigger;

• Made other minor technical and editorial corrections; and

• Denied a petition request for requiring a mechanical lockout device.

II. Petition for Rulemaking

On February 17, 2009, NHTSA received a petition for rulemaking from the Alliance. The petitioner requested that NHTSA initiate rulemaking to delay the effective date of Part 563 from September 1, 2012 to September 1, 2013. The petitioner commented that the delay would enable vehicle manufacturers to retain current EDR functionality across all vehicle models and avoid disabling legacy EDR systems for a limited number of vehicle models.

The Alliance commented that the one-year delay was necessary because economic conditions have resulted in significant changes to future product plans for many Alliance member companies. As a result, the product redesigns for some vehicle models equipped with older generation EDRs have now been extended beyond the September 1, 2012 effective date. As a result, manufacturers of those affected vehicles would likely opt to disable the EDRs until such time as the vehicle could be redesigned.

The Alliance further commented that the delay would enable manufacturers to more efficiently respond to any agency revisions to Part 563 based on its response to the petitions for reconsideration of the January 14, 2008 final rule. Most notably, the Alliance identified the acceleration data element and data clipping as two needed revisions to Part 563.

Additionally, the Alliance commented that an effective date of September 1, 2013, is consistent with their original petition for reconsideration dated October 12, 2006.

On March 18, 2009, the agency met with representatives from General Motors (GM) who presented additional data[7] in support of the Alliance petition for delay of the effective date in Part 563. GM supported two petitions for reconsideration issues regarding the recording of acceleration data. Namely, GM supported restriction of the accuracy requirement to ± 10 percent for crashes where accelerometer data clipping does not occur, and deletion of the acceleration data element from Part 563. GM also commented that in at least one vehicle, the EDR may need to be disabled if a delay in the effective date is not granted.[8]

In a letter dated March 30, 2009, the AIAM supported the Alliance petition for delay in the effective date of Part 563. AIAM commented that manufacturers were provided ''essentially one development cycle (about four years)'' to reengineer EDRs to comply with Part 563. It stated that an additional delay in responding to the petitions for reconsideration of the January 2008 final rule will reduce the ability of manufacturers to implement changes during the new model development process and could result in EDR functionality being removed from some vehicles in the short term.

III. Analysis and Agency Decision

The agency amended Part 563 in its August 5, 2011 response to petitions for reconsideration of the January 14, 2008 rule. In its response, the agency carefully considered the issues of data accuracy, phase-shifting, and clipping effects associated with accelerometer signals. In that notice, we revised Part 563 to remove the reporting specifications for acceleration data elements in Table III, including minimum range, accuracy and resolution in lieu of removing the acceleration data elements altogether. Through these actions, manufacturers may continue to use current EDR technologies and not incur any significant cost increases due to use of extended accelerometer ranges, while the agency may continue to receive acceleration data. We believe that these changes adequately address the concerns of the petitioners with regard to the data elements.

Further, the agency believes that the aforementioned changes will not require manufacturers to amend their development plans for EDR architectures or vehicle models. The changes in the response to petitions for reconsideration of the January 2008 final rule will instead reduce their burden in complying and will impose no additional cost.

We expect that denying this one-year extension will have a limited effect on crash data collected by the agency for research purposes. As noted in our Vehicle Safety Fuel Economy Rulemaking/Research Priority Plans 2011–2013,[9] the agency is developing a rulemaking proposal requiring EDRs on light vehicles to which Part 563 applies. The Alliance also acknowledged in its petition that its request has a limited impact on the number or timing of the vehicles meeting the requirements by 2012. Only one vehicle manufacturer submitted data to the agency that demonstrated that one of their vehicle models would be equipped with legacy EDR systems that would need to be disabled. The AIAM letter of support did not provide any additional data from its members.

Based on the foregoing, we do not believe that an additional delay in the effective date for the entire fleet is warranted, and we are denying the Alliance's petition for rulemaking.

In accordance with 49 CFR Part 552, this completes the agency's review of the petition.

Authority: 49 U.S.C. 30162; delegations of authority at 49 CFR 1.50 and 501.8.

Issued on: August 6, 2012.

Christopher J. Bonanti,

Associate Administrator for Rulemaking.

[FR Doc. 2012–19762 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–59–P

[7] See Docket for this notice.

[8] GM's position was also supported in a letter dated September 25, 2009 and posted to Docket number NHTSA–2008–0004–0011.

[9] Docket No. NHTSA–2009–0108, page 20.

Notices

Federal Register

Vol. 77, No. 157

Tuesday, August 14, 2012

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF AGRICULTURE

Agricultural Research Service

Notice of Intent To Grant Exclusive License

AGENCY: Agricultural Research Service, USDA.

ACTION: Notice of intent.

SUMMARY: Notice is hereby given that the U.S. Department of Agriculture, Agricultural Research Service, intends to grant to North Carolina State University of Raleigh, North Carolina, an exclusive license to the variety of soybean described in Plant Variety Protection Application Number 201200307, ''NC–MILLER'', filed on May 31, 2012.

DATES: Comments must be received on or before September 13, 2012.

ADDRESSES: Send comments to: USDA, ARS, Office of Technology Transfer, 5601 Sunnyside Avenue, Rm. 4–1174, Beltsville, Maryland 20705–5131.

FOR FURTHER INFORMATION CONTACT: June Blalock of the Office of Technology Transfer at the Beltsville address given above; telephone: 301–504–5989.

SUPPLEMENTARY INFORMATION: The Federal Government's rights in this plant variety are assigned to the United States of America, as represented by the Secretary of Agriculture. The prospective exclusive license will be royalty-bearing and will comply with the terms and conditions of 35 U.S.C. 209 and 37 CFR 404.7. The prospective exclusive license may be granted unless, within thirty (30) days from the date of this published Notice, the Agricultural Research Service receives written evidence and argument which establishes that the grant of the license would not be consistent with the requirements of 35 U.S.C. 209 and 37 CFR 404.7.

Richard J. Brenner,

Assistant Administrator.

[FR Doc. 2012–19934 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–03–P

DEPARTMENT OF AGRICULTURE

Agricultural Research Service

Notice of Intent To Grant Exclusive License

AGENCY: Agricultural Research Service, USDA.

ACTION: Notice of intent.

SUMMARY: Notice is hereby given that the U.S. Department of Agriculture, Agricultural Research Service, intends to grant to Jones-Laffin Company, Inc. of Shellman, Georgia, an exclusive license to U.S. Patent No. 7,851,010, ''Process of Making a Product Containing at Least Partially Denatured Milk Protein'', issued on December 14, 2010.

DATES: Comments must be received on or before September 13, 2012.

ADDRESSES: Send comments to: USDA, ARS, Office of Technology Transfer, 5601 Sunnyside Avenue, Rm. 4–1174, Beltsville, Maryland 20705–5131.

FOR FURTHER INFORMATION CONTACT: June Blalock of the Office of Technology Transfer at the Beltsville address given above; telephone: 301–504–5989.

SUPPLEMENTARY INFORMATION: The Federal Government's patent rights in this invention are assigned to the United States of America, as represented by the Secretary of Agriculture. It is in the public interest to so license this invention as Jones-Laffin Company, Inc. of Shellman, Georgia has submitted a complete and sufficient application for a license. The prospective exclusive license will be royalty-bearing and will comply with the terms and conditions of 35 U.S.C. 209 and 37 CFR 404.7. The prospective exclusive license may be granted unless, within thirty (30) days from the date of this published Notice, the Agricultural Research Service receives written evidence and argument which establishes that the grant of the license would not be consistent with the requirements of 35 U.S.C. 209 and 37 CFR 404.7.

Richard J. Brenner,

Assistant Administrator.

[FR Doc. 2012–19933 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–03–P

DEPARTMENT OF AGRICULTURE

Forest Service

Hiawatha East Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meetings.

SUMMARY: The Hiawatha East Resource Advisory Committee will meet in Kincheloe, Michigan. The committee is meeting as authorized under the Secure Rural Schools and Community Self-Determination Act (Pub. L. 112–141) and in compliance with the Federal Advisory Committee Act. The purpose of the committee is to improve collaborative relationships and to provide advice and recommendations to the Forest Service concerning projects and funding consistent with the title II of the Act. The meetings are open to the public. The purpose of the meetings is to review and vote to recommend projects authorized under title II of the Act.

DATES: The meetings will be held on September 24, 2012, and September 26, 2012, and both will begin at 6:00 p.m.

ADDRESSES: The meetings will be held at Chippewa County 911 Center, 4657 West Industrial Park Drive, Kincheloe, MI. Written comments may be submitted as described under **SUPPLEMENTARY INFORMATION.** All comments, including names and addresses when provided, are placed in the record and are available for public inspection and copying.

FOR FURTHER INFORMATION CONTACT: Janel Crooks, RAC Coordinator, USDA, Hiawatha National Forest, 820 Rains Drive, Gladstone, Michigan 49837; (906) 428–5829; Email *HiawathaNF@fs.fed.us*. Individuals who use telecommunication devices for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 between 8:00 a.m. and 8:00 p.m., Eastern Standard Time, Monday through Friday.

SUPPLEMENTARY INFORMATION: The meeting is open to the public. The

following business will be conducted: (1) Update regarding implementation of 2008–2011 Projects; (2) Secure Rural Schools 2012 Update; (3) Review and discussion of proposals for 2012; (4) Public Comment. Persons who wish to bring related matters to the attention of the Committee may file written statements with the Committee staff before or after the meeting. The agenda will include time for people to make oral statements of three minutes or less. Individuals wishing to make an oral statement should request in writing by September 14, 2012, to be scheduled on the agenda. Written comments and requests for time for oral comments must be sent to Hiawatha National Forest; attn RAC; 820 Rains Drive, Gladstone, MI 49837, or by email to *HiawathaNF@fs.fed.us* or via facsimile to 906–428–9030 A summary of the meeting will be posted at *https://fsplaces.fs.fed.us/fsfiles/unit/wo/secure_rural_schools.nsf/Web_Agendas?OpenView&Count=1000&RestrictToCategory=Hiawatha+East+Resource+Advisory+Committee* within 21 days of the meeting.

Meeting Accommodations: If you are a person requiring reasonable accommodation, please make requests in advance for sign language interpreting, assistive listening devices or other reasonable accomodation for access to the facility or procedings by contacting the person listed under **FOR FURTHER INFORMATION CONTACT.** All reasonable accommodation requests are managed on a case by case basis.

Dated: August 8, 2012.

Stevan Christiansen,

Designated Federal Official.

[FR Doc. 2012–19901 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–11–P

DEPARTMENT OF AGRICULTURE

Forest Service

Lyon & Mineral Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Lyon & Mineral Resource Advisory Committee will meet in Yerington, Nevada. The committee is meeting as authorized under the Secure Rural Schools and Community Self-Determination Act (Pub. L. 110–343) and in compliance with the Federal Advisory Committee Act. The purpose of the committee is to improve collaborative relationships and to provide advice and recommendations to the Forest Service concerning projects and funding consistent with Title II of the Act. The meeting is open to the public. The purpose of the meeting is to recommend projects for the use of Title II funds to the deciding official.

DATES: The meeting will be held September 25th, 2012 at 10:00 a.m.

ADDRESSES: The meeting will be held at the Commissioners Meeting Room, Lyon County Administration Complex, 27 South Main Street, Yerington, Nevada. Written comments should be sent to Mike Crawley, Bridgeport Ranger District, Humboldt-Toiyabe National Forest, HC 62 Box 1000, Bridgeport, CA 93517. Comments may also be sent via email to *mcrawley@fs.fed.us,* or via facsimile to 760–932–5899.

All comments, including names and addresses when provided, are placed in the record and are available for public inspection and copying. The public may inspect comments received at *http://fs.usda.gov/goto/htnf/rac.*

FOR FURTHER INFORMATION CONTACT: Mike Crawley, RAC Designated Federal Official, Bridgeport Ranger District, Humboldt-Toiyabe National Forest, 760–932–7070. Individuals who use telecommunication devices for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 between 8:00 a.m. and 8:00 p.m., Eastern Standard Time, Monday through Friday.

SUPPLEMENTARY INFORMATION: The following business will be conducted on the September 25, 2012 meeting: (1) Discussion of recommendations for Title II projects. (2) Public Comment. Persons who wish to bring related matters to the attention of the Committee may file written statements with the Committee staff before or after the meeting. The agenda will include time for people to make oral statements of three minutes or less. Individuals wishing to make an oral statement should request in writing by September 18th to be scheduled on the agenda. Written comments and requests for time for oral comments must be sent to Bridgeport Ranger District, Humboldt-Toiyabe National Forest, HC 62 Box 1000, Bridgeport, CA 93517, or by email to *mcrawley@fs.fed.us* or via facsimile to 760–932–5899.

Dated: August 8, 2012.

Jim Winfrey,

Acting Forest Supervisor, Humboldt-Toiyabe National Forest.

[FR Doc. 2012–19905 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–11–P

DEPARTMENT OF AGRICULTURE

Forest Service

Tuolumne-Mariposa Counties Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Tuolumne-Mariposa Counties Resource Advisory Committee will meet on September 10, 2012 at the City of Sonora Fire Department, in Sonora, California. The purpose of the meeting is to hear presentations made by project proponents requesting RAC funding.

DATES: The meeting will be held September 10, 2012, from 12:00 p.m. to 4:00 p.m.

ADDRESSES: The meeting will be held at the City of Sonora Fire Department located at 201 South Shepherd Street, in Sonora, California (CA 95370).

FOR FURTHER INFORMATION CONTACT: Beth Martinez, Committee Coordinator, USDA, Stanislaus National Forest, 19777 Greenley Road, Sonora, CA 95370, (209) 532–3671, extension 320; email *bethmartinez@fs.fed.us.*

SUPPLEMENTARY INFORMATION: Agenda items to be covered include: (1) Presentation of primarily Forest Service project submittals by project proponents; (2) public comment on meeting proceedings. This meeting is open to the public.

Dated: August 6, 2012.

Susan Skalski,

Forest Supervisor.

[FR Doc. 2012–19817 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–11–P

DEPARTMENT OF AGRICULTURE

Forest Service

Tuolumne-Mariposa Counties Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Tuolumne-Mariposa Counties Resource Advisory Committee (RAC) will meet on September 24, 2012 at the City of Sonora Fire Department, in Sonora, California. The primary purpose of the meeting is to vote on which projects to fund.

DATES: The meeting will be held September 24, 2012 from 12:00 p.m. to 4:00 p.m.

ADDRESSES: The meeting will be held at the City of Sonora Fire Department located at 201 South Shepherd Street, in Sonora, California (CA 95370).

FOR FURTHER INFORMATION CONTACT: Beth Martinez, Committee Coordinator, USDA, Stanislaus National Forest, 19777 Greenley Road, Sonora, CA 95370, (209) 532–3671, extension 320; email *bethmartinez@fs.fed.us*.

SUPPLEMENTARY INFORMATION: Agenda items include: (1) Project voting, (2) Public comment. This meeting is open to the public.

Dated: August 6, 2012.

Susan Skalski,

Forest Supervisor.

[FR Doc. 2012–19820 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–11–P

DEPARTMENT OF AGRICULTURE

Forest Service

Okanogan and Wenatchee National Forests Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Wenatchee-Okanogan Resource Advisory Committee will meet on September 13 at the Okanogan-Wenatchee National Forest Headquarters Office, 215 Melody Lane, Wenatchee, WA; on September 19 at the Sunnyslope Fire Station, 206 Easy Street, Wenatchee, WA; and September 26 at the Washington State Parks office, 270 9th Street NE., East Wenatchee, WA. These meetings will begin at 9:00 a.m. and continue until 3:00 p.m. On September 13, committee members will review Okanogan County projects, on September 19, committee members will review Kittitas and Yakima Counties projects, and on September 26, committee members will review Chelan County projects proposed for Resource Advisory Committee consideration under Title II of the Secure Rural Schools and Community Self-Determination Act of 2000.

All Wenatchee-Okanogan Resource Advisory Committee meetings are open to the public. Interested citizens are welcome to attend.

FOR FURTHER INFORMATION CONTACT: Direct questions regarding this meeting to Robin DeMario, Public Affairs Specialist, Okanogan-Wenatchee National Forest, 215 Melody Lane, Wenatchee, Washington 98801, (509) 664–9200.

Dated: August 7, 2012.

Clinton D. Kyhl,

Okanogan-Wenatchee National Forest, Deputy Forest Supervisor.

[FR Doc. 2012–19821 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–11–P

DEPARTMENT OF AGRICULTURE

Forest Service

Tuolumne-Mariposa Counties Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Tuolumne-Mariposa Counties Resource Advisory Committee will meet on September 17, 2012 at the City of Sonora Fire Department, in Sonora, California. The purpose of the meeting is to hear presentations made by project proponents requesting RAC funding.

DATES: The meeting will be held September 17, 2012, from 12:00 p.m. to 3:00 p.m.

ADDRESSES: The meeting will be held at the City of Sonora Fire Department located at 201 South Shepherd Street, in Sonora, California (CA 95370).

FOR FURTHER INFORMATION CONTACT: Beth Martinez, Committee Coordinator, USDA, Stanislaus National Forest, 19777 Greenley Road, Sonora, CA 95370, (209) 532–3671, extension 320; Email *bethmartinez@fs.fed.us*.

SUPPLEMENTARY INFORMATION: Agenda items to be covered include: (1) Presentation of primarily non-Forest Service project submittals by project proponents; (2) public comment on meeting proceedings. This meeting is open to the public.

Dated: August 6, 2012.

Susan Skalski,

Forest Supervisor.

[FR Doc. 2012–19816 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–11–P

DEPARTMENT OF AGRICULTURE

National Agricultural Library

Notice of Intent To Seek Approval To Collect Information

AGENCY: National Agricultural Library, Agricultural Research Service, USDA.

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 and Office of Management and Budget (OMB) regulations, this notice announces the National Agricultural Library's intent to request renewal of an approved electronic mailing list subscription form from those who work in the nutrition and food safety fields.

DATES: Comments on this notice must be received by October 15, 2012 to be assured of consideration.

ADDRESSES: Address all comments concerning this notice to Janice Schneider, Information Specialist, Food and Nutrition Information Center, U.S. Department of Agriculture National Agricultural Library, 10301 Baltimore Avenue, Beltsville, Maryland 20705. Comments may be sent by facsimile to (301) 504–6047, fax to (301) 504–6409, or email to *janice.schneider@ars.usda.gov*.

FOR FURTHER INFORMATION CONTACT: Janice Schneider, telephone (301) 504–6047.

SUPPLEMENTARY INFORMATION:

Title: Electronic Mailing List Subscription Form.

OMB Number: 0518–0036.

Expiration Date: 1/31/2013.

Type of Request: Approval for data collection from individuals working in the areas of nutrition and food safety.

Abstract: This form contains seven items and is used to collect information about participants who are interested in joining an electronic discussion group. The form collects data to see if a person is eligible to join the discussion group. Because these electronic discussion groups are only available to people who work in the areas of nutrition and food safety, it is necessary to gather this information. The questionnaire asks for the person's name, email address, job affiliation, telephone number, and address.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average one minute per response.

Respondents: Individuals who are interested in joining an electronic discussion group.

Estimated Number of Respondents: 1,000 per year.

Estimated Total Annual Burden on Respondents: 1,000 minutes or 16.66 hours.

Comments are invited on (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who respond, including the use of appropriate automated, electronic, mechanical, or other technology. Comments should be sent to the address in the preamble. All responses to this notice will be

summarized and included in the request for Office of Management and Budget (OMB) approval. All comments will become a matter of public record.

Dated: July 30, 2012.

Carid E. Rexroad, Jr.,

Associate Administrator, Agricultural Research Service.

[FR Doc. 2012–19936 Filed 8–13–12; 8:45 am]

BILLING CODE 3410–03–P

BROADCASTING BOARD OF GOVERNORS

Sunshine Act Meeting

DATE AND TIME: Friday, August 17, 2012, 12:00 p.m.

PLACE: Broadcasting Board of Governors, Cohen Building, Room 3321, 330 Independence Ave. SW., Washington, DC 20237.

SUBJECT: Notice of Closed Meeting of the Broadcasting Board of Governors.

SUMMARY: The members of the Broadcasting Board of Governors (BBG) will meet in a special session, to be conducted telephonically, to receive and consider staff recommendations regarding the Agency's FY 2014 budget proposal. According to Office of Management and Budget (OMB) Circular A–11, Section 22.1, all agency budgetary materials and data are considered confidential prior to the President submitting a budget to Congress. In accordance with section 22.5 of Circular A–11, the BBG has determined that its meeting should be closed to public observation pursuant to 5 U.S.C. 552b(c)(9)(B). In accordance with the Government in the Sunshine Act and BBG policies, the meeting will be recorded and a transcription of the proceedings, subject to the redaction of information protected by 5 U.S.C. 552b(c)(9)(B), will be made available to the public. The publicly-releasable transcript will be available for download at *www.bbg.gov* within 21 days of the date of the meeting.

MEMBER VOTES TO CLOSE THE MEETING:

Victor Ashe—No
Michael Lynton—Yes
Susan McCue—Yes
Michael Meehan—Yes
Dennis Mulhaupt—Yes
Dana Perino—Yes
Tara Sonenshine—Yes

Statements from individual Board members explaining their votes can be found on the BBG Web site.

EXPECTED ATTENDEES:

Victor Ashe, BBG Member
Michael Lynton, BBG Member and Presiding Governor (via telephone)
Susan McCue, BBG Member (via telephone)
Michael Meehan, BBG Member (via telephone)
Dennis Mulhaupt, BBG Member and Alternate Presiding Governor (via telephone)
Dana Perino, BBG Member (via telephone)
Tara Sonenshine, Under Secretary for Public Diplomacy and Public Affairs (via telephone)
Richard Lobo, Director of the International Broadcasting Bureau (IBB)
Jeffrey Trimble, IBB Deputy Director
Marie Lennon, Chief of Staff
Maryjean Buhler, Chief Financial Officer
Paul Kollmer-Dorsey, Deputy General Counsel and Board Secretary
Lynne Weil, Director of Communications and External Affairs
Oanh Tran, Director of Board Operations

CONTACT PERSON FOR MORE INFORMATION: Persons interested in obtaining more information should contact Paul Kollmer-Dorsey at (202) 203–4545.

Paul Kollmer-Dorsey,

Deputy General Counsel and Board Secretary.

[FR Doc. 2012–20006 Filed 8–10–12; 11:15 am]

BILLING CODE 8610–01–P

COMMISSION ON CIVIL RIGHTS

Agenda and Notice of Public Meeting of the Arizona Advisory Committee

Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission), and the Federal Advisory Committee Act (FACA), that a meeting of the Arizona Advisory Committee (Committee) to the Commission will be held on Thursday, September 13, 2012, at the offices of Chicanos por la Causa, 1242 E. Washington Street, Suite 200, Phoenix, AZ 85034. The meeting will convene at 1:30 p.m. and is scheduled to adjourn at approximately 3:00 p.m. The purpose of the meeting is for the Committee to discuss its draft report on equity in school financing.

Members of the public are entitled to submit written comments. The comments must be received in the Western Regional Office by October 13, 2012. The mailing address is Western Regional Office, U.S. Commission on Civil Rights, 300 N. Los Angeles St., Suite 2010, Los Angeles, CA 90012. Persons wishing to email their comments may do so to *atrevino@usccr.gov*. Persons that desire additional information should contact Angelica Trevino, Administrative Assistant, Western Regional Office, at (213) 894–3437.

Hearing-impaired persons who will attend the meeting and require the services of a sign language interpreter should contact the Regional Office at least ten (10) working days before the scheduled date of the meeting.

Records generated from this meeting may be inspected and reproduced at the Western Regional Office, as they become available, both before and after the meeting. Persons interested in the work of this state advisory committee are advised to go to the Commission's Web site, *www.usccr.gov,* or to contact the Western Regional Office at the above email or street address.

The meeting will be conducted pursuant to the provisions of the rules and regulations of the Commission and FACA.

Dated in Washington, DC, August 9, 2012.

Peter Minarik,

Acting Chief, Regional Programs Coordination Unit.

[FR Doc. 2012–19916 Filed 8–13–12; 8:45 am]

BILLING CODE 6335–01–P

DEPARTMENT OF COMMERCE

International Trade Administration

Oil and Gas Trade Mission to Israel—Clarification and Amendment

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service (CS) is publishing this amendment to the Notice of the Oil and Gas Trade Mission to Israel, 77 FR 21748, April 11, 2012, to amend the Notice to reflect minor changes in the timeline and agenda. The revised notice will include the new dates of October 28–November 1, 2012 and the resulting agenda changes.

SUPPLEMENTARY INFORMATION:

Amendments To Revise the Timeline and Notional Agenda To Reflect Minor Changes

Background

To accommodate schedules and traditions, the timeline of the Oil and Gas Trade Mission to Israel has been changed to October 28–November 1, 2012.

Amendments:

1. For the reasons stated above, the Mission Description and Notional Agenda sections of the Notice of the Oil and Gas Trade Mission to Israel, 77 FR 21748, April 11, 2012, is amended to read as follows:

Mission Description

The United States Department of Commerce (DOC), International Trade Administration (ITA), U.S. and Foreign Commercial Service (CS), is organizing an Executive-led Oil and Gas Trade Mission to Israel, October 28–November 1, 2012. This mission is designed to be led by a Senior Commerce Department official. The purpose of the mission is to introduce U.S. firms to Israel's rapidly expanding oil and gas market and to assist U.S. companies pursuing export opportunities in this sector. The mission to Israel is intended to include representatives from leading U.S. companies that provide services to oil and gas facilities, from design and construction through to project implementation, maintenance of facilities, and environmental protection. The mission will visit Tel Aviv and Jerusalem, and will include a visit to a to-be-determined site (e.g., port or company office). Mission participants will attend the 2012 Israel Energy and Business Convention. Held for the 10th consecutive year, by Eco Energy and Tachlit Conferences, this is Israel's major energy forum. The convention assembles representatives of companies and senior Israeli and foreign policy makers, bringing them together with the Israeli financial and business community.

The mission will help participating firms gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports to Israel. The mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with government officials; and high-level networking events. Participating in an official U.S. industry delegation, rather than traveling to Israel on their own, will enhance the companies' ability to secure meetings in Israel.

NOTIONAL TIMETABLE

Sunday, October 28, 2012	• Tel Aviv ○ Participation in Israel Energy and Business Convention 2012. ○ Welcome dinner with Trade Mission Leader at Neve Zedek: ▪ Embassy briefing.
Monday, October 29, 2012	• Tel Aviv ○ Participation in Israel Energy and Business Convention 2012 (optional). ○ B2B meetings. ○ Networking reception at Ambassador's residence.
Tuesday, October 30, 2012	• Tel Aviv ○ GOI meetings in Jerusalem. ○ Lunch in Jerusalem followed by sightseeing. ○ Return to Tel Aviv.
Wednesday, October 31, 2012	• Ashdod ○ Ashdod Port (optional). ○ B2B meetings. ○ Lunch. ○ Depart hotel to GOI Roundtable with IDC Herzliya. ▪ Selected Trade Mission participants to present to GOI questions/concerns. ○ Dinner/Reception with relevant Government of Israel Sr. Officials and IDC Herzliya.
Thursday, November 1, 2012	• Meetings with Noble Energy (Herzliya Pituah) • Visit Haifa port and Haifa shipyards. • B2B meetings. • Departure.

FOR FURTHER INFORMATION CONTACT: David McCormack, International Trade Specialist, Phone: 202.482.2833, Email: *david.mccormack@trade.gov.*

Elnora Moye,

Trade Program Assistant.

[FR Doc. 2012–19822 Filed 8–13–12; 8:45 am]

BILLING CODE 3510–FP–P

DEPARTMENT OF COMMERCE

International Trade Administration

Executive-Led Trade Mission to South Africa and Zambia

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Amendment to Notice.

SUMMARY: The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service is amending the Notice published at 77 FR 31574, May 29, 2012, regarding the Executive-Led Trade Mission to South Africa and Zambia scheduled for November 26–30, 2012, to add to the targeted sectors the water sector (i.e., water supply, sanitation, and drainage systems) and architecture, construction and technical assistance services related to development of water sector infrastructure and encourage applications from U.S. exporters in that sector. Because of this amendment, the Department will delay until August 24, 2012 beginning to make selection decisions on a rolling basis to allow time for U.S. exporters in this newly-targeted sector to submit applications before any selection decisions are made. Except as specified herein, all other information in the May 29, 2012 Notice, including the October 5, 2012 application deadline, remains unchanged.

FOR FURTHER INFORMATION CONTACT: Frank Spector, U.S. and Foreign Commercial Service, U.S. Department of Commerce, Washington, DC, Tel: 202–482–2054, Fax: 202–482–9000, Email: *Frank.Spector@trade.gov;* or Larry Farris, Senior Commercial Officer, U.S. Consulate, Johannesburg, South Africa, Tel: +55–11 290–3316, Fax: +55–11 884–0538, Email: *larry.farris@trade.gov.*

SUPPLEMENTARY INFORMATION:

Background

In May 2012, the Millennium Challenge Corporation awarded a five-year, $354.8 million Compact with the

Republic of Zambia aimed at reducing poverty through economic growth (the ''Compact''). The Compact addresses one of Zambia's most binding constraints to economic growth through investment in the water sector. The U.S. Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service anticipates that this Compact will create opportunities for U.S. companies in the water sector that are interested in doing business in Zambia and is therefore amending the mission statement for the Executive-Led Trade Mission to South Africa and Zambia scheduled for November 26–30, 2012, to add the water sector as described below to the list of targeted sectors for this mission, which also includes electric power and energy efficiency technologies, equipment and services; productivity enhancing agricultural technologies and equipment; transportation equipment and infrastructure; and mining equipment and technology.

Amendments

For the reasons stated above, the Mission Description and Best Prospects in Targeted Sectors sections of the Notice of the Executive-Led Mission to Zambia and South Africa, 77 FR 31574, May 29, 2012, are amended as follows:

1. Under Mission Description, after ''Bulk materials handling technology'', add the following text:

Water Sector

- Water supply
- Sanitation
- Drainage systems
- Engineering and construction companies related to development of water sector infrastructure
- Innovators in bottom of the pyramid water supply and sanitation service delivery

2. Under Best Prospects in Mission Targeted Sectors, after ''Zambia also has cobalt, gold, uranium, nickel, manganese, coal, and gemstones, and produces 20 percent of the world's emeralds.'', add the following text:

Water

The Government of Zambia has entered into a five-year, $354.8 million Compact with the Millennium Challenge Corporation, a U.S. government agency that works to reduce poverty through economic growth. The Compact will address one of Zambia's largest constraints on economic growth through the investment in the water sector. The Compact is expected to improve upon more than 15 years of water sector reform through which Zambia has developed a strong, commercially-operated utility, an independent regulator and a sound legal and regulatory structure. Through these reforms, the Government of Zambia has built a firm foundation for a Compact aimed to assist the nation's rapidly urbanizing capital of Lusaka.

Lusaka currently has a population of over 1.8 million people, making up more than 10 percent of Zambia's total population. By 2035, this number is projected to grow to nearly five million residents. Yet, the water supply and sanitation and drainage system that serves this rapidly growing population was constructed in the 1960s and 1970s, built for a significantly smaller city. Despite large-scale reform, to both policy and infrastructure, to Zambia's water sector over the past 15 years, the municipal water system has not experienced the benefit from major capital investment in the intervening years. As a result, the system's core infrastructure is outdated, dilapidated and incapable of meeting current or future demand.

South Africa has made significant reforms to adopt an integrated approach to water resource management (IWRM), where water security for poverty alleviation and growth features as a national priority. This reform has been executed through policy and legislative changes, as well as the restructuring of existing institutions and establishment of new institutions for policy implementation. Furthermore, the Government of South Africa has brought rise to major development in their water system by ensuring that all citizens have access to functioning basic water services and to a functioning basic sanitation facility by 2010. Today, 88% of households have access to water services compared to 59% in 1994 and 73% of households have access to basic sanitation compared to 48% in 1994.

Notwithstanding these achievements, developing appropriate enablers to implement the changes brought about by the new legislation, policies and strategies remains a challenge. Citizens are frustrated with the gap between the water services they receive and the service levels and quality they are promised and expect. Existing schemes and networks are not meeting the demands of the fruits of a prosperous growth and development era in South Africa, whilst service delivery challenges increase as towns and cities populations grow faster than service expansion can keep pace.

Frank Spector,

Senior International Trade Specialist, Global Trade Programs.

[FR Doc. 2012–19818 Filed 8–13–12; 8:45 am]

BILLING CODE 3510–FP–P

DEPARTMENT OF COMMERCE

International Trade Administration

U.S. Multi-Sector Trade Mission to South India and Sri Lanka Chennai and Cochin, India and Colombo, Sri Lanka February 3–8, 2013

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice.

Mission Description

The United States Department of Commerce, International Trade Administration (ITA), U.S. and Foreign Commercial Service (CS), along with the U.S. Embassy in Sri Lanka, are organizing a Trade Mission to South India and Sri Lanka from February 3–9, 2013. The purpose of the mission is to introduce U.S. firms to South India's and Sri Lanka's rapidly expanding markets for infrastructure, hospitality, healthcare, and environmental and information technologies.

The mission will tour three cities, Chennai, Cochin (Kochi) and Colombo, where participants will receive market briefings and participate in customized meetings with key officials and potential partners. Trade mission participants will also have the option to participate in additional stops in Bangalore and Hyderabad (both in south India), where CS offices can arrange meetings with private sector developers/partners and state/local government officials.

The mission will help participating firms gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports of services to India and Sri Lanka. The mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with state and local government officials and industry leaders; and networking events. Participating in a CS-organized trade mission delegation, rather than traveling to India and Sri Lanka on their own, will enhance the companies' ability to secure meetings in both countries.

The mission supports President Obama's National Export Initiative (NEI) and its goal of doubling U.S. exports by 2015 to strengthen the U.S. economy and U.S. competitiveness through meaningful job creation. It also supports the International Trade Administration's Growth in Emerging Metropolitan Sectors (GEMS) initiative by visiting areas with strong potential for exports that are not typically visited. The mission will help U.S. companies already doing business to increase their footprint in India and Sri Lanka and realize their export goals.

Commercial Setting

India, one of the world's fastest growing economies, presents lucrative opportunities for U.S. companies that offer products and services that could help to meet the nation's rapidly expanding infrastructure and housing needs. India is seeking to invest $1 trillion in its infrastructure during its 12th Five-Year Plan (2012–2017) and is seeking private sector participation to fund half of this massive expansion through the Public-Private Partnership (PPP) model. The rapid growth of the Indian economy (averaging 8% over the past 10 years, though down as low as 6.4% recently) has created a pressing need for infrastructure development and the country requires significant outside expertise to meet its ambitious targets. U.S. industry is well qualified to supply the kinds of architectural, design and engineering services, and project management skills needed to successfully tackle major initiatives, including the proposed 250-km Bangalore-Chennai expressway, to be built at a cost of $1 billion. U.S. clean tech/energy efficient technologies are also well positioned to be deployed in new industrial zones in this chronically energy-deficient country. The Indian electricity sector faces many challenges in trying to meet the ever increasing demand-supply gap. Energy losses in India's transmission and distribution sector exceed 30%, which ranks among the highest rates of energy loss in the world. Investment in India's electricity infrastructure sector will be driven by the need to upgrade out-of-date transmission and distribution systems, reducing electricity theft and increasing energy efficiency. The modernization of India's electric grid and the eventual deployment of smart grid technologies will create opportunities for equipment and service providers from the U.S.

The end of *Sri Lanka's* (CS Chennai is Sri Lanka's Partners Post) long-running civil war in May 2009 has opened a new era of economic opportunities and rebounding economic growth. The Government of Sri Lanka (GSL) has set very ambitious goals for economic development, aspiring to GDP growth rates over 8%, and developing economic hubs in ports, aviation, knowledge, hospitality, leisure/tourism and energy. Compared to other South Asian countries, Sri Lanka is relatively open to foreign investment. It offers a comparatively open financial system, moderately good infrastructure, and a capable workforce.

The private sector-led growth of the economy is expected to continue to expand with the ending of the ethnic conflict and opening up of the north-eastern regions for investment and trade. The government is promoting new destinations in Sri Lanka, and several international hotel brands are planning to enter the hotel industry in Sri Lanka. The transportation sector is estimated to contribute 12% to the country's GDP. While the country's road network is being significantly improved, other areas, including railways, need considerable expansion. The country's transportation ministry is focused on developing the transport sector, previously neglected during the protracted ethnic conflict, and is looking for investments to develop existing infrastructure. The government has a particular interest in railway subdivision, and is looking at railways to play a bigger role in the transportation sector in general. Tourism, in particular, relies heavily on transportation—almost one-third of a tourist's in-country expenditures in Sri Lanka are on transport and tour-related services. According to government sources, the transport sector will earn more than $1 billion per year from tourism alone if tourist arrivals exceed 2 million per year in 2016 as expected. The government has set a target of 2.5 million tourist arrivals by 2016 and the industry estimates it will need an additional 40,000 rooms in the next five years to achieve this target. The current growth and increasing demand in the infrastructure, hospitality and transport sectors will provide opportunities for U.S. companies to expand and grow in these areas.

As Indian and Sri Lankan developers expand their capabilities and construct and connect new industrial facilities, foreign firms often play a major role in design, construction, engineering and management of their signature projects. The Indian and Sri Lankan infrastructure industries are integral parts of their respective economies and conduits for a substantial part of development investment. The infrastructure sector is poised for additional growth due to the dual trends of industrialization and urbanization, and the rising expectations of Indian and Sri Lankan citizens for an improved standard of living as a result of economic development. As a result, there are also tremendous opportunities for U.S. firms in the areas of environmental technologies, IT and healthcare products as India and Sri Lanka boost their infrastructure and building requirements.

Target subsectors holding high potential for U.S. exporters include: urban development projects, airport/port development, hospitals and health care, hospitality, cold storage, multi-family residential and townships, educational, telecom, and oil exploration related services and supplies.

To explore these opportunities the trade mission will visit three cities as described below:

Chennai, Tamil Nadu

Chennai (also known as Madras) is the capital city of the Indian state of Tamil Nadu. Located on the Coromandel Coast off the Bay of Bengal, it is a major commercial, cultural, and educational center in South India; the port of Chennai is the second largest port in India. As of the 2011 census, the city had 4.68 million residents, making it the sixth most populous city in India; the urban agglomeration, which comprises the city and its suburbs, was home to approximately 8.9 million, making it the fourth most populous metropolitan area in the country. According to Forbes magazine, Chennai is one of the fastest growing cities in the world. It has a diversified economic base anchored by the automobile, software services, hardware manufacturing, health care and financial services industries. According to the Confederation of Indian Industry, Chennai is estimated to grow to a $100 billion economy, 2.5 times its present size, by the year 2025.

Chennai possesses a broad need for all building types, but corporate campuses, education, housing, infrastructure, and master-planning efforts are the most active development sectors. The Chennai realty market has been growing at over 8 per cent a year and there are at least 675 real estate projects underway and 43.5 million square feet of area is awaiting approval for development with the local government in Chennai. The residential real estate market is expected to register strong growth in 2012, primarily on account of improvement in the information technology (IT) sector, and continued economic growth in the region.

Cochin (Kochi), Kerala

Cochin (Kochi) is widely referred to as the commercial capital of Kerala. The availability of electricity, fresh water, long coastline, backwaters, good banking facilities, presence of a major port, container trans-shipment terminal, harbor terminal and an international air terminal are some of the factors which accelerated the industrial growth in the city and its adjoining district. In recent years the city has witnessed heavy investment, making it one of the fastest-growing second-tier metro cities in India. Major business sectors include construction, manufacturing, shipbuilding, transportation/shipping, seafood and spices exports, chemical industries, information technology (IT), tourism, health services, and banking.

The Cochin Port currently handles export and import of container cargo at its terminal at Willingdon Island. The International Container Transshipment Terminal operating out of Vallarpadam, is India's largest transshipment terminal. The Cochin Port Trust also planning to build an Outer Harbor. Upon completion it will be the largest port in South Asia.

Colombo, Sri Lanka

CS Chennai is the Partner Post for the U.S. Embassy in Sri Lanka. The Partner Post Program is intended to provide the best possible service to American companies seeking assistance in countries where the CS has no presence. Through the Partner Post program, the State Department Economic Section in a non-CS post draws on the specialized advice and experience of a sponsoring CS post to better assist U.S. business clients enter more markets throughout the world.

Compared to other South Asian countries, Sri Lanka is relatively open to foreign investment. It offers relatively transparent financial systems, moderately good infrastructure, and a generally capable workforce. U.S.—Sri Lanka bilateral trade was estimated at $2.2 billion in 2011, U.S. exports to Sri Lanka were $280 million in 2011, and U.S investments in Sri Lanka totaled approximately $200 million that year.

The end of Sri Lanka's 26-year civil war in May 2009 has ushered in a new era of economic opportunities and strong economic growth. Sri Lanka had two straight years of 8% GDP growth in 2010 and 2011. President Rajapaksha was elected for a second six-year term in January 2010, and President Rajapaksha's Sri Lanka Freedom Party holds a two-third majority in Parliament, giving President Rajapaksha control of the legislative branch as well. With the return of peace, sectors such as construction, telecommunications, tourism and transportation offer enormous opportunities for U.S. companies.

Mission Goals

The goals of the Three C—Chennai, Cochin, and Colombo—Trade Mission to South India and Sri Lanka are to provide U.S. participants with first-hand market information, and one-on-one meetings with business contacts, including potential end users and partners, so that they can position themselves to enter or expand their presence in south India and Sri Lanka. As such, the mission will focus on helping U.S. companies to obtain market information, to establish business and government contacts, to solidify business strategies, and/or to advance specific projects.

The mission will also facilitate first-hand market exposure and access to government decision makers and key private-sector industry contacts, including potential partners. It will provide opportunities for participants to have policy and regulatory framework discussions with government officials and private sector representatives in order to advance U.S. company's interests in India and Sri Lanka.

Mission Scenario

The first stop on the mission itinerary is Chennai, where participants will start arriving on Sunday, February 3, 2013. The next day the participants will participate in industry briefings, one-on-one business meetings, and networking lunch meetings with chamber/associations. After lunch, the one-on-one meetings will continue followed by a networking reception. CS Chennai will seize opportunities to tap into the wealth of industry contacts and offer matchmaking, and networking opportunities for the mission members.

On Tuesday morning the delegates will start with a site visit, and depart for Cochin. On Wednesday morning the delegates' program will start with a briefing meeting, followed by one-on-one meetings. Simultaneously, there will be an option to participate in a meeting with the Government of Kerala. At noon, there will be a networking luncheon with local businesses and multipliers. After lunch, the one-on-one meetings will continue. On Thursday morning the delegation will depart for Colombo, Sri Lanka.

Finally, the delegation will visit Colombo, the capital city of Sri Lanka. There the delegation will participate in a reception hosted by the U.S. Ambassador and attend various briefings by Embassy officials and roundtables/workshops with potential Sri Lankan partners, followed by a networking lunch, one-on-one meetings and a debrief meeting. Sri Lanka is envisioned as the gateway to the Indian market and is situated on a geographically ideal route for trade with much of the Middle East and Asia. The Government of Sri Lanka (GSL) has set very ambitious goals for economic development, and developing economic hubs in ports, aviation, knowledge, hospitality, leisure/tourism and energy. The trade mission participants will have the opportunity to participate in briefings, a networking reception, and one-on-one meetings. Through the Partner Post program, State Department colleagues in Sri Lanka have organized CS programs and services before, as well as two AmCham India trade missions. Embassy Colombo is very supportive of this proposed mission.

Trade mission delegates will also have the option of visiting Bangalore, and Hyderabad for individual one-on-one meetings before the official start of the mission in Chennai and Colombo.

PROPOSED TIMETABLE

Chennai	
Sunday, February 3	Arrive in Chennai Overnight stay at Chennai
Monday, February 4	Breakfast briefing by U.S. Consulate Chennai officials One-on-one business meetings Networking lunch hosted by a Chamber One-on-one business meetings continue

PROPOSED TIMETABLE—Continued

	Networking reception hosted by U.S. Consul General Overnight stay in Chennai
Chennai/Cochin, Kerala	
Tuesday, February 5	Site visits based on the cluster of industry segments Afternoon travel to Cochin, Kerala Overnight stay in Cochin, Kerala
Cochin, Kerala	
Wednesday, February 6	Introductions from the American Business Corner on "Emerging Opportunities in Kerala—an upcoming State" Meeting/Presentations by Government of Kerala officials One-on-one business meetings Networking lunch with local industry representatives Overnight stay in Cochin
Cochin/Colombo, Sri Lanka	
Thursday, February 7	Mid Morning travel to Colombo Evening networking reception hosted by U.S. Ambassador to Sri Lanka Overnight stay in Colombo
Colombo, Sri Lanka	
Friday, February 8	Breakfast briefing by U.S. Embassy officials in Sri Lanka Roundtable Meetings/Workshop Networking lunch hosted by the Ceylon Chamber of Commerce and Industry (TBC) One-on-one business meetings Debriefing/Wrap-up discussion followed by dinner Mission ends

Participation Requirements

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the U.S. Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 12 and maximum of 15 companies will be selected from the applicant pool to participate in the mission.

Fees and Expenses

After a company has been selected to participate on the mission, a payment to the U.S. Department of Commerce in the form of a participation fee is required. The participation fee is $4481 for large firms and $4303 for small or medium-sized enterprises (SME).[1] The fee for each additional representative is $750. The fee for optional stops in Hyderabad or Bangalore (both in south India) is $700 per day per city.

Exclusions

The mission fee does not include any personal travel expenses such as lodging, most meals, local ground transportation, except as stated in the proposed timetable, and air transportation from the U.S. to the mission sites and return to the U.S. Delegate members will, however, be able to take advantage of U.S. Government rates for hotel rooms. Business visas may be required. Government fees and processing expenses to obtain such visas are also not included in the mission costs. However, the U.S. Department of Commerce will provide instructions to each participant on the procedures required to obtain necessary business visas.

Conditions for Participation

Applicants must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may either: reject the application, request additional information/clarification, or take the lack of information into account when evaluating the applications.

Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, are marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content. In cases where the U.S. content does not exceed fifty percent, especially where the applicant intends to pursue investment and major project opportunities, the following factors, may be considered in determining whether the applicant's participation in the trade mission is in the U.S. national interest:

- U.S. materials and equipment content;
- U.S. labor content; repatriation of profits to the U.S. economy;
- Potential for follow-on business that would benefit the U.S. economy;

In addition, each applicant must:

- Certify that the products and services that it wishes to market through the mission would be in compliance with U.S. export controls and regulations;
- Certify that it has identified to the Department of Commerce for its evaluation any business pending before

[1] An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see *http://www.sba.gov/services/contracting opportunities/sizestandardstopics/index.html*). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see *http://www.export.gov/newsletter/march2008/initiatives.html* for additional information).

the Department that may present the appearance of a conflict of interest;

• Certify that it has identified any pending litigation (including any administrative proceedings) to which it is a party that involves the Department of Commerce; and

• Sign and submit an agreement that it and its affiliates (1) have not and will not engage in the bribery of foreign officials in connection with a company's/participant's involvement in this mission, and (2) maintain and enforce a policy that prohibits the bribery of foreign officials.

Selection Criteria for Participation

Targeted mission participants are U.S. companies providing architectural and/or engineering services, environmental or IT technologies, hospitality/tourism services and healthcare products that have an interest in entering or expanding their business in the Indian and Sri Lankan markets. The following criteria will be evaluated in selecting participants:

• Suitability of a company's products or services to the Indian and Sri Lankan markets.

• Applicant's potential for business in India and Sri Lanka, including likelihood of exports resulting from the mission.

• Consistency of the applicant's goals and objectives with the stated scope of the mission.

Additional factors, such as diversity of company size, type, location, and demographics, may also be considered during the review process.

Referrals from political organizations and any documents, including the application, containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

Timeframe for Recruitment and Application

Mission recruitment will be conducted in an open and public manner, including publication in the **Federal Register**, posting on the Commerce Department trade mission calendar (*http://www.export.gov/trademissions/*) and other Internet web sites, press releases to general and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows.

Recruitment for this mission will begin immediately and conclude no later than November 30, 2012. The U.S. Department of Commerce will review applications and make selection decisions beginning December 2012. Applications received after November 30, 2012 will be considered only if space and scheduling constraints permit.

How to Apply

Applications can be completed on-line at the Trade Mission Web site or can be obtained by contacting Aileen Nandi at the U.S. Department of Commerce (see contact details below.) Completed applications should be submitted to Aileen Nandi.

Contacts

San Jose (Silicon Valley) Export Assistance Center, Aileen Crowe Nandi, Commercial Officer, 55 S. Market Street, Suite 1040, San Jose, CA 95113, Tel: (408) 535–2757, ex. 102, Email: *aileen.nandi@trade.gov*.

U.S. Commercial Service India, James P. Golsen, Principal Commercial Officer for South India, U.S. Commercial Service, Chennai, India, Tel: +91–44–2857–4209, Email: *james.golsen@trade.gov*.

Elnora Moye,

Trade Program Assistant.

[FR Doc. 2012–19823 Filed 8–13–12; 8:45 am]

BILLING CODE 3510–FP–P

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

Proposed Information Collection; Comment Request; National Voluntary Laboratory Accreditation Program (NVLAP) Information Collection System

AGENCY: National Institute of Standards and Technology (NIST), Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

DATES: Written comments must be submitted on or before October 15, 2012.

ADDRESSES: Direct all written comments to Jennifer Jessup, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6616, 14th and Constitution Avenue NW., Washington, DC 20230 (or via the Internet at *jjessup@doc.gov*).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument and instructions should be directed to the attention of Vanda R. White, National Voluntary Laboratory Accreditation Program, National Institute of Standards and Technology, 100 Bureau Drive, Stop 2140, Gaithersburg, MD 20899–2140; phone: (301) 975–3592; email: *vanda.white@nist.gov*.

SUPPLEMENTARY INFORMATION:

I. Abstract

This is a request to extend the currently approved information collection. This information is collected from all testing or calibration laboratories that apply for NVLAP accreditation. Applicants provide information, such as name, address, phone and fax numbers, contact person(s), and select the test methods or parameters for which the laboratory is seeking accreditation. The application must be signed by the authorized representative of the laboratory, who commits the laboratory to comply with NVLAP's accreditation requirements. The information is necessary to evaluate the competency of laboratories to carry out specific tests or calibrations or types of tests or calibrations. The information collection is mandated by 15 CFR part 285.

II. Method of Collection

An application for accreditation is provided to each new or renewal applicant laboratory and can be submitted to NVLAP either electronically or by mail.

III. Data

OMB Control Number: 0693–0003.

Form Number: None.

Type of Review: Regular submission (extension of a currently approved information collection).

Affected Public: Business or other for-profit organizations; not-for-profit institutions; and Federal, State or local government.

Estimated Number of Respondents: 850.

Estimated Time per Response: 2 hours, 23 minutes.

Estimated Total Annual Burden Hours: 2,026.

Estimated Total Annual Cost to Public: $0.

IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have

practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: August 8, 2012.

Gwellnar Banks,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 2012–19834 Filed 8–13–12; 8:45 am]

BILLING CODE 3510–13–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Proposed Information Collection; Comment Request; Economic Value of Puerto Rico's Coral Reef Ecosystems for Recreation-Tourism

AGENCY: National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

DATES: Written comments must be submitted on or before October 15, 2012.

ADDRESSES: Direct all written comments to Jennifer Jessup, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6616, 14th and Constitution Avenue NW., Washington, DC 20230 (or via the Internet at *JJessup@doc.gov*).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument and instructions should be directed to Dr. Vernon R. (Bob) Leeworthy, (301) 713–7261 or *Bob.Leeworthy@noaa.gov.*

SUPPLEMENTARY INFORMATION:

I. Abstract

This request is for a regular submission (new collection).

NOAA and the U.S. Environmental Protection Agency (EPA) have entered a partnership to estimate the market and non-market economic values of Puerto Rico's coral reef ecosystems. Estimates will be made for all ecosystem services for the Guanica Bay Watershed and for recreation-tourism for all of Puerto Rico's coral reef ecosystems.

The required information is to conduct focus groups to help in designing the full surveys of visitors and residents of Puerto Rico. The four focus groups; two visitor and two resident focus groups, will be used to address the attributes of coral reef ecosystems that people may consider important, and the levels of the attributes to be valued. Attributes would include natural attributes such as water clarity/visibility, coral cover and diversity, and fish abundance and diversity. In addition, issues such as crowded conditions that users (e.g. SCUBA divers, snorkelers, recreational fishers, and wildlife viewers) see while doing their activities on the reefs will be evaluated. This set of focus groups will be conducted one-time only.

II. Method of Collection

Four focus groups will be conducted, two for visitors and two for residents of Puerto Rico. Each focus group will consist of eight people. Focus groups will be conducted at a suitable facility where they will engage in open discussions about reef attributes. Some paper forms, photos and illustrations describing reef attributes will be presented. Focus group sessions will last about two hours per session and will be recorded for the research team (video and audio).

III. Data

OMB Control Number: 0648–XXXX.

Form Number: None.

Type of Review: Regular submission (new information collection).

Affected Public: Individuals or households.

Estimated Number of Respondents: 32.

Estimated Time per Response: 2 hours per focus group member.

Estimated Total Annual Burden Hours: 64.

Estimated Total Annual Cost to Public: $0 in recordkeeping/reporting costs.

IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: August 8, 2012.

Gwellnar Banks,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 2012–19848 Filed 8–13–12; 8:45 am]

BILLING CODE 3510–NK–P

CONSUMER PRODUCT SAFETY COMMISSION

[Docket No. CPSC–2012–0024]

Submission for OMB Review; Comment Request—Coal and Woodburning Appliances

AGENCY: Consumer Product Safety Commission.

ACTION: Notice.

SUMMARY: In the **Federal Register** of May 3, 2012 (74 FR 26253), the Consumer Product Safety Commission (CPSC or Commission) published a notice in accordance with provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), to announce the CPSC's intention to seek extension of approval of a collection of information for regulations on coal and woodburning appliances. No comments were received in response to that notice. Therefore, by publication of this notice, the Commission announces that it has submitted to the Office of Management and Budget (OMB) a request for extension of approval of this collection of information, without change.

ADDRESSES: To ensure that comments on the information collection are received, the OMB recommends that written comments be faxed to the Office of Information and Regulatory Affairs, OMB, Attn: CPSC Desk Officer, Fax: 202–395–6974, or emailed to *oira_submission@omb.eop.gov.* All comments should be identified by Docket No. CPSC–2010–0024. In

addition, written comments also should be submitted at *http://www.regulations.gov,* under Docket No. CPSC–2010–0024, or by mail/hand delivery/courier (for paper, disk, or CD–ROM submissions), preferably in five copies, to: Office of the Secretary, U.S. Consumer Product Safety Commission, Room 820, 4330 East West Highway, Bethesda, MD 20814; telephone (301) 504–7923. For access to the docket to read background documents or comments received, go to *http://www.regulations.gov*.

FOR FURTHER INFORMATION CONTACT: Mary K. James, Office of Information Technology, U.S. Consumer Product Safety Commission,4330 East West Highway, Bethesda, MD 20814; telephone 301–504–7213 or by email to *mjames@cpsc.gov*.

SUPPLEMENTARY INFORMATION: Request for Reinstatement of Approval of Collection of Information. Existing manufacturers of coal and woodburning appliances who are subject to the information collection requirements may introduce up to 15 new models in a 3-year period, or approximately five new models per year. No new manufacturers are expected to begin marketing in the United States. The average number of hours per respondent is estimated at 3 hours per year, for a total of about 15 hours of annual burden for all respondents (5 models × 3 hours). No specific label design is required, but examples of acceptable label formats are provided in the rule. It is assumed that each manufacturer will use the same general label format for all stove models it produces. Therefore, when a manufacturer introduces a new stove model, the only changes that will be required are to insert the specific information that pertains to the new model. Additionally, manufacturers are to provide the Commission with copies of the information required to be disclosed on the label. Because this information should be readily available, it should take a manufacturer 30 minutes or less, per model, to collect the information and mail it to the Commission. Therefore, an additional 2.5 hours have been added to the total burden (30 minutes × 5 models per year) for a total annual burden of 17.5 hours. The total estimated annualized respondent cost is approximately $1,044, based on an average total hourly employee compensation rate of $59.63 for management, professional, and related occupations (17.5 hours × $59.63) (Bureau of Labor Statistics, September 2011).

Dated: August 9, 2012.

Todd A. Stevenson,

Secretary, Consumer Product Safety Commission.

[FR Doc. 2012–19880 Filed 8–13–12; 8:45 am]

BILLING CODE 6355–01–P

CONSUMER PRODUCT SAFETY COMMISSION

[Docket No. CPSC 2012–0030]

Submission for OMB Review; Comment Request—Flammability Standards for Carpets and Rugs

AGENCY: Consumer Product Safety Commission.

ACTION: Notice.

SUMMARY: In the **Federal Register** of June 8, 2012 (74 FR 34027), the Consumer Product Safety Commission (CPSC or Commission) published a notice in accordance with provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), to announce the CPSC's intention to seek extension of approval of collections of information in regulations implementing two flammability standards for carpets and rugs. No comments were received in response to that notice. Therefore, by publication of this notice, the Commission announces that it has submitted to the Office of Management and Budget (OMB) a request for extension of approval of those collections of information, without change.

ADDRESSES: To ensure that comments on the information collection are received, the OMB recommends that written comments be faxed to the Office of Information and Regulatory Affairs, OMB, Attn: CPSC Desk Officer, Fax: 202–395–6974, or emailed to *oira_submission@omb.eop.gov.* All comments should be identified by Docket No. CPSC–2010–0030. In addition, written comments also should be submitted at *http://www.regulations.gov,* under Docket No. CPSC–2010–0030, or by mail/hand delivery/courier (for paper, disk, or CD–ROM submissions), preferably in five copies, to: Office of the Secretary, U.S. Consumer Product Safety Commission, Room 820, 4330 East West Highway, Bethesda, MD 20814; telephone (301) 504–7923. For access to the docket to read background documents or comments received, go to *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Mary K. James, Office of Information Technology, U.S. Consumer Product Safety Commission, 4330 East West Highway, Bethesda, MD 20814; Telephone: 301–504–7213 or by email to *mjames@cpsc.gov.*

SUPPLEMENTARY INFORMATION: Request for Reinstatement of Approval of Collections of Information. The Commission estimates that 120 firms are subject to the information collection requirements for standards related to the surface flammability of carpets and rugs and small carpets and rugs. These firms have elected to issue a guaranty of compliance with the Flammable Fabrics Act (FFA), or they are required to certify compliance of products intended for children under the Consumer Product Safety Act (as amended by the Consumer Product Safety Improvement Act of 2008). The number of tests that a firm issuing a guaranty of compliance would be required to perform each year varies, depending upon the number of carpet styles and the annual volume of production. We estimate that the average firm issuing a continuing guaranty under the FFA is required to conduct a maximum of 200 tests per year. The actual number of tests required by a given firm may vary from one to 200, depending upon the number of carpet styles and the annual production volume. For example, if a firm manufactures 100,000 linear yards of carpet each year, and it consistently has obtained passing test results, then only one test per year is required. For purposes of estimating burden, we have used the midpoint, 100 tests per year. The time required to conduct each test is estimated to be 2.5 hours, plus the time required to establish and maintain the test record. We estimate the total annualized cost/burden to respondents could be as high as 12,000 tests per year, at 2.5 hours per test, or 30,000 hours. The annualized costs to respondents for the hour burden for collection of information is estimated to be as high as $1,837,200, using a mean hourly employer cost-per-hour-worked of $61.24 (Bureau of Labor Statistics (BLS): Total compensation rates for management, professional, and related occupations in private goods-producing industries, December 2011) (30,000 hours x $61.24)).

Dated: August 9, 2012.

Todd A. Stevenson,

Secretary, Consumer Product Safety Commission.

[FR Doc. 2012–19879 Filed 8–13–12; 8:45 am]

BILLING CODE 6355–01–P

CONSUMER PRODUCT SAFETY COMMISSION

CPSC Safety Academy

AGENCY: Consumer Product Safety Commission.

ACTION: Notice.

SUMMARY: The Consumer Product Safety Commission (CPSC, Commission, or we) is announcing its intent to hold a 1-day CPSC Safety Academy to discuss current requirements, including testing and certification of children's products, the mandatory toy standard, and compliance issues. The CPSC Safety Academy will be held on September 20, 2012, at the CPSC's headquarters in Bethesda, MD. We invite interested parties to participate in or attend the CPSC Safety Academy.

DATES: The CPSC Safety Academy will be held from 8:00 a.m. to 4:00 p.m. on September 20, 2012. Individuals interested in serving on panels or presenting information at the CPSC Safety Academy should register by September 4, 2012; all other individuals who wish to attend in person should register by September 14, 2012.

ADDRESSES: The CPSC Safety Academy will be held at the CPSC's headquarters, 4330 East West Highway, 4th Floor Hearing Room, Bethesda, MD 20814. Persons interested in serving on a panel, presenting information, or attending the CPSC Safety Academy should register online at: use *http://www.cpsc.gov/meetingsignup.html,* and click on the link titled, ''CPSC Safety Academy.''

FOR FURTHER INFORMATION CONTACT: Dean W. Woodard, Director, Office of Education, Global Outreach, & Small Business Ombudsman, 4330 East West Highway, Bethesda, MD 20814, telephone: 301–504–7651, email: *dwoodard@cpsc.gov.*

SUPPLEMENTARY INFORMATION: The CPSC Safety Academy intends to bring together CPSC staff and stakeholders, including manufacturers, consumer advocates, academic researchers, and others to disseminate and share information on areas of particular interest to stakeholders, including testing and certification of children's products, as well as navigating compliance issues and the Fast-Track process. These discussions will be held in a panel format, with a brief question and answer session at the end of each panel. Participants may choose from one of three panels in the morning session: ''F963 Toy Standards''; ''Testing-Mandatory Testing, Component Parts Testing, Certificates of Conformity''; or ''Flammable Fabrics, Drawstrings, and Sleepwear.'' In the afternoon session, participants may choose from three panels that will be repeated: ''Navigating the CPSC Import Process''; ''The Nuances of 6b''; or ''Fast-Track Process—Compliance.'' An official of the General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) of the People's Republic of China has also been invited to speak. If the invitation is accepted, the schedule will be adjusted accordingly.

The CPSC Safety Academy will be held from 8:00 a.m. to 4:00 p.m. on September 20, 2012, at the CPSC Headquarters building at 4330 East West Highway, 4th Floor Hearing Room, Bethesda, MD 20814. Light refreshments and a box lunch will be provided at noon during the presentation on ''Compliance 101–The Basics.''

If you would like to be a panel member for a specific session of the CPSC Safety Academy, you should register by September 4, 2012. (See the **ADDRESSES** portion of this document for the Web site link and instructions on where to register.) Panelists are asked to submit a brief (less than 200 word) abstract of your topic, area of expertise, and desired breakout panel. In the event that more panelists request a particular session than time will allow, the CPSC Safety Academy planning committee will select panelists based on considerations such as: the individual's familiarity or expertise with the topic to be discussed; the practical utility of the information to be presented (such as a discussion of a specific topic or research area); the topic's relevance to the identified theme and topic area; and the individual's viewpoint or ability to represent certain interests (*e.g.,* such as large manufacturers, small manufacturers, academic researchers, consumer organization). While every effort will be made to accommodate all persons who wish to be panelists, we expect to limit each panel session to no more than five panelists. Therefore, the final number of panelists may be limited. We recommend that individuals and organizations with common interests consolidate or coordinate their panel requests. To assist in making final panelist selections, the CPSC Safety Academy planning committee may request potential panelists to submit presentations in addition to the initial abstract. We will notify those who are selected as panelists by September 14, 2012.

If you wish to attend and participate in the CPSC Safety Academy, but do not wish specifically to be a panelist, you should also register by September 14, 2012, and identify your affiliation and first and second choices for sessions each day. Every effort will be made to accommodate each person's requested sessions; however, we may need to limit registration to meet capacity limits of our meeting rooms. If you are unable to attend the CPSC Safety Academy, you may view some panels via webcast, but you will not be able to interact with the panels and presenters. Only select panels will be webcast. You do not need to register for the webcast. The panels that are not webcast will be taped and made available for viewing on the CPSC Web site.

Dated: August 8, 2012.

Todd A. Stevenson,

Secretary, Consumer Product Safety Commission.

[FR Doc. 2012–19811 Filed 8–13–12; 8:45 am]

BILLING CODE 6355–01–P

DEPARTMENT OF EDUCATION

Notice of Submission for OMB Review; Institute of Education Sciences; What Works Clearinghouse

AGENCY: Department of Education.

ACTION: Notice.

SUMMARY: This submission is a request to continue a currently approved collection under OMB Control Number 1850–0788 for the What Works Clearinghouse (WWC) [ED–07–CO–0062]. The U.S. Department of Education (ED) established the WWC to develop, maintain, and make accessible a system of high quality reviews of studies of the effectiveness of education-related interventions.

DATES: Interested persons are invited to submit comments on or before September 13, 2012.

ADDRESSES: Written comments regarding burden and/or the collection activity requirements should be electronically mailed to *ICDocketMgr@ed.gov* or mailed to U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Washington, DC 20202–4537. Copies of the proposed information collection request may be accessed from *http://edicsweb.ed.gov,* by selecting the ''Browse Pending Collections'' link and by clicking on link number 04867. When you access the information collection, click on ''Download Attachments'' to view. Written requests for information should be addressed to U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Washington, DC 20202–4537. Requests may also be electronically mailed to *ICDocketMgr@ed.gov* or faxed to 202–401–0920. Please specify the

complete title of the information collection and OMB Control Number when making your request.

Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339.

SUPPLEMENTARY INFORMATION: Section 3506 of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) requires that Federal agencies provide interested parties an early opportunity to comment on information collection requests. The Director, Information Collection Clearance Division, Privacy, Information and Records Management Services, Office of Management, publishes this notice containing proposed information collection requests at the beginning of the Departmental review of the information collection. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to perform the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: What Works Clearinghouse.

OMB Control Number: 1850–0788.

Type of Review: Extension.

Total Estimated Number of Annual Responses: 580.

Total Estimated Number of Annual Burden Hours: 163.

Abstract: The WWC was established to develop, maintain, and make accessible a system of high-quality reviews of studies of the effectiveness of education-related interventions. In support of this effort, the WWC currently collects information from users including nominations for studies, interventions, and toics to review, as well as evaluator and randomized controlled trials information. Primary members of the affected public include individuals or households. Information from the submissions will be used to further the work of the WWC in reviewing studies and interventions, developing topic areas and practice guides, and populating the Registry of Evaulation Reserachers and Registry of Randomized Controlled Trials for the WWC.

Dated: August 8, 2012.

Darrin A. King,

Director, Information Collection Clearance Division, Privacy, Information and Records Management Services, Office of Management.

[FR Doc. 2012–19942 Filed 8–13–12; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF EDUCATION

Proposed Information Collection Requests; Federal Student Aid; Foreign School Supplemental Application System

ACTION: Notice.

SUMMARY: The Foreign School Supplemental Application System (FS SAS) is designed as a bridge system that will allow foreign school administrators to enter information directly into the Electronic Application for Approval to Participate in Federal Student Aid Programs (e-App) system in a secure fashion and upload required documents.

DATES: Interested persons are invited to submit comments on or before October 15, 2012.

ADDRESSES: Written comments regarding burden and/or the collection activity requirements should be electronically mailed to *ICDocketMgr@ed.gov* or mailed to U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Washington, DC 20202–4537. Copies of the proposed information collection request may be accessed from *http://edicsweb.ed.gov,* by selecting the ''Browse Pending Collections'' link and by clicking on link number 04905. When you access the information collection, click on ''Download Attachments'' to view. Written requests for information should be addressed to U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Washington, DC 20202–4537. Requests may also be electronically mailed to *ICDocketMgr@ed.gov* or faxed to 202–401–0920. Please specify the complete title of the information collection and OMB Control Number when making your request.

Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339.

SUPPLEMENTARY INFORMATION: Section 3506 of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) requires that Federal agencies provide interested parties an early opportunity to comment on information collection requests. The Director, Information Collection Clearance Division, Privacy, Information and Records Management Services, Office of Management, publishes this notice containing proposed information collection requests at the beginning of the Departmental review of the information collection. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: Foreign School Supplemental Application System.

OMB Control Number: Pending.

Type of Review: New.

Total Estimated Number of Annual Responses: 70.

Total Estimated Number of Annual Burden Hours: 245.

Abstract: The FS SAS works in conjunction with the e-App system. When a foreign school is applying for initial participation, or is submitting an application for recertification or reinstatement, if the school is seeking approval of its medical, nursing or veterinary school, upon completion of the e-App, the school will able to link to the FS SAS on the Information for Financial Aid Professionals Web page. Only foreign schools who are registered with Federal Student Aid and who have been issued the required two factor authentication tokens can access the FS SAS. The FS SAS allows foreign schools to upload required documentation in a portable document format to accompany the applications and reducing the time it takes to complete the application to submit to the Foreign Schools Team for review.

Dated: August 2, 2012.

Darrin A. King,

Director, Information Collection Clearance Division, Privacy, Information and Records Management Services, Office of Management.

[FR Doc. 2012–19945 Filed 8–13–12; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF ENERGY

Agency Information Collection Extension; Correction

AGENCY: U.S. Department of Energy.

ACTION: Notice and Request for Comments; Correction.

SUMMARY: The Department of Energy (DOE) published a document in the **Federal Register** of June 11, 2012, announcing the submission of an information request to the OMB for the Foreign Travel Management System (FTMS). This document corrects an error in that notice.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument and instructions should be directed to Julie Squires at *julie.squires@hq.doe.gov.*

Correction

In the **Federal Register** of June 11, 2012, in FR Doc. 2012–14119, 77 FR 34367, please make the following correction:

On page 34367, second column, under the heading **SUPPLEMENTARY INFORMATION**, (1) should read OMB No. 1910–5144;

Issued in Washington, DC, on August 7, 2012.

Julie Squires,

Director, Office of International Travel and Exchange Visitor Programs.

[FR Doc. 2012–19938 Filed 8–13–12; 8:45 am]

BILLING CODE 6450–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket Nos. CP12–490–000; RP12–887–000; Docket No. CP12–489–000]

Tennessee Gas Pipeline Company, L.L.C.; Kinetica Energy Express, LLC; Notice of Applications and Offer of Settlement

Take notice that on July 26, 2012, Tennessee Gas Pipeline Company, L.L.C. (Tennessee), 1001 Louisiana Street, Houston, Texas 77002, filed in Docket No. CP12–490–000 an application, pursuant to section 7(b) of the Natural Gas Act (NGA), for permission and approval to abandon by sale certain natural gas facilities located offshore in the Gulf of Mexico and onshore in the State of Louisiana (Production Area Facilities). On the same day, Tennessee filed a related Offer of Settlement pursuant to sections 385.207(a)(5) and 385.602(b) of the Commission's Rules of Practice and Procedure in Docket No. RP12–887–000 to resolve rate issues arising from the proposed abandonment by sale of the Production Area Facilities. Also take notice that on July 26, 2012, Kinetica Energy Express, LLC (Kinetica), Lyric Center, 440 Louisiana St., Suite 425, Houston, Texas 77002, filed in Docket No. CP12–489–000, an application pursuant to Section 7(c) of the NGA and Parts 157 and 284 of the Commission's regulations, requesting an order granting Kinetica: (i) A certificate of public convenience and necessity to acquire, own, and operate the Production Area Facilities to be purchased from Tennessee; (ii) a blanket construction certificate; (iii) a blanket transportation certificate; and (iv) approval of its pro forma tariff.

Specifically, Tennessee proposes to sell to Kinetica certain pipeline systems consisting of approximately 1,300 miles of various diameter pipeline, compression facilities at three locations totaling approximately 34,250 horsepower, twelve offshore platforms, and various appurtenant and auxiliary facilities. Kinetica requests authorizations necessary to acquire and operate the facilities as a new jurisdictional pipeline company. Because the effectiveness of the approval requested in each of Tennessee's filings is precedent on approval in the other, Tennessee requests that the Commission consolidate its review of the application for abandonment and the Offer of Settlement for issuance of its findings in a single order. Kinetica requests that an order be issued by March 31, 2013 granting its certificate.

Any questions regarding Tennessee's application in Docket No. CP12–490–000 and Offer of Settlement in Docket No. RP12–887–000 should be directed to Thomas G. Joyce, Manager, Rates and Regulatory Affairs, Tennessee Gas Pipeline Company, L.L.C., 101 Louisiana Street, Houston, Texas 77002, or by calling (713) 420–3299 or faxing (713) 420–1605 or email *tom_joyce@kindermorgan.com* or to Ms. Shannon M. Miller, Rates and Regulatory Affairs, Tennessee Gas Pipeline Company L.L.C., 101 Louisiana Street, Houston, Texas 77002, or by calling (713) 420–5535 or faxing (713) 420–1605 or email *shannon_miller@kindermorgan.com.*

Any questions concerning Kinetica's application in Docket No. CP12–489–000 should be directed to Diane S. Dundee, Kinetica Energy Express, LLC, Lyric Center, 440 Louisiana Street, Suite 425, Houston, Texas 77002, by calling (713) 228–3347 or email at *diane.dundee@kineticallc.com.*

There are two ways to become involved in the Commission's review of this project. First, any person wishing to obtain legal status by becoming a party to the proceedings for this project should, on or before the comment date stated below, file with the Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426, a motion to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the NGA (18 CFR 157.10). A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies of all documents filed by the applicant and by all other parties. A party must submit an original and 7 copies of filings made with the Commission and must mail a copy to the applicant and to every other party in the proceeding. Only parties to the proceeding can ask for court review of Commission orders in the proceeding.

However, a person does not have to intervene in order to have comments considered. The second way to participate is by filing with the Secretary of the Commission, as soon as possible, an original and two copies of comments in support of or in opposition to this project. The Commission will consider these comments in determining the appropriate action to be taken, but the filing of a comment alone will not serve to make the filer a party to the proceeding. The Commission's rules require that persons filing comments in opposition to the project provide copies of their protests only to the party or parties directly involved in the protest.

Regarding Tennessee's Offer of Settlement in Docket No. RP12–887–000 filed pursuant to section 385.602 of the Commission's regulations, the due date for any initial comments regarding the Offer of Settlement is hereby set to coincide with the Comment Date shown below. Any reply comments should be filed 15 days thereafter to coincide with the Commission's Rule regarding answers to motions filed pursuant to section 385.213 as such answers would be permitted in the two related dockets, Docket Nos. CP12–490–000 and CP12–489–000.

The Commission strongly encourages electronic filings of comments, protests and interventions in lieu of paper using the ''eFiling'' link at *http://www.ferc.gov.* Persons unable to file electronically should submit an original and 7 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426. This filing is accessible on-line at *http://www.ferc.gov,* using the ''eLibrary'' link and is available for review in the Commission's Public Reference Room in Washington, DC. There is an

''eSubscription'' link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email *FERCOnlineSupport@ferc.gov,* or call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Comment Date: August 29, 2012

Dated: August 8, 2012.

Kimberly D. Bose,

Secretary.

[FR Doc. 2012–19866 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP12–491–000]

Trunkline Gas Company, LLC; Notice of Application

Take notice that on July 26, 2012, Trunkline Gas Company, LLC (Trunkline), 5051 Westheimer Road, Houston, Texas 77056–5622, filed in Docket No. CP12–491–000 an application pursuant to section 7(b) of the Natural Gas Act (NGA), for an order permitting and approving the abandonment of 770 miles of looped mainline facilities and 15,850 horsepower of compression facilities by sale to a designated affiliate of Energy Transfer Equity, L.P. Upon transfer, the pipeline facilities will be converted to crude oil transportation service, all as more fully set forth in the application which is on file with the Commission and open for public inspection.

Any questions regarding the applications should be directed to Stephen T. Veatch, Senior Director of Certificates and Tariffs, Trunkline Gas Company, LLC, 5051 Westheimer Road, Houston, Texas 77056–5622 or by calling 713–989–2024.

Pursuant to section 157.9 of the Commission's rules, 18 CFR 157.9, within 90 days of this Notice the Commission staff will either: Complete its environmental assessment (EA) and place it into the Commission's public record (eLibrary) for this proceeding; or issue a Notice of Schedule for Environmental Review. If a Notice of Schedule for Environmental Review is issued, it will indicate, among other milestones, the anticipated date for the Commission staff's issuance of the final environmental impact statement (FEIS) or EA for this proposal. The filing of the EA in the Commission's public record for this proceeding or the issuance of a Notice of Schedule for Environmental Review will serve to notify federal and state agencies of the timing for the completion of all necessary reviews, and the subsequent need to complete all federal authorizations within 90 days of the date of issuance of the Commission staff's FEIS or EA.

There are two ways to become involved in the Commission's review of this project. First, any person wishing to obtain legal status by becoming a party to the proceedings for this project should, on or before the comment date stated below, file with the Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426, a motion to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the NGA (18 CFR 157.10). A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies of all documents filed by the applicant and by all other parties. A party must submit 7 copies of filings made with the Commission and must mail a copy to the applicant and to every other party in the proceeding. Only parties to the proceeding can ask for court review of Commission orders in the proceeding.

However, a person does not have to intervene in order to have comments considered. The second way to participate is by filing with the Secretary of the Commission, as soon as possible, an original and two copies of comments in support of or in opposition to this project. The Commission will consider these comments in determining the appropriate action to be taken, but the filing of a comment alone will not serve to make the filer a party to the proceeding. The Commission's rules require that persons filing comments in opposition to the project provide copies of their protests only to the party or parties directly involved in the protest.

Persons who wish to comment only on the environmental review of this project should submit an original and two copies of their comments to the Secretary of the Commission. Environmental commentors will be placed on the Commission's environmental mailing list, will receive copies of the environmental documents, and will be notified of meetings associated with the Commission's environmental review process. Environmental commentors will not be required to serve copies of filed documents on all other parties. However, the non-party commentors will not receive copies of all documents filed by other parties or issued by the Commission (except for the mailing of environmental documents issued by the Commission) and will not have the right to seek court review of the Commission's final order.

The Commission strongly encourages electronic filings of comments, protests and interventions in lieu of paper using the ''eFiling'' link at *http://www.ferc.gov.* Persons unable to file electronically should submit an original and 7 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426.

This filing is accessible on-line at *http://www.ferc.gov,* using the ''eLibrary'' link and is available for review in the Commission's Public Reference Room in Washington, DC. There is an ''eSubscription'' link on the Web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email *FERCOnlineSupport@ferc.gov,* or call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Comment Date: August 29, 2012.

Dated: August 8, 2012.

Kimberly D. Bose,

Secretary.

[FR Doc. 2012–19867 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #3

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER12–2057–000.

Applicants: NaturEner Glacier Wind Energy 1, LLC.

Description: Amendment to Filing of NaturEner Glacier Wind Energy 1, LLC.

Filed Date: 8/7/12.

Accession Number: 20120807–5108.

Comments Due: 5 p.m. ET 8/14/12.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: August 7, 2012.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2012–19853 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission has received the following Natural Gas Pipeline Rate and Refund Report filings:

Filings Instituting Proceedings

Docket Numbers: RP12–926–000.
Applicants: Eastern Shore Natural Gas Company.
Description: Revisions to Form of Service Agreements and Delivery Point Area Definitions to be effective 9/6/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5048.
Comments Due: 5 p.m. ET 8/20/12.

Docket Numbers: RP12–927–000.
Applicants: Eastern Shore Natural Gas Company.
Description: Delivery Point Area (DPA) Revision Filing to be effective 9/14/2011.
Filed Date: 8/6/12.
Accession Number: 20120806–5095.
Comments Due: 5 p.m. ET 8/20/12.

Docket Numbers: RP12–928–000.
Applicants: Trailblazer Pipeline Company LLC.
Description: 2012–08–06 NC's (7) to be effective 8/7/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5131.
Comments Due: 5 p.m. ET 8/20/12.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, and service can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: August 7, 2012.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2012–19854 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #2

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER10–1823–001; *ER10–1917–001; ER10–1483–002; ER10–1462–001; ER10–1853–001; ER10–1904–001; ER10–1996–001; ER10–2309–001; ER10–2386–001; ER10–2413–001; ER10–2458–001; ER10–2468–001; ER10–1410–001.*
Applicants: Dominion Energy Marketing, Inc.
Description: Notice of Change in Status of Dominion Resources Services, Inc. on behalf of Dominion Energy Marketing, Inc. et al.
Filed Date: 8/6/12.
Accession Number: 20120806–5168.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER11–2932–001.
Applicants: NorthWestern Corporation.
Description: Attachment K Compliance Filing—SD OATT to be effective 8/2/2012.
Filed Date: 8/7/12.
Accession Number: 20120807–5044.
Comments Due: 5 p.m. ET 8/28/12.

Docket Numbers: ER12–1761–001.
Applicants: PJM Interconnection, L.L.C.
Description: Compliance Filing per 7/9/2012 Order in ER12–1761 to be effective 4/5/2012.
Filed Date: 8/7/12.
Accession Number: 20120807–5110.
Comments Due: 5 p.m. ET 8/28/12.

Docket Numbers: ER12–2414–001.
Applicants: New York Independent System Operator, Inc.
Description: NYISO Compliance Filing to replace tariff section filed 8/6/12 re: BSM rules to be effective 6/22/2012.
Filed Date: 8/7/12.
Accession Number: 20120807–5100.
Comments Due: 5 p.m. ET 8/28/12.

Docket Numbers: ER12–2415–000.
Applicants: Simpson Tacoma Kraft Company, LLC.
Description: Baseline Refile to be effective 12/29/2008.
Filed Date: 8/7/12.
Accession Number: 20120807–5001.
Comments Due: 5 p.m. ET 8/28/12.

Docket Numbers: ER12–2416–000.
Applicants: PJM Interconnection, L.L.C.
Description: Original Service Agreement No. 3377; Queue No. W4–042 to be effective 7/31/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5167.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER12–2417–000.
Applicants: PJM Interconnection, L.L.C.
Description: Queue Position W1–072A_AT5; Original Service Agreement No. 3380 to be effective 7/13/2012.
Filed Date: 8/7/12.
Accession Number: 20120807–5081.
Comments Due: 5 p.m. ET 8/28/12.

Docket Numbers: ER12–2418–000.
Applicants: PJM Interconnection, L.L.C.
Description: Queue Position Y1–012; Original Service Agreement No. 3379 to be effective 7/10/2012.
Filed Date: 8/7/12.
Accession Number: 20120807–5095.
Comments Due: 5 p.m. ET 8/28/12.

Docket Numbers: ER12–2419–000.
Applicants: San Diego Gas & Electric Company.
Description: SDGE Certificate of Concurrence to CAISO Amended and Restated TCA to be effective 7/3/2012.
Filed Date: 8/7/12.
Accession Number: 20120807–5104.
Comments Due: 5 p.m. ET 8/28/12.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: August 07, 2012.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2012–19857 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER12–2200–001.
Applicants: Mehoopany Wind Energy LLC.
Description: MBR Application of Mehoopany Wind Energy LLC to be effective 9/1/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5135.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER12–2408–000.
Applicants: Entergy Arkansas, Inc., Entergy Services, Inc.
Description: EAI–Paragould SA 644 to be effective 10/11/2011.
Filed Date: 8/6/12.
Accession Number: 20120806–5041.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER12–2409–000.
Applicants: PJM Interconnection, L.L.C.
Description: Original Service Agreement No. 3356; Queue No. W4–033 to be effective 7/16/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5058.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER12–2410–000.
Applicants: New York Independent System Operator, Inc.
Description: SGIA 1895 Among NYISO, NYSEG and Broome Energy Resources to be effective 7/26/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5070.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER12–2411–000.
Applicants: Entergy Arkansas, Inc.
Description: EAI Marketing Agreement Refile to be effective 10/1/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5088.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER12–2412–000.
Applicants: Public Service Electric and Gas Company, PJM Interconnection, L.L.C.
Description: PJM TOs submit revisions to PJM OATT Sch 12 re DFAX Threshold to be effective 10/5/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5089.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER12–2413–000.
Applicants: Energy Alternatives Wholesale, LLC.
Description: Application for Market-Based Rate Authority and Baseline Tariff to be effective 9/6/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5103.
Comments Due: 5 p.m. ET 8/27/12.

Docket Numbers: ER12–2414–000.
Applicants: New York Independent System Operator, Inc.
Description: NYISO Compliance Filing—Buyer-side Market Power Mitigation Provisions to be effective 6/22/2012.
Filed Date: 8/6/12.
Accession Number: 20120806–5136.
Comments Due: 5 p.m. ET 8/27/12.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: August 07, 2012.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2012–19856 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following exempt wholesale generator filings:

Docket Numbers: EG12–96–000.
Applicants: NRG Solar Borrego I LLC.
Description: Self-Certification of EG of NRG Solar Borrego I LLC.
Filed Date: 8/3/12.
Accession Number: 20120803–5081.
Comments Due: 5 p.m. ET 8/24/12.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER12–2399–000.
Applicants: PJM Interconnection, L.L.C., American Transmission Systems, Incorporation.
Description: First Energy submits revised PJM OATT Attachments M–1 & M–2 (FirstEnergy Zones) to be effective 6/1/2012.
Filed Date: 8/3/12.
Accession Number: 20120803–5082.
Comments Due: 5 p.m. ET 8/24/12.

Docket Numbers: ER12–2400–000.
Applicants: Liberty Power District of Columbia LLC.
Description: Amendments to Market-Based Rate Tariff in Compliance with Order No. 697 to be effective 8/6/2012.
Filed Date: 8/3/12.
Accession Number: 20120803–5083.
Comments Due: 5 p.m. ET 8/24/12.

Docket Numbers: ER12–2401–000.
Applicants: Liberty Power Delaware LLC.
Description: Amendments to Market-Based Rate Tariff in Compliance with Order No. 697 to be effective 8/6/2012.
Filed Date: 8/3/12.
Accession Number: 20120803–5084.
Comments Due: 5 p.m. ET 8/24/12.

Docket Numbers: ER12–2402–000.
Applicants: Liberty Power Maryland LLC.
Description: Amendments to Market-Based Rate Tariff in Compliance with Order No. 697 to be effective 8/6/2012.
Filed Date: 8/3/12.
Accession Number: 20120803–5085.
Comments Due: 5 p.m. ET 8/24/12.

Docket Numbers: ER12–2403–000.
Applicants: Liberty Power Holdings LLC.
Description: Amendments to Market-Based Rate Tariff in Compliance with Order No. 697 to be effective 8/6/2012.
Filed Date: 8/3/12.
Accession Number: 20120803–5086.
Comments Due: 5 p.m. ET 8/24/12.

Docket Numbers: ER12–2404–000.
Applicants: Public Service Company of Colorado.
Description: 2012–8–3_TSGT DAVIS SS E&P 329 to be effective 7/9/2012.
Filed Date: 8/3/12.
Accession Number: 20120803–5087.
Comments Due: 5 p.m. ET 8/24/12.

Docket Numbers: ER12–2405–000.
Applicants: Helvetia Solar, LLC.
Description: Helvetia Solar, LLC MBR Tariff to be effective 9/2/2012.
Filed Date: 8/3/12.
Accession Number: 20120803–5088.
Comments Due: 5 p.m. ET 8/24/12.

Docket Numbers: ER12–2406–000.
Applicants: AEP Generating Company.

Description: AEP Generating Company RS and SA Tariff to be effective 8/3/2012.

Filed Date: 8/3/12.

Accession Number: 20120803–5111.

Comments Due: 5 p.m. ET 8/24/12.

Docket Numbers: ER12–2407–000.

Applicants: Massachusetts Electric Company.

Description: Service Agreement Rider Between Massachusetts Electric Co. and General Electric to be effective 3/5/2011.

Filed Date: 8/3/12.

Accession Number: 20120803–5112.

Comments Due: 5 p.m. ET 8/24/12.

Take notice that the Commission received the following land acquisition reports:

Docket Numbers: LA11–4–000.

Applicants: CalPeak Power LLC, CalPeak Power-Panoche LLC, CalPeak Power-Vaca Dixon LLC, CalPeak Power-Enterprise LLC, CalPeak Power-Border LLC, Starwood Power-Midway, LLC.

Description: Quarterly Land Acquisition Report of CalPeak Power LLC, et al.

Filed Date: 8/3/12.

Accession Number: 20120803–5114.

Comments Due: 5 p.m. ET 8/24/12.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: August 6, 2012.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2012–19855 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 12514–056]

Northern Indiana Public Service Company; Notice of Application for Amendment of License and Soliciting Comments, Motions To Intervene and Protests

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection:

a. *Application Type:* Temporary variance of license article 403.

b. *Project No:* 12514–056.

c. *Date Filed:* August 3, 2012.

d. *Applicant:* Northern Indiana Public Service Company (licensee).

e. *Name of Project:* Norway-Oakdale Hydroelectric Project.

f. *Location:* The Norway-Oakdale Project is located on the Tippecanoe River near the town of Monticello, in Carroll and White counties, Indiana. The project consists of the upper Norway development and the lower Oakdale development each of which has a dam and powerhouse.

g. *Filed Pursuant to:* Federal Power Act, 16 U.S.C. 791a–825r.

h. *Applicant Contact:* Mr. Justin Darling, Hydro Supervisor—Chemical and Environmental Compliance, Northern Indiana Public Service Company, 1414 W. Broadway, Monticello, IN 47960, 574–583–1154.

i. *FERC Contact:* Ms. Kelly Houff at 202–502–6393, *kelly.houff@ferc.gov,* or Mr. Robert Ballantine at 202–502–6289, *robert.ballantine@ferc.gov.*

j. *Deadline for filing comments, motions to intervene, and protests:* August 24, 2012.

All documents may be filed electronically via the Internet. See, 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's Web site at *http://www.ferc.gov/docs-filing/efiling.asp.* If unable to be filed electronically, documents may be paper-filed. To paper-file, an original and seven copies should be mailed to: Secretary, Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426. Commenters can submit brief comments up to 6,000 characters, without prior registration, using the eComment system at *http://www.ferc.gov/docs-filing/ecomment.asp.* You must include your name and contact information at the end of your comments.

Please include the project number (P–12514–056) on any comments, motions, or recommendations filed.

k. *Description of Request:* Northern Indiana Public Service Company, licensee for the Norway-Oakdale Hydroelectric Project, requests the Commission to grant a temporary variance of license Article 403 due to regional drought conditions. Article 403, in part, requires the licensee to operate the project in a run-of-river manner where, project outflow is equal to project inflow and to maintain lake elevations of Lake Shafer within ±0.25 feet of elevation 647.47 feet National Geodetic Vertical Datum (NGVD) and Lake Freeman within ±0.25 feet of elevation 612.45 NGVD. The U.S. Fish and Wildlife Service and the Indiana Department of Natural Resources have determined that the licensee must release a minimum flow of 200 cubic feet per second (cfs) from the Oakdale Dam for the preservation of federally endangered mussel species which inhabit the Tippecanoe River downstream of the project reservoirs. Due to regional drought conditions affecting the project watershed, the release of 200 cfs downstream of the project, at times, may not be equal to project inflow and therefore may result in the lake elevations deviating from the ±0.25 feet NGVD range as stated in Article 403 of the project license. The licensee requests the variance until December 1, 2012, or until an earlier date if drought conditions improve.

l. *Locations of the Application:* A copy of the application is available for inspection and reproduction at the Commission's Public Reference Room, located at 888 First Street NE., Room 2A, Washington, DC 20426, or by calling 202–502–8371. This filing may also be viewed on the Commission's Web site at *http://www.ferc.gov* using the ''eLibrary'' link. Enter the docket number excluding the last three digits in the docket number field to access the document. You may also register online at *http://www.ferc.gov/docs-filing/esubscription.asp* to be notified via email of new filings and issuances related to this or other pending projects. For assistance, call 866–208–3676 or email *FERCOnlineSupport@ferc.gov;* for TTY, call 202–502–8659. A copy is also available for inspection and reproduction at the address in item (h) above.

m. Individuals desiring to be included on the Commission's mailing list should so indicate by writing to the Secretary of the Commission.

n. *Comments, Protests, or Motions to Intervene:* Anyone may submit comments, a protest, or a motion to intervene in accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, .211, .214.

In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a motion to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or motions to intervene must be received on or before the specified comment date for the particular application.

o. *Filing and Service of Responsive Documents:* Any filing must (1) bear in all capital letters the title ''COMMENTS''; ''PROTESTS'', or ''MOTION TO INTERVENE'' as applicable; (2) set forth in the heading the name of the applicant and the project number of the application to which the filing responds; (3) furnish the name, address, and telephone number of the person protesting or intervening; and (4) otherwise comply with the requirements of 18 CFR 385.2001 through 385.2005. All comments, motions to intervene, or protests must set forth their evidentiary basis and otherwise comply with the requirements of 18 CFR 4.34(b). Agencies may obtain copies of the application directly from the applicant. A copy of any protest or motion to intervene must be served upon each representative of the applicant specified in the particular application. If an intervener files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency. A copy of all other filings in reference to this application must be accompanied by proof of service on all persons listed in the service list prepared by the Commission in this proceeding, in accordance with 18 CFR 4.34(b) and 385.2010.

Dated: August 8, 2012.

Kimberly D. Bose,

Secretary.

[FR Doc. 2012–19868 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 14414–000]

Water Asset Management, Inc.; Notice of Preliminary Permit Application Accepted for Filing and Soliciting Comments, Motions to Intervene, and Competing Applications

On June 6, 2012, Water Asset Management, Inc., New York, filed an application for a preliminary permit, pursuant to section 4(f) of the Federal Power Act (FPA), proposing to study the feasibility of the Winnemucca Farms West Pumped Storage Project to be located on the Humboldt River near the town of Paradise Valley, Humboldt County, Nevada. The project would affect federal lands administered by the Bureau of Land Management. The sole purpose of a preliminary permit, if issued, is to grant the permit holder priority to file a license application during the permit term. A preliminary permit does not authorize the permit holder to perform any land-disturbing activities or otherwise enter upon lands or waters owned by others without the owners' express permission.

The proposed project would consist of the following: (1) A 7,835-acre-foot upper reservoir, formed by a 250-foot-high, rockfill earthwork impoundment, with a total storage capacity of 6,000 acre-feet and a water surface area of 101 acres at full pool elevation of 5,295 feet above mean sea level (msl); (2) a 10,230-acre-foot lower reservoir, formed by an 80-foot-high, rockfill earthwork impoundment, with a total storage capacity of 9,350 acre-feet and a water surface area of 204 acres at full pool elevation of 4,385 feet msl; (3) a concrete-lined penstock furcating upstream of the powerhouse to steel-lined penstocks connecting to the pumping units, and a concrete-lined tailrace connecting to the lower reservoir; (4) an underground powerhouse, with vertical Francis-type single-stage pump-turbines totaling 400 megawatts (MW) (2 units x 200 MW) of generating capacity. The annual energy output would be approximately 237,120 megawatthours. Interconnection would be provided at either: (1) a 25-mile-long, overhead single-circuit 345-kilovolt line owned by subsidiaries of NV Energy, Inc.; or (2) construct a local substation to allow for a joint connection with the sister Winnemucca Farms East site project.[1]

Applicant Contact: Disque Dean, Jr., Water Asset Management, Inc., 509 Madison Avenue, Suite 804, New York, NY 10022; phone (212) 754–5101.

FERC Contact: Brian Csernak; phone: (202) 502–6144.

Deadline for filing comments, motions to intervene, competing applications (without notices of intent), or notices of intent to file competing applications: 60 days from the issuance of this notice. Competing applications and notices of intent must meet the requirements of 18 CFR 4.36. Comments, motions to intervene, notices of intent, and competing applications may be filed electronically via the Internet. See 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's Web site *http://www.ferc.gov/docs-filing/efiling.asp.* Commenters can submit brief comments up to 6,000 characters, without prior registration, using the eComment system at *http://www.ferc.gov/docs-filing/ecomment.asp.* You must include your name and contact information at the end of your comments. For assistance, please contact FERC Online Support at *FERCOnlineSupport@ferc.gov* or toll free at 1–866–208–3676, or for TTY, (202) 502–8659. Although the Commission strongly encourages electronic filing, documents may also be paper-filed. To paper-file, mail an original and seven copies to: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426.

More information about this project, including a copy of the application, can be viewed or printed on the ''eLibrary'' link of Commission's Web site at *http://www.ferc.gov/docs-filing/elibrary.asp.* Enter the docket number (P–14414) in the docket number field to access the document. For assistance, contact FERC Online Support.

Dated: August 8, 2012.

Kimberly D. Bose,

Secretary.

[FR Doc. 2012–19869 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

[1] *Water Asset Management, Inc.,* Winnemucca Farms East Pump Storage Project, FERC Project No. 14422–000

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 14422–000]

Water Asset Management, Inc.; Notice of Preliminary Permit Application Accepted for Filing and Soliciting Comments, Motions To Intervene, and Competing Applications

On June 6, 2012, Water Asset Management, Inc., New York, filed an application for a preliminary permit, pursuant to section 4(f) of the Federal Power Act (FPA), proposing to study the feasibility of the Winnemucca Farms East Pumped Storage Project to be located on the Humboldt River near the town of Paradise Valley, the Humboldt County, Nevada. The project would affect federal lands administered by the Bureau of Land Management. The sole purpose of a preliminary permit, if issued, is to grant the permit holder priority to file a license application during the permit term. A preliminary permit does not authorize the permit holder to perform any land-disturbing activities or otherwise enter upon lands or waters owned by others without the owners' express permission.

The proposed project would consist of the following: (1) A 7,352-acre-foot upper reservoir, formed by a 250-foot-high, rockfill earthwork impoundment, with a total storage capacity of 5,700 acre-feet and a water surface area of 88 acres at full pool elevation of 5,430 feet above mean sea level (msl); (2) a 9,680-acre-foot lower reservoir, formed by an 80-foot-high, rockfill earthwork impoundment, with a total storage capacity of 8,900 acre-feet and a water surface area of 157 acres at full pool elevation of 4,570 feet msl; (3) a concrete-lined penstock furcating upstream of the powerhouse to steel-lined penstocks connecting to the pumping units, and a concrete-lined tailrace connecting to the lower reservoir; (4) an underground powerhouse, with vertical Francis-type single-stage pump-turbines totaling 400 megawatts (MW) (2 units × 200 MW) of generating capacity. The annual energy output would be approximately 237,120 megawatt hours. Interconnection would be provided at either: (1) A 25-mile-long, overhead single-circuit 345-kilovolt line owned by subsidiaries of NV Energy, Inc.; or (2) construct a local substation to allow for a joint connection with the sister Winnemucca Farms West site project.[1]

Applicant Contact: Disque Dean, Jr., Water Asset Management, Inc., 509 Madison Avenue, Suite 804, New York, NY 10022; phone (212) 754–5101.

FERC Contact: Brian Csernak; phone: (202) 502–6144.

Deadline for filing comments, motions to intervene, competing applications (without notices of intent), or notices of intent to file competing applications: 60 days from the issuance of this notice. Competing applications and notices of intent must meet the requirements of 18 CFR 4.36. Comments, motions to intervene, notices of intent, and competing applications may be filed electronically via the Internet. See 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's Web site *http://www.ferc.gov/docs-filing/efiling.asp.* Commenters can submit brief comments up to 6,000 characters, without prior registration, using the eComment system at *http://www.ferc.gov/docs-filing/ecomment.asp.* You must include your name and contact information at the end of your comments. For assistance, please contact FERC Online Support at *FERCOnlineSupport@ferc.gov* or toll free at 1–866–208–3676, or for TTY, (202) 502–8659. Although the Commission strongly encourages electronic filing, documents may also be paper-filed. To paper-file, mail an original and seven copies to: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426.

More information about this project, including a copy of the application, can be viewed or printed on the ''eLibrary'' link of Commission's Web site at *http://www.ferc.gov/docs-filing/elibrary.asp.* Enter the docket number (P–14422) in the docket number field to access the document. For assistance, contact FERC Online Support.

Dated: August 8, 2012.

Kimberly D. Bose,

Secretary.

[FR Doc. 2012–19865 Filed 8–13–12; 8:45 am]

BILLING CODE 6717–01–P

[1] *Water Asset Management, Inc.* Winnemucca Farms West Pump Storage Project, FERC Project No. 14414–000.

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OPPT–2012–0438; FRL–9356–4]

Certain New Chemicals; Receipt and Status Information

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: Section 5 of the Toxic Substances Control Act (TSCA) requires any person who intends to manufacture (defined by statute to include import) a new chemical (i.e., a chemical not on the TSCA Chemical Substances Inventory (TSCA Inventory)) to notify EPA and comply with the statutory provisions pertaining to the manufacture of new chemicals. Under TSCA sections 5(d)(2) and 5(d)(3), EPA is required to publish in the **Federal Register** a notice of receipt of a premanufacture notice (PMN) or an application for a test marketing exemption (TME), and to publish in the **Federal Register** periodic status reports on the new chemicals under review and the receipt of notices of commencement (NOC) to manufacture those chemicals. This document, which covers the period from June 18, 2012 to June 29, 2012, and provides the required notice and status report, consists of the PMNs and TMEs, both pending or expired, and the NOC to manufacture a new chemical that the Agency has received under TSCA section 5 during this time period.

DATES: Comments identified by the specific PMN number or TME number, must be received on or before September 13, 2012.

ADDRESSES: Submit your comments, identified by docket identification (ID) number EPA–HQ–OPPT–2012–0438, and the specific PMN number or TME number for the chemical related to your comment, by one of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the on-line instructions for submitting comments.
- *Mail:* Document Control Office (7407M), Office of Pollution Prevention and Toxics (OPPT), Environmental Protection Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20460–0001.
- *Hand Delivery:* OPPT Document Control Office (DCO), EPA East Bldg., Rm. 6428, 1201 Constitution Ave. NW., Washington, DC. The DCO is open from 8 a.m. to 4 p.m., Monday through Friday, excluding legal holidays. The telephone number for the DCO is (202) 564–8930. Such deliveries are only accepted during the DCO's normal hours of operation, and special

arrangements should be made for deliveries of boxed information.

Instructions: EPA's policy is that all comments received will be included in the docket without change and may be made available on-line at *http://www.regulations.gov,* including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit information that you consider to be CBI or otherwise protected through regulations.gov or email. The regulations.gov Web site is an ''anonymous access'' system, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an email comment directly to EPA without going through regulations.gov, your email address will be automatically captured and included as part of the comment that is placed in the docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD–ROM you submit. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses.

Docket: All documents in the docket are listed in the docket index available at *http://www.regulations.gov.* Although listed in the index, some information is not publicly available, e.g., CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, will be publicly available only in hard copy. Publicly available docket materials are available electronically at *http://www.regulations.gov,* or, if only available in hard copy, at the OPPT Docket. The OPPT Docket is located in the EPA Docket Center (EPA/DC) at Rm. 3334, EPA West Bldg., 1301 Constitution Ave. NW., Washington, DC. The EPA/DC Public Reading Room hours of operation are 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number of the EPA/DC Public Reading Room is (202) 566–1744, and the telephone number for the OPPT Docket is (202) 566–0280. Docket visitors are required to show photographic identification, pass through a metal detector, and sign the EPA visitor log. All visitor bags are processed through an X-ray machine and subject to search. Visitors will be provided an EPA/DC badge that must be visible at all times in the building and returned upon departure.

FOR FURTHER INFORMATION CONTACT:

For technical information contact: Bernice Mudd, Information Management Division (7407M), Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20460–0001; telephone number: (202) 564–8951; fax number: (202) 564–8955; email address: *mudd.bernice@epa.gov.*

For general information contact: The TSCA–Hotline, ABVI–Goodwill, 422 South Clinton Ave., Rochester, NY 14620; telephone number: (202) 554–1404; email address: *TSCA-Hotline@epa.gov.*

SUPPLEMENTARY INFORMATION:

I. General Information

A. Does this action apply to me?

This action is directed to the public in general. As such, the Agency has not attempted to describe the specific entities that this action may apply to. Although others may be affected, this action applies directly to the submitter of the PMNs addressed in this action. If you have any questions regarding the applicability of this action to a particular entity, consult the person listed under **FOR FURTHER INFORMATION CONTACT**.

B. What should I consider as I prepare my comments for EPA?

1. *Submitting CBI.* Do not submit this information to EPA through regulations.gov or email. Clearly mark the part or all of the information that you claim to be CBI. For CBI information in a disk or CD–ROM that you mail to EPA, mark the outside of the disk or CD–ROM as CBI and then identify electronically within the disk or CD–ROM the specific information that is claimed as CBI. In addition to one complete version of the comment that includes information claimed as CBI, a copy of the comment that does not contain the information claimed as CBI must be submitted for inclusion in the public docket. Information so marked will not be disclosed except in accordance with procedures set forth in 40 CFR part 2.

2. *Tips for preparing your comments.* When submitting comments, remember to:

i. Identify the document by docket ID number and other identifying information (subject heading, **Federal Register** date and page number).

ii. Follow directions. The Agency may ask you to respond to specific questions or organize comments by referencing a Code of Federal Regulations (CFR) part or section number.

iii. Explain why you agree or disagree; suggest alternatives and substitute language for your requested changes.

iv. Describe any assumptions and provide any technical information and/or data that you used.

v. If you estimate potential costs or burdens, explain how you arrived at your estimate in sufficient detail to allow for it to be reproduced.

vi. Provide specific examples to illustrate your concerns and suggest alternatives.

vii. Explain your views as clearly as possible, avoiding the use of profanity or personal threats.

viii. Make sure to submit your comments by the comment period deadline identified.

II. Why is EPA taking this action?

EPA classifies a chemical substance as either an ''existing'' chemical or a ''new'' chemical. Any chemical substance that is not on EPA's TSCA Inventory is classified as a ''new chemical,'' while those that are on the TSCA Inventory are classified as an ''existing chemical.'' For more information about the TSCA Inventory go to: *http://www.epa.gov/opptintr/newchems/pubs/inventory.htm.* Anyone who plans to manufacture or import a new chemical substance for a non-exempt commercial purpose is required by TSCA section 5 to provide EPA with a PMN, before initiating the activity. Section 5(h)(1) of TSCA authorizes EPA to allow persons, upon application, to manufacture (includes import) or process a new chemical substance, or a chemical substance subject to a significant new use rule (SNUR) issued under TSCA section 5(a), for ''test marketing'' purposes, which is referred to as a test marketing exemption, or TME. For more information about the requirements applicable to a new chemical go to: *http://ww.epa.gov/opt/newchems.*

Under TSCA sections 5(d)(2) and 5(d)(3), EPA is required to publish in the **Federal Register** a notice of receipt of a PMN or an application for a TME and to publish in the **Federal Register** periodic status reports on the new chemicals under review and the receipt of NOCs to manufacture those chemicals. This status report, which covers the period from June 18, 2012 to June 29, 2012, consists of the PMNs and TMEs, both pending or expired, and the NOCs to manufacture a new chemical that the Agency has received under TSCA section 5 during this time period.

III. Receipt and Status Reports

In Table I. of this unit, EPA provides the following information (to the extent that such information is not claimed as CBI) on the PMNs received by EPA during this period: The EPA case number assigned to the PMN, the date the PMN was received by EPA, the projected end date for EPA's review of the PMN, the submitting manufacturer/importer, the potential uses identified by the manufacturer/importer in the PMN, and the chemical identity.

TABLE I—31 PMNS RECEIVED FROM 6/18/12 TO 6/29/12

Case No.	Received date	Projected notice end date	Manufacturer/Importer	Use	Chemical
P–12–0407	06/15/2012	09/12/2012	Cytec Industries, Inc.	(G) Coating Resin	(G) Substituted carbomoncycles, polymer with substituted alkanoic acids and dialkyleneglycol, substituted alkylamine-blocked, compounds with alkylamino alcohol.
P–12–0408	06/18/2012	09/15/2012	CBI	(G) Binder	(G) Alkenedioic acid dialkyl ester, reaction products with alkenoic acid alkyl esters.
P–12–0409	06/18/2012	09/15/2012	CBI	(G) Binder	(G) Alkenedioic acid dialkyl ester, reaction products with diamine and alkenoic acid alkyl esters.
P–12–0410	06/18/2012	09/15/2012	CBI	(G) Binder	(G) Alkenedioic acid dialkyl ester, reaction products with alkenoic acid alkyl esters and diamine.
P–12–0411	06/18/2012	09/15/2012	CBI	(G) Binder	(G) Alkenedioic acid dialkyl ester, reaction products with diamine alkenoic acid alkyl esters.
P–12–0412	06/18/2012	09/15/2012	CBI	(G) Binder	(G) Alkenedioic acid dialkyl ester, reaction products with diamine alkenoic acid alkyl esters.
P–12–0413	06/18/2012	09/15/2012	CBI	(G) Binder	(G) Alkenedioic acid dialkyl ester, reaction products with diamine alkenoic acid alkyl esters.
P–12–0414	06/18/2012	09/15/2012	Kowa American Corp.	(S) Reactive intermediate for use in ultra violet, electron beams and conventionally cured coating and ink formulations (open/non-dispersive use).	(S) 2-propenoic acid, (2-ethyl-2-methyl-1,3-dioxolan-4-yl)methyl ester.
P–12–0415	06/18/2012	09/15/2012	CBI	(G) Foam insulation	(G) Soybean oil, polymer with adipic acid, benzoic acid, difuntional glycols, glycerol, pentaerythritol, phthalic anhydride, terephthalic acid.
P–12–0416	06/19/2012	09/16/2012	Hanwha International	(S) Use as an additive for electro-static discharge (ESD); Use as an additive for weight-lighting; Use as an additive to reinforce materials; Use in the production of electrodes; Use as an additives in seat-heaters; Use as an electron emitter; Use as an additive for heat transfer and thermal emission; Use as an additive for electromagnetic interface (EMI) shielding; Use as a pigment; use as a functional additive in composites and paints.	(S) Multiwalled carbon nanotubes (CM–95 grade).

TABLE I—31 PMNS RECEIVED FROM 6/18/12 TO 6/29/12—Continued

Case No.	Received date	Projected notice end date	Manufacturer/Importer	Use	Chemical
P–12–0417	06/19/2012	09/16/2012	Hanwha International	(S) Use as an additive for electro-static discharge (ESD); Use as an additive for weight-lighting; Use as an additive to reinforce materials; Use in the production of electrodes; Use as an additives in seat-heaters; Use as an electron emitter; Use as an additive for heat transfer and thermal emission; Use as an additive for electromagnetic interface (EMI) shielding; Use as a pigment; Use as a functional additive in composites and paints.	(S) Multi-walled carbon nanotubes (CM–100 grade).
P–12–0418	06/19/2012	09/16/2012	Hanwha International	(S) Use as an additive for electro-static discharge (ESD); use as an additive for weight-lighting; Use as an additive to reinforce materials; Use in the production of electrodes; Use as an additives in seat-heaters; Use as an electron emitter; Use as an additive for heat transfer and thermal emission; Use as an additive for electromagnetic interface (EMI) shielding; Use as a pigment; Use as a functional additive in composites and paints.	(S) Multi-walled carbon nanotubes (CM–150 grade).
P–12–0419	06/19/2012	09/16/2012	Hanwha international	(S) Use as an additive for electro-static discharge (ESD); Use as an additive for weight-lighting; Use as an additive to reinforce materials; Use in the production of electrodes; Use as an additives in seat-heaters; Use as an electron emitter; Use as an additive for heat transfer and thermal emission; Use as an additive for electromagnetic interface (EMI) shielding; Use as a pigment; Use as a functional additive in composites and paints.	(S) Multi-walled carbon nanotubes (CM–250 grade).
P–12–0420	06/20/2012	09/17/2012	CBI	(G) Chemical intermediate	(G) Aromatic polyester.
P–12–0421	06/20/2012	09/17/2012	Inter-plastic Corporation.	(S) Unsaturated ester for finished polyester resin blend.	(G) Lower Molecular weight unsaturated ester.
P–12–0422	06/20/2012	09/17/2012	Dakota Gasification Company.	(S) Sold to off-site vendor for blending the existing tar oil with petroleum oil for feed to refineries; sold to off-site vendor for feedstock to hydrocracker process to make different cut of fuels to blend with other fuels.	(S) Tar, Brown, distant over heads.
P–12–0423	06/21/2012	09/18/2012	Itaconix Corp.	(G) Anti-scaling agent	(G) Polyitaconic acid, sodium salt.
P–12–0424	06/21/2012	09/18/2012	CBI	(G) Chemical intermediate	(G) Perfluorinated alcohol.
P–12–0425	06/22/2012	09/19/2012	CBI	(S) Heat transfer fluid; cleaning agent; carrier fluid; cleaning—aerosol.	(G) Methoxytridecafluoroheptene isomers.

TABLE I—31 PMNS RECEIVED FROM 6/18/12 TO 6/29/12—Continued

Case No.	Received date	Projected notice end date	Manufacturer/Importer	Use	Chemical
P–12–0426	06/22/2012	09/19/2012	Solvay Chemicals, Inc..	(S) Component of various types of brazing fluxes (e.g., furnace, flame, etc.) typically used to assemble such products as heat exchangers (e.g. radiators, heat pumps).	(S) Aluminate(1-), tetrafluoro-, cesium, (*T*-4)-.
P–12–0427	06/27/2012	09/24/2012	CBI	(G) Thermoplastic binder	(G) Sytrene acrylate polymer.
P–12–0428	06/27/2012	09/24/2012	CBI	(G) Thermoplastic binder	(G) Sytrene acrylate polymer.
P–12–0429	06/22/2012	09/19/2012	CBI	(G) Catalytic converter component.	(G) Metallic nano particle solution.
P–12–0430	06/27/2012	09/24/2012	CBI	(G) Open, non-dispersive use—PMN substance used to coat the interior glass surface of lamps.	(G) Yttrium borate phosphate vanadate with europium and additional dopants.
P–12–0431	06/27/2012	09/24/2012	CBI	(G) Catalyst	(G) Phosphazene.
P–12–0432	06/27/2012	09/24/2012	CBI	(G) Destructive use—intermediate precipitate used to produce phosphors.	(G) Mixed metal oxalate.
P–12–0433	06/27/2012	09/24/2012	Ineos Chlor Americas	(G) Additive	(S) Alkanes, C_{18-20}, chloro.
P–12–0434	06/27/2012	09/24/2012	CBI	(S) Feedstock for fractionation process.	(G) Aromatic hydrocarbon mixtures.
P–12–0435	06/28/2012	09/25/2012	CBI	(G) Additive, open, non-dispersive use.	(G) Poly(butyl acrylate-methacryloyloxyethylphosphoric acid ester).
P–12–0436	06/28/2012	09/25/2012	Greene Tweed & Company.	(S) Cross linker for polymers	(G) Substituted, aromatic hydrocarbon.
P–12–0437	06/29/2012	09/26/2012	CBI	(G) Component in drilling fluid ..	(G) Modified tannin.

In Table II. of this unit, EPA provides the following information (to the extent that such information is not claimed as CBI) on the TMEs received by EPA during this period: The EPA case number assigned to the TME, the date the TME was received by EPA, the projected end date for EPA's review of the TME, the submitting manufacturer/importer, the potential uses identified by the manufacturer/importer in the TME, and the chemical identity.

TABLE II—2 TMES RECEIVED FROM 6/18/12 TO 6/29/12

Case No.	Received date	Projected notice end date	Manufacturer/ importer	Use	Chemical
T–12–0011	06/15/2012	07/29/2012	Cytec Industries, Inc.	(G) Coating resin ..	(G) Substituted carbomoncycles, polymer with substituted alkanoic acids and dialkyleneglycol, substituted alkylamine-blocked, compounds with alkylamino alcohol.
T–12–0012	06/29/2012	08/12/2012	CBI	(G) Component in drilling fluid.	(G) Modified tannin.

In Table III of this unit, EPA provides the following information (to the extent that such information is not claimed as CBI) on the NOCs received by EPA during this period: The EPA case number assigned to the NOC, the date the NOC was received by EPA, the projected end date for EPA's review of the NOC, and chemical identity.

TABLE III—22 NOCS RECEIVED FROM 6/18/12 TO 6/29/12

Case No.	Received date	Commencement notice end date	Chemical
P–06–0726	06/15/2012	05/31/2012	(G) Cyclical acid, polymer with isocyanate, diols, diacids, alkanolamine, amine salt.
P–10–0337	06/29/2012	06/25/2012	(G) Methacrylated polyester oligomer.
P–10–0574	06/29/2012	06/19/2012	(G) Polyisocyanate, reaction product with polyalkylene oxide.
P–11–0084	06/26/2012	06/20/2012	(G) Epoxylated nitrile rubber.
P–11–0436	06/15/2012	06/11/2012	(G) Polyether sulfate salt derivative.
P–11–0447	06/20/2012	06/19/2012	(G) Polyetheramine.
P–11–0466	06/15/2012	06/06/2012	(G) Alkoxylated amine derivative.
P–11–0506	06/20/2012	05/26/2012	(G) Polyaminoamide.
P–11–0507	06/26/2012	05/31/2012	(G) Polymeric sulfide.

TABLE III—22 NOCS RECEIVED FROM 6/18/12 TO 6/29/12—Continued

Case No.	Received date	Commencement notice end date	Chemical
P–11–0649	06/20/2012	06/15/2012	(G) Substituted carbomomocycle, polymer with alkyldiols, di (substituted carbomonocycle ester).
P–12–0050	06/21/2012	05/28/2012	(G) Sulfonated stilbene derivative.
P–12–0097	06/22/2012	06/06/2012	(G) Amidoalkoxysilane.
P–12–0101	06/27/2012	05/24/2012	(G) Substituted carbomonocyclic dicarboxylic acid, polymer with 1,2-ethanediol and 2,2'-[9H-fluoren-9-ylidenebis(4,1-phenyleneoxy)]bis[ethanol].
P–12–0102	06/27/2012	05/24/2012	(G) Substituted carbomonocyclic dicarboxylic acid, dialkyl ester polymer with 1,2-ethanediol and 2,2'-[9H-fluoren-9-ylidenebis(4,1-phenyleneoxy)]bis[ethanol].
P–12–0184	06/20/2012	06/13/2012	(G) Acrylic acid, carbamate, alkyl ester.
P–12–0185	06/20/2012	06/13/2012	(G) Acrylic acid, carbamate, alkyl ester.
P–12–0198	06/22/2012	06/13/2012	(G) Siloxane polyalkyleneoxide copolymer.
P–12–0202	06/20/2012	05/31/2012	(G) Triazinylaminostilbene.
P–12–0203	06/20/2012	05/31/2012	(G) Triazinylaminostilbene.
P–12–0209	06/26/2012	06/06/2012	(G) Aromatic polyester polyol.
P–12–0222	06/27/2012	06/08/2012	(G) Alkyl acrylate cross-linked copolymer.
P–12–0262	06/28/2012	06/27/2012	(G) Triethanolamine oleate triester.

If you are interested in information that is not included in these tables, you may contact EPA as described in Unit II. to access additional non-CBI information that may be available.

List of Subjects

Environmental protection, Chemicals, Hazardous substances, Imports, Notice of commencement, Premanufacturer, Reporting and recordkeeping requirements, Test marketing exemptions.

Dated: July 25, 2012.

Chandler Sirmons,

Acting Director, Information Management Division, Office of Pollution Prevention and Toxics.

[FR Doc. 2012–19787 Filed 8–13–12; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OPP–2012–0390; FRL–9357–7]

Registration Applications for Pesticide Products Containing New Active Ingredients

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: This notice announces receipt of applications to register pesticide products containing new active ingredients not included in any currently registered products pursuant to the provisions of section 3(c)(4) of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), as amended.

DATES: Comments must be received on or before September 13, 2012.

ADDRESSES: Submit your comments, identified by docket identification (ID) number EPA–HQ–OPP–2012–0390 by one of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the online instructions for submitting comments. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.
- *Mail:* OPP Docket, Environmental Protection Agency Docket Center (EPA/DC), Mail Code: 28221T, 1200 Pennsylvania Ave. NW., Washington, DC 20460–0001.
- *Hand Delivery:* To make special arrangements for hand delivery or delivery of boxed information, please follow the instructions at *http://www.epa.gov/dockets/contacts.htm.*

Additional instructions on commenting or visiting the docket, along with more information about dockets generally, is available at *http://www.epa.gov/dockets.*

FOR FURTHER INFORMATION CONTACT: A contact person is listed at the end of each registration application summary and may be contacted by telephone, email, or mail. Mail correspondence to the Biopesticides and Pollution Prevention Division (7511P), Office of Pesticide Programs, Environmental Protection Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20460–0001. As part of the mailing address, include the contact person's name, division, and mail code.

SUPPLEMENTARY INFORMATION:

I. General Information

A. Does this action apply to me?

You may be potentially affected by this action if you are an agricultural producer, food manufacturer, or pesticide manufacturer. Potentially affected entities may include, but are not limited to:

- Crop production (NAICS code 111).
- Animal production (NAICS code 112).
- Food manufacturing (NAICS code 311).
- Pesticide manufacturing (NAICS code 32532).

This listing is not intended to be exhaustive, but rather provides a guide for readers regarding entities likely to be affected by this action. Other types of entities not listed in this unit could also be affected. The North American Industrial Classification System (NAICS) codes have been provided to assist you and others in determining whether this action might apply to certain entities. If you have any questions regarding the applicability of this action to a particular entity, consult the person listed under **FOR FURTHER INFORMATION CONTACT**.

B. What should I consider as I prepare my comments for EPA?

1. *Submitting CBI.* Do not submit this information to EPA through regulations.gov or email. Clearly mark the part or all of the information that you claim to be CBI. For CBI information in a disk or CD–ROM that you mail to EPA, mark the outside of the disk or CD–ROM as CBI and then identify electronically within the disk or CD–ROM the specific information that is claimed as CBI. In addition to one complete version of the comment that includes information claimed as CBI, a copy of the comment that does not contain the information claimed as CBI must be submitted for inclusion in the public docket. Information so marked will not be disclosed except in accordance with procedures set forth in 40 CFR part 2.

2. *Tips for preparing your comments.* When submitting comments, remember to:

i. Identify the document by docket ID number and other identifying information (subject heading, **Federal Register** date and page number). If you are commenting in a docket that addresses multiple products, please indicate to which file symbols your comment applies.

ii. Follow directions. The Agency may ask you to respond to specific questions or organize comments by referencing a Code of Federal Regulations (CFR) part or section number.

iii. Explain why you agree or disagree; suggest alternatives and substitute language for your requested changes.

iv. Describe any assumptions and provide any technical information and/or data that you used.

v. If you estimate potential costs or burdens, explain how you arrived at your estimate in sufficient detail to allow for it to be reproduced.

vi. Provide specific examples to illustrate your concerns and suggest alternatives.

vii. Explain your views as clearly as possible, avoiding the use of profanity or personal threats.

viii. Make sure to submit your comments by the comment period deadline identified.

II. Registration Applications

EPA received applications as follows to register pesticide products containing active ingredients not included in any previously registered products pursuant to the provision of section 3(c)(4) of FIFRA. Notice of receipt of these applications does not imply a decision by the Agency on the applications.

1. *File Symbol:* 6218–IG. *Docket Number:* EPA–HQ–OPP–2012–0485. *Applicant:* Summit Chemical Company, 235 South Kresson Street, Baltimore, MD 21224–2616. *Active Ingredient: Bacillus thuringiensis* subsp. *israelensis,* Strain SUM–6218 at 100.0%. *Product Type:* microbial insecticide. *Proposed Use:* Manufacturing use. Contact: Denise Greenway, (703) 308–8263, email address: *greenway.denise@epa.gov.*

2. *File Symbol:* 88847–R. *Docket Number:* EPA–HQ–OPP–2012–0391. *Applicant:* Vestaron Corporation, 4717 Campus Drive, Suite 1200, Kalamazoo, MI 49008. *Active Ingredient:* GS-U-ACTX-Hv1a-SEQ2 at 30.00%. *Product Type:* Insecticide. *Proposed Use:* Manufacturing use. Contact: Susanne Cerrelli, (703) 308–8077, email address: *cerrelli.susanne@epa.gov.*

3. *File Symbol:* 88847–E. *Docket Number:* EPA–HQ–OPP–2012–0391. *Applicant:* Vestaron Corporation, 4717 Campus Drive, Suite 1200, Kalamazoo, MI 49008. *Active Ingredient:* GS-U-ACTX-Hv1a-SEQ2 at 20.00%. *Product Type:* Insecticide. *Proposed Uses:* For use on ornamental plants, turf, vegetables, fruits, and field crops against a variety of insect pests. Contact: Susanne Cerrelli, (703) 308–8077, email address: *cerrelli.susanne@epa.gov.*

4. *File Symbol:* 89046–E. *Docket Number:* EPA–HQ–OPP–2012–0507. *Applicant:* W.F. Stoneman Company LLC, PO Box 465, McFarlane, WI 53558 (on behalf of AEF Global, 201, Mgr-Bourget, Lévis Québec, G6V 6Z3 Canada). *Active Ingredient: Gliocladium roseum* strain 321U at 100%. *Product Type:* Fungicide. *Proposed Use:* Manufacturing use. Contact: Kathleen Martin, (703) 308–2857, email address: *martin.kathleen@epa.gov.*

5. *File Symbol:* 89046–R. *Docket Number:* EPA–HQ–OPP–2012–0507. *Applicant:* W.F. Stoneman Company LLC, PO Box 465, McFarlane, WI 53558 (on behalf of AEF Global, 201, Mgr-Bourget, Lévis Québec, G6V 6Z3 Canada). *Active Ingredient: Gliocladium roseum* strain 321U at 20%. *Product Type:* Fungicide. *Proposes Uses:* As a treatment for green lumber, to prevent sap staining of sawn wood products and logs. Contact: Kathleen Martin, (703) 308–2857, email address: *martin.kathleen@epa.gov.*

List of Subjects

Environmental protection, Pesticides and pest.

Dated: August 3, 2012.

Lois Rossi,

Director, Registration Division, Office of Pesticide Programs.

[FR Doc. 2012–19989 Filed 8–13–12; 8:45 am]

BILLING CODE 6560–50–P

FARM CREDIT ADMINISTRATION

Privacy Act of 1974; Revocation of a System of Records

AGENCY: Farm Credit Administration.

ACTION: Notice of revocation of a system of records.

SUMMARY: The Farm Credit Administration (FCA) revoked its system of records for the Nationwide Mortgage Licensing System and Registry (NMLSR). All aspects of the NMLSR have been transferred by statute to the Consumer Financial Protection Bureau (Bureau).

DATES: *Effective Date:* July 23, 2012.

FOR FURTHER INFORMATION CONTACT: Jeffrey Pienta, Office of General Counsel, Farm Credit Administration, McLean, Virginia 22102–5090, (703) 883–4431, TTY (703) 883–4020.

SUPPLEMENTARY INFORMATION: The Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E. Act) requires any individual employed by a depository institution, a subsidiary of a depository institution that is regulated by a Federal banking agency, or an institution regulated by the FCA, who acts as a residential mortgage loan originator to: (1) Register in the NMLSR, (2) obtain a unique identifier, and (3) maintain his or her registration.

On February 9, 2011, the FCA published in the **Federal Register** a system of records notice (SORN) for FCA's portion of the NMLSR in accordance with the Privacy Act of 1974 (5 U.S.C. 552a). *See* 76 FR 7204. To ensure compliance with 5 U.S.C. 552a(r) of the Privacy Act, as amended, the FCA also sent notice of this proposed system of records to the Office of Management and Budget, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Governmental Affairs of the Senate. The FCA did not have retrieval access to any part of the NMLSR until after FCA's SORN had become effective on March 15, 2011.

Section 1100 of Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act amended the S.A.F.E. Act by transferring authority to develop and maintain the NMLSR to the Bureau. On June 13, 2012, the Bureau published a SORN for the system of records it was establishing for the NMLSR. *See* 77 FR 35359. On July 23, 2012, the Bureau's SORN became effective and, as of that date, the FCA no longer maintains, owns, or controls any portion of the NMLSR. From July 23, 2012 onwards, the FCA will access, as necessary, the NMLSR as a routine user of the Bureau's system of records.

Dated: August 9, 2012.

Dale L. Aultman,

Secretary, Farm Credit Administration Board.

[FR Doc. 2012–19878 Filed 8–13–12; 8:45 am]

BILLING CODE 6705–01–P

FEDERAL TRADE COMMISSION

Granting of Request for Early Termination of the Waiting Period Under the Premerger Notification Rules

Section 7A of the Clayton Act, 15 U.S.C. 18a, as added by Title II of the Hart-Scott-Rodin Antitrust Improvements Act of 1976, requires persons contemplating certain mergers or acquisitions to give the Federal Trade

Commission and the Assistant Attorney General advance notice and to wait designated periods before consummation of such plans. Section 7A(b)(2) of the Act permits the agencies, in individual cases, to terminate this waiting period prior to its expiration and requires that notice of this action be published in the **Federal Register**.

The following transactions were granted early termination—on the dates indicated—of the waiting period provided by law and the premerger notification rules. The listing for each transaction includes the transaction number and the parties to the transaction. The grants were made by the Federal Trade Commission and the Assistant Attorney General for the Antitrust Division of the Department of Justice. Neither agency intends to take any action with respect to these proposed acquisitions during the applicable waiting period.

EARLY TERMINATIONS GRANTED
JULY 1, 2012 THROUGH JULY 31, 2012

07/02/2012		
20121012	G	Pinnacle West Capital Corporation; Edison International; Pinnacle West Capital Corporation.
20121022	G	Vector Capital IV International. L.P.; Technicolor S.A.; Vector Capital IV International, L.P.
07/03/2012		
20120953	G	Forest Laboratories, Inc.; Nabriva Therapeutics AG; Forest Laboratories, Inc.
20120990	G	DaVita Inc.; HealthCare Partners Medical Group; DaVita Inc.
20120992	G	IHS Inc.; Warburg Pincus Equity Partners Liquidating Trust; IHS Inc.
20121016	G	Microsoft Corporation; Yammer, Inc.; Microsoft Corporation.
07/05/2012		
20120846	G	Outokumpu Oyj; ThyssenKrupp AG; Outokumpu Oyj.
07/06/2012		
20120952	G	TR.R. Donnelley & Sons Company; EDGAR Online, Inc.; R.R. Donnelley & Sons Company.
20121029	G	Time Warner Inc.; Alloy Media Co-Investors, L.L.C.; Time Warner Inc.
07/09/2012		
20120947	G	BDCM Opportunity Fund II, L.P.; Onex Partners LP; BDCM Opportunity Fund II, L.P.
20121017	G	Apax Europe VII–B, L.P.; Fox Paine Capital Fund II International, L.P.; Apax Europe VII–B, L.P.
20121039	G	MorningStar Partners, L.P.; ExxonMobil Corporation; MorningStar Partners, L.P.
20121041	G	CenterPoint Energy, Inc.; Martin Midstream Partners L.P.; CenterPoint Energy, Inc.
20121042	G	Stefano Pessina; Walgreen Co.; Stefano Pessina.
20121050	G	Linn Energy, LLC; BP p.l.c.; Linn Energy, LLC.
20121052	G	Fidelity National Financial, Inc.; J. Alexander's Corporation; Fidelity National Financial, Inc.
20121053	G	Quad-C Partners VII, L.P.; Endeavour Capital Fund IV, LP; Quad-C Partners VII, L.P.
20121056	G	Lightyear Fund III, L.P.; Fidelity National Information Services, Inc.; Lightyear Fund III, L.P.
20121062	G	Melrose PLC; Rembrandt Holdings S.A.; Melrose PLC.
07/10/2012		
20121058	G	Odyssey Investment Partners Fund IV, L.P.; 2003 Riverside Capital Appreciation Fund L.P.; Odyssey Investment Partners Fund IV, L.P.
20121065	G	The Corporate Executive Board Company; Hg Capital 5, L.P.; The Corporate Executive Board Company.
07/11/2012		
20121007	G	Communications Infrastructure Investments, LLC; Fibergate Holdings, Inc.; Communications Infrastructure Investments, LLC.
20121024	G	Aurora Equity Partners IV L.P.; Monitor Clipper Equity Partners III, L.P.; Aurora Equity Partners IV L.P.
20121026	G	Pershing Square International, Ltd.; The Procter & Gamble Company; Pershing Square International, Ltd.
20121027	G	Pershing Square, L.P.; The Procter & Gamble Company; Pershing Square, L.P.
20121055	G	EMC Corporation; Credit Suisse Group AG; EMC Corporation.
20121059	G	Odyssey Investment Partners Fund IV, L.P.; 2003 Riverside Capital Appreciation Fund, L.P.; Odyssey Investment Partners Fund IV, L.P.
07/12/2012		
20120989	G	Laboratory Corporation of America Holdings; MEDTOX Scientific, Inc.; Laboratory Corporation of America Holdings.
07/13/2012		
20120837	G	Novartis AG; Fougera S.C.A. SICAR; Novartis AG.
20121057	G	Lincolnshire Equity Fund IV–A, L.P.; New True Temper Holdings Corporation, Inc.; Lincolnshire Equity Fund IV–A, L.P.
20121070	G	Land O' Lakes, Inc.; Estate of Vincent Gruppuso; Land O' Lakes, Inc.

EARLY TERMINATIONS GRANTED—Continued
JULY 1, 2012 THROUGH JULY 31, 2012

07/16/2012		
20121032	G	Third Point Reinsurance Ltd.; Yahoo! Inc.; Third Point Reinsurance Ltd.
07/17/2012		
20121040	G	Industrial Growth Partners III, L.P.; Blue Point Capital Partners II L.P.; Industrial Growth Partners III, L.P.
07/18/2012		
20121004	G	Cisco Systems, Inc.; News Corporation; Cisco Systems, Inc.
20121071	G	Silver Lake Sumeru Fund, LP; Velocity Technology Enterprises, Inc.; Silver Lake Sumeru Fund, LP.
20121073	G	Bilfinger Berger SE; Westcon Holdings, Inc.; Bilfinger Berger SE.
20121084	G	Sony Corporation; GaiKai Inc.; Sony Corporation.
07/20/2012		
20121079	G	Xerox Corporation; Geoffrey and Pauline Roper; Xerox Corporation.
20121080	G	Dell Inc.; Quest Software, Inc.; Dell Inc.
20121093	G	Linde AG; Lincare Holdings, Inc.; Linde AG.
20121096	G	Appointive Distributing Trust A c/u SC Johnson '88 Trust # I; Illinois Tool Works Inc.; Appointive Distributing Trust A c/u SC Johnson '88 Trust # I.
20121103	G	BRE/Everbright M6 LLC; Accor, S.A.; BRE/Everbright M6 LLC.
20121112	G	FIF HE Holdings LLC; Residential Capital, LLC; FIF HE Holdings LLC.
20121113	G	JPMorgan Chase & Co.; MModal, Inc.; JPMorgan Chase & Co.
07/23/2012		
20121094	G	DPC Holdings, LLC; Roark Capital Partners. LP; DPC Holdings, LLC.
20121117	G	Mondi plc; OCM Luxembourg Nordenia POF S.a.r.l.; Mondi plc.
07/25/2012		
20121048	G	Galaxy CF UST Investment Holdings LLC; Walker & Dunlop, Inc.; Galaxy CF UST Investment Holdings LLC.
20121049	G	Galaxy PEF Holdings LLC; Walker & Dunlop, Inc.; Galaxy PEF Holdings LLC.
20121091	G	Cabot Corporation; Doughty Hanson & Co V LP No. 2; Cabot Corporation.
20121095	G	Mr. Masahiro Miki; LaCrosse Footwear, Inc.; Mr. Masahiro Miki.
20121097	G	Wells Fargo & Company; Linsalata Capital Partners Fund V, L.P,; Wells Fargo & Company.
20121121	Y	CSP III AIV, L.P.; Edward L. Lennox; CSP III MV, L.P.
07/27/2012		
20121085	G	The Walt Disney Company; A&E Television Networks, LLC; The Walt Disney Company.
20121086	G	The Hearst Family Trust; A&E Television Networks, LLC; The Hearst Family Trust.
20121092	G	LifePoint Hospitals, Inc.; Marquette General Hospital, Inc.; LifePoint Hospitals, Inc.
20121099	G	Sprint Co-Invest, L.P.; Walgreen Co.; Sprint Co-Invest, L.P.
20121109	G	Cielo S.A.; Merchant e-Solutions, Inc.; Cielo S.A.
20121114	G	Brentwood Associates Private Equity IV, L.P.; Thomas K. Wilcher; Brentwood Associates Private Equity IV, L.P.
20121119	G	Paulson Credit Opportunities Ltd.; Domus Holdings Corp.; Paulson Credit Opportunities Ltd.
20121124	G	TAIF VI Euro Holdings, L.P.; Domus Holdings Corp.; AIF VI Euro Holdings, L.P.
20121127	G	Lincolnshire Equity Fund IV–A, L.P.; Seidler Equity Partners III, L.P.; Lincolnshire Equity Fund IV–A, L.P.
20121136	G	Darden Restaurants, Inc.; TSG5 L.P.; Darden Restaurants, Inc.
07/30/2012		
20120935	G	Berkshire Hathaway Inc.; Philippe Delouvrier; Berkshire Hathaway Inc.
20121077	G	KKR 2006 Fund (Overseas), Limited Partnership; Walgreen Co.; KKR 2006 Fund (Overseas), Limited Partnership.
20121078	G	USF Holding Corp.; Jeff A. Braverman; USF Holding Corp.
20121120	G	Atlantic Equity Partners IV, L.P.; Evercore Capital Partners II L.P.; Atlantic Equity Partners IV, L.P.
20121125	G	Corinthian Equity Fund, L.P.; U.S. Natural Resources, Inc.; Corinthian Equity Fund, L.P.
20121129	G	Centrica plc; Iberdrola, S.A.; Centrica plc.
20121133	G	Kinder Morgan Energy Partners, L.P.; Kinder Morgan, Inc.; Kinder Morgan Energy Partners, L.P.
20121138	G	Emi Stefani; Patrice and Veronique Minguez; Emi Stefani.
20121139	G	SAIC, Inc.; RLH Investors II, L.P.; SAIC, Inc.
20121140	G	Campbell Soup Company; Madison Dearborn Capital Partners IV, L.P.; Campbell Soup Company.
20121151	G	Baptist Healthcare System, Inc.; The Troyer Clinic Foundation, Incorporated; Baptist Healthcare System, Inc.
20121157	G	Barnes Group Inc.; Littlejohn Associates III, LLC; Barnes Group Inc.
07/31/2012		
20121076	G	Liberty Global, Inc.; MCNA Cable Holding LLC; Liberty Global, Inc.

FOR FURTHER INFORMATION CONTACT:
Renee Chapman, Contact Representative,
or
Theresa Kingsberry, Legal Assistant,
Federal Trade Commission, Premerger Notification Office, Bureau of Competition, Room H–303, Washington, DC 20580, (202) 326–3100.

By Direction of the Commission.

Donald S. Clark,

Secretary.

[FR Doc. 2012–19686 Filed 8–13–12; 8:45 am]

BILLING CODE 6750–01–M

GENERAL SERVICES ADMINISTRATION

[Notice–MA–2012–02; Docket No. 2012–0002; Sequence 19]

The President's Management Advisory Board (PMAB); Notification of Upcoming Public Advisory Meeting

AGENCY: Office of Executive Councils, U.S. General Services Administration (GSA).

ACTION: Meeting Notice.

SUMMARY: The President's Management Advisory Board (PMAB), a Federal Advisory Committee established in accordance with the Federal Advisory Committee Act (FACA), 5 U.S.C., App., and Executive Order 13538, will hold a public meeting on Friday, September 7, 2012.

DATES: *Effective date:* August 14, 2012.

Meeting date: The meeting will be held on Friday, September 7, 2012, beginning at 12:30 p.m. eastern time, ending no later than 1:30 p.m.

FOR FURTHER INFORMATION CONTACT: Mr. Scott Winslow, Designated Federal Officer, President's Management Advisory Board, Office of Executive Councils, General Services Administration, 1776 G Street NW., Washington, DC 20006, at *scott.winslow@gsa.gov.*

SUPPLEMENTARY INFORMATION:

Background: The PMAB was established to provide independent advice and recommendations to the President and the President's Management Council on a wide range of issues related to the development of effective strategies for the implementation of best business practices to improve Federal Government management and operation.

Agenda: The main purpose of this meeting is for the full PMAB to discuss and vote on initial recommendations presented by the two PMAB subcommittees which are working on the following issues: Improving Strategic Sourcing and Curbing Improper Payments.

Meeting Access: The PMAB will convene its meeting via teleconference. The meeting is open to the public; interested members of the public may listen to the PMAB's discussion by telephoning 1(800)857–9716 and using the following passcode PMAB. There will be 75 telephone lines available for use by the public and those lines will be allocated to interested members of the public on a first come, first served basis. Members of the public will not have the opportunity to ask questions, comment, or otherwise participate in the teleconference; however, in advance of the meeting, members of the public wishing to comment on the discussion or topics may do so by following the steps detailed below in Procedures for Providing Public Comments.

Availability of Materials for the Meeting: Please see the PMAB Web site (*http://www.whitehouse.gov/administration/advisory-boards/pmab*) for any available materials. Meeting materials will be available by 5 p.m. on September 4, 2012. Detailed meeting minutes will be posted within 90 days of the meeting.

Procedures for Providing Public Comments: In general, public statements will be posted on the PMAB web site (see above). Non-electronic documents will be made available for public inspection and copying in PMAB offices at GSA, 1776 G Street NW., Washington, DC 20006, on official business days between the hours of 10 a.m. and 5 p.m. eastern time. You can make an appointment to inspect statements by telephoning (202) 208–2387. All statements, including attachments and other supporting materials, received are part of the public record and subject to public disclosure. Any statements submitted in connection with the PMAB meeting will be made available to the public under the provisions of the Federal Advisory Committee Act.

The public is invited to submit written statements for this meeting until 12:30 p.m. eastern time on Thursday, September 6, 2012, by either of the following methods:

Electronic or Paper Statements: Submit electronic statements to Mr. Winslow, Designated Federal Officer at *scott.winslow@gsa.gov;* or send paper statements in triplicate to Mr. Winslow at the PMAB GSA address above.

Dated: August 7, 2012.

Janet Dobbs,

Deputy Associate Administrator, Office of Asset and Transportation Management, Office of Governmentwide Policy.

[FR Doc. 2012–19839 Filed 8–13–12; 8:45 am]

BILLING CODE P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

[Document Identifier HHS–OS–17060–30D]

Agency Information Collection Activities; Submission to OMB for Review and Approval; Public Comment Request

ACTION: Notice

SUMMARY: In compliance with section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995, the Office of the Secretary (OS), Department of Health and Human Services, will submit an Information Collection Request (ICR), described below, to the Office of Management and Budget (OMB) for review and approval. The ICR is for a new collection. Comments submitted during the first public review of this ICR will be provided to OMB. OMB will accept further comments from the public on this ICR during the review and approval period.

DATES: *Deadline:* Comments on the ICR must be received within 30 days of the issuance of this notice.

ADDRESSES: Submit your comments, including the Information Collection Request Title and document identifier HHS–OS–17060–30D, to *OIRA_submission@omb.eop.gov* or via facsimile to (202) 395–5806. Copies of the supporting statement and any related forms may be requested via email to *Information.Collection Clearance@hhs.gov* or by calling (202) 690–6162.

Information Collection Request Title: Children's Health Insurance Program Reauthorization Act (CHIPRA) 10–State Evaluation, Telephone Interviews with State CHIP Program Administrators.

Abstract: The Office of the Assistant Secretary for Planning and Evaluation (ASPE) is requesting the Office of Management and Budget (OMB) approval on a new collection to interview Children's Health Insurance Program (CHIP) administrators in all 50 States and the District of Columbia. These roughly 1 hour interviews, conducted by phone, will focus on understanding changes in the CHIP program since 2006, the role the CHIP

Reauthorization Act (CHIPRA) of 2009 (Pub. L. 111–3) has played in influencing State CHIP programs, preparations for implementing the Patient Protection and Affordable Care Act of 2010 (Pub. L. 111–148), and State views on the future of CHIP. Going beyond facts and basic descriptive information, it will gather insights about the rationale behind State decisions and about issues requiring future attention. The information gathered will supplement two other data collection efforts which received clearance on December 12, 2011 (a survey of CHIP and Medicaid enrollees and disenrollees and case studies in 10 states, reference number 201110–0990–006, OMB control number 0990–0384). Data will only be collected once from the CHIP program administrators. We are seeking a 1 year approval period.

Burden Statement: Burden in this context means the time expended by persons to generate, maintain, retain, disclose or provide the information requested. This includes the time needed to review instructions, to develop, acquire, install and utilize technology and systems for the purpose of collecting, validating and verifying information, processing and maintaining information, and disclosing and providing information, to train personnel and to be able to respond to a collection of information, to search data sources, to complete and review the collection of information, and to transmit or otherwise disclose the information. The total annual burden hours estimated for this ICR are summarized in the table below.

TOTAL ESTIMATED ANNUALIZED BURDEN—HOURS

Form name	Number of respondents	Number of responses per respondent	Average burden per response (in hours)	Total burden hours
Telephone Interview Discussion Guide	State CHIP Program Administrators.	77	1	77
Total	77	1	1	77

[a] This includes one respondent per State in the 25 States with only a separate CHIP program or a Medicaid expansion CHIP program, and two respondents per State in the 26 States with combination programs.

Keith A. Tucker,

Information Collection Clearance Officer, Department of Health and Human Services.

[FR Doc. 2012–19843 Filed 8–13–12; 8:45 am]

BILLING CODE 4150–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

Board of Scientific Counselors, National Center for Health Statistics; Meeting

In accordance with section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92–463), the Centers for Disease Control and Prevention (CDC), National Center for Health Statistics (NCHS) announces the following meeting of the aforementioned committee:

Times and Dates:

11:00 a.m.–5:30 p.m., September 13, 2012.

8:30 a.m.–1:00 p.m., September 14, 2012.

Place: NCHS Headquarters, 3311 Toledo Road, Hyattsville, Maryland 20782.

Status: This meeting is open to the public; however, visitors must be processed in accordance with established federal policies and procedures. For foreign nationals or non-US citizens, pre-approval is required (please contact Althelia Harris, 301–458–4261, *adw1@cdc.gov* or Virginia Cain, *vcain@cdc.gov* at least 10 days in advance for requirements). All visitors are required to present a valid form of picture identification issued by a state, federal or international government. As required by the Federal Property Management Regulations, Title 41, Code of Federal Regulation, Subpart 101–20.301, all persons entering in or on Federal controlled property and their packages, briefcases, and other containers in their immediate possession are subject to being x-rayed and inspected. Federal law prohibits the knowing possession or the causing to be present of firearms, explosives and other dangerous weapons and illegal substances. The meeting room accommodates approximately 100 people.

Purpose: This committee is charged with providing advice and making recommendations to the Secretary, Department of Health and Human Services; the Director, CDC; and the Director, NCHS, regarding the scientific and technical program goals and objectives, strategies, and priorities of NCHS.

Matters To Be Discussed: The agenda will include welcome remarks by the Director, NCHS; update on the National survey of Family Growth; the initiation of the review of the Office of Research and Methodology; a discussion of the NHANES genetics program and an open session for comments from the public.

Requests to make oral presentations should be submitted in writing to the contact person listed below. All requests must contain the name, address, telephone number, and organizational affiliation of the presenter.

Written comments should not exceed five single-spaced typed pages in length and must be received by August 31, 2012.

The agenda items are subject to change as priorities dictate.

CONTACT PERSON FOR MORE INFORMATION: Virginia S. Cain, Ph.D., Director of Extramural Research, NCHS/CDC, 3311 Toledo Road, Room 7208, Hyattsville, Maryland 20782, telephone (301) 458–4500, fax (301) 458–4020.

The Director, Management Analysis and Services Office, has been delegated the authority to sign **Federal Register** notices pertaining to announcements of meetings and other committee management activities for both Centers for Disease Control and Prevention and the Agency for Toxic Substances and Disease Registry.

Dated: August 6, 2012.

Elaine L. Baker,

Management Analysis and Services Office, Centers for Disease Control and Prevention.

[FR Doc. 2012–19886 Filed 8–13–12; 8:45 am]

BILLING CODE 4163–18–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Notice of Reallotment of Federal Fiscal Year (FFY) 2011 Funds for the Low Income Home Energy Assistance Program (LIHEAP)

AGENCY: Administration for Children and Families, Office of Community Services, Division of Energy Assistance, HHS.

ACTION: Notice of LIHEAP Funds Reallotment.

CFDA NUMBER: 93.568.

Statutory Authority: 45 CFR 96.81 and 42 U.S.C. 8621 *et seq.*

SUMMARY: This notice provides information on a preliminary determination that funds from the Federal Fiscal Year (FFY) 2011 Low

Income Home Energy Assistance Program (LIHEAP) are available for reallotment to States, Territories, Tribes, and Tribal Organizations that receive FFY 2012 direct LIHEAP grants. No subgrantees or other entities may apply for these funds. Section 2607(b)(1) of the Low Income Home Energy Assistance Act (the Act), Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 8621 *et seq.*), as amended, requires that if the Secretary of the Department of Health and Human Services (HHS) determines that, as of September 1 of any fiscal year, an amount in excess of certain levels allotted to a grantee for any fiscal year will not be used by the grantee during the fiscal year, the Secretary must notify the grantee and publish a notice in the **Federal Register** that such funds may be realloted to LIHEAP grantees during the following fiscal year. If reallotted, the LIHEAP block grant allocation formula will be used to distribute the funds. (No funds may be allotted to entities that are not direct LIHEAP grantees during FFY 2012.) It has been determined that $3,089,920 may be available for reallotment during FFY 2012. This determination is based on revised Carryover and Reallotment Reports from the State of Delaware, State of Oklahoma, Colorado River Indian Tribes in Arizona, Delaware Tribe of Indians in Oklahoma, Redding Rancheria in California, and Tulalip Tribe in Washington, which were submitted to the Office of Community Services as required by 45 CFR 96.82.

The statute allows grantees who have funds unobligated at the end of the fiscal year for which they are awarded to request that they be allowed to carry over up to 10 percent of their allotments to the next fiscal year. Funds in excess of this amount must be returned to HHS and are subject to reallotment under section 2607(b)(1) of the Act. The amount described in this notice was reported as unobligated FFY 2011 funds in excess of the amount that the State of Delaware, State of Oklahoma, Delaware Tribe of Indians, Colorado River Indian Tribes, Redding Rancheria and Tulalip Tribe could carry over to FFY 2012.

Each of the grantees mentioned above were notified and confirmed to OCS that the FFY 2011 amounts listed in the chart below may be reallotted. In accordance with section 2607(b)(3), the Chief Executive Officers of the grantees referenced in the chart below have 30 days from the date of this publication to submit comments to: Jeannie L. Chaffin, Director, Office of Community Services, 370 L'Enfant Promenade SW., Washington, DC 20447.

The comment period expires September 13, 2012.

After considering any comments submitted, the Chief Executive Officers will be notified of the final reallotment amount, and this decision also will be published in the **Federal Register**. If funds are reallotted, they will be allocated in accordance with section 2604 of the Act and must be treated by LIHEAP grantees receiving them as an amount appropriated for FFY 2013. As FFY 2013 funds, they will be subject to all requirements of the Act, including section 2607(b)(2), which requires that a grantee obligate at least 90 percent of its total block grant allocation for a fiscal year by the end of the fiscal year for which the funds are appropriated, or by September 30, 2013.

ESTIMATED REALLOTMENT AMOUNTS OF FFY 2011 LIHEAP FUNDS

Grantee name	FFY 2011 reallotment amount
State of Delaware	$1,176,027
State of Oklahoma	1,738,022
Colorado River Indian Tribes	23,919
Delaware Tribe of Indians	24,958
Redding Rancheria	26,967
Tulalip Tribe	100,027
Total	3,089,920

FOR FURTHER INFORMATION CONTACT: Nick St. Angelo, Director, Division of Energy Assistance, Office of Community Services, 370 L'Enfant Promenade SW., Washington, DC 20447, Telephone (202) 401–9351, Email: *nick.stangelo@acf.hhs.gov.*

Dated: July 20, 2012.

Jeannie L. Chaffin,

Director, Office of Community Services.

[FR Doc. 2012–19827 Filed 8–13–12; 8:45 am]

BILLING CODE 4184–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Statement of Organization, Functions and Delegations of Authority

This notice amends Part R of the Statement of Organization, Functions and Delegations of Authority of the Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA) (60 FR 56605, as amended November 6, 1995; as last amended at 77 FR 47397–47399 dated August 8, 2012).

This notice reflects organizational changes in the Health Resources and Services Administration. This notice updates the functional statement for the Bureau of Clinician Recruitment and Service (RU). Specifically, this notice: (1) Transfers the function of the National Health Service Corps Site Branch (RU51) to the Division of Regional Operations (RU10); and (2) updates the functional statement for the Division of National Health Service Corps (RU5) and the Division of Regional Operations (RU10).

Chapter RU—Bureau of Clinician Recruitment and Service

Section RU–10, Organization

The Office of the Associate Administrator (RU) is headed by the Associate Administrator, Bureau of Clinician Recruitment and Service (BCRS), who reports directly to the Administrator, Health Resources and Services Administration. BCRS includes the following components:

(1) Office of the Associate Administrator (RU);

(2) Office of Legal and Compliance (RU1);

(3) Division of National Health Service Corps (RU5);

(4) Division of Nursing and Public Health (RU6);

(5) Division of External Affairs (RU7);

(6) Office of Policy and Program Development (RU8);

(7) Division of Program Operations (RU9);

(8) Division of Regional Operations (RU10); and

(9) Office of Business Operations (RU11).

Section RU–20, Functions

(1) Delete the functional statement for the Division of National Health Service Corps (RU5) and replace in its entirety; and (2) delete the functional statement for the Division of Regional Operations (RU10) and replace in its entirety.

Division of National Health Service Corps (RU5)

Serves as the point of contact for responding to inquiries, disseminating program information, providing technical assistance, and processing applications and awards pertaining to the National Health Service Corps (NHSC) scholarship and loan repayment programs and site approvals. Specifically: (1) Reviews, ranks and selects participants for the scholarship and loan repayment programs; (2) verifies and processes loan and lender related payments in prescribed manner and maintains current information on

scholarship and loan repayment applications and awards through automated BCRS information systems; (3) manages scholar in-school activities; (4) administers the NHSC State Loan Repayment Program; and (5) provides oversight, processing and coordination for the Ready Responder program.

Division of Regional Operations (RU10)

Serves as the regional component of BCRS cutting across all Divisions and working with BCRS programs as a whole. Specifically, the Regional Offices support BCRS by: (1) Completing NHSC site visits and providing technical assistance to sites; (2) reviewing and approving/disapproving NHSC site applications and recertification's; (3) providing support for recruitment and retention of primary health care providers in Health Professions Shortage Areas; (4) managing the scholar placement process; and (5) coordinating with state-level partners to support BCRS programs.

Section RU–30, Delegations of Authority

All delegations of authority and re-delegations of authority made to HRSA officials that were in effect immediately prior to this reorganization, and that are consistent with this reorganization, shall continue in effect pending further re-delegation.

This reorganization is effective upon date of signature.

Dated: July 29, 2012.

Mary K. Wakefield,

Administrator.

[FR Doc. 2012–19939 Filed 8–13–12; 8:45 am]

BILLING CODE 4165–15–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: AIDS and AIDS Related Research.

Date: August 20–21, 2012.

Time: 10:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (Virtual Meeting).

Contact Person: Robert Freund, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5216, MSC 7852, Bethesda, MD 20892, 301–435–1050, *freundr@csr.nih.gov.*

This notice is being published less than 15 days prior to the meeting due to the timing limitations imposed by the review and funding cycle.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Mood Disorders and Screening.

Date: August 20, 2012.

Time: 11:00 a.m. to 12:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (Telephone Conference Call).

Contact Person: Anna L Riley, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3114, MSC 7759, Bethesda, MD 20892, 301–435–2889, *rileyann@csr.nih.gov.*

This notice is being published less than 15 days prior to the meeting due to the timing limitations imposed by the review and funding cycle.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: August 8, 2012.

David Clary,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2012–19918 Filed 8–13–12; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Heart, Lung, and Blood Institute; Notice of Closed Meeting

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: National Heart, Lung, and Blood Institute, Special Emphasis Panel, Biostatistics Training Summer Program (T15).

Date: September 6, 2012.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Hilton Garden Inn Bethesda, 7301 Waverly Street, Bethesda, MD 20814.

Contact Person: Keary A. Cope, Ph.D., Scientific Review Officer, Office of Scientific Review/DERA, National Heart, Lung, and Blood Institute, 6701 Rockledge Drive, Room 7190, Bethesda, MD 20892–7924, 301–435–2222, *copeka@mail.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.233, National Center for Sleep Disorders Research; 93.837, Heart and Vascular Diseases Research; 93.838, Lung Diseases Research; 93.839, Blood Diseases and Resources Research, National Institutes of Health, HHS)

Dated: August 9, 2012.

Michelle Trout,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2012–19917 Filed 8–13–12; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meeting

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Integrative Neuroscience.

Date: September 5, 2012.

Time: 8 a.m. to 7 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (Virtual Meeting).

Contact Person: Kirk Thompson, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5184, MSC 7844, Bethesda, MD 20892, 301–435–1242, *kgt@mail.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: August 8, 2012.

Michelle Trout,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2012–19920 Filed 8–13–12; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR012–017: Shared Mass Spectrometry Instrumentation.

Date: September 6–7, 2012.

Time: 8:30 a.m. to 12 p.m.

Agenda: To review and evaluate grant applications.

Place: Loews L'Enfant Plaza Hotel, 480 L'Enfant Plaza SW., Washington, DC 20024–2197.

Contact Person: David R. Jollie, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4150, MSC 7806, Bethesda, MD 20892, (301) 435–1722, *jollieda@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR–11–246: Translational Research in Pediatric and Obstetric Pharmacology.

Date: September 11, 2012.

Time: 12 p.m. to 5 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (Telephone Conference Call).

Contact Person: John Bleasdale, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6170, MSC 7892, Bethesda, MD 20892, 301–435–4514, *bleasdaleje@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Drugs, Alcohol and Stress.

Date: September 12–13, 2012.

Time: 8 a.m. to 5 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (Virtual Meeting).

Contact Person: Michael Selmanoff, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3134, MSC 7844, Bethesda, MD 20892, 301–435–1119, *mselmanoff@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Radiation Therapeutics.

Date: September 12, 2012.

Time: 1 p.m. to 3 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (Telephone Conference Call).

Contact Person: Syed M Quadri, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6210, MSC 7804, Bethesda, MD 20892, 301–435–1211, *quadris@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Immunotherapeutic.

Date: September 12, 2012.

Time: 2 p.m. to 4:30 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (Telephone Conference Call).

Contact Person: Careen K Tang-Toth, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6214, MSC 7804, Bethesda, MD 20892, (301)435–3504, *tothct@csr.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: August 8, 2012.

David Clary,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2012–19919 Filed 8–13–12; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

National Customs Automation Program (NCAP) Test Concerning Automated Commercial Environment (ACE) Simplified Entry: Modification of Participant Selection Criteria and Application Process

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: General notice.

SUMMARY: This notice announces modifications to the National Customs Automation Program (NCAP) test concerning the simplified entry functionality in the Automated Commercial Environment (ACE). The test's participant selection criteria are modified to reflect that while importer self-filers must still hold a Customs-Trade Partnership Against Terrorism (C–TPAT) Tier 2 or higher status to be eligible to participate in the test, the C–TPAT status of an importer for whom a customs broker files a Simplified Entry is no longer an eligibility criterion. In addition, the test is no longer limited to nine (9) participants and, for a limited time, CBP is accepting applications from interested parties wishing to participate in the test. Prior applicants who were not accepted to participate in the test must re-apply for consideration.

DATES: The Simplified Entry test modifications set forth in this document are effective August 14, 2012. Applications to participate in this test must be received by CBP within 14 business days from August 14, 2012. Comments may be submitted to the Web site indicated in the ''**ADDRESSES**'' section below at any time throughout the test. The initial phase of the test will run until approximately December 31, 2013.

ADDRESSES: Comments or questions concerning this notice and indication of interest in participation in Simplified Entry should be submitted via email to *cbpsimplifiedprocess@dhs.gov.* For a comment, please indicate ''*Simplified*

Entry Federal Register Notice'' in the subject line of your email.

FOR FURTHER INFORMATION CONTACT: For policy related questions, contact Steve Hilsen, Trade Policy and Programs, Office of International Trade, at *stephen.hilsen@dhs.gov*. For technical questions, contact Susan Maskell, Client Representative Branch, ACE Business Office, Office of International Trade, at *susan.maskell@dhs.gov*.

SUPPLEMENTARY INFORMATION:

Background

In General

Customs and Border Protection's (CBP's) National Customs Automation Program (NCAP) test concerning Automated Commercial Environment (ACE) Simplified Entry functionality (Simplified Entry) is authorized under § 101.9(b) of title 19 of the Code of Federal Regulations (19 CFR 101.9(b)), which provides for the testing of NCAP programs or procedures. *See* Treasury Decision (T.D.) 95–21. The procedures and criteria related to participation in Simplified Entry were announced in a notice published in the **Federal Register** on November 9, 2011 (76 FR 69755), and remain in effect unless explicitly changed by this or subsequent notices published in the **Federal Register**.

Simplified Entry allows participants to submit 12 required and three (3) optional data elements to CBP at any time prior to the arrival of the merchandise on the conveyance transporting the cargo to the United States. This data fulfills merchandise entry requirements and allows for earlier release decisions and more certainty for the importer in determining the logistics of cargo delivery. This initial phase of the test will run until approximately December 31, 2013, and is open to entries filed in the air transportation mode only.

Modification to Test Participant Selection Criteria

In the notice published in the **Federal Register** on November 9, 2011 (76 FR 69755), announcing the initial phase of the Simplified Entry pilot, CBP stated that participation in the test was limited to nine (9) participants comprised of importers holding a Tier 2 or higher Customs-Trade Partnership Against Terrorism (C–TPAT) status (applicable to both importer self-filers and importers for whom an eligible customs broker files a Simplified Entry) and customs brokers who are C–TPAT certified.

This notice announces modifications to the test's participation criteria to reflect that while importer self-filers must still hold a Tier 2 or higher C–TPAT status, the C–TPAT status of an importer for whom a customs broker files a Simplified Entry is no longer an eligibility criterion.

In addition, the Simplified Entry test is no longer restricted to nine (9) participants and is open to all eligible applicants. CBP will endeavor to accept all new eligible applicants on a first come first serve basis; however, if the volume of eligible applicants exceeds CBP's administrative capabilities, CBP will reserve the right to select eligible participants in order to achieve a diverse participant pool in accordance with the selection standards set forth in 76 FR 69755.

Modification to Application Process

Applications to participate in Simplified Entry must be sent via email to *cbpsimplifiedprocess@dhs.gov* within 14 business days of the date of publication of this notice in the **Federal Register**. Applicants will be notified whether their application is accepted. Prior applicants who were not accepted to participate in the test must re-apply for consideration.

All other procedures and criteria applicable to participation in Simplified Entry, as set forth in 76 FR 69755, remain in effect unless explicitly changed by this or subsequent notices published in the **Federal Register**.

Paperwork Reduction Act

The collections of information contained in this NCAP test have been approved by the Office of Management and Budget (OMB) in accordance with the requirements of the Paperwork Reduction Act (44 U.S.C. 3507) and assigned OMB number 1651–0024.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

Dated: August 9, 2012.

Allen Gina,

Assistant Commissioner, Office of International Trade.

[FR Doc. 2012–19931 Filed 8–13–12; 8:45 am]

BILLING CODE 9111–14–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[WY–923–1310–FI; WYW164513]

Notice of Proposed Reinstatement of Terminated Oil and Gas Lease WYW164513, Wyoming

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: Under the provisions of the Mineral Leasing Act of 1920, as amended, the Bureau of Land Management (BLM) received a petition for reinstatement from WYNR, LLC, for competitive oil and gas lease WYW164513 for land in Big Horn County, Wyoming. The petition was filed on time and was accompanied by all the rentals due since the date the lease terminated under the law.

FOR FURTHER INFORMATION CONTACT: Bureau of Land Management, Julie L. Weaver, Chief, Fluid Minerals Adjudication, at 307–775–6176. Persons who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 to contact the above individual during normal business hours. The FIRS is available 24 hours a day, 7 days a week, to leave a message or question with the above individual. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION: The lessee has agreed to the amended lease terms for rentals and royalties at rates of $10 per acre, or fraction thereof, per year and 16–2/3 percent, respectively. The lessee has paid the required $500 administrative fee and $159 to reimburse the Department for the cost of this **Federal Register** notice. The lessee has met all the requirements for reinstatement of the lease as set out in Sections 31(d) and (e) of the Mineral Lands Leasing Act of 1920 (30 U.S.C. 188), and the BLM is proposing to reinstate lease WYW164513 effective October 1, 2011, under the original terms and conditions of the lease and the increased rental and royalty rates cited above. The BLM has not issued a valid lease to any other interest affecting the lands.

Julie L. Weaver,

Chief, Fluid Minerals Adjudication.

[FR Doc. 2012–19900 Filed 8–13–12; 8:45 am]

BILLING CODE 4310–22–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[WY–923–1310–FI; WYW173253]

Notice of Proposed Reinstatement of Terminated Oil and Gas Lease WYW173253, Wyoming

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: Under the provisions of the Mineral Leasing Act of 1920, as amended, the Bureau of Land Management (BLM) received a petition for reinstatement from WYNR, LLC, for competitive oil and gas lease WYW173253 for land in Park County, Wyoming. The petition was filed on time and was accompanied by all the rentals due since the date the lease terminated under the law.

FOR FURTHER INFORMATION CONTACT: Bureau of Land Management, Julie L. Weaver, Chief, Fluid Minerals Adjudication, at 307–775–6176. Persons who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 to contact the above individual during normal business hours. The FIRS is available 24 hours a day, 7 days a week, to leave a message or question with the above individual. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION: The lessee has agreed to the amended lease terms for rentals and royalties at rates of $10 per acre, or fraction thereof, per year and 16⅔ percent, respectively. The lessee has paid the required $500 administrative fee and $159 to reimburse the Department for the cost of this **Federal Register** notice. The lessee has met all the requirements for reinstatement of the lease as set out in Sections 31(d) and (e) of the Mineral Lands Leasing Act of 1920 (30 U.S.C. 188), and the BLM is proposing to reinstate lease WYW173253 effective October 1, 2011, under the original terms and conditions of the lease and the increased rental and royalty rates cited above. The BLM has not issued a valid lease to any other interest affecting the lands.

Julie L. Weaver,

Chief, Fluid Minerals Adjudication.

[FR Doc. 2012–19927 Filed 8–13–12; 8:45 am]

BILLING CODE 4310–22–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLNVW03000.L51050000.EA0000. LVRCF1201420.241A; MO #4500036149; 12–08807; TAS: 14X5017]

Notice of Temporary Closure and Temporary Restrictions of Specific Uses on Public Lands in Pershing County, NV

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of temporary closures and temporary restrictions.

SUMMARY: Notice is hereby given that under the authority of the Federal Land Policy and Management Act (FLPMA) of 1976, as amended, the Bureau of Land Management (BLM) Winnemucca District, Black Rock Field Office will implement and enforce a temporary closure and temporary restrictions to protect public safety and resources on public lands within and adjacent to the Burning Man event on the Black Rock Desert playa.

DATES: The temporary closures and temporary restrictions will be in effect from August 13, 2012 to September 17, 2012.

FOR FURTHER INFORMATION CONTACT: Gene Seidlitz, BLM District Manager, Winnemucca District, 5100 E. Winnemucca Blvd., Winnemucca, NV 89445–2921, telephone: (775) 623–1500, email: *gseidlit@blm.gov.* Persons who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 to contact the above individual during normal business hours. The FIRS is available 24 hours a day, 7 days a week, to leave a message or question with the above individual. You will receive a reply during normal hours.

SUPPLEMENTARY INFORMATION: The temporary closure and temporary restrictions affect public lands at and adjacent to the Burning Man event permitted on the Black Rock Desert playa within the Black Rock Desert-High Rock Canyon Emigrant Trails National Conservation Area in Pershing County, Nevada. The legal description of the affected public lands in the temporary public closure area is:

Mount Diablo Meridian, Nevada

Unsurveyed T. 33 N., R. 24 E.,
- Sec. 1, portions lying northwesterly of the East Playa Road;
- Sec. 2, portions lying northwesterly of East Playa Road;
- Sec. 3;
- Sec. 4, portion east of Washoe County Road 34;
- Sec. 5;
- Sec. 8, NE¼;
- Sec. 9, N½;
- Sec. 10, N½;
- Sec. 11, all that portion lying northwesterly of the East Playa Road and north of east west centerline.

Unsurveyed T. 33½ N., R. 24 E.,
- Secs. 25, 26, and 27;
- Sec. 28, portion east of Washoe County Road 34;
- Sec. 33, portions east of Washoe County Road 34;
- Secs. 34, 35, and 36.

Unsurveyed T. 34 N., R. 24 E.,
- Sec. 23, S½;
- Sec. 24, S½;
- Secs. 25 and 26;
- Sec. 27, SE¼, E½NE½, E½SW¼;
- Sec. 33, SE¼, S½NE¼, NE¼NE¼;
- Secs. 34, 35, and 36.

T. 33 N., R. 25 E.,
- Sec. 4, portions lying northwesterly of the East Playa Road.

Unsurveyed T. 34 N., R. 25 E.,
- Sec. 16, S½;
- Sec. 21;
- Sec. 22, SW¼, W½NW¼;
- Sec. 27, W½;
- Sec. 28;
- Sec. 33, portions lying northwesterly of the East Playa Road
- Sec. 34, portions lying northwest of the East Playa Road and westerly of north south centerline

The public closure area comprises 14,153 acres, more or less in Pershing County, Nevada.

The temporary closure is necessary for the period of time from August 13 through September 17 because of the event activities in the area, starting with fencing the site perimeter, final setup, the actual event (August 26 through September 3), initial phases of cleanup, and concluding with final site cleanup.

The public closure area comprises about 13 percent of the Black Rock Desert playa. Public access to other areas of the playa will remain open and the rest of the playa outside the closure area will remain open to dispersed use.

Within the public closure area is the event area, which is defined as the portion of the public closure area (1) entirely contained within the event perimeter fence; (2) within 50 feet from the outside of the event perimeter fence; (3) within 25 feet from the outside of the event access road; and (4) the aircraft parking area outside the event perimeter fence.

The temporary closure and temporary restrictions are necessary to provide a safe environment for the participants of the Burning Man event and to members of the public visiting the Black Rock Desert, and to protect public land resources by addressing law enforcement and public safety concerns associated with the event. The Burning Man event is held on public lands administered by the BLM. It is expected to attract approximately 60,900 participants to a remote rural area, far from urban infrastructure and support, including law enforcement, public safety, transportation, and communication services. During the event, Black Rock City, the temporary city associated with the event, becomes the tenth-largest population area in Nevada. This event is authorized on public land under Special Recreation Permit #NVW03500–12–01.

The vast majority of Burning Man event participants do not cause any problems for the event organizers or the BLM. Actions by a few participants at previous events have resulted in law enforcement and public safety incidents similar to those observed in urban areas of similar-size populations. Incidents that have required BLM law enforcement action in prior years include: Aircraft crashes; motor vehicle accidents with injuries both within and outside the event (a temporary fence is installed around the event perimeter); fights; sexual assault; assault on law enforcement officers; reckless or threatening behavior; crimes against property; crowd control issues; issues associated with possession and use of alcoholic beverages; persons acting in a manner where they may pose a danger to themselves or to others; possession, use, and distribution of controlled substances; and increased use of public lands outside the event perimeter.

The Burning Man event takes place within Pershing County, a rural county with a small population and a small Sheriff's Department. Pershing County has limited ability to provide additional law enforcement officers to work at the event. The temporary closure and temporary restrictions are necessary to enable the BLM law enforcement personnel to provide for public safety and to protect the environment on public lands, as well as to support state and local law enforcement agencies with enforcement of existing laws.

Use of the playa by up to 60,900 participants creates potential impacts to public resources associated with disposal of wastes and litter. Implementation of the temporary restrictions will increase interaction with and education of users by the BLM law enforcement and educational staff which will indirectly increase appreciation and protection of the public resources.

A temporary closure and temporary restriction order, under the authority of 43 CFR 8364.1, is used because it is more appropriate than establishing supplementary rules for a single event. A temporary closure and temporary restriction order is specifically tailored to the timeframe that is necessary to provide a safe environment for the public and for participants at the Burning Man event, and to protect public land resources while avoiding imposing restrictions that may not be necessary in the area during the remainder of the year.

The BLM will post information signs and maps about the temporary closure and temporary restrictions at main entry points around the playa, at the BLM Winnemucca District Office, and at the Black Rock Visitor Center.

Under the authority of Section 303(a) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1733(a)), 43 CFR 8360.0–7, and 43 CFR 8364.1, the BLM will enforce the following temporary closure and temporary restrictions within the public closure area:

I. Temporary Restrictions—Between August 13, 2012, and September 17, 2012 Inclusive

A. Aircraft Landing

The public closure area is closed to aircraft landing, taking off, and taxiing. Aircraft is defined in Title 18, U.S.C., section 31(a)(1) and includes lighter-than-air craft and ultra-light craft. The following exceptions apply:

1. All aircraft operations, to include ultra-light and helicopter landings/take-offs, will occur at the designated event landing strip. The authorized event landing strip is a designated and Federal Aviation Administration approved public landing strip.

2. Only helicopters providing emergency medical services may land at the designated Emergency Medical Services helicopter pad or at other locations when required for medical incidents. The BLM authorizing officer may approve other helicopter landings and take-offs when deemed necessary for the benefit of the law enforcement operation.

3. Landings or take-offs of lighter-than-air craft previously approved by the BLM authorized officer.

B. Alcohol

1. Possession of an open container of an alcoholic beverage by the driver or operator of any motorized vehicle, whether or not the vehicle is in motion is prohibited.

2. Possession of alcohol by minors

(a) The following are prohibited:

(1) Consumption or possession of any alcoholic beverage by a person under 21 years of age on public lands.

(2) Selling, offering to sell, or otherwise furnishing or supplying any alcoholic beverage to a person under 21 years of age on public lands.

3. Operation of a motor vehicle while under the influence

(a) Title 43 CFR 8341.1(f)3 prohibits the operation of an off-road motor vehicle on public land while under the influence of alcohol, narcotics, or dangerous drugs.

(b) In addition to the prohibition found in 43 CFR 8341.1(f)3, it is prohibited for any person to operate or be in actual physical control of a motor vehicle while:

(1) The operator is under the combined influence of alcohol, a drug, or drugs to a degree that renders the operator incapable of safe operation of that vehicle; or

(2) The alcohol concentration in the operator's blood or breath is 0.08 grams or more of alcohol per 100 milliliters of blood or 0.08 grams or more of alcohol per 210 liters of breath.

(c) Tests:

(1) At the request or direction of any law enforcement officer authorized by the Department of the Interior to enforce this closure and restriction order, who has probable cause to believe that an operator of a motor vehicle has violated a provision of paragraph (a) or (b) of this section, the operator shall submit to one or more tests of the blood, breath, saliva, or urine for the purpose of determining blood alcohol and drug content.

(2) Refusal by an operator to submit to a test is prohibited and proof of refusal may be admissible in any related judicial proceeding.

(3) Any test or tests for the presence of alcohol and drugs shall be determined by and administered at the direction of an authorized person.

(4) Any test shall be conducted by using accepted scientific methods and equipment of proven accuracy and reliability operated by personnel certified in its use.

(d) Presumptive levels

(1) The results of chemical or other quantitative tests are intended to supplement the elements of probable cause used as the basis for the arrest of an operator charged with a violation of paragraph (a) of this section. If the alcohol concentration in the operator's blood or breath at the time of testing is less than alcohol concentrations specified in paragraph (b)(2) of this section, this fact does not give rise to any presumption that the operator is or is not under the influence of alcohol.

(2) The provisions of paragraph (d)(1) of this section are not intended to limit the introduction of any other competent evidence bearing upon the question of whether the operator, at the time of the alleged violation, was under the influence of alcohol, a drug or multiple drugs, or any combination thereof.

4. Definitions:

(a) Open container: Any bottle, can, or other container which contains an alcoholic beverage, if that container does not have a closed top or lid for which the seal has not been broken. If the container has been opened one or more times, and the lid or top has been replaced, that container is an open container.

(b) Possession of an open container includes any open container that is

physically possessed by the driver or operator, or is adjacent to and reachable by that driver or operator. This includes but is not limited to containers in a cup holder or rack adjacent to the driver or operator, containers on a vehicle floor next to the driver or operator, and containers on a seat or console area next to a driver or operator.

C. Drug Paraphernalia

1. The possession of drug paraphernalia is prohibited.

2. Definition: Drug paraphernalia means all equipment, products and materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, preparing, testing, analyzing, packaging, repackaging, storing, containing, concealing, injecting, ingesting, inhaling or otherwise introducing into the human body a controlled substance in violation of any state or Federal law, or regulation issued pursuant to law.

D. Disorderly Conduct

1. Disorderly conduct is prohibited.

2. Definition: Disorderly conduct means that an individual, with the intent of recklessly causing public alarm, nuisance, jeopardy, or violence; or recklessly creating a risk thereof:

(a) Engages in fighting or violent behavior.

(b) Uses language, an utterance or gesture, or engages in a display or act that is physically threatening or menacing, or done in a manner that is likely to inflict injury or incite an immediate breach of the peace.

(c) Obstructs, resists or attempts to elude a law enforcement officer, or fails to follow their orders or directions.

E. Eviction of Persons

1. The public closure area is closed to any person who:

(a) Has been evicted from the event by the permit holder, Black Rock City LLC, (BRC LLC) whether or not the eviction was requested by the BLM.

(b) Has been ordered by a BLM law enforcement officer to leave the area of the permitted event.

2. Any person evicted from the event forfeits all privileges to be present within the perimeter fence or anywhere else within the public closure area even if they possess a ticket to attend the event.

F. Fires

The ignition of fires on the surface of the Black Rock playa without a burn blanket or burn pan is prohibited.

G. Fireworks

The use, sale or possession of personal fireworks is prohibited except for uses of fireworks approved by BRC LLC and used as part of a Burning Man sanctioned art burn event.

H. Motor Vehicles

1. The public closure area is closed to motor vehicle use, except as provided below.

Motor vehicles may be operated within the public closure area under these circumstances:

(a) Passage through, without stopping, the public closure area on the west or east playa roads;

(b) BLM, medical, law enforcement, and firefighting vehicles;

(c) Vehicles operated by BRC LLC staff or contractors and service providers on behalf of BRC LLC. During the event, from 6:00 p.m. Sunday, August 26, 2012, through 6:00 p.m. Monday, September 3, 2012, these vehicles must display evidence of event registration at all times in such manner that it is visible to the rear of the vehicle while the vehicle is in motion.

Motor vehicles may be operated within the event area under these circumstances:

(a) Participant arrival and departure on designated routes;

(b) Vehicles operated by BRC LLC staff or contractors and service providers on behalf of BRC LLC. During the event, from 6:00 p.m. Sunday, August 26, 2012, through 6:00 p.m. Monday, September 3, 2012, these vehicles must display evidence of event registration at all times in such manner that it is visible to the rear of the vehicle while the vehicle is in motion;

(c) BLM, medical, law enforcement, and firefighting vehicles;

(d) Mutant vehicles, art cars, vehicles used by disabled drivers and displaying disabled driver license plates or placards, or other vehicles registered with the BRC LLC organizers and operated within the scope of that registration. During the event, from 6:00 p.m. Sunday, August 26, 2012, through 6:00 p.m. Monday, September 3, 2012, such vehicles must display evidence of registration at all times in such manner that it is visible to the rear of the vehicle while the vehicle is in motion;

(e) Motorized skateboards, electric assist bicycles, or Go-Peds with or without handlebars;

(f) The operator of any motorized vehicle must possess a valid driver's license.

2. Definitions:

(a) A motor vehicle is any device designed for and capable of travel over land and which is self-propelled by a motor, but does not include any vehicle operated on rails or any motorized wheelchair.

(b) Motorized wheelchair means a self-propelled wheeled device, designed solely for and used by a mobility-impaired person for locomotion.

I. Public Camping

The public closure areas is closed to public camping with the following exception: Burning Man event ticket holders who are camped in designated event areas provided by BRC LLC, and ticket holders who are camped in the authorized pilot camp. BRC LLC authorized staff, contractors, and BLM authorized event management related camps are exempt from this closure.

J. Public Use

The public closure area is closed to use by members of the public unless that person: Is traveling through, without stopping, the public closure area on the west or east playa roads; possesses a valid ticket to attend the event; is an employee or authorized volunteer with the BLM, a law enforcement agency, emergency medical service provider, fire protection provider, or another public agency working at the event and the employee is assigned to the event; is a person working at or attending the event on behalf of the event organizers, BRC LLC; or is authorized by BRC LLC to be onsite prior to the commencement of the event for the primary purpose of constructing, creating, designing or installing art, displays, buildings, facilities or other items and structures in connection with the event.

K. Waste Water Discharge

The dumping or discharge to the ground of gray water is prohibited. Gray water is water that has been used for cooking, washing, dishwashing, or bathing and contains soap, detergent, food scraps, or food residue.

L. Weapons

1. The possession of any weapon is prohibited except weapons within motor vehicles passing through the public closure area, without stopping, on the west or east playa roads.

2. The discharge of any weapon is prohibited.

3. The prohibitions above shall not apply to county, state, tribal, and Federal law enforcement personnel, or any person authorized by Federal law to possess a weapon. ''Art projects'' that include weapons and are sanctioned by BRC LLC will be permitted after

obtaining authorization from the BLM authorized officer.

4. Definitions:

(a) Weapon means a firearm, compressed gas or spring powered pistol or rifle, bow and arrow, cross bow, blowgun, spear gun, hand-thrown spear, sling shot, irritant gas device, electric stunning or immobilization device, explosive device, any implement designed to expel a projectile, switch-blade knife, any blade which is greater than 10 inches in length from the tip of the blade to the edge of the hilt or finger guard nearest the blade (e.g., swords, dirks, daggers, machetes), or any other weapon the possession of which is prohibited by state law. Exception: The regulation does not apply in a kitchen or cooking environment or where an event worker is wearing or utilizing a construction knife for their duties at the event.

(b) Firearm means any pistol, revolver, rifle, shotgun, or other device which is designed to, or may be readily converted to expel a projectile by the ignition of a propellant.

(c) Discharge means the expelling of a projectile from a weapon.

Any person who violates the above rules and restrictions may be tried before a United States Magistrate and fined no more than $1,000, imprisoned for no more than 12 months, or both. Such violations may also be subject to the enhanced fines provided for at 18 U.S.C. 3571.

Authority: 43 CFR 8364.1.

Gene Seidlitz,

District Manager, Winnemucca District.

[FR Doc. 2012–19897 Filed 8–13–12; 8:45 am]

BILLING CODE 4310–HC–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–WASO–NAGPRA–10891; 2200–1100–665]

Notice of Intent To Repatriate Cultural Items: San Diego State University, San Diego, CA

AGENCY: National Park Service, Interior.

ACTION: Notice.

SUMMARY: The San Diego State University Archaeology Collections Management Program, in consultation with the appropriate Indian tribe, has determined that the cultural items meet the definition of objects of cultural patrimony and repatriation to the Indian tribe stated below may occur if no additional claimants come forward. Representatives of any Indian tribe that believes itself to be culturally affiliated with the cultural items may contact San Diego State University Archaeology Collections Management Program.

DATES: Representatives of any Indian tribe that believes it has a cultural affiliation with the cultural items should contact San Diego State University Archaeology Collections Management Program at the address below by September 13, 2012.

ADDRESSES: Jaime Lennox, Interim Director, San Diego State University Archaeology Collections Management Program, 5500 Campanile Dr., San Diego, CA 92182–6040, telephone (619) 594–4575.

SUPPLEMENTARY INFORMATION: Notice is here given in accordance with the Native American Graves Protection and Repatriation Act (NAGPRA), 25 U.S.C. 3005, of the intent to repatriate cultural items in the possession of the San Diego State University Archaeology Collections Management Program, San Diego, CA, that meet the definition of objects of cultural patrimony under 25 U.S.C. 3001.

This notice is published as part of the National Park Service's administrative responsibilities under NAGPRA, 25 U.S.C. 3003(d)(3). The determinations in this notice are the sole responsibility of the museum, institution, or Federal agency that has control of the Native American cultural items. The National Park Service is not responsible for the determinations in this notice.

History and Description of the Cultural Items

The 39 objects include one cradleboard and 38 baskets. In 1961, Awona Harrington, daughter of well-known ethnographer and linguist John P. Harrington, donated objects from her father's collection to the San Diego State University Archaeology Collections Management Program. This collection was accessioned as the Harrington Ethnographic Collection (SDSU–0461) and included objects gathered by Harrington throughout his career; including one cradleboard and 38 baskets. Subsequent analysis of diagnostic features has identified the objects as Yokut.

In consultation with representatives of the Santa Rosa Indian Community of the Santa Rosa Rancheria, California, these 39 items were determined to be culturally significant and meet the definition of objects of cultural patrimony under NAGPRA. The objects were examined on March 20, 2012, by representatives of the Santa Rosa Indian Community of the Santa Rosa Rancheria and a positive identification of diagnostic characteristics and utilitarian attributes of the objects was made. The representatives of the Santa Rosa Indian Community of the Santa Rosa Rancheria also provided supporting ethnographic documentation for the cultural significance of the objects.

Determinations Made by the San Diego State University

Officials of the San Diego State University Archaeology Collections Management Program have determined that:

- Pursuant to 25 U.S.C. 3001(3)(D), the 39 cultural items described above have ongoing historical, traditional, or cultural importance central to the Native American group or culture itself, rather than property owned by an individual.
- Pursuant to 25 U.S.C. 3001(2), there is a relationship of shared group identity that can be reasonably traced between the cradleboard and the baskets and the Santa Rosa Indian Community of the Santa Rosa Rancheria, California.

Additional Requestors and Disposition

Representatives of any other Indian tribe that believes itself to be culturally affiliated with the objects of cultural patrimony should contact Jaime Lennox, Interim Director, San Diego State University Archaeology Collections Management Program, 5500 Campanile Dr., San Diego, CA 92182–6040, telephone (619) 594–4575, before September 13, 2012. Repatriation of the objects of cultural patrimony to the Santa Rosa Indian Community of the Santa Rosa Rancheria, California, may proceed after that date if no additional claimants come forward.

The San Diego State University Collections Management Program is responsible for notifying the Santa Rosa Indian Community of the Santa Rosa Rancheria, California, that this notice has been published.

Dated: July 20, 2012.

Melanie O'Brien,

Acting Manager, National NAGPRA Program.

[FR Doc. 2012–19926 Filed 8–13–12; 8:45 am]

BILLING CODE 4312–50–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–WASO–NAGPRA–10901; 2200–1100–665]

Notice of Intent To Repatriate Cultural Items: U.S. Department of the Interior, National Park Service, Little Bighorn Battlefield National Monument, Crow Agency, MT

AGENCY: National Park Service, Interior.

ACTION: Notice.

SUMMARY: The Little Bighorn Battlefield National Monument, in consultation with the appropriate Indian tribes, has determined that the cultural items meet the definition of sacred objects and repatriation to the lineal descendant stated below may occur if no additional claimants come forward. Any other individuals who believe they are lineal descendants of the individual who owned these sacred objects and who wish to claim the items should contact Little Bighorn Battlefield National Monument.

DATES: Any other individuals who believe they are lineal descendants of the individual who owned these sacred objects and who wish to claim the items should contact Little Bighorn Battlefield National Monument at the address below by September 13, 2012.

ADDRESSES: David Harrington, Acting Superintendent, Little Bighorn Battlefield National Monument, P.O. Box 39, Crow Agency, MT 59022–0039, telephone (406) 638–3201.

SUPPLEMENTARY INFORMATION: Notice is here given in accordance with the Native American Graves Protection and Repatriation Act (NAGPRA), 25 U.S.C. 3005, of the intent to repatriate cultural items in the possession of the U.S. Department of the Interior, National Park Service, Little Bighorn Battlefield National Monument, Crow Agency, MT, that meet the definition of sacred objects under 25 U.S.C. 3001.

This notice is published as part of the National Park Service's administrative responsibilities under NAGPRA, 25 U.S.C. 3003(d)(3). The determinations in this notice are the sole responsibility of the Superintendent, Little Bighorn Battlefield National Monument.

History and Description of the Cultural Items

The seven cultural items are five Sundance Ledgers and two notebooks that were created by Alex Brady, a noted Sundance Priest and leading headman in the Northern Cheyenne Crazy Dog Society. Alex Brady, who was involved in many ceremonies, recorded information essential to the Northern Cheyenne sacred traditional ceremonies, as well as his personal and familial ceremonial activities, in these ledgers and notebooks. In 1996, the ledgers and notebooks were purchased by the Little Bighorn Battlefield National Monument. Steven Brady, Sr., grandson of Alex Brady, is requesting repatriation of the seven cultural items described above. The seven items are specific ceremonial materials needed by Mr. Brady to continue the practice of traditional ceremonies. Corroborating information provided by the Northern Cheyenne Cultural Commission and Tribal Historic Preservation Office of the Northern Cheyenne Tribe of the Northern Cheyenne Indian Reservation, Montana shows that Steven Brady, Sr., is the most appropriate recipient of these sacred objects under the Northern Cheyenne traditional kinship system and the common law system of descendance.

Determinations Made by Little Bighorn Battlefield National Monument

Officials of Little Bighorn Battlefield National Monument have determined that:

- Pursuant to 25 U.S.C. 3001(3)(C), the seven cultural items described above are specific ceremonial objects needed by traditional Native American religious leaders for the practice of traditional Native American religions by their present-day adherents.
- Pursuant to 25 U.S.C. 3005(a)(5)(A), Mr. Steven Brady, Sr., is the direct lineal descendant of the individual who owned these sacred objects.

Additional Requestors and Disposition

Any other individuals who believe they are lineal descendants of the individual who owned these sacred objects and who wish to claim the items should contact David Harrington, Acting Superintendent, Little Bighorn Battlefield National Monument, P.O. Box 39, Crow Agency, MT, 59022–0039, telephone (406) 638–3201, before September 13, 2012. Repatriation of the sacred objects to Mr. Steven Brady, Sr., may proceed after that date if no additional claimants come forward.

Little Bighorn Battlefield National Monument is responsible for notifying Mr. Steven Brady, Sr.; the Arapahoe Tribe of the Wind River Reservation, Wyoming; Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, Montana; Cheyenne and Arapaho Tribes, Oklahoma (formerly the Cheyenne-Arapaho Tribes of Oklahoma); Cheyenne River Sioux Tribe of the Cheyenne River Reservation, South Dakota; Crow Creek Sioux Tribe of the Crow Creek Reservation, South Dakota; Crow Tribe of Montana; Flandreau Santee Sioux Tribe of South Dakota; Lower Brule Sioux Tribe of the Lower Brule Reservation, South Dakota; Northern Cheyenne Tribe of the Northern Cheyenne Indian Reservation, Montana; Oglala Sioux Tribe of the Pine Ridge Reservation, South Dakota; Rosebud Sioux Tribe of the Rosebud Indian Reservation, South Dakota; Santee Sioux Nation, Nebraska; Sisseton-Wahpeton Oyate of the Lake Traverse Reservation, South Dakota; Spirit Lake Tribe, North Dakota; Standing Rock Sioux Tribe of North & South Dakota; Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota; and the Yankton Sioux Tribe of South Dakota that this notice has been published.

Dated: July 20, 2012.

Melanie O'Brien,

Acting Manager, National NAGPRA Program.

[FR Doc. 2012–19924 Filed 8–13–12; 8:45 am]

BILLING CODE 4312–50–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–WASO–NAGPRA–10855; 2200–1100–665]

Notice of Inventory Completion: The Robert S. Peabody Museum of Archaeology, Phillips Academy, Andover, MA

AGENCY: National Park Service, Interior.

ACTION: Notice.

SUMMARY: The Robert S. Peabody Museum of Archaeology has completed an inventory of human remains, in consultation with the appropriate Indian tribes, and has determined that there is no cultural affiliation between the remains and any present-day Indian tribe. Representatives of any Indian tribe that believes itself to be culturally affiliated with the human remains may contact the Robert S. Peabody Museum of Archaeology. Disposition of the human remains to the Indian tribes stated below may occur if no additional requestors come forward.

DATES: Representatives of any Indian tribe that believes it has a cultural affiliation with the human remains should contact the Robert S. Peabody Museum of Archaeology at the address below by September 13, 2012.

ADDRESSES: Bonnie K. Sousa, Robert S. Peabody Museum of Archaeology, Phillips Academy, Andover, MA 01810, telephone (978) 749–4490.

SUPPLEMENTARY INFORMATION: Notice is hereby given in accordance with the Native American Graves Protection and Repatriation Act (NAGPRA), 25 U.S.C. 3003, of the completion of an inventory of human remains in the possession of the Robert S. Peabody Museum of Archaeology. The human remains were removed from an unknown location in the town of Bellevue, in Eaton County, MI.

This notice is published as part of the National Park Service's administrative responsibilities under NAGPRA, 25 U.S.C. 3003(d)(3) and 43 CFR 10.11(d). The determinations in this notice are the sole responsibility of the museum, institution, or Federal agency that has control of the Native American human remains. The National Park Service is not responsible for the determinations in this notice.

Consultation

The Robert S. Peabody Museum of Archaeology consulted with tribes in 1999 and 2011–2012. A detailed assessment of the human remains was made by the Robert S. Peabody Museum of Archaeology professional staff in consultation with representatives of the Bay Mills Indian Community, Michigan; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin; Lac du Flambeau Band of Lake Superior Chippewa Indians of the Lac du Flambeau Reservation of Wisconsin; Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan; Mille Lacs Band of the Minnesota Chippewa Tribe, Minnesota; Red Lake Band of Chippewa Indians, Minnesota; Saginaw Chippewa Indian Tribe of Michigan; Sault Ste. Marie Tribe of Chippewa Indians of Michigan; St. Croix Chippewa Indians of Wisconsin; and the Turtle Mountain Band of Chippewa of North Dakota.

The Robert S. Peabody Museum of Archaeology attempted consultation with the following tribes in 1999 or 2011–2012, though consultation did not occur: Bad River Band of Lake Superior Chippewa Indians of the Bad River Reservation, Wisconsin; Chippewa Cree Indians of the Rocky Boy's Reservation, Montana; Keweenaw Bay Indian Community, Michigan; Minnesota Chippewa Tribe, Minnesota (five component reservations: Bois Forte Band (Nett Lake), Fond du Lac Band, Grand Portage Band, Leech Lake Band, White Earth Band); Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin; and the Sokaogon Chippewa Community, Wisconsin.

History and Description of the Remains

On an unknown date prior to 1901, fragmentary human remains representing, at minimum, one individual were removed from an unknown location in Bellevue, MI. The human remains were donated to the Robert S. Peabody Museum of Archaeology by J.F. Smith in 1901. No known individuals were identified. No associated funerary objects are present.

Determinations Made by the Robert S. Peabody Museum of Archaeology

Officials of the Robert S. Peabody Museum of Archaeology have determined that:

- Based on examination by osteologist Michael Gibbons, the human remains are determined to be Native American and represent the fragmentary remains of one individual.
- Pursuant to 25 U.S.C. 3001(2), a relationship of shared group identity cannot be reasonably traced between the Native American human remains and any present-day Indian tribe.
- According to final judgments of the Indian Claims Commission, the land from which the Native American human remains were removed is the aboriginal land of the Saginaw Chippewa Indian Tribe of Michigan.
- The Treaty with the Chippewa, September 24, 1819, 7 Stat. 203, indicates that the land from which the Native American human remains were removed is part of the aboriginal land of the following tribes: The Bad River Band of Lake Superior Chippewa Indians of the Bad River Reservation, Wisconsin; Bay Mills Indian Community, Michigan; Chippewa Cree Indians of the Rocky Boy's Reservation, Montana; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Keweenaw Bay Indian Community, Michigan; Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin; Lac du Flambeau Band of Lake Superior Chippewa Indians of Wisconsin; Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan; Minnesota Chippewa Tribe, Minnesota (six component reservations: Bois Forte Band (Nett Lake), Fond du Lac Band, Grand Portage Band, Leech Lake Band, Mille Lacs Band, White Earth Band); Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin; Red Lake Band of Chippewa Indians, Minnesota; Saginaw Chippewa Indian Tribe of Michigan; Sault Ste. Marie Tribe of Chippewa Indians of Michigan; St. Croix Chippewa Indians of Wisconsin; Sokaogon Chippewa Community, Wisconsin; and the Turtle Mountain Band of Chippewa, North Dakota.
- Pursuant to 43 CFR 10.11(c)(1), the disposition of the human remains is to the six tribes from Michigan who requested disposition in a letter dated August 1, 2011. The tribes are the Bay Mills Indian Community, Michigan; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Keweenaw Bay Indian Community, Michigan; Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan; Saginaw Chippewa Indian Tribe of Michigan; and Sault Ste. Marie Tribe of Chippewa Indians of Michigan.

Additional Requestors and Disposition

Representatives of any Indian tribe that believes itself to be culturally affiliated with the human remains or any other Indian tribe that believes it satisfies the criteria in 43 CFR 10.11(c)(1) should contact Bonnie Sousa, Registrar/Senior Collections Manager, The Robert S. Peabody Museum of Archaeology, Phillips Academy, Andover, MA 01810, telephone (978) 749–4490, before September 13, 2012. Disposition of the human remains to the Bay Mills Indian Community, Michigan; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Keweenaw Bay Indian Community, Michigan; Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan; Saginaw Chippewa Indian Tribe of Michigan; and Sault Ste. Marie Tribe of Chippewa Indians of Michigan, may proceed after that date if no additional requestors come forward.

The Robert S. Peabody Museum of Archaeology, Phillips Academy, Andover, MA, is responsible for notifying the Bad River Band of Lake Superior Chippewa Indians of the Bad River Reservation, Wisconsin; Bay Mills Indian Community, Michigan; Chippewa Cree Indians of the Rocky boy's Reservation, Montana; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Keweenaw Bay Indian Community, Michigan; Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin; Lac du Flambeau Band of Lake Superior Chippewa Indians of Wisconsin; Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan; Minnesota Chippewa Tribe, Minnesota (six component reservations: Bois Forte Band (Nett Lake), Fond du Lac Band, Grand Portage Band, Leech Lake Band, Mille Lacs Band, White Earth Band); Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin; Red Lake Band of Chippewa Indians, Minnesota; Saginaw Chippewa Indian Tribe of Michigan; Sault Ste. Marie

Tribe of Chippewa Indians of Michigan; St. Croix Chippewa Indians of Wisconsin; Sokaogon Chippewa Community, Wisconsin; and the Turtle Mountain Band of Chippewa, North Dakota, that this notice has been published.

Dated: July 13, 2012.

David Tarler,

Acting Manager, National NAGPRA Program.

[FR Doc. 2012–19932 Filed 8–13–12; 8:45 am]

BILLING CODE 4312–50–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–WASO–NAGPRA–10844; 2200–1100–665]

Notice of Inventory Completion: Washington State Parks and Recreation Commission, Olympia, WA

AGENCY: National Park Service, Interior.

ACTION: Notice.

SUMMARY: The Washington State Parks and Recreation Commission has completed an inventory of human remains in consultation with the appropriate Indian tribes, and has determined that there is no cultural affiliation between the remains and any present-day Indian tribe. Representatives of any Indian tribe that believes itself to be culturally affiliated with the human remains may contact the Washington State Parks and Recreation Commission. Disposition of the human remains to the Indian tribes stated below may occur if no additional requestors come forward.

DATES: Representatives of any Indian tribe that believes it has a cultural affiliation with the human remains should contact the Washington State Parks and Recreation Commission at the address below by September 13, 2012.

ADDRESSES: Alicia Woods, Washington State Parks and Recreation Commission, P.O. Box 42650, Olympia, WA 98504–2650, telephone (360) 902–0939.

SUPPLEMENTARY INFORMATION: Notice is here given in accordance with the Native American Graves Protection and Repatriation Act (NAGPRA), 25 U.S.C. 3003, of the completion of an inventory of human remains in the possession of the Washington State Parks and Recreation Commission and the Sacajawea State Park. The human remains were removed from an unknown location but are believed to have originated in the middle Columbia River region in Benton, Franklin, Grant, and Klickitat counties, WA.

This notice is published as part of the National Park Service's administrative responsibilities under NAGPRA, 25 U.S.C. 3003(d)(3) and 43 CFR 10.11(d). The determinations in this notice are the sole responsibility of the museum, institution, or Federal agency that has control of the Native American human remains. The National Park Service is not responsible for the determinations in this notice.

Consultation

A detailed assessment of the human remains was made by the Washington State Parks and Recreation Commission professional staff in consultation with representatives of the Confederated Tribes of the Colville Reservation, Washington; Confederated Tribes of the Umatilla Indian Reservation, Oregon; Confederated Tribes of the Warm Springs Reservation of Oregon; Confederated Tribes and Bands of the Yakama Nation, Washington; and the Nez Perce Tribe, Idaho (previously listed as Nez Perce Tribe of Idaho) (hereafter referred to as ''The Tribes''). Washington State Parks and Recreation Commission also consulted with the Wanapum Band, a non-Federally recognized Indian group (hereafter referred to as ''The Indian Group'').

History and Description of the Remains

Sometime between 1939 and 1976, human remains representing, at minimum, two individuals were acquired by the Sacajawea Museum at Sacajawea State Park, Pasco, WA. No donation or loan documentation has been located for the remains. Between 1976 and 2007, the remains were removed from the museum's storage and placed in an off-site facility near the Washington State Parks and Recreation Commission (hereafter State Parks) headquarters in Olympia, WA. No known individuals were identified. No associated funerary objects are present.

In 1939, the Sacajawea Museum at Sacajawea State Park in Pasco, WA, opened to exhibit items of Native American culture. The museum amassed an extensive collection of Native American cultural material collected by local farmers, families, and amateur archaeologists from the middle Columbia River region. Beginning in the 1950s, the State Parks partnered with local universities, the National Park Service, and local public utility districts to perform controlled excavations on park lands. The State Parks also borrowed objects from excavations outside park borders for the expressed purposes of interpretation at the museum.

The first set of remains consists of a single human sacrum with an embedded projectile point. Based on examinations by anthropologists, the human remains are believed to be consistent with Native American archaeological material, but definitive cultural identification is not possible. The point was also examined and, while it is consistent with the lithic typology of the region, its placement in the sacrum is believed to be contrived.

The second individual is comprised of a nearly complete set of human remains. Based on examination by an anthropologist, the human remains are consistent with Native American archaeological material and exhibit Native American cranial and dental morphological characteristics. Interviews with former park staff helped to narrow the acquisition of the remains by State Parks to between the late 1950s and 1975. In order to determine possible provenience of this individual, the archaeological collections displayed adjacent to this individual were examined but yielded no additional information about the remains.

Determinations Made by the Washington State Parks and Recreation Commission

Officials of the Washington State Parks and Recreation Commission have determined that:

- Based on cranial and dental morphology, it is believed that the human remains are Native American.
- Pursuant to 25 U.S.C. 3001(9), the human remains described in this notice represent the physical remains of two individuals of Native American ancestry.
- Pursuant to 25 U.S.C. 3001(2), a relationship of shared group identity cannot be reasonably traced between the Native American human remains and any present-day Indian tribe.
- According to final judgments of the Indian Claims Commission, the land from which both sets of remains were likely removed is the aboriginal lands of The Tribes and The Indian Group.
- Pursuant to 43 CFR 10.11(c)(1), the disposition of the human remains is to The Tribes and The Indian Group.

Additional Requestors and Disposition

Representatives of any Indian tribe that believes itself to be culturally affiliated with the human remains or any other Indian tribe that believes it satisfies the criteria in 43 CFR 10.11(c)(1) should contact Alicia Woods, Washington State Parks and Recreation Commission, P.O. Box 42650, Olympia, WA 98504–2650, telephone (360) 902–0939, before September 13, 2012. Disposition of the

human remains to The Tribes and The Indian Group may proceed after that date if no additional requestors come forward.

The Washington State Parks and Recreation Commission is responsible for notifying The Tribes and The Indian Group that this notice has been published.

Dated: July 12, 2012.

David Tarler,

Acting Manager, National NAGPRA Program.

[FR Doc. 2012–19935 Filed 8–13–12; 8:45 am]

BILLING CODE 4312–50–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–WASO–NAGPRA–10863; 2200–1100–665]

Notice of Inventory Completion: Logan Museum of Anthropology, Beloit College, Beloit, WI

AGENCY: National Park Service, Interior.

ACTION: Notice.

SUMMARY: The Logan Museum of Anthropology, Beloit College, has completed an inventory of human remains and associated funerary objects, in consultation with the appropriate Indian tribes, and has determined that there is a cultural affiliation between the human remains and associated funerary objects and a present-day Indian tribe. Representatives of any Indian tribe that believes itself to be culturally affiliated with the human remains and associated funerary objects may contact the Logan Museum of Anthropology. Repatriation of the human remains and associated funerary objects to the Indian tribe stated below may occur if no additional claimants come forward.

DATES: Representatives of any Indian tribe that believes it has a cultural affiliation with the human remains and associated funerary objects should contact the Logan Museum of Anthropology at the address below by September 13, 2012.

ADDRESSES: William Green, Director, Logan Museum of Anthropology, Beloit College, Beloit, WI 53511, telephone (608) 363–2119.

SUPPLEMENTARY INFORMATION: Notice is here given in accordance with the Native American Graves Protection and Repatriation Act (NAGPRA), 25 U.S.C. 3003, of the completion of an inventory of human remains and associated funerary objects in the possession of the Logan Museum of Anthropology, Beloit College, Beloit, WI. The human remains and associated funerary objects were removed from several locations in North and South Dakota.

This notice is published as part of the National Park Service's administrative responsibilities under NAGPRA, 25 U.S.C. 3003(d)(3). The determinations in this notice are the sole responsibility of the museum, institution, or Federal agency that has control of the Native American human remains and associated funerary objects. The National Park Service is not responsible for the determinations in this notice.

Consultation

A detailed assessment of the human remains was made by the Logan Museum of Anthropology, Beloit College, professional staff in consultation with representatives of the Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota (Mandan-Hidatsa-Arikara Nation).

History and Description of the Remains

From 1929 through 1931, the Logan Museum sponsored archaeological and ethnological fieldwork in North and South Dakota. Alfred W. Bowers, a graduate student at the University of Chicago and recent graduate of Beloit College, conducted the fieldwork. His goal was to understand the histories of and relationships among the Mandan, Hidatsa, and Arikara Indians. Bowers' Ph.D. dissertation in 1948 and subsequent publications were based in large part on the material and information he collected during his Logan-supported expeditions. Parts of the collection from his work are in the possession of the Logan Museum. Other parts of the collection are in the possession of the Illinois State Museum and Indiana University Bloomington.

In 1929, human remains representing, at minimum, one individual were removed by Bowers from the Larson site (32BL9), in Burleigh County, ND. Larson is a large earthlodge village site identified as the location of an ancestral Mandan village, and dated to the 16th and early 17th centuries. The remains are a cranium and mandible catalogued as Burial 5. Bowers reported that Burial 5 represented the remains of a female 25–30 years of age. A more recent examination indicates the individual was a male, aged 50–59, and is consistent with Mandan cranial morphology. No known individuals were identified. Bowers identified two funerary objects associated with Burial 5 as a bone squash knife and a bison scapula hoe, however the location of these objects in the museum's collection is unknown.

In 1929, human remains representing, at minimum, two individuals were removed by Bowers from a site he called ''Big Turtle,'' likely near Golden Valley, in Mercer County, ND (possibly site 32MEX281). Bowers excavated two burials in the center of a boulder outline in the shape of a turtle. One of the burials included an elk antler wristlet. The remains are two skulls. No known individuals were identified. The one associated funerary object is an engraved armband or wristband that appears to be made of elk antler. Bowers identified the remains as Mandan, which is consistent with Mandan cranial morphology. In view of the significance of turtle boulder effigies to the Hidatsa as well as the Mandan, the site's location in a region used by both groups, and the close relationship in the post-contact era between the two groups, the remains might also have a Hidatsa affiliation.

In 1929, human remains representing, at minimum, two individuals were removed by Bowers at the Motsiff site (32MO29), near Mandan, in Morton County, ND. Motsiff is a large earthlodge village site occupied principally in the 18th century. It is associated with the Heart River complex and continues the cultural traditions of earlier Mandan sites. The remains are those of a male and a female both aged 25–29. No known individuals were identified. Collection notes indicate three associated funerary objects were collected, including a squash knife, a scapula hoe, and the base of a pottery vessel associated with the female individual, however the location of these objects within the museum's collection is unknown.

In 1930, human remains representing, at minimum, five individuals were removed by Bowers from the Lower Sanger site (32OL11), near Sanger, in Oliver County, ND. The remains are those of an adult male, three adult females, and a sub-adult, possibly female. No known individuals were identified. The eleven associated funerary objects are four bone awls associated with the sub-adult individual, and seven shell beads associated with one of the adult females. One adult male had two projectile points embedded in his vertebrae. These points are considered part of the human remains and not funerary objects. Archaeological evidence indicates Lower Sanger is the site of a 17th century Mandan community.

In 1929, human remains representing, at minimum, one individual, were removed by Bowers at the Greenshield site (32OL17), near Hensler, in Oliver County, ND. The remains are those of a child aged 6–18 months. No known individual was identified. One

associated funerary object is a woven grass mat. Human remains from this same site are in the possession of Indiana University Bloomington, while 36 associated funerary objects for those human remains are in the possession of the Logan Museum of Anthropology. The objects are 1 shell pendant, 11 cuprous (copper-based metal) coils, 1 cuprous C-shaped bracelet, 1 dog bone pendant, 1 wooden bowl, 1 lot of leather pieces, 1 horse effigy catlinite pipe, 2 bone whistles, 1 gun flint, 1 cuprous hair ornament, 1 tubular pipe, 1 bone arrow shaft wrench, 1 metal awl, 1 metal arrowhead, 1 medicine bag, 5 white glass beads, 1 bear claw necklace, 1 pottery vessel base, and 3 metal fishhooks. Historical and archaeological evidence indicates the Greenshield site is the location of an Arikara village of the late 1790s, built upon an earlier Mandan village.

In 1929, human remains representing, at minimum, five individuals were removed by Bowers from the Van Oosting or Hensler site (32OL18), near Hensler, in Oliver County, ND. The remains are those of four sub-adults and one adult, possibly a female. No known individuals were identified. No associated funerary objects are present. The Van Oosting/Hensler site has been identified, on the basis of archaeological evidence and oral tradition, as the site of a pre-18th century Mandan community.

Between 1930 and 1931, human remains representing, at minimum, seven individuals were removed by Bowers from the Sully site (39SL4), in Sully County, SD. The remains are those of one infant, three juveniles, and three adult males. No known individuals were identified. The 13 associated funerary objects are 6 shell beads, 1 shell pendant, 1 stone pendant, and 5 bone beads associated with one of the adult remains. Sully is considered to have been the largest earthlodge village in the Middle Missouri subarea. The site was occupied from about A.D. 1550 to 1725 and is identified as the likely location of an Arikara village.

In 1930, human remains representing, at minimum, eleven individuals were removed by Bowers from a location variously referred to as Pierre Mound, Pierre Mounds, or Pierre Mound Group and recorded by later investigators as the ''Bleached Bone'' site (39HU48), in Hughes County, SD. Bowers excavated a previously looted mound at this site, recovering human remains of seven adult males, three adult females, and one unidentified individual. No known individuals were identified. The associated funerary object is a pottery vessel. The vessel is assignable to the Initial Coalescent variant, which is ancestral to the Arikara.

In 1931, human remains representing, at minimum, two individuals were removed by Bowers from the Cheyenne River site (39ST1), located near the mouth of the Cheyenne River in Stanley County, SD. The remains are those of two adult females. No known individuals were identified. The four associated funerary objects are bison-rib arrowshaft wrenches or polishers that were associated with one of the individuals. The remains were found in a part of the site characterized by an 18th century Arikara component.

Sometime between 1929 and 1931, human remains representing, at minimum, six individuals were removed by Bowers in the Grand River region, SD. The specific site location is unknown, but the most likely location is the Sully site (39SL4), an Arikara site in Sully County, SD. The remains are those of four adult males and two adult females. No known individuals were identified. No associated funerary objects are present. The remains are identified in museum records as Arikara. Morphologically, the remains are consistent with Arikara for two individuals and with Mandan for three individuals, and are undiagnostic for one individual.

At an unknown date, human remains representing, at minimum, one individual were removed by Bowers from an unknown location. The remains are those of one child, identified in museum records as an ''Arikara bundle burial.'' Bowers excavated several Arikara child burials at the Greenshield site (32OL17), but the associated funerary objects for this burial do not match Bowers records. This burial may have been removed from one of the Arikara sites Bowers excavated in South Dakota. No known individuals were identified. The 773 associated funerary objects are 1 set of woven textiles, 1 set of charcoal fragments, 10 wood fragments, 1 set of plant parts, 1 corn cob, 1 partly fused group of iron objects (possibly knife blades), 1 angled iron object, 1 chert flake, 1 hide fragment, 1 piece of vermilion, and 754 blue glass beads which date from the late 18th century to the mid-19th century.

At an unknown date, human remains representing, at minimum, one individual were removed by Bowers from an unknown location in North Dakota. The remains are identified in museum records as ''Arikara, North Dakota,'' with no other information. The individual was most likely removed from the Greenshield site (32OL17), the only Arikara site Bowers excavated in North Dakota. The remains are those of a male, aged 14–15 years. No known individuals were identified. No associated funerary objects are present.

At an unknown date, human remains representing, at minimum, three individuals were removed by Bowers from an unknown location. The remains are each catalogued separately as Arikara, Arikara-Mandan (and exhibiting morphology of mixed Native American and non-Native American background), and unidentified but housed along with remains which are Arikara or Mandan. No known individuals were identified. No associated funerary objects are present.

At an unknown date, human remains representing, at minimum, one individual were removed from an unknown location. The remains are catalogued as Mandan and are likely derived from Bowers' work at a Mandan site in North or South Dakota. No known individuals were identified. No associated funerary objects are present.

Determinations Made by the Logan Museum of Anthropology, Beloit College

Officials of the Logan Museum of Anthropology, Beloit College, have determined that:

- Pursuant to 25 U.S.C. 3001(9), the human remains described above represent the physical remains of 48 individuals of Native American ancestry.
- Pursuant to 25 U.S.C. 3001(3)(A), the 840 objects described above are reasonably believed to have been placed with or near individual human remains at the time of death or later as part of the death rite or ceremony.
- Pursuant to 25 U.S.C. 3001(2), there is a relationship of shared group identity that can be reasonably traced between the Native American human remains and associated funerary objects and the Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota (Mandan-Hidatsa-Arikara Nation).

Additional Requestors and Disposition

Representatives of any other Indian tribe that believes itself to be culturally affiliated with the human remains and associated funerary objects should contact William Green, Director, Logan Museum of Anthropology, Beloit College, Beloit, WI 53511, telephone (608) 363–2119, before September 13, 2012. Repatriation of the human remains and associated funerary objects to the Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota (Mandan-Hidatsa-Arikara Nation) may proceed after that date if no additional claimants come forward.

The Logan Museum of Anthropology, Beloit College, is responsible for notifying the Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota (Mandan-Hidatsa-Arikara Nation) that this notice has been published.

Dated: July 16, 2012.

David Tarler,

Acting Manager, National NAGPRA Program.

[FR Doc. 2012–19930 Filed 8–13–12; 8:45 am]

BILLING CODE 4312–50–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–WASO–NAGPRA–10885; 2200–1100–665]

Notice of Inventory Completion: State Historical Society of Wisconsin, Madison, WI

AGENCY: National Park Service, Interior.

ACTION: Notice.

SUMMARY: The State Historical Society of Wisconsin, Museum Division, has completed an inventory of human remains, in consultation with the appropriate Indian tribes, and has determined that there is no cultural affiliation between the remains and any present-day Indian tribe. Representatives of any Indian tribe that believes itself to be culturally affiliated with the human remains may contact the State Historical Society of Wisconsin. Disposition of the human remains to the Indian tribe stated below may occur if no additional requestors come forward.

DATES: Representatives of any Indian tribe that believes it has a cultural affiliation with the human remains should contact the State Historical Society of Wisconsin at the address below by September 13, 2012.

ADDRESSES: Jennifer Kolb, Wisconsin Historical Museum, 30 North Carroll Street, Madison, WI 53703, telephone (608) 261–2461.

SUPPLEMENTARY INFORMATION: Notice is here given in accordance with the Native American Graves Protection and Repatriation Act (NAGPRA), 25 U.S.C. 3003, of the completion of an inventory of human remains in the possession of the State Historical Society of Wisconsin, Madison, WI. The human remains were removed from Newaygo County, MI.

This notice is published as part of the National Park Service's administrative responsibilities under NAGPRA, 25 U.S.C. 3003(d)(3) and 43 CFR 10.11(d). The determinations in this notice are the sole responsibility of the museum, institution, or Federal agency that has control of the Native American human remains. The National Park Service is not responsible for the determinations in this notice.

Consultation

A detailed assessment of the human remains was made by the State Historical Society of Wisconsin professional staff in consultation with the following Federally recognized tribal entities belonging to the Michigan Anishinaabek Cultural Preservation and Repatriation Alliance (MACPRA): Bay Mills Indian Community, Michigan; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Hannahville Indian Community, Michigan; Keweenaw Bay Indian Community, Michigan; Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan; Little River Band of Ottawa Indians, Michigan; Little Traverse Bay Bands of Odawa Indians, Michigan; Nottawasppi Huron Band of the Potawatomi, Michigan (formerly the Huron Potawatomi, Inc.); Saginaw Chippewa Indian Tribe of Michigan; and the Sault Ste. Marie Tribe of Chippewa Indians of Michigan.

History and Description of the Remains

Sometime prior to 1930, human remains representing, at minimum, one individual were removed from a mound near the city of Newaygo in Newaygo County, MI. They were donated to the Wisconsin Historical Society in 1930 by the University of Wisconsin-Madison through George Wagner. The remains were originally in the collection of H.B. Ogden of Milwaukee, WI. No known individuals were identified. No associated funerary objects are present.

Determinations Made by State Historical Society of Wisconsin

Officials of the State Historical Society of Wisconsin have determined that:

- Based on skeletal analysis, the human remains are Native American.
- Pursuant to 25 U.S.C. 3001(2), a relationship of shared group identity cannot be reasonably traced between the Native American human remains and any present-day Indian tribe.
- Multiple lines of evidence, including treaties, Acts of Congress, and Executive Orders, indicate that the land from which the Native American human remains were removed is the aboriginal land of the Bay Mills Indian Community, Michigan; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Little River Band of Ottawa Indians, Michigan; Little Traverse Bay Bands of Odawa Indians, Michigan; Saginaw Chippewa Indian Tribe of Michigan; and the Sault Ste. Marie Tribe of Chippewa Indians of Michigan.
- Other credible lines of evidence, supplied by MACPRA participant tribes, indicate that the land from which the Native American human remains were removed is the aboriginal land of the Bay Mills Indian Community, Michigan; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Little River Band of Ottawa Indians, Michigan; Little Traverse Bay Bands of Odawa Indians, Michigan; Saginaw Chippewa Indian Tribe of Michigan; and the Sault Ste. Marie Tribe of Chippewa Indians of Michigan.
- Pursuant to 25 U.S.C. 3001(9), the human remains described in this notice represent the physical remains of one individual of Native American ancestry.
- Pursuant to 43 CFR 10.11(c)(1), the disposition of the human remains is to the Little River Band of Ottawa Indians, Michigan.

Additional Requestors and Disposition

Representatives of any Indian tribe that believes itself to be culturally affiliated with the human remains or any other Indian tribe that believes it satisfies the criteria in 43 CFR 10.11(c)(1) should contact Jennifer Kolb, Wisconsin Historical Museum, 30 N Carroll Street, Madison, WI 53703, telephone (608) 261–2461, before September 13, 2012. Disposition of the human remains to the Little River Band of Ottawa Indians, Michigan, may proceed after that date if no additional requestors come forward.

The State Historical Society of Wisconsin is responsible for notifying the Bay Mills Indian Community, Michigan; Grand Traverse Band of Ottawa and Chippewa Indians, Michigan; Hannahville Indian Community, Michigan; Keweenaw Bay Indian Community, Michigan; Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan; Little River Band of Ottawa Indians, Michigan; Little Traverse Bay Bands of Odawa Indians, Michigan; Nottawasppi Huron Band of the Potawatomi, Michigan (formerly the Huron Potawatomi, Inc.); Saginaw Chippewa Indian Tribe of Michigan; and the Sault Ste. Marie Tribe of Chippewa Indians of Michigan that this notice has been published.

Dated: July 19, 2012.

David Tarler,

Acting Manager, National NAGPRA Program.

[FR Doc. 2012–19928 Filed 8–13–12; 8:45 am]

BILLING CODE 4312–50–P

DEPARTMENT OF JUSTICE

[OMB Number 1122–0021]

Agency Information Collection Activities: Extension of a Currently Approved Collection Semi-Annual Progress Report for the Grants To Enhance Culturally and Linguistically Specific Services for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking

ACTION: 60-Day Notice.

The Department of Justice, Office on Violence Against Women (OVW) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. Comments are encouraged and will be accepted for ''sixty days'' until October 15, 2012. This process is conducted in accordance with 5 CFR 1320.10.

Written comments concerning this information collection should be sent to the Office of Information and Regulatory Affairs, Office of Management and Budget, Attn: DOJ Desk Officer. The best way to ensure your comments are received is to email them to *oira_submission@omb.eop.gov* or fax them to 202–395–7285. All comments should reference the 8 digit OMB number for the collection or the title of the collection. If you have questions concerning the collection, please Cathy Poston, Office on Violence Against Women, at 202–514–5430.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

Overview of This Information Collection

(1) *Type of Information Collection:* Extension of a currently approved collection.

(2) *Title of the Form/Collection:* Semi-Annual Progress Report for Grantees from Grants to Enhance Culturally and Linguistically Specific Services for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking Program (Culturally and Linguistically Specific Services Program).

(3) *Agency form number, if any, and the applicable component of the Department of Justice sponsoring the collection: Form Number:* 1122–0021. U.S. Department of Justice, Office on Violence Against Women.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract:* The affected public includes the approximately 50 grantees of the Culturally and Linguistically Specific Services Program. The program funds projects that promote the maintenance and replication of existing successful domestic violence, dating violence, sexual assault, and stalking community-based programs providing culturally and linguistically specific services and other resources. The program also supports the development of innovative culturally and linguistically specific strategies and projects to enhance access to services and resources for victims of violence against women.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond/reply:* It is estimated that it will take approximately 50 respondents (Culturally and Linguistically Specific Services Program grantees) approximately one hour to complete a semi-annual progress report. The semi-annual progress report is divided into sections that pertain to the different types of activities in which grantees may engage. A Culturally and Linguistically Specific Services Program grantee will only be required to complete the sections of the form that pertain to its own specific activities.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The total annual hour burden to complete the data collection forms is 100 hours, that is 50 grantees completing a form twice a year with an estimated completion time for the form being one hour.

If additional information is required contact: Jerri Murray, Department Clearance Officer, United States Department of Justice, Justice Management Division, Policy and Planning Staff, Two Constitution Square, 145 N Street NE., Room 2E–508, Washington, DC 20530.

Dated: August 8, 2012.

Jerri Murray,

Department Clearance Officer, U.S. Department of Justice.

[FR Doc. 2012–19845 Filed 8–13–12; 8:45 am]

BILLING CODE 4410–FX–P

DEPARTMENT OF JUSTICE

[OMB Number 1122–0001]

Agency Information Collection Activities: Extension of a Currently Approved Collection Certification of Compliance With the Statutory Eligibility Requirements of the Violence Against Women Act as Amended for Applicants to the STOP (Services * Training * Officers * Prosecutors) Violence Against Women Formula Grant Program

ACTION: 60-Day Notice.

The Department of Justice, Office on Violence Against Women (OVW) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. Comments are encouraged and will be accepted for ''sixty days'' until October 15, 2012. This process is conducted in accordance with 5 CFR 1320.10.

Written comments concerning this information collection should be sent to the Office of Information and Regulatory Affairs, Office of Management and Budget, Attn: DOJ Desk Officer. The best way to ensure your comments are received is to email them to *oira_submission@omb.eop.gov* or fax them to 202–395–7285. All comments should reference the 8 digit OMB number for the collection or the title of the collection. If you have questions concerning the collection, please contact Cathy Poston, Office on Violence Against Women, at 202–514-5430.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information,

including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

Overview of This Information Collection

(1) *Type of Information Collection:* Extension of a currently approved collection.

(2) *Title of the Form/Collection:* Certification of Compliance with the Statutory Eligibility Requirements of the ''Violence Against Women Act as Amended'' for Applicants to the STOP Formula Grant Program.

(3) *Agency form number, if any, and the applicable component of the Department of Justice sponsoring the collection: Form Number:* 1122–0001. U.S. Department of Justice, Office on Violence Against Women.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract: Primary:* The affected public includes STOP formula grantees (50 states, the District of Columbia and five territories (Guam, Puerto Rico, American Samoa, Virgin Islands, Northern Mariana Islands). The STOP Violence Against Women Formula Grant Program was authorized through the Violence Against Women Act of 1994 and reauthorized and amended by the Violence Against Women Act of 2000 and the Violence Against Women Act of 2005. The purpose of the STOP Formula Grant Program is to promote a coordinated, multi-disciplinary approach to improving the criminal justice system's response to violence against women. It envisions a partnership among law enforcement, prosecution, courts, and victim advocacy organizations to enhance victim safety and hold offenders accountable for their crimes of violence against women. The Department of Justice's Office on Violence Against Women (OVW) administers the STOP Formula Grant Program funds which must be distributed by STOP state administrators according to statutory formula (as amended by VAWA 2000 and VAWA 2005).

(5) An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond/reply: It is estimated that it will take the approximately 56 respondents (state administrators from the STOP Formula Grant Program) less than one hour to complete a Certification of Compliance with the Statutory Eligibility Requirements of the Violence Against Women Act, as Amended.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The total annual hour burden to complete the Certification is less than 56 hours.

If additional information is required contact: Jerri Murray, Department Clearance Officer, United States Department of Justice, Justice Management Division, Policy and Planning Staff, Two Constitution Square, 145 N Street NE., Room 2E–508, Washington, DC 20530.

Dated: August 8, 2012.

Jerri Murray,

Department Clearance Officer, PRA, U.S. Department of Justice.

[FR Doc. 2012–19844 Filed 8–13–12; 8:45 am]

BILLING CODE 4410–FX–P

DEPARTMENT OF JUSTICE

[OMB Number 1122–0022]

Agency Information Collection Activities: Extension of a Currently Approved Collection; Semi-Annual Progress Report for the Sexual Assault Services Formula Grant Program

ACTION: 60-Day Notice of Information Collection Under Review.

The Department of Justice, Office on Violence Against Women (OVW) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. Comments are encouraged and will be accepted for ''sixty days'' until October 15, 2012. This process is conducted in accordance with 5 CFR 1320.10.

Written comments concerning this information collection should be sent to the Office of Information and Regulatory Affairs, Office of Management and Budget, Attn: DOJ Desk Officer. The best way to ensure your comments are received is to email them to *oira_submission@omb.eop.gov* or fax them to 202–395–7285. All comments should reference the 8 digit OMB number for the collection or the title of the collection. If you have questions concerning the collection, please contact Cathy Poston, Office on Violence Against Women, at 202–514–5430.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

Overview of This Information Collection

(1) *Type of Information Collection:* Extension of a currently approved collection.

(2) *Title of the Form/Collection:* Semi-Annual Progress Report for Grantees from the Semi-Annual Progress Report for the Sexual Assault Services Formula Grant Program (SASP).

(3) *Agency form number, if any, and the applicable component of the Department of Justice sponsoring the collection:* Form Number: 1122–0022. U.S. Department of Justice, Office on Violence Against Women.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract:* The affected public includes the approximately 606 administrators and subgrantees of the SASP. SASP grants support intervention, advocacy, accompaniment, support services, and related assistance for adult, youth, and child victims of sexual assault, family and household members of victims, and those collaterally affected by the sexual assault. The SASP supports the establishment, maintenance, and expansion of rape crisis centers and other programs and projects to assist those victimized by sexual assault. The grant funds are distributed by SASP state administrators to subgrantees as outlined under the provisions of the Violence Women Act of 2005.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond/reply:* It is estimated that it will take the approximately 606 respondents

(SASP administrators and subgrantees) approximately one hour to complete a semi-annual progress report. The semi-annual progress report is divided into sections that pertain to the different types of activities in which grantees may engage. A SASP subgrantee will only be required to complete the sections of the form that pertain to its own specific activities.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The total annual hour burden to complete the data collection forms is 1,212 hours, that is 606 subgrantees completing a form twice a year with an estimated completion time for the form being one hour.

If additional information is required contact: Jerri Murray, Department Clearance Officer, United States Department of Justice, Justice Management Division, Policy and Planning Staff, Two Constitution Square, 145 N Street NE., Room 2E–508, Washington, DC 20530.

Dated: August 8, 2012.

Jerri Murray,

Department Clearance Officer, U.S. Department of Justice.

[FR Doc. 2012–19846 Filed 8–13–12; 8:45 am]

BILLING CODE 4410–FX–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Consent Decree Under the Clean Air Act

Notice is hereby given that on July 20, 2012, a proposed Consent Decree in *United States* v. *Carmeuse Lime, Inc.,* Civil Action No. 12 C 5689, was lodged with the United States District Court for the Northern District of Illinois.

The complaint filed by the United States in this action asserts claims under Section 113(b) of the Clean Air Act, as amended (''CAA''), 42 U.S.C. 7413(b), for injunctive relief and the assessment of civil penalties for defendant's violations of emissions limits and reporting requirements for opacity and fugitive dust that are set forth in: Defendant's Title V Operating Permit, issued pursuant to Title V of the CAA, 42 U.S.C. 7661 *et seq.;* Defendant's Approval to Construct Permit, issued pursuant to CAA regulations for the Prevention of Significant Deterioration of Air Quality (''PSD''), codified at 40 CFR 52.21; the New Source Performance Standards for Lime Manufacturing Plants (''Lime NSPS''), promulgated pursuant to Section 111 of the CAA and codified at 40 CFR part 60, Subpart HH, §§ 60.340–60.344; the National Emission Standards for Hazardous Air Pollutants for Lime Manufacturing Plants (''Lime NESHAP''), promulgated pursuant to Section 112(d) of the CAA and codified at 40 CFR Part 63, Subpart AAAAA, §§ 63.7080–63.7143; and standards set forth in the Illinois State Implementation Plan (''SIP'') adopted by the State of Illinois and approved by EPA pursuant to Section 110 of the Act, 42 U.S.C. 7410.

The proposed Consent Decree will resolve all claims asserted in the complaint. Under the terms of the proposed settlement, Carmeuse Lime will pay a cash civil penalty in the amount of $350,000. Carmeuse will also perform a supplemental environmental project that will involve remediating lead paint hazards in surrounding low income residential properties. The Consent Decree sets forth a detailed and enforceable operational plan to prevent recurrence of lime dust emissions when the facility resumes operations. Stipulated penalties apply for any future violations.

The Department of Justice will receive for a period of thirty (30) days from the date of this publication comments relating to the Consent Decree. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and either emailed to *pubcomment-ees.enrd@usdoj.gov* or mailed to P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611, and should refer to *United States* v. *Carmeuse Lime, Inc.* D.J. Ref. number 90–5–2–1–08599/1.

During the public comment period, the Consent Decree may also be examined on the following Department of Justice Web site, *http://www.usdoj.gov/enrd/Consent_Decrees.html.* A copy of the Consent Decree may also be obtained by mail from the Consent Decree Library, P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611 or by faxing or emailing a request to ''Consent Decree Copy'' (*EESCDCopy.ENRD@usdoj.gov*), fax number (202) 514–0097, phone confirmation number (202) 514–5271. If requesting a copy of the Consent Decree from the Consent Decree Library by mail, please enclose a check in the amount of $87.00 (25 cents per page reproduction cost) payable to the U.S. Treasury or, if requesting by email or fax, forward a check in that amount to the Consent Decree Library at the address given above. In requesting a copy exclusive of exhibits and defendants' signatures, please enclose a check in the amount of $17.50 (25 cents per page reproduction cost) payable to the United States Treasury.

Maureen Katz,

Assistant Section Chief, Environmental Enforcement Section, Environment and Natural Resources Division, United States Department of Justice.

[FR Doc. 2012–19948 Filed 8–13–12; 8:45 am]

BILLING CODE 4410–15–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Consent Decree Under the Comprehensive Environmental Response, Compensation, and Liability Act

Notice is hereby given that on August 8, 2012, a proposed Consent Decree in *United States* v. *Northern States Power Co.,* Civil Action 3:12–cv–00565, was lodged with the United States District Court for the Western District of Wisconsin.

In this action, the United States and the State of Wisconsin brought claims against Northern States Power Co. (''Defendant'') for response costs, injunctive relief, and natural resource damages associated with the release and threatened release of hazardous substances from facilities at and near the Ashland/Northern States Power Lakefront Superfund Site in northwestern Wisconsin (hereinafter the ''Site''), pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601 *et seq.* (''CERCLA''). The proposed Consent Decree requires Defendant to perform the on-land portion of the Site cleanup at a cost of approximately $40 million and transfer approximately 1400 acres of land to be set aside for conservation in order to benefit the natural resources affected by the hazardous substances at the Site.

The Department of Justice will receive for a period of thirty (30) days from the date of this publication comment relating to the Consent Decree. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and either emailed to *pubcomment-ees.enrd@usdoj.gov* or mailed to P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611, and should refer to *United States* v. *Northern States Power Company,* Case No. 3:12–cv–00565(W.D. Wis.), D.J. Ref. No. 90–11–2–08879.

During the public comment period, the Consent Decree may be examined on the following Department of Justice Web site: *http://www.usdoj.gov/enrd/Consent_Decrees.html.* A copy of the

Consent Decree may also be obtained by mail from the Consent Decree Library, P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611 or by faxing or emailing a request to Environment and Natural Resources Division, Environmental Enforcement Section, fax no. (202) 514–0097, phone confirmation number (202) 514–5271, email *EESCDCopy.ENRD@usdoj.gov.* If requesting a copy from the Consent Decree Library, please enclose a check in the amount of $138.50 for a copy of the complete Consent Decree (25 cents per page reproduction cost) or $14.50 for a copy exclusive of exhibits and defendants' signatures, payable to the U.S. Treasury or, if by email or fax, forward a check in that amount to the Consent Decree Library at the stated address.

Maureen Katz,

Assistant Section Chief, Environmental Enforcement Section, Environment and Natural Resources Division.

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DEPARTMENT OF JUSTICE

Antitrust Division

United States v. *SG Interests I, Ltd., et al.;* Public Comments and Response on the Proposed Final Judgment

Pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h), the United States hereby publishes below the United States' Response to Public Comments on the proposed Final Judgment in *United States* v. *SG Interests I, Ltd. et. al.,* Civil Action No. 12–cv–000395–RPM–MEH, which was filed in the United States District Court for the District of Colorado on August 3, 2012, together with copies of the 76 comments received by the United States.

Pursuant to the Court's June 5, 2012 order, comments were published electronically and are available to be viewed and downloaded at the Antitrust Division's Web site, at: *http://www.justice.gov/atr/cases/sggunnison.html.* A copy of the United States' Response to Comments is also available at the same location.

Copies of the comments and the response are available for inspection at the Department of Justice, Antitrust Division, 450 Fifth Street NW., Suite 1010, Washington, DC 20530 (telephone: 202–514–2481), and at the Office of the Clerk of the United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, 901 19th Street, Room A105, Denver, CO 30294–3589. Copies of any of these materials may also be obtained upon request and payment of a copying fee.

Patricia A. Brink,

Director of Civil Enforcement.

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

Senior Judge Richard P. Matsch

Civil Action No. 12–cv–00395–RPM–MEH

UNITED STATES OF AMERICA Plaintiff, v. SG INTERESTS I, LTD., SG INTERESTS VII, LTD., and GUNNISON ENERGY CORPORATION, Defendants.

RESPONSE OF PLAINTIFF UNITED STATES TO PUBLIC COMMENTS ON THE PROPOSED FINAL JUDGMENT

Pursuant to the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16(b)–(h) (''Tunney Act''), the United States files the public comments concerning the proposed Final Judgment in this case and its response to those comments. After careful consideration, the United States continues to believe that the relief sought in the proposed Final Judgment will provide an effective and appropriate remedy for the antitrust violation alleged in the Complaint. The United States will move the Court for entry of the proposed Final Judgment after it has posted all public comments and this response on the Antitrust Division Web site and published in the **Federal Register** this response and the Web site address at which the public comments may be viewed and downloaded, as set forth in the Court's order of June 5, 2012.

On February 15, 2012, the United States filed a civil antitrust complaint against Defendant Gunnison Energy Corporation (''GEC'') and Defendants SG Interests I, Ltd. and SG Interests VII, Ltd. (''SGI'') seeking damages and other relief to remedy the effects of an anticompetitive agreement between SGI and GEC that eliminated competitive bidding between the companies for four leases of federal land in the Ragged Mountain Area (''RMA'') of Western Colorado. As alleged in the Complaint, this agreement significantly reduced competition for these leases, and as a result, the United States received substantially less revenue from the sale of the leases than it would have had SGI and GEC competed against each other at the auctions.

Simultaneously with the filing of the Complaint, the United States filed a proposed Final Judgment and a Stipulation signed by the United States and Defendants consenting to the entry of the proposed Final Judgment after compliance with the requirements of the Tunney Act. Pursuant to those requirements, the United States filed a Competitive Impact Statement (''CIS'') in this Court on February 15, 2012; published the proposed Final Judgment and CIS in the **Federal Register** on February 23, 2012, see *United States v. SG Interests I LTD., et al.,* Proposed Final Judgment and Competitive Impact Statement, 77 Fed. Reg. 10775 (Feb. 23, 2012); and caused to be published summaries of the terms of the proposed Final Judgment and CIS, together with directions for the submission of written comments relating to the proposed Final Judgment, in *The Washington Times* for seven days (March 1 and March 2, and March 5 through March 9, 2012) and in *The Denver Post* for seven days (March 1 through March 7, 2012). The 60-day period for public comments ended on May 7, 2012. The United States received seventy-six comments, as described below, which are attached hereto.

I. THE INVESTIGATION AND PROPOSED FINAL JUDGMENT

A. The Investigation

The proposed Final Judgment is the culmination of an investigation into two agreements executed by SGI and GEC pursuant to which they jointly bid for and acquired twenty-two leases of federal lands in the RMA. As part of its investigation, the United States issued Civil Investigative Demands to both firms; reviewed the documents and other materials produced in response to these Demands; and interviewed market participants.

After carefully analyzing the investigatory materials and evaluating the competitive effects of these two agreements in light of all relevant circumstances, the United States concluded that Defendants' Memorandum of Understanding (''MOU''), executed in February 2005 and amended in May 2005, was an unlawful restraint of trade in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Accordingly, the United States filed the Complaint in this action challenging Defendants' joint acquisition of four leases pursuant to this agreement.

In contrast, the United States concluded that Defendants' subsequent noncompete agreement was ancillary to a broader joint development and production collaboration established by Defendants in the summer of 2005. On this basis, the United States determined not to challenge Defendants' joint

acquisition of eighteen leases in the latter half of 2005 and 2006.

B. The Facts Surrounding the Violation

As discussed more fully in the CIS at 3–6, the federal government owns hundreds of millions of acres of land in the United States, and the Bureau of Land Management (''BLM'') manages the rights to subsurface oil and natural gas on these federal lands. Private parties, such as oil and gas companies, typically acquire oil and gas leases on federal lands at regional auctions conducted by the BLM.

Defendants GEC and SGI are oil and gas companies engaged in the exploration and development of natural gas resources on federal lands in the RMA. Prior to 2003, their activities generally focused on different parts of the RMA, with SGI acquiring leases on the eastern side of the area while GEC acquired leases along the southern boundary. However, over the course of 2003 and 2004, their interests began to overlap.

Recognizing that they would be the primary competitors to acquire three natural gas leases that were to be auctioned by the BLM in February 2005, GEC and SGI executed, on the eve of the auction, the MOU pursuant to which they agreed not to compete for the leases. Instead, SGI bid for and won the three leases at the February BLM auction for $72, $30 and $22 per acre—prices substantially lower than likely would have prevailed had SGI and GEC bid against each other. GEC attended the auction, but, honoring the terms of the MOU, did not bid; and SGI later assigned to GEC at cost a 50 percent interest in the three leases.

In early May 2005, Defendants amended the MOU to include an additional lease that was adjacent to one of the parcels from the February auction and set to be auctioned by the BLM on May 12, 2005. At the auction, SGI bid for and obtained the fourth lease pursuant to the terms of the MOU. Again, GEC attended the auction but did not bid, and again, SGI won the lease—this time with a bid of only $2 per acre.

In June 2005, Defendants, who had been discussing the possibility of a joint venture since October 2004, executed an agreement to engage in a broad collaboration to jointly acquire and develop leases and pipelines in the RMA. Defendants' broad agreement encompassed jointly acquiring the leases and other assets of a third company, BDS International, LLC, including the only existing pipeline out of the RMA. The broad agreement also encompassed joint development and ownership of a new, larger pipeline to handle the large volumes of natural gas anticipated from the RMA. As part of this collaboration, Defendants agreed to share ownership of any oil and gas leases within the RMA acquired by either party in the future. This agreement eliminated the incentive for the Defendants to bid against each other at future auctions for such leases.

Pursuant to the broad agreement, Defendants have jointly acquired eighteen additional leases in the area of the RMA served by the new pipeline. They have also jointly invested approximately $80 million over the past five years to develop wells, improve existing pipelines, and build a new pipeline.

C. The Proposed Final Judgment

The MOU significantly reduced competition for the four leases at the February and May 2005 auctions, and resulted in the BLM receiving lower payments than it would have received had GEC and SGI competed for the leases. The proposed Final Judgment is designed, *inter alia,* to compensate the United States for the loss in revenue sustained as a result of Defendants' unlawful agreement. Specifically, it requires GEC and SGI to each pay $275,000, for a total of $550,000, to the United States.

As described in the CIS at 6–7, the proposed Final Judgment relates to a *qui tam* action arising from common facts, and settlements with the United States Attorney's Office for the District of Colorado. The payments to the United States specified in the proposed Final Judgment will satisfy claims that the United States has against GEC and SGI under Section 1 of the Sherman Act, as alleged in this action, and the False Claims Act, as set forth in the separate agreements reached between GEC and SGI and the United States Attorney's Office for the District of Colorado (which are Attachments 1 and 2 to the proposed Final Judgment).

II. STANDARDS GOVERNING THE COURT'S PUBLIC INTEREST DETERMINATION UNDER THE TUNNEY ACT

The Tunney Act requires that proposed consent judgments in antitrust cases brought by the United States be subject to a 60-day comment period, after which the court shall determine whether entry of the proposed Final Judgment ''is in the public interest.'' 15 U.S.C. § 16(e)(1). In making that determination, The Tunney Act calls for the Court to consider:

(A) the competitive impact of such judgment, including termination of alleged violations, provisions for enforcement and modification, duration of relief sought, anticipated effects of alternative remedies actually considered, whether its terms are ambiguous, and any other competitive considerations bearing upon the adequacy of such judgment that the court deems necessary to a determination of whether the consent judgment is in the public interest; and

(B) the impact of entry of such judgment upon competition in the relevant market or markets, upon the public generally and individuals alleging specific injury from the violations set forth in the complaint including consideration of the public benefit, if any, to be derived from a determination of the issues at trial.

15 U.S.C. § 16(e)(1)(A)–(B). These statutory factors call for consideration of, among other things, the relationship between the remedy secured and the specific allegations set forth in the government's complaint, whether the decree is sufficiently clear, whether enforcement mechanisms are sufficient, and whether the decree may positively harm third parties. *See United States* v. *Microsoft Corp.,* 56 F.3d 1448, 1458–62 (D.C. Cir. 1995).

The public interest inquiry is necessarily a limited one as the government is entitled to ''broad discretion to settle with the defendant within the reaches of the public interest.'' *Microsoft,* 56 F.3d at 1461 (discussing whether ''the remedies [obtained in the decree are] so inconsonant with the allegations charged as to fall outside of the 'reaches of the public interest'''); *see generally United States* v. *SBC Commc'ns, Inc.,* 489 F. Supp. 2d 1 (D.D.C. 2007) (assessing public interest standard under the Tunney Act). Under the Tunney Act, the ''Court's function is not to determine whether the proposed [d]ecree results in the balance of rights and liabilities that is the one that will best serve society, but only to ensure that the resulting settlement is within the *reaches* of the public interest.'' *United States* v. *KeySpan,* 763 F. Supp. 2d 633, 637 (S.D.N.Y. 2011) (internal citations and quotations omitted; emphasis in original); *see also United States* v. *BNS, Inc.,* 858 F.2d 456, 462 (9th Cir. 1988) (court should not ''engage in an unrestricted evaluation of what relief would best serve the public'').

With respect to the scope of the complaint, the Tunney Act review does not provide for an examination of possible competitive harms the United States did not allege ''unless the complaint is drafted so narrowly as to make a mockery of judicial power.'' *SBC*

Commc'ns, 489 F. Supp. 2d at 14–15 (citing *Microsoft,* 56 F.3d at 1462).

With respect to the sufficiency of the proposed remedy, the United States is entitled to deference as to its views of the nature of the case, its perception of the market structure, and its predictions as to the effect of proposed remedies. *See, e.g., KeySpan,* 763 F. Supp. 2d at 642; *SBC Commc'ns,* 489 F. Supp. 2d at 17.[1] A court should not reject the United States's proposed remedies merely because other remedies may be preferable. *KeySpan,* 763 F. Supp. 2d at 637–38; *see also Microsoft,* 56 F.3d at 1461 (noting the need for courts to be ''deferential to the government's predictions as to the effect of the proposed remedies'').

The procedure for the public-interest determination is left to the discretion of the court. *SBC Commc'ns,* 489 F. Supp. 2d at 11; *see United States* v. *Enova Corp.,* 107 F. Supp. 2d 10, 17 (D.D.C. 2000) (noting that the ''Tunney Act expressly allows the court to make its public interest determination on the basis of the competitive impact statement and response to comments alone''). In its 2004 amendments to the Tunney Act,[2] Congress made clear its intent to preserve the practical benefits of utilizing consent decrees in antitrust enforcement, stating ''[n]othing in this section shall be construed to require the court to conduct an evidentiary hearing or to require the court to permit anyone to intervene.'' 15 U.S.C. § 16(e)(2).

III. SUMMARY OF THE PUBLIC COMMENTS

The United States received seventy-six public comments. The comments are being filed in the Court's docket and will be posted on the Web site of the Antitrust Division pursuant to this Court's June 5, 2012 Order.[3] The comments are summarized below:

- Seventy-two comments were filed by individuals. Almost all of these individuals express concern about the alleged disparity between the terms of the proposed Final Judgment in this case compared with criminal sanctions imposed on Tim DeChristopher, an individual who was prosecuted for false statements in connection with, and disruption of, an unrelated federal oil and gas lease auction. A large number of the individual comments also assert that the remedy in this case is inadequate to cure the alleged violation. Some of the comments raise other issues relating to the general conduct of Defendants' oil and gas operations in Colorado.
- A coalition of environment and public health groups from across western Colorado[4] wrote comments (''Coalition Cmts'') expressing concern that the proposed settlement (1) allows Defendants to retain the four leases at issue and does not debar them from future auctions; (2) does not address the other eighteen leases that Defendants acquired; (3) does not deter anticompetitive conduct; and (4) ''markedly departs'' from the sanctions imposed on DeChristopher. Coalition Cmts at 2.
- The Board of County Commissioners for Pitkin County (''P.C. Cmts''), an area which encompasses portions of the RMA and is impacted by development of oil and gas leaseholds, filed comments in which it commends the Department of Justice for enforcing the antitrust laws in the federal oil and gas leasing context. P.C. Cmts at 10. The comments, however, assert that the settlement is ''lenient'' and will not deter future antitrust violations in that it does not take into account the egregiousness of the conduct, does not impose liability for the other eighteen leases subject to joint bidding, does not impose treble damages, and ignores other violations of the U.S. Code. The comments also assert that Defendants have not complied with the disclosure provisions of the Tunney Act. P.C. Cmts at 21–22.
- Scott Thurner, who has had business dealings with—and litigation against—Defendants, expressed concern that the proposed settlement ''does not address the majority of the predatory and monopolistic activities'' that Defendants have allegedly committed and is inadequate to deter Defendants from further engaging in anticompetitive conduct. Thurner Cmts at 1–4.
- Gunnison Energy Corporation, a defendant in this case, filed a comment in which it supports the settlement while stressing that it has not been found to have violated any laws. It asserts that it did not cause the government to lose revenue on any of the four leases at issue, that joint ventures and joint bidding are common industry practices and recognized by the BLM and the antitrust laws; that it settled ''not because it engaged in any illegal or improper conduct, but because the cost of defending itself would far exceed the cost of settling;'' and that the monetary payment it is required to make under the proposed Final Judgment is to settle the *qui tam* lawsuit. GEC Cmts at 1–2.

IV. THE DEPARTMENT'S RESPONSE TO SPECIFIC COMMENTS

In the remainder of this Response, the United States addresses the categories of issues raised by the public comments. Although the United States has reviewed every comment individually, it is not responding to comments on an individual comment-by-comment basis as many comments raise similar issues. Unless otherwise noted, citations to specific comments merely are *representative* of comments on that issue, and should not be interpreted as an indication that other comments were not reviewed.

A. Comparison to the Federal Prosecution of Tim DeChristopher

The primary issue raised by almost all of the individual comments concerns the federal prosecution of Tim DeChristopher, an individual who was found guilty of criminal conduct involving an unrelated BLM gas lease auction. Commentors allege inequities between the civil charges and remedy in the present case compared with the criminal charges—and resulting incarceration of—DeChristopher.

DeChristopher was indicted in 2009 on two federal charges arising from his alleged disruption of a December 19, 2008 government oil and gas lease auction that occurred in Salt Lake City, Utah. The indictment alleged that DeChristopher attended the BLM auction, ''represented himself as a *bona fide* bidder, when in fact he was not,'' ''completed a Bidder Registration Form certifying that he had a good faith intention to acquire an oil and gas lease on the offered lands,'' and ''bid on and purchased oil and gas leases that he had neither the intention nor the means to acquire.''[5] The government offered

[1] Under this standard, the United States need not show that a settlement will perfectly remedy the alleged antitrust harm; rather, it need only provide a factual basis for concluding that the settlement is a reasonably adequate remedy for the alleged harm. *SBC Commc'ns,* 489 F. Supp. 2d at 17.

[2] The 2004 amendments substituted the word ''shall'' for ''may'' when directing the courts to consider the enumerated factors and amended the list of factors to focus on competitive considerations and address potentially ambiguous judgment terms. Compare 15 U.S.C. § 16(e) (2004), with 15 U.S.C. § 16(e)(1) (2006); *see also SBC Commc'ns,* 489 F. Supp. 2d at 11 (concluding that the 2004 amendments ''effected minimal changes'' to Tunney Act review).

[3] The comments do not contain the types of private information listed in Fed. R. Civ. P. 5.2(a); accordingly, the United States will not redact any material from the set of comments to be filed in the Court's docket. The United States, however, will redact in the set of comments to be published on the Antitrust Division's public Web site portions of individual commenter's personal email addresses.

[4] The coalition includes Citizens for a Healthy Community, High Country Citizens' Alliance, NFRIA–WSERC Conservation Center, Western Colorado Congress, and the Wilderness Workshop.

[5] Indictment ¶¶ 4–6, *United States* v. *DeChristopher,* 2:09–cr–00183–DB (filed April 1,

evidence at trial that DeChristopher intentionally disrupted the auction to further environmental activism goals and that his acts resulted in harm, including the cancellation of the auction.[6] DeChristopher claimed that he was acting to hold the oil industry accountable for alleged environmental concerns and that he was engaged in civil disobedience. After a full trial, the jury found DeChristopher guilty on both counts. The court sentenced DeChristopher to 24 months' imprisonment and a fine.[7] The case is currently on appeal in the United States Court of Appeals for the Tenth Circuit.

Commenters in this proceeding are concerned that both this case and the DeChristopher case involve conduct that affected BLM auctions of oil and gas leases, yet DeChristopher was incarcerated following a criminal conviction while Defendants in this case are paying money damages to settle a civil charge. For example, one commenter stated, ''It seems wrong to sentence one man to prison for what was basically an act of civil disobedience and then to slap the wrists of two major corporations for plotting with the help of attorneys to underbid on gas lease auctions.'' E. Marston Cmts at 2. Such views are representative of almost all of the other commenters on this issue.[8]

The United States appreciates the concerns raised by the commenters but respectfully submits that a comparison to the DeChristopher case is inapt. The proposed Final Judgment currently before the Court would resolve—before trial—a civil antitrust claim for which the government is obtaining monetary relief for damages it suffered. *Cf.* 15 U.S.C. § 15a (damages available to United States when it is ''injured in its business or property'' as a result of an antitrust violation). The DeChristopher case, on the other hand, was a criminal action in which the jury convicted the defendant of false statements and other conduct following an indictment and full trial. These substantial differences necessarily lead to the different outcomes of the two cases.

Moreover, an examination of alleged inequities between this case and the DeChristopher case is beyond the scope of the Tunney Act. As discussed above, the appropriate public interest inquiry in this case involves an evaluation of the relationship between the remedy secured and the specific allegations set forth in the Complaint; *i.e.,* a civil violation of the antitrust laws that caused harm to the United States. *See* 15 U.S.C. § 16(e)(1) (factors for court to consider in Tunney Act proceeding relate to the remedy at issue and its relationship to the allegations in the complaint; none of the factors involve comparisons to other matters); *Microsoft,* 56 F.3d at 1459 (purpose of Tunney Act proceeding is to evaluate the adequacy of the remedy only for the antitrust violations alleged in the complaint).

To the extent commenters are requesting that Defendants in this case be charged with a criminal violation of the antitrust laws, such an inquiry is likewise beyond Tunney Act review. As a general matter, the Tunney Act does not provide an opportunity to challenge the prosecutorial decisions of the United States regarding the nature of the claims brought in the first instance. Because the ''court's authority to review the decree depends entirely on the government's exercising its prosecutorial discretion by bringing a case in the first place,'' it follows that ''the court is only authorized to review the decree itself,'' and not to ''effectively redraft the complaint'' to inquire into other matters that the United States did not pursue. *Microsoft,* 56 F.3d at 1459–60.[9] In this case, the United States, based on a full and complete investigation of all the facts and circumstances, decided to proceed civilly, not criminally,[10] and that determination should not be second-guessed in this proceeding.

B. The Decision Not to Challenge Under the Antitrust Laws Defendants' Joint Acquisition of the Other Eighteen Leases

The Complaint alleges that Defendants' joint acquisition of four leases pursuant to their MOU was a violation of the antitrust laws. As discussed above, Defendants also agreed not to compete against each other with respect to eighteen additional leases they acquired pursuant to a broad development collaboration formed subsequent to the MOU. Numerous comments questioned why the United States did not challenge under the antitrust laws Defendants' acquisition of these other eighteen leases. *E.g.,* Coalition Cmts at 2–3.

As discussed above, the United States's decision as to the claims it made was based on a full and complete investigation of all the facts and circumstances at issue. The Tunney Act review is limited to the relationship of the remedy to the violations that the United States has alleged in its Complaint, and does not authorize the court to reach beyond the Complaint to evaluate claims that the government did not make and to inquire as to why they were not made. *See supra* § V.A.

Although our decision not to challenge the eighteen additional leases has no bearing on whether entry of the proposed Final Judgment would be in the public interest, the following provides information as to why the United States did not challenge the eighteen additional leases.

1. Relevant Legal Framework

Section 1 of the Sherman Act prohibits ''[e]very contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States.'' 15 U.S.C. § 1. The Sherman Act ''rests on the premise that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest

2009). The two count indictment charged DeChristopher with violating the Federal Onshore Oil and Gas Leasing Reform Act, 30 U.S.C. § 195(a)(1), and making false statements in violation of 18 U.S.C. § 1001.

[6] The brief filed by the United States in the appeal of DeChristopher's conviction sets forth additional details relating to his alleged conduct and the trial. *See* Brief for Appellee United States of America (filed Jan. 26, 2012), *United States* v. *DeChristopher,* 10th Cir., Case No. 11–4151 (''U.S. App. Brief''), at 3–20.

[7] *See generally* U.S. App. Brief at 3–8 & 17–20. The government argued that DeChristopher deserved a significant period of incarceration for, *inter alia,* failure to accept responsibility, encouraging others to violate the law, and the damage caused by his acts. *See id.*

[8] *See, e.g.,* Coalition Cmts at 2 & 4 (''The [settlement] markedly departs from sanctions sought in a recent highly publicized trial involving an alleged bidder engaged in an act of civil disobedience at a federal oil and gas lease sale, resulting in disruption to a lease sale but arguably no harm to BLM or taxpayers * * * . [T]he proposed settlement is demonstrably out of line with charges DOJ has pursued against other parties who have disrupted lease sales—rendering this settlement patently prejudicial on its face.'').

[9] See also SBC Commc'ns, 489 F. Supp. 2d at 14 (''a district court is not permitted to reach beyond the complaint to evaluate claims that the government did not make and to inquire as to why they were not made'') (internal quotations omitted; emphasis in original); accord BNS, 858 F.2d at 462–63 (''[T]he [Tunney Act] does not authorize a district court to base its public interest determination on antitrust concerns in markets other than those alleged in the government's complaint.'').

[10] There are some situations in which the decision to proceed criminally or civilly under the antitrust laws can require ''considerable deliberation.'' U.S. Dep't of Justice, Antitrust Division Manual, at III–20 (4th ed. 2008, rev. 2009),*available at http://www.justice.gov/atr/public/divisionmanual/index.html.* Here, the United States chose to pursue the conduct as a civil violation. This is the first time that the United States has challenged a joint bidding arrangement for BLM mineral rights leases and, as noted in the Competitive Impact Statement, the joint bidding arrangement at issue was performed under the written MOU drafted by attorneys.

material progress * * * .'' *National Collegiate Athletic Ass'n v. Board of Regents of Univ. of Okla.,* 468 U.S. 85, 104 n. 27 (1984) (quoting *Northern Pac. R. Co. v. United States,* 356 U.S. 1, 4–5 (1958)).

The law has long recognized that ''certain agreements or practices which because of their pernicious effect on competition and lack of any redeeming virtue are conclusively presumed to be unreasonable and therefore illegal without elaborate inquiry as to the precise harm they have caused or the business excuse for their use.'' *Northern Pac. R. Co., 356 U.S. at 5; accord, Catalano, Inc. v. Target Sales, Inc.,* 446 U.S. 643, 646 n.9 (1980). Bid rigging agreements are among the types of restraints courts have condemned as *per se* unlawful.

Nevertheless, even an agreement that would ordinarily be condemned as unlawful *per se* may escape such condemnation if it is ancillary to a legitimate procompetitive collaboration. Under established antitrust law, a restraint is deemed ancillary to a legitimate collaboration if it is ''reasonably necessary'' to achieve the procompetitive benefits of the collaboration.[11] Ancillary restraints are evaluated as part of the collaboration under a rule of reason analysis. *Salvino,* 542 F.3d at 339 (Sotomayor, J., concurring). In contrast, a restraint that is not reasonably necessary—or is broader than necessary—to achieve the efficiencies from a collaboration will be evaluated on a stand-alone basis and may be *per se* illegal even if the remainder of the collaboration is entirely lawful. *Id.*

Applying this analysis to an auction setting, a naked agreement between competitors not to bid against each other is properly treated as *per se* unlawful. On the other hand, a joint bidding agreement that is ancillary to a procompetitive or efficiency-enhancing collaboration may be lawful under the rule of reason. Significantly, lawful joint bidding ''contemplates subsequent joint productive activity, which entails a measure of risk sharing or joint provision of some good or service.'' 12 Phillip E. Areeda & Herbert Hovenkamp, *Antitrust Law* ¶ 2005d, at 75 (2d ed. 2005). For example, if a firm, which cannot or might not otherwise compete on a particular bid, joins with another firm to pool resources or share risk, their joint bidding might increase competition by increasing the number of bidders.

2. Analysis

After carefully analyzing the investigatory materials and evaluating the competitive effects of these two agreements in light of all relevant circumstances, the United States concluded that Defendants' MOU was a *per se* unlawful restraint of trade in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. As stated in the CIS, the MOU was not ancillary to a procompetitive or efficiency-enhancing collaboration between the Defendants. *See* CIS at 5; *see also* Complaint ¶ 20.

Defendants had been discussing the possibility of a broad joint venture since October 2004; however, by early February 2005 those discussions had broken down. With the auction imminent, Defendants executed the MOU, which eliminated competitive bidding between the companies for the leases.[12] Although Defendants continued to entertain the possibility of establishing a broader, efficiency-enhancing collaboration, significantly, at the time they executed the MOU and obtained the leases, any such collaboration remained just that—a vague possibility.[13] The fact that Defendants ultimately established such a collaboration does not transform their prior agreement not to compete into a lawful ancillary restraint.[14]

In contrast, the United States concluded that Defendants' joint acquisition of eighteen leases starting in August 2005 and continuing through November 2006 was reasonably related to, and reasonably necessary to achieve, the potential benefits of their broad collaboration. That collaboration, formed in June 2005 after significant negotiations between the parties, was reflected in an agreement that provided for joint exploration and development of lands located within the defined area. It was specifically designed to facilitate the efficient production of gas and included provisions for the joint acquisition and ownership of leases in the area, for conducting joint operations, and for building and operating a pipeline system to transport gas to end-users which required substantial capital investment. Defendants' agreement to share ownership of future leases acquired by either party aligned their incentives to cooperate in achieving the goals of the collaboration and discouraged any one Defendant from appropriating an undue share of the collaboration's benefits. Defendants' collaboration, thus, allowed them to pool their resources and share the risks of exploration for, and development of, the natural resources, which provided an opportunity to realize significant production efficiencies. Accordingly, based on a review of the facts and circumstances, the United States decided not to challenge Defendants' joint acquisition of the eighteen leases that occurred pursuant to, and in furtherance of, the broad collaboration.[15]

C. Sufficiency of the Proposed Final Judgment

Commenters raise three related concerns as to the sufficiency of the proposed Final Judgment: (1) Whether the dollar amount of the settlement is too low to remedy the harm or deter anticompetitive conduct; (2) whether Defendants should have to admit

[11] *See generally* Department of Justice, Antitrust Division, and Federal Trade Commission, *Antitrust Guidelines for Collaborations Among Competitors* § 1.2 (2000) (''*Collaboration Guidelines*''). *See also Major League Baseball v. Salvino,* 542 F.3d 290, 338 (2d Cir. 2008) (Sotomayor, J., concurring) (''a per se or quick look approach may apply * * * where a particular restraint is not reasonably necessary to achieve any of the efficiency-enhancing benefits of a joint venture and serves only as a naked restraint against competition''); *Rothery Storage & Van Co. v. Atlas Van Lines, Inc.,* 792 F.2d 210, 224 (D.C. Cir. 1986) (Bork, J.) (''To be ancillary, and hence exempt from the per se rule, an agreement eliminating competition must be subordinate and collateral to a separate, legitimate transaction. The ancillary restraint is subordinate and collateral in the sense that it serves to make the main transaction more effective in accomplishing its purpose.''); *Los Angeles Mem'l Coliseum Comm'n v. NFL,* 726 F.2d 1381, 1395 (9th Cir. 1984) (discussing ancillary restraints doctrine); *In re Polygram Holdings, Inc.,* 2003 WL 21770765 (F.T.C. 2003) (parties must prove that the restraint was ''reasonably necessary'' to permit them to achieve particular alleged efficiency), *aff'd, Polygram Holdings, Inc. v. F.T.C.,* 416 F.3d 29 (D.C. Cir. 2005).

[12] GEC asserts in its comments that it ''believes it can establish that as to some or all of those 4 leases there would not have been competitive bidding even if GEC and SG had not bid jointly.'' GEC Cmts at 1. Contemporaneous GEC business documents demonstrate, however, that after the February 2005 auction, senior GEC executives congratulated each other on having successfully avoided a bidding contest with SGI.

[13] The United States assesses competitive effects arising from an agreement as of the time of possible harm to competition. *See Collaboration Guidelines* at § 2.4.

[14] *See, e.g., Polk Bros., Inc. v. Forest City Enters.,* 776 F.2d 185, 189 n.17 (7th Cir. 1985) (holding that ancillarity is determined by evaluating the likely purpose of the restraint ''at the time it was adopted''); *see also* 11 Phillip E. Areeda & Herbert Hovenkamp, *Antitrust Law* ¶ 1908, at 273 (2d ed. 2005).

[15] Contrary to GEC's representations in its comments, the Department has not investigated ''every aspect of GEC's BLM lease activities from the company's inception to the present, and determined that with the exception of 4 leases acquired jointly with SG Interests in early 2005, GEC's activities were efficiency-enhancing and pro-competitive, and violated no laws.'' GEC Cmts at 1. As set forth in the Stipulation, entry of the proposed Final Judgment settles only those antitrust claims of the United States arising from the specific events giving rise to the allegations described in the Complaint. Stipulation at ¶ 4. It does not settle any antitrust claims of the United States against Defendants arising outside the scope of the Complaint, including from Defendants' acquisition and operation of the Ragged Mountain pipeline. *Id.*

wrongdoing; and (3) whether Defendants should be required to disgorge the leases and be debarred from future auctions. Each is addressed in turn below.

a. Dollar Amount

Commenters characterize the monetary payment as an inadequate ''fine'' that amounts to a ''slap on the wrist'' for the defendants. *E.g.,* Outes Cmts at 1. For example, Pitkin County calls the proposed judgment ''lenient'' and insufficient to deter future violations. P.C. Cmts at 10. Thurner also argues it is ''inadequate to keep GEC and SGI from further participating in [illegal] antitrust activities.'' Thurner Cmts at 3.

The proposed remedy, however, constitutes significant and meaningful relief. As a result of the unlawful agreement, the BLM received lower payments for the leases. The payment of damages to the United States reflects additional auction revenues that the BLM likely would have received had SGI and GEC acted as independent competitors at the February and May 2005 auctions. This is the first time that the United States has challenged under the antitrust laws a joint bidding arrangement for BLM mineral rights leases. The fact of the challenge and the relief obtained will serve to deter the parties and other industry participants from engaging in such conduct as this case places a marker that any ill-gotten benefit that potential violators may realize from anticompetitive joint bidding agreements will be subject to damages claims.

Pitkin County nevertheless criticizes the settlement amount and argues that it should be increased to approximate treble damages to which those who suffer monetary harm are entitled upon a finding of antitrust liability. P.C. Cmts at 15–17. Commenters' position ignores the fact that there has been no finding of liability in this case; that securing a finding of liability involves litigation risks; and that even if liability is established, there are risks in determining and securing damages.[16] Indeed, Commenters appear to assume, incorrectly, that the precise amount of damages is uncontested here. Calculation of damages in this case would require a determination of the price the United States would have received for the leases had Defendants bid against each other at auction—a multi-variable exercise. Were this case to proceed to trial, both the amount of damages and the calculation methodology would be heavily disputed by the parties. The settlement resolves this dispute by requiring Defendants to make a significant monetary payment, one that is seven times the amount they initially paid.[17]

The United States recognizes that it has not proved its case at trial and that ''a court considering a proposed settlement does not have actual findings that the defendants [] engaged in illegal practices, as would exist after a trial.'' *SBC Commc'ns,* 489 F. Supp. 2d at 15 (citing *Microsoft,* 56 F.3d at 1461). The monetary amount is the product of settlement and accounts for litigation risk and costs. It is appropriate to consider litigation risk and the context of settlement when evaluating whether a proposed remedy is in the public interest as ''room must be made for the government to grant concessions in the negotiation process for settlements.'' *SBC Commc'ns,* 489 F. Supp. 2d at 15; *see also KeySpan,* 763 F. Supp. 2d at 642 (''The adequacy of the [settlement] amount must be evaluated in view of the Government's decision to settle its claims and seek entry of the consent decree. When a litigant chooses to forgo discovery and trial in favor of settlement, full damages cannot be expected.'').

In assessing criticisms about the dollar amount of the settlement,[18] the United States, in Tunney Act review of antitrust settlements, is entitled to deference as to predictions about the efficacy of its remedies. *E.g., SBC Commc'ns,* 489 F. Supp. 2d at 17; *United States v. Archer-Daniels-Midland Co.,* 272 F. Supp. 2d 1, 6 (D.D.C. 2003) (noting that the court should grant due respect to the United States's prediction as to the effect of proposed remedies, its perception of the market structure, and its views of the nature of the case). Such deference is not unique to antitrust cases; in a recent case involving a government settlement of an alleged securities law violation, the Second Circuit Court of Appeals emphasized, ''The scope of a court's authority to second-guess an agency's discretionary and policy-based decision to settle is at best minimal.'' *SEC v. Citigroup,* 673 F.3d 158, 164 (2d Cir. 2012) (*per curiam* opinion of motions panel). As such, the commenters' concerns about the sufficiency of the dollar amount of the remedy are misplaced.

In addition, commenters mischaracterize the remedy when they refer to the settlement as a ''fine'' or equate the settlement amount to Defendants' overall resources or ability to pay (*i.e.,* a ''slap on the wrist''). As discussed above, this is a civil case in which the United States suffered harm. The Clayton Act provides that the United States is entitled to damages when it is injured in its business or property, *see* 15 U.S.C. § 15a, and the $550,000 payment is compensation for those damages. The Sherman Act does not provide for civil penalties or civil fines.

b. No admission of wrongdoing

Commenters argue that the proposed Final Judgment is insufficient because it does not contain an admission or finding that Defendants violated the law. Lyons Cmts at 1; Morrison Cmts at 1–2 (defendants ''show no contrition''). Commenters' concerns are misplaced. The government routinely enters into antitrust consent decrees in which no findings are made and defendants do not admit liability. Requiring admissions or findings of liability as a prerequisite to entering a consent decree would undercut Congress's purpose and contravene the public interest in allowing the government to obtain relief without the risk and delay of litigation.

Congress has designed the remedial provisions of the antitrust laws to encourage consent judgments, which allow the government to obtain relief without the ''time, expense and inevitable risk of litigation.'' *United States v. Armour and Co.,* 402 U.S. 673, 681 (1971). Section 5 of the Clayton Act provides that litigated final judgments establishing a violation in government antitrust cases shall be ''prima facie evidence'' against the defendant in subsequent private litigation, but the statute specifies that this provision does not apply to ''consent judgments or decrees entered before any testimony has been taken.'' 15 U.S.C. § 16(a). Congress provided this exception to the Clayton Act's prima facie evidence provision ''in order to encourage defendants to settle promptly government-initiated antitrust claims and thereby to save the government the time and expense of further litigation.'' *United States v. National Ass'n of Broadcasters,* 553 F. Supp. 621, 623 (D.D.C. 1982) (collecting cases).

Congress confirmed its continuing recognition of the importance of consent

[16] For example, if this case were to proceed to trial, the parties likely would litigate whether the four-year statute of limitations, 15 U.S.C. § 15b, would act to bar a claim for damages.

[17] In 2005, GEC and SGI paid approximately $94,000 for the four leases they acquired pursuant to the MOU, resulting in an average per acre price of approximately $25. By paying an additional $550,000, GEC and SGI in effect will have paid approximately $175 per acre, seven times the initial bid amount.

[18] *E.g.,* Coalition Cmts at 4 (asserting that settlement amount should have been higher based on comparisons to other potential bidding scenarios).

decrees when it passed the Tunney Act in 1974. The legislative history unambiguously demonstrates Congress's understanding that government antitrust settlements typically occur without an admission or finding of liability.[19] Following enactment of the Tunney Act, courts have expressly recognized the Congressional intent to preserve the policy of encouraging antitrust consent decrees.[20]

The Supreme Court has long endorsed the entry of consent judgments in which there is no finding of liability, and it has done so even when the defendant has affirmatively asserted its innocence.[21] Only once, to our knowledge, has a district court questioned an antitrust consent decree on that basis, and its criticism was specifically rejected on appeal. In *United States v. Microsoft,* the Court of Appeals reversed a district court's refusal to enter a consent decree, holding as ''unjustified'' the district court's criticism of the defendant ''for declining to admit that the practices charged in the complaint actually violated the antitrust laws.'' *United States v. Microsoft,* 56 F.3d at 1448, 1461 (D.C. Cir. 1995). The Court of Appeals emphasized that the ''important question is whether [the defendant] will abide by the terms of the consent decree regardless of whether it is willing to admit wrongdoing.'' *Id.* Similarly, in a recent case arising under the securities laws, the Court of Appeals for the Second Circuit—deciding whether to stay district court proceedings—found that the SEC had a strong likelihood of overturning the district court's decision to block a settlement that did not contain an admission or finding of liability. In so doing, the Court of Appeals explained:

> It is commonplace for settlements to include no binding admission of liability. A settlement is by definition a compromise. * * * We doubt whether it lies within a court's proper discretion to reject a settlement on the basis that liability has not been conclusively determined.

SEC v. Citgroup, 673 F.3d 158, 165–66 (2d Cir. 2012). Accordingly, there is no basis here to insist that the public interest requires an admission or a finding of liability.

c. Forfeiture of Leases/Debarment from Future Auctions

Commenters question why the settlement only includes monetary relief and not further sanctions. Pitkin County argues that Defendants should be subject to ''debarment,'' a penalty under the Mineral Leasing Act which provides for ''prohibition from participation in exploration, leasing, or development of any Federal mineral,'' 30 U.S.C. § 195(c). P.C. Cmts at 17–19. Other commenters seek forfeiture of the leases at issue so that Defendants cannot develop the properties. *E.g.* Coalition Cmts at 2–3 (''Issuance and development of these leases is arguably in direct contravention of the public interest. If development proceeds, it should not be undertaken by operators known to disregard the public trust—the values at stake are simply too great.'').

As discussed above, the United States is entitled to deference as to its predictions about the efficacy of its remedies. In this case, Defendants' anticompetitive conduct caused monetary harm to the United States in the form of lost auction revenues. As such, the payment called for in the proposed Final Judgment is an appropriate remedy because it will compensate the United States for that harm; there is no need for the disgorgement of the actual lease interests themselves or debarment from future auctions.

3. The United States Should Investigate Other Issues

Commenters request investigations and action relating to a wide variety of conduct engaged in by the defendants. For example, Thurner—who has been engaged in litigation with Defendants—stated, ''The proposed settlement does not address the majority of the predatory and monopolistic activities in which GEC and SGI have engaged, and they are continuing to engage in [illegal] antitrust activities.'' Thurner Cmts at 1. Other commenters have raised numerous concerns with Defendants' general conduct in the oil and gas industry. For example commenters express concern about a proposed land exchange involving the Bear Ranch (Brill Cmts at 3, E. Marston Cmts at 2); alleged environmental harm caused by Defendants' development of leased land (Coalition Cmts at 3–4, Brett Cmts; McCarthy Cmts); and an employee of one of the Defendants serving on a BLM advisory council (E. Marston Cmts at 1–2; Swackhamer Cmts at 2).

The proposed Final Judgment should not be measured by how it would resolve general industry concerns that are not at issue in the Complaint. The Tunney Act issue before the Court is whether the relief resolves the violation identified in the Complaint in a manner that is within the reaches of the public interest. *See Microsoft,* 56 F.3d at 1460 (''And since the claim is not made, a remedy directed to that claim is hardly appropriate.''); *SBC Commc'ns,* 489 F. Supp. 2d at 15 (courts ''cannot look beyond the complaint * * * unless the complaint is drafted so narrowly as to make a mockery of judicial power''). We note, however, that nothing in the proposed Final Judgment would prevent the Antitrust Division from challenging other conduct under the antitrust laws in the future and that the judgment does not displace any existing state and federal statutes.

4. Defendants' Compliance With Section 16(g) of the Tunney Act

Pitkin County questioned whether Defendants made adequate disclosures under 15 U.S.C. § 16(g). P.C. Cmts at 21–22. The United States supplies the following information concerning the purpose of the disclosures required pursuant to Section 16(g), but does not respond to the substance of the comments that question Defendants' compliance with the requirements of Section 16(g). We note that Defendant GEC filed its 16(g) disclosure on May 1, 2012 (Docket #12) and Defendant SGI filed its disclosure on May 2, 2012 (Docket #13), with each defendant certifying that no communications relevant to Section 16(g) were made other than communications involving only the employees of the Department of Justice and counsel of record for Defendants.

The Tunney Act treats disclosure requirements intended to inform public comment regarding a proposed consent judgment entirely separately from the

[19] *See* S. Rep. No. 298, 93d Cong., 1st Sess. (1973) at 5 (''Pursuant to the terms of the [consent] decree, the defendant agrees to abide by certain conditions in the future. *However the defendant does not admit to having violated the law as alleged in the complaint.* Obviously, the consent decree is of crucial importance as an enforcement tool, since it permits the allocation of resources elsewhere.'') (emphasis added); 119 Cong. Rec. 3451 (Floor statement of Senator Tunney, ''Essentially the decree is a device by which the defendant, while refusing to admit guilt, agrees to modify its conduct and in some cases to accept certain remedies designed to correct the violation asserted by the Government.''); H. Rep. No. 1463, 93 Cong., 2d Sess. 6 (1974) at 6 (''Ordinarily, defendants do not admit to having violated the antitrust or other laws alleged as violated in complaints that are settled.'').

[20] *E.g., United States v. Alex. Brown & Sons, Inc.,* 963 F. Supp. 235, 238–39 (S.D.N.Y. 1997) (''In enacting the Tunney Act, Congress recognized the high rate of settlement in public antitrust cases and wished to encourage settlement by consent decrees as part of the legal policies expressed in the antitrust laws.'') (internal quotations omitted).

[21] *See Swift & Co. v. United States,* 276 U.S. 311, 327 (1928) (refusing to vacate injunctive relief in consent judgment that contained recitals in which defendants asserted their innocence); *Armour,* 402 U.S. at 681 (interpreting consent decree in which defendants had denied liability for the allegations raised in the complaint); *see also* 18A Charles A. Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice and Procedure § 4443, at 256–57 (2d ed. 2002) (''central characteristic of a consent judgment is that the court has not actually resolved the substance of the issues presented'').

other disclosure requirements set forth in the Act. To facilitate public comment on a proposed consent judgment in a government civil antitrust case, the Tunney Act provides, in a single subsection, that the proposed decree itself must be published in the **Federal Register**, along with a CIS, which the United States must furnish to any person requesting it. 15 U.S.C. § 16(b). The next subsection, 15 U.S.C. § 16(c), requires the United States to publish, repeatedly, summaries of the proposal and the CIS in general circulation newspapers.

By contrast, the provision at issue here, Section 16(g), is a disclosure requirement aimed at informing the courts about lobbying activities. It requires *defendants* in antitrust cases to file their disclosure statements with the Tunney Act court, but there are no requirements of public notice, **Federal Register** publication, or newspaper summaries. Moreover, the statutory provisions addressing disclosure of information supporting informed public comment (Sections 16(b), (c)) appear immediately before the provisions dealing with consideration of, and response to, public comment (Section 16(d)) and the court's public interest determination (Sections 16(e), (f)). The lobbying provision comes *after* all of those Sections. Thus, the statutory structure thus makes clear the different purposes of the two different kinds of disclosure provisions.

Even if Defendants failed to satisfy the timing requirements of Section 16(g), that would not provide a basis to begin the comment period anew and further delay entry of the proposed Final Judgment. *See generally United States v. Microsoft,* 215 F. Supp. 2d 1, 18–22 (D.D.C. 2002) (discussing 16(g) standards and whether the timing of the defendant's filing is prejudicial to the parties, the Court, or the public). Here, there is no prejudice as the certifications have been made to the Court prior to its determination of whether to enter the proposed Final Judgment, and those certifications show no communications other than those involving Department of Justice employees.

V. CONCLUSION

The purpose of this proceeding is to determine whether the proposed remedy resolves the violation identified in the Complaint in a manner that is within the reaches of the public interest. The relief that would be afforded by the proposed decree is appropriate to the violation alleged. The Tunney Act and the public interest require no more. To insist on more is to impose substantial resource costs on government antitrust enforcement, to risk the possibility of litigation resulting in no relief at all, to contravene congressional and judicial policy, and to establish a precedent that could impede enforcement of the antitrust laws in the future.

After carefully reviewing the public comments, the United States has determined that the proposed Final Judgment, as drafted, provides an effective and appropriate remedy for the antitrust violation alleged in the Complaint, and is therefore in the public interest. The United States will move this Court to enter the proposed Final Judgment after it has posted all public comments and this response on the Antitrust Division Web site and published in the **Federal Register** the Web site address at which the public comments will be posted.

Dated: August 3, 2012

Respectfully submitted,

s/Sarah L. Wagner/
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CERTIFICATE OF SERVICE

I hereby certify that on August 3, 2012, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system which will send notification of such filing to the following email addresses:

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[FR Doc. 2012–19831 Filed 8–13–12; 8:45 am]

BILLING CODE 4410–11–P

DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–81,387]

Eastman Kodak Company, IPS—Dayton Location, Dayton, OH; Notice of Affirmative Determination Regarding Application for Reconsideration

On its own motion, the Department of Labor will conduct an administrative reconsideration of the negative determination regarding workers' eligibility to apply for Trade Adjustment Assistance (TAA) applicable to workers and former workers of Eastman Kodak Company, IPS–Dayton Location, Dayton, Ohio (subject firm). The Department's Notice of negative determination was published in the **Federal Register** on June 6, 2012 (77 FR 33494). The workers are engaged in employment related to the production of commercial color ink jet printers.

The initial investigation resulted in a denial based on the findings that there was no shift in production of commercial color ink jet printers to a foreign country; that there were no company or customer imports of articles like or directly competitive with the commercial color ink jet printers produced by the subject firm; that the subject firm are neither suppliers to nor downstream producers for a firm that employed a worker group eligible to apply for TAA; and that the subject firm was not named by the International Trade Commission, as required by Section 222(e) of the Trade Act of 1974, as amended.

Conclusion

The Department has carefully reviewed the existing record, and will conduct further investigation to determine if the workers meet the eligibility requirements of the Trade Act of 1974, as amended.

Signed at Washington, DC, this 1st day of August, 2012.

Del Min Amy Chen,

Certifying Officer, Office of Trade Adjustment Assistance.

[FR Doc. 2012–19912 Filed 8–13–12; 8:45 am]

BILLING CODE 4510–FN–P

DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–81,335]

Technicolor Creative Services, Post Production Feature Mastering Division Including On-Site Leased Workers From Ajilon Professional Staffing and KForce, Hollywood, CA; Notice of Affirmative Determination Regarding Application for Reconsideration

By application dated July 23, 2012, a state workforce agent requested administrative reconsideration of the negative determination (issued on June 28, 2012) regarding workers' eligibility to apply for Trade Adjustment Assistance (TAA) applicable to workers and former workers of Technicolor Creative Services, Post Production Feature Mastering Division, Hollywood, California (subject firm). The worker group also included on-site leased workers from Ajilon Professional Staffing and KForce. The workers are engaged in activities related to post-production services for films.

The initial investigation resulted in a negative determination based on the findings that Criterion (1) of Section 222(a) of the Trade Act of 1974, as amended (the Act), has not been met because a significant number or proportion of the workers at the subject firm have not become totally or partially separated, nor are they threatened to become totally or partially separated, and that the group eligibility requirements under Section 222(e) of the Act have not been met because the workers' firm has not been publically identified by name by the International Trade Commission as a member of a domestic industry in an investigation resulting in an affirmative finding of serious injury, market disruption, or material injury, or threat thereof.

In request for reconsideration, the petitioner provided new information regarding additional worker group separations.

The Department has carefully reviewed the request for reconsideration and the existing record, and has determined that the Department will conduct further investigation to determine if the workers meet the eligibility requirements of the Trade Act of 1974.

Conclusion

After careful review of the application, I conclude that the claim is of sufficient weight to justify reconsideration of the U.S. Department of Labor's prior decision. The application is, therefore, granted.

Signed at Washington, DC, this 1st day of August, 2012.

Del Min Amy Chen,

Certifying Officer, Office of Trade Adjustment Assistance.

[FR Doc. 2012–19913 Filed 8–13–12; 8:45 am]

BILLING CODE 4510–FN–P

DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–81,253]

Sears Holdings Management Corporation, A Division of Sears Holdings Corporation, Hoffman Estates, IL; Notice of Affirmative Determination Regarding Application for Reconsideration

By application dated April 20, 2012, a worker requested administrative reconsideration of the negative determination regarding workers' eligibility to apply for Trade Adjustment Assistance (TAA) applicable to workers and former workers of the subject firm. The worker requested administrative reconsideration of the negative determination regarding workers' eligibility to apply for Trade Adjustment Assistance (TAA) applicable to workers and former workers of the subject firm. The determination was issued on March 30, 2012 and the Notice of Determination was published in the **Federal Register** on April 18, 2012 (77 FR 23290).

The initial investigation resulted in a negative determination based on the findings that there was no shift in services and any company or customer imports of like or directly competitive services.

The request for reconsideration alleges that the worker group does not perform marketing, analysis, and space management services, as stated in the determination; that worker separations was due to a shift in the supply of accounting, marketing, and inventory services to India; and that the workers at the Hoffman Estates, Illinois facility are similarly situated as the Sears Holdings workers at the Dallas, Texas facility who are covered by a certification (TA–W–73,244).

The Department has carefully reviewed the request for reconsideration and the existing record, and has determined that the Department will conduct further investigation to determine if the workers meet the eligibility requirements of the Trade Act of 1974, as amended.

Conclusion

After careful review of the application, I conclude that the claim is of sufficient weight to justify reconsideration of the U.S. Department of Labor's prior decision. The application is, therefore, granted.

Signed at Washington, DC, this 3rd day of August, 2012.

Del Min Amy Chen,

Certifying Officer, Office of Trade Adjustment Assistance.

[FR Doc. 2012–19914 Filed 8–13–12; 8:45 am]

BILLING CODE 4510–FN–P

DEPARTMENT OF LABOR

Employment and Training Administration

Investigations Regarding Eligibility To Apply for Worker Adjustment Assistance

Petitions have been filed with the Secretary of Labor under Section 221(a) of the Trade Act of 1974 (''the Act'') and are identified in the Appendix to this notice. Upon receipt of these petitions, the Director of the Office of Trade Adjustment Assistance, Employment and Training Administration, has instituted investigations pursuant to Section 221(a) of the Act.

The purpose of each of the investigations is to determine whether the workers are eligible to apply for adjustment assistance under Title II, Chapter 2, of the Act. The investigations will further relate, as appropriate, to the determination of the date on which total or partial separations began or threatened to begin and the subdivision of the firm involved.

The petitioners or any other persons showing a substantial interest in the subject matter of the investigations may request a public hearing, provided such request is filed in writing with the Director, Office of Trade Adjustment Assistance, at the address shown below, not later than August 24, 2012.

Interested persons are invited to submit written comments regarding the subject matter of the investigations to the Director, Office of Trade Adjustment Assistance, at the address shown below, not later than August 24, 2012.

The petitions filed in this case are available for inspection at the Office of the Director, Office of Trade Adjustment Assistance, Employment and Training Administration, U.S. Department of Labor, Room N–5428, 200 Constitution Avenue NW., Washington, DC 20210.

Signed at Washington, DC, this 8th day of August 2012.

Elliott S. Kushner,

Certifying Officer, Office of Trade Adjustment Assistance.

Appendix

21 TAA PETITIONS INSTITUTED BETWEEN 7/30/12 AND 8/3/12

TA–W	Subject firm (petitioners)	Location	Date of institution	Date of petition
81833	Onsite Innovations, Inc. (State/One-Stop)	Sparrows Point, MD	07/30/12	07/27/12
81834	Aperia Solutions, Inc. (Workers)	Dallas, TX	07/30/12	07/27/12
81835	Auto Warehousing Company (State/One-Stop)	Woodhaven, MI	07/31/12	07/30/12
81836	THQ, Inc. (Workers)	Phoenix, AZ	07/31/12	07/26/12
81837	Avid Technologies, Inc. (State/One-Stop)	Burlington, MA	07/31/12	07/30/12
81838	FLSMIDTH INC. (State/One-Stop)	Spokane, WA	08/01/12	07/20/12
81839	Swisher International (Union)	Jacksonville, FL	08/01/12	07/31/12
81840	Sykes Enterprise (Workers)	Langhorne, PA	08/01/12	07/31/12
81841	Heidtman Steel Products (State/One-Stop)	Baltimore, MD	08/01/12	08/01/12
81842	MEMC Electronic Materials, Inc. (Company)	Sherman, TX	08/01/12	07/31/12
81843	HTC Corporation (State/One-Stop)	Durham, NC	08/01/12	07/18/12
81844	NCO Financial Systems (Workers)	Norcross, GA	08/01/12	07/17/12
81845	Herman Miller (State/One-Stop)	Zeeland, MI	08/02/12	07/31/12
81846	Goodman Networks, Inc. (Workers)	Alpharetta, GA	08/02/12	07/31/12
81847	Transform Manufacturing, LLC (Company)	Nampa, ID	08/02/12	08/02/12
81848	Mohawk Industries, Inc. (State/One-Stop)	Calhoun Falls, SC	08/02/12	08/01/12
81849	Astar USA, LLC (Union)	Florence, KY	08/02/12	07/31/12
81850	Brunswick/Hatteras Yachts (CA50) (Workers)	New Bern, NC	08/03/12	07/26/12
81851	Thermo Fisher Scientific (Lab Works Division) (Union)	Two Rivers, WI	08/03/12	08/01/12
81852	Microsemi Corporation—Massachusetts (State/One-Stop)	Lawrence, MA	08/03/12	08/01/12
81853	GrafTech USA LLC (Company)	St. Marys, PA	08/03/12	08/02/12

[FR Doc. 2012–19915 Filed 8–13–12; 8:45 am]

BILLING CODE 4510–FN–P

LEGAL SERVICES CORPORATION

Sunshine Act Meeting

DATE AND TIME: The Finance Committee of the Legal Services Corporation's Board of Directors will meet telephonically on August 20, 2012. The meeting will commence at 4:00 p.m., Eastern Daylight Time, and will continue until the conclusion of the Committee's agenda.

LOCATION: John N. Erlenborn Conference Room, Legal Services Corporation Headquarters, 3333 K Street NW., Washington, DC 20007.

PUBLIC OBSERVATION: Members of the public who are unable to attend in person but wish to listen to the public proceedings may do so by following the telephone call-in directions provided below but are asked to keep their telephones muted to eliminate background noises. To avoid disrupting the meeting, please refrain from placing the call on hold. From time to time, the presiding Chair may solicit comments from the public.

CALL-IN DIRECTIONS FOR OPEN SESSIONS:

- Call toll-free number: 1–866–451–4981;
- When prompted, enter the following numeric pass code: 5907707348;
- When connected to the call, please immediately "MUTE" your telephone.

STATUS OF MEETING: Open.

MATTERS TO BE CONSIDERED:

1. Approval of agenda
2. Consider and act on FY 2014 Budget Request
3. Public comment
4. Consider and act on other business
5. Consider and act on motion to adjourn the meeting

CONTACT PERSON FOR INFORMATION: Katherine Ward, Executive Assistant to the Vice President & General Counsel, at (202) 295–1500. Questions may be sent by electronic mail to *FR_NOTICE_QUESTIONS@lsc.gov.*

NON-CONFIDENTIAL MEETING MATERIALS: Non-confidential meeting materials will be made available in electronic format at least 24 hours in advance of the meeting on the LSC Web site, at *http://www.lsc.gov/board-directors/meetings/board-meeting-notices/non-confidential-materials-be-considered-open-session.*

ACCESSIBILITY: LSC complies with the Americans with Disabilities Act and Section 504 of the 1973 Rehabilitation Act. Upon request, meeting notices and materials will be made available in alternative formats to accommodate individuals with disabilities. Individuals who need other accommodations due to disability in order to attend the meeting in person or telephonically should contact Katherine Ward, at (202) 295–1500 or *FR_NOTICE_QUESTIONS@lsc.gov*, at least 2 business days in advance of the meeting. If a request is made without advance notice, LSC will make every effort to accommodate the request but cannot guarantee that all requests can be fulfilled.

Dated: August 10, 2012.

Victor M. Fortuno,

Vice President & General Counsel.

[FR Doc. 2012–20043 Filed 8–10–12; 4:15 pm]

BILLING CODE 7050–01–P

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

Records Schedules; Availability and Request for Comments

AGENCY: National Archives and Records Administration (NARA).

ACTION: Notice of availability of proposed records schedules; request for comments.

SUMMARY: The National Archives and Records Administration (NARA) publishes notice at least once monthly of certain Federal agency requests for records disposition authority (records schedules). Once approved by NARA, records schedules provide mandatory instructions on what happens to records when no longer needed for current Government business. They authorize the preservation of records of continuing value in the National Archives of the United States and the destruction, after a specified period, of records lacking administrative, legal, research, or other value. Notice is published for records schedules in which agencies propose to destroy records not previously authorized for disposal or reduce the retention period of records already authorized for disposal. NARA invites public comments on such records schedules.

DATES: Requests for copies must be received in writing on or before September 13, 2012. Once the appraisal of the records is completed, NARA will send a copy of the schedule. NARA staff usually prepare appraisal memorandums that contain additional information concerning the records covered by a proposed schedule. These, too, may be requested and will be provided once the appraisal is completed. Requesters will be given 30 days to submit comments.

ADDRESSES: You may request a copy of any records schedule identified in this notice by contacting Records Management Services (ACNR) using one of the following means:

Mail: NARA (ACNR), 8601 Adelphi Road, College Park, MD 20740–6001.

Email: request.schedule@nara.gov.

Fax: 301–837–3698.

Requesters must cite the control number, which appears in parentheses after the name of the agency which submitted the schedule, and must provide a mailing address. Those who desire appraisal reports should so indicate in their request.

FOR FURTHER INFORMATION CONTACT: Margaret Hawkins, Director, National Records Management Program (ACNR), National Archives and Records Administration, 8601 Adelphi Road, College Park, MD 20740–6001. Telephone: 301–837–1799. Email: *request.schedule@nara.gov.*

SUPPLEMENTARY INFORMATION: Each year Federal agencies create billions of records on paper, film, magnetic tape, and other media. To control this accumulation, agency records managers prepare schedules proposing retention periods for records and submit these schedules for NARA's approval, using the Standard Form (SF) 115, Request for Records Disposition Authority. These schedules provide for the timely transfer into the National Archives of historically valuable records and authorize the disposal of all other records after the agency no longer needs them to conduct its business. Some schedules are comprehensive and cover all the records of an agency or one of its major subdivisions. Most schedules, however, cover records of only one office or program or a few series of records. Many of these update previously approved schedules, and some include records proposed as permanent.

The schedules listed in this notice are media neutral unless specified otherwise. An item in a schedule is media neutral when the disposition instructions may be applied to records regardless of the medium in which the records are created and maintained. Items included in schedules submitted to NARA on or after December 17, 2007, are media neutral unless the item is limited to a specific medium. (See 36 CFR 1225.12(e).)

No Federal records are authorized for destruction without the approval of the Archivist of the United States. This approval is granted only after a thorough consideration of their administrative use by the agency of origin, the rights of the Government and of private persons directly affected by the Government's activities, and whether or not they have historical or other value.

Besides identifying the Federal agencies and any subdivisions requesting disposition authority, this public notice lists the organizational unit(s) accumulating the records or indicates agency-wide applicability in the case of schedules that cover records that may be accumulated throughout an agency. This notice provides the control number assigned to each schedule, the total number of schedule items, and the number of temporary items (the records proposed for destruction). It also includes a brief description of the temporary records. The records schedule itself contains a full description of the records at the file unit level as well as their disposition. If NARA staff has prepared an appraisal memorandum for the schedule, it too includes information about the records. Further information about the disposition process is available on request.

Schedules Pending

1. Department of the Army, Agency-wide (N1–AU–10–75, 1 item, 1 temporary item). Master files of an electronic information system used to track retirement points earned by Reserve soldiers.

2. Department of Homeland Security, U. S. Coast Guard (N1–26–12–2, 5 items, 5 temporary items). Family support program records for cases of alleged child abuse or domestic violence involving active duty members.

3. Department of Justice, Department-wide (DAA–0060–2012–0013, 3 items, 2 temporary items). Component and feeder copies of reports summarizing activities and achievements of the Department. Proposed for permanent retention are weekly compilations of all component reports.

4. Department of the Treasury, Internal Revenue Service (N1–58–11–7, 1 item, 1 temporary item). Records consist of memoranda and background material relating to the general council directive manual.

5. Consumer Financial Protection Bureau, Office of the Ombudsman (N1–587–12–3, 12 items, 10 temporary items). Records include general correspondence, program management files, and administrative records. Proposed for permanent retention are official reports and program policy files.

6. Consumer Financial Protection Bureau, Office of Security (N1–587–12–7, 2 items, 2 temporary items). Records include routine building surveillance recordings and badge access records.

7. Recovery Accountability and Transparency Board, Agency-wide (N1–220–11–2, 14 items, 4 temporary items). General administration records, including routine staff briefings, routine delegations of authority, and other administrative records. Proposed for permanent retention are executive records, manuals, and public and Congressional relations records.

Dated: August 8, 2012.

Laurence Brewer,

Director, National Records Management Program.

[FR Doc. 2012–19941 Filed 8–13–12; 8:45 am]

BILLING CODE 7515–01–P

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Meetings of Humanities Panel

AGENCY: National Endowment for the Humanities.

ACTION: Notice of meetings.

SUMMARY: Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (5 U.S.C. App.), notice is hereby given that 10 meetings of the Humanities Panel will be held during September 2012 as follows. The purpose of the meetings is for panel review, discussion, evaluation, and recommendation of applications for financial assistance under the National Foundation on the Arts and Humanities Act of 1965 (20 U.S.C. 951–960, as amended).

DATES: See **SUPPLEMENTARY INFORMATION** section for meeting dates.

ADDRESSES: The meetings will be held at the Old Post Office Building, 1100 Pennsylvania Ave. NW., Washington, DC 20506. See Supplementary Information section for meeting room numbers.

FOR FURTHER INFORMATION CONTACT: Lisette Voyatzis, Committee Management Officer, 1100 Pennsylvania Ave., NW., Room, 529, Washington, DC 20506, or call (202) 606–8322. Hearing-impaired individuals are advised that information on this matter may be obtained by contacting the National

Endowment for the Humanities' TDD terminal at (202) 606–8282.

SUPPLEMENTARY INFORMATION:

Meetings:

1. *Date:* September 6, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: 415. This meeting will discuss applications for the Preservation and Access Research and Development grant program, submitted to the Division of Preservation and Access.

2. *Date:* September 6, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: 421. This meeting will discuss applications for the Bridging Cultures Through Film grant program on the subject of Africa and the Mideast, submitted to the Division of Public Programs.

3. *Date:* September 6, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: 315. This meeting will discuss applications for the Humanities Initiatives at Historically Black Colleges and Universities (HBCUs) grant program, submitted to the Division of Education Programs.

4. *Date:* September 10, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: 421. This meeting will discuss applications for the Bridging Cultures Through Film grant program on the subject of Asia, submitted to the Division of Public Programs.

5. *Date:* September 10, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: 315. This meeting will discuss applications for the Humanities Initiatives at Historically Black Colleges and Universities (HBCUs) grant program, submitted to the Division of Education Programs.

6. *Date:* September 11, 2012
Time: 8:30 a.m. to 5:00 p.m.
Room: 315 This meeting will discuss applications for the Humanities Initiatives at Tribal Colleges and Universities (TCUs) grant program, submitted to the Division of Education Programs.

7. *Date:* September 11, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: Room 421. This meeting will discuss applications for the Bridging Cultures Through Film grant program on the subject of Europe, submitted to the Division of Public Programs.

8. *Date:* September 13, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: Room 421. This meeting will discuss applications for the Bridging Cultures Through Film grant program on the subject of the Americas, submitted to the Division of Public Programs.

9. *Date:* September 20, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: 315. This meeting will discuss applications for the Bridging Cultures at Community Colleges: Request for Proposals for a Cooperative Agreement program, submitted to the Division of Education Programs.

10. *Date:* September 21, 2012.
Time: 8:30 a.m. to 5:00 p.m.
Room: 315. This meeting will discuss applications for the Bridging Cultures at Community Colleges: Request for Proposals for a Cooperative Agreement program, submitted to the Division of Education Programs.

Because these meetings will include review of personal and/or proprietary financial and commercial information given in confidence to the agency by grant applicants, the meetings will be closed to the public pursuant to sections 552b(c)(4) and 552b(c)(6) of Title 5 U.S.C., as amended. I have made this determination pursuant to the authority granted me by the Chairman's Delegation of Authority to Close Advisory Committee Meetings dated July 19, 1993.

Dated: August 9, 2012.

Lisette Voyatzis,

Committee Management Officer.

[FR Doc. 2012–19899 Filed 8–13–12; 8:45 am]

BILLING CODE 7536–01–P

NATIONAL SCIENCE FOUNDATION

Notice of Intent To Seek Approval To Establish an Information Collection

AGENCY: National Science Foundation.

ACTION: Notice and request for comments.

SUMMARY: Under the Paperwork Reduction Act of 1995, Public Law 104–13 (44 U.S.C. 3501 *et seq.*), and as part of its continuing effort to reduce paperwork and respondent burden, the National Science Foundation (NSF) is inviting the general public or other Federal agencies to comment on this proposed continuing information collection. The NSF will publish periodic summaries of the proposed projects.

COMMENTS: Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Foundation, including whether the information will have practical utility; (b) the accuracy of the Foundation's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology.

DATES: Written comments on this notice must be received by October 15, 2012, to be assured consideration. Comments received after that date will be considered to the extent practicable. Send comments to address below.

FOR FURTHER INFORMATION CONTACT: Ms. Suzanne H. Plimpton, Reports Clearance Officer, National Science Foundation, 4201 Wilson Boulevard, Suite 295, Arlington, Virginia 22230; telephone (703) 292–7556; or send email to *splimpto@nsf.gov.* Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339, which is accessible 24 hours a day, 7 days a week, 365 days a year (including federal holidays).

SUPPLEMENTARY INFORMATION:

Title of Collection: Engineering Research Center's Diversity Climate Survey.

OMB Number: 3145–NEW.

Expiration Date of Approval: Not applicable.

Type of Request: Intent to seek approval to establish an information collection.

Abstract:

Proposed Project: We would like to use Survey Monkey to administer a diversity climate survey to the 17, active NSF Engineering Research Centers. This survey will have a mix of rating and open-ended questions. Our goal is to gain an understanding of the climate of diversity within the ERCs.

Need and Use of Information Collection: The NSF ERCs were established in 1985 with one of the goals being the development of a diverse, globally competitive engineering workforce. The ERCs provide information regarding diversity in the Centers through 10-year diversity strategic plans and annual reporting that includes demographic data. However, beyond the numbers, NSF does not have a good understanding of the culture for diversity inside these centers and how it impacts faculty, students and their success. This information will enable NSF to have an unprecedented perspective of ERC diversity culture. From this knowledge, a benchmark for progress towards creating a path of equity in engineering for women, and especially for racial/ethnic minorities and persons with disabilities can be established starting with the culture of the centers. Also, with a better understanding of the diversity efforts and diversity culture within the ERCs, the information will enable us to assess, refine, and improve diversity efforts. We

want the ERCs to be inclusive environments for all. This diversity climate survey will enable us to evaluate how close we are to that goal.

Estimate of the Burden: This survey will have 20 respondents (1 representative from each current center plus 3 new centers that will be established by the time of survey). The survey should take no more than 30 minutes to complete. This yields a burden time of 600 minutes or 10 hours.

Respondents: Individuals; not-for-profit institutions.

Estimated Number of Responses per survey: One.

Dated: August 8, 2012.

Suzanne H. Plimpton,

Reports Clearance Officer, National Science Foundation.

[FR Doc. 2012–19847 Filed 8–13–12; 8:45 am]

BILLING CODE 7555–01–P

NATIONAL SCIENCE FOUNDATION

Agency Information Collection Activities: Comment Request

AGENCY: National Science Foundation.

ACTION: Submission for OMB Review; Comment Request.

SUMMARY: The National Science Foundation (NSF) has submitted the following information collection requirement to OMB for review and clearance under the Paperwork Reduction Act of 1995, Public Law 104–13. This is the second notice for public comment; the first was published in the **Federal Register** at 76 FR 76441, and no comments were received. NSF is forwarding the proposed renewal submission to the Office of Management and Budget (OMB) for clearance simultaneously with the publication of this second notice. The full submission may be found at: *http://www.reginfo.gov/public/do/PRAMain*. Comments regarding (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of burden including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility and clarity of the information to be collected; or (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology should be addressed to: Office of Information and Regulatory Affairs of OMB, Attention: Desk Officer for National Science Foundation, 725—17th Street NW., Room 10235, Washington, DC 20503, and to Suzanne H. Plimpton, Reports Clearance Officer, National Science Foundation, 4201 Wilson Boulevard, Suite 295, Arlington, Virginia 22230 or send email to *splimpto@nsf.gov*. Comments regarding this information collection are best assured of having their full effect if received within 30 days of this notification. Copies of the submission(s) may be obtained by calling 703–292–7556.

FOR FURTHER INFORMATION CONTACT: Suzanne H. Plimpton at (703) 292–7556 or send email to *splimpto@nsf.gov*. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

NSF may not conduct or sponsor a collection of information unless the collection of information displays a currently valid OMB control number and the agency informs potential persons who are to respond to the collection of information that such persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.

SUPPLEMENTARY INFORMATION:

Title of Collection: Survey of Laboratory Equipment Donations for Schools.

OMB Control No.: 3145–NEW.

Abstract

The National Science Foundation (NSF) requests a three-year clearance for data collection and research related to laboratory equipment donations to schools. The goal of this study is to comply with the America Competes Act, Public Law 100–69, Section 7027, which calls for a study on laboratory equipment donations for schools. The law states: ''Not later than 2 years after the date of enactment of this Act, [August 9, 2007], the Director [of the National Science Foundation] shall transmit a report to Congress examining the extent to which institutions of higher education and entities in the private sector are donating used laboratory equipment to elementary schools and secondary schools. The Director * * * shall survey institutions of higher education and entities in the private sector to determine—

(1) How often, how much, and what type of equipment is donated;

(2) what criteria or guidelines the institutions and entities are using to determine what types of equipment can be donated, what condition the equipment should be in, and which schools receive the equipment;

(3) whether the institutions and entities provide any support to, or follow-up with the schools; and

(4) how appropriate donations can be encouraged.'' Under a grant from NSF, the American Institutes for Research (AIR) has designed a sample of institutions of higher education (IHEs) drawn from the Integrated Postsecondary Education Data System (IPEDS) using the 2007–2008 school year. IHEs were selected with Carnegie group (2005) based on their total research spending. The assumption is that schools with higher research spending are most likely to donate equipment, so the sample is weighted to capture IHEs with higher levels of spending. In addition to IHEs, large corporations that have demonstrated a commitment to science, technology, engineering, and mathematics (STEM) education will also be surveyed. This will be a population survey of members of Change the Equation, an independent non-profit organization that is a component of President Obama's ''Educate to Innovate'' initiative. These corporations will represent ''entities in the private sector'' that Congress mandated be surveyed.

Basic analyses will include descriptive statistics on each category of information requested by Congress broken out by Carnegie classification of IHEs, level of IHE research spending, and industry sector and size of private entities. Data will also include summaries of feedback provided by respondents on how appropriate donations can be encouraged. NSF will use the resulting data and analyses primarily to respond to the aforementioned congressional request for information. NSF will also share the information with the educational research community; professional education associations, especially those focused on science, academia; K–12 schools, especially science teachers; and the general public.

Respondents: Individuals, State, Local or Tribal Government, not-for-profit institutions, and for-profit institutions (i.e., corporations). Respondents will be persons representing these entities who have been identified as familiar with their organization's disposal of surplus laboratory equipment.

Estimated Number of Respondents: 172.

Burden on the Public: 86 hours.

Dated: August 8, 2012.

Suzanne H. Plimpton,

Reports Clearance Officer, National Science Foundation.

[FR Doc. 2012–19849 Filed 8–13–12; 8:45 am]

BILLING CODE 7555–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2012–0154]

Agency Information Collection Activities: Proposed Collection; Comment Request

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice of pending NRC action to submit an information collection request to the Office of Management and Budget (OMB) and solicitation of public comment.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) invites public comment about our intention to request the OMB's approval for renewal of an existing information collection that is summarized below. We are required to publish this notice in the **Federal Register** under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

Information pertaining to the requirement to be submitted:

1. *The title of the information collection:* 10 CFR Part 140, ''Financial Protection Requirements and Indemnity Agreements.''

2. *Current OMB approval number:* 3150–0039.

3. *How often the collection is required:* On occasion, as needed for the licensees to meet their responsibilities called for in Sections 170 and 193 of the Atomic Energy Act of 1954, as amended (the Act).

4. *Who is required or asked to report:* Licensees authorized to operate reactor facilities in accordance with 10 CFR Part 50, or a holder of a combined license under 10 CFR Part 52, and licensees authorized to construct and operate a uranium enrichment facility in accordance with 10 CFR Parts 40 and 70.

5. *The number of annual respondents:* 1.

6. *The number of hours needed annually to complete the requirement or request:* 8.

7. *Abstract:* 10 CFR Part 140 of the NRC's regulations specifies information to be submitted by licensees to enable the NRC to assess (a) the financial protection required of licensees and for the indemnification and limitation of liability of certain licensees and other persons pursuant to Section 170 of the Atomic Energy Act of 1954, as amended, and (b) the liability insurance required of uranium enrichment facility licensees pursuant to Section 193 of the Atomic Energy Act of 1954, as amended.

Submit, by October 15, 2012, comments that address the following questions:

1. Is the proposed collection of information necessary for the NRC to properly perform its functions? Does the information have practical utility?

2. Is the burden estimate accurate?

3. Is there a way to enhance the quality, utility, and clarity of the information to be collected?

4. How can the burden of the information collection be minimized, including the use of automated collection techniques or other forms of information technology?

The public may examine and have copied for a fee, publicly available documents, including the draft supporting statement, at the NRC's Public Document Room, Room O1–F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852. OMB clearance requests are available at the NRC's Web site: *http://www.nrc.gov/public-involve/doc-comment/omb/*.

The document will be available on the NRC's home page site for 60 days after the signature date of this notice. Comments submitted in writing or in electronic form will be made available for public inspection. Because your comments will not be edited to remove any identifying or contact information, the NRC cautions you against including any information in your submission that you do not want to be publicly disclosed. Comments submitted should reference Docket No. NRC–2012–0154. You may submit your comments by any of the following methods: Electronic comments: Go to *http://www.regulations.gov* and search for Docket No. NRC–2012–0154. Mail comments to NRC Clearance Officer, Tremaine Donnell (T–5 F53), U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

Questions about the information collection requirements may be directed to the NRC Clearance Officer, Tremaine Donnell (T–5 F53), U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, by telephone at 301–415–6258, or by email to *INFOCOLLECTS.Resource@NRC.GOV.*

Dated: Dated at Rockville, Maryland, this 3rd day of August 2012.

For the Nuclear Regulatory Commission.

Tremaine Donnell,

NRC Clearance Officer, Office of Information Services.

[FR Doc. 2012–19893 Filed 8–13–12; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[Docket No. NRC–2012–0172]

Agency Information Collection Activities: Proposed Collection; Comment Request

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice of pending NRC action to submit an information collection request to the Office of Management and Budget (OMB) and solicitation of public comment.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) invites public comment about our intention to request the OMB's approval for renewal of an existing information collection that is summarized below. We are required to publish this notice in the **Federal Register** under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

Information pertaining to the requirement to be submitted:

1. *The title of the information collection:* NRC Form 748, ''National Source Tracking Transaction Report.''

2. *Current OMB approval number:* 3150–0202.

3. *How often the collection is required:* On occasion (at completion of a transaction, and at inventory reconciliation).

4. *Who is required or asked to report:* Licensees that manufacture, receive, transfer, disassemble, or dispose of nationally tracked sources.

5. *The number of annual respondents:* 1,400 (260 NRC Licensees + 1,140 Agreement State Licensees).

6. *The number of hours needed annually to complete the requirement or request:* 1,601.5 hours.

7. *Abstract:* In 2006, the NRC amended its regulations to implement a National Source Tracking System (NSTS) for certain sealed sources. The amendments require licensees to report certain transactions involving nationally tracked sources to the NSTS. These transactions include manufacture, transfer, receipt, disassembly, or disposal of the nationally tracked source. This information collection is mandatory and is used to populate the NSTS.

Submit, by October 15, 2012, comments that address the following questions:

1. Is the proposed collection of information necessary for the NRC to properly perform its functions? Does the information have practical utility?

2. Is the burden estimate accurate?

3. Is there a way to enhance the quality, utility, and clarity of the information to be collected?

4. How can the burden of the information collection be minimized, including the use of automated collection techniques or other forms of information technology?

The public may examine and have copied for a fee publicly available documents, including the draft supporting statement, at the NRC's Public Document Room, Room O1–F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852. OMB clearance requests are available at the NRC's Web site: *http://www.nrc.gov/public-involve/doc-comment/omb/*.

The document will be available on the NRC's home page site for 60 days after the signature date of this notice. Comments submitted in writing or in electronic form will be made available for public inspection. Because your comments will not be edited to remove any identifying or contact information, the NRC cautions you against including any information in your submission that you do not want to be publicly disclosed. Comments submitted should reference Docket No. NRC–2012–0172. You may submit your comments by any of the following methods: Electronic comments: Go to *http://www.regulations.gov* and search for Docket No. NRC–2012–0172. Mail comments to NRC Clearance Officer, Tremaine Donnell (T–5 F53), U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

Questions about the information collection requirements may be directed to the NRC Clearance Officer, Tremaine Donnell (T–5 F53), U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, by telephone at 301–415–6258, or by email to *INFOCOLLECTS.Resource@NRC.GOV.*

Dated at Rockville, Maryland, this 3rd day of August 2012.

For the Nuclear Regulatory Commission.

Tremaine Donnell,

NRC Clearance Officer, Office of Information Services.

[FR Doc. 2012–19892 Filed 8–13–12; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2012–0175]

Applications and Amendments to Facility Operating Licenses and Combined Licenses Involving Proposed No Significant Hazards Considerations and Containing Sensitive Unclassified Non-Safeguards Information and Order Imposing Procedures for Access to Sensitive Unclassified Non-Safeguards Information

AGENCY: Nuclear Regulatory Commission.

ACTION: License amendment request, opportunity to comment, request a hearing and petition for leave to intervene, order.

DATES: Comments must be filed by September 13, 2012. A request for a hearing or leave to intervene must be filed by October 15, 2012. Any potential party as defined in Title to or the *Code of Federal Regulations* (10 CFR) 2.4, who believes access to Sensitive Unclassified Non-Safeguards Information (SUNSI) is necessary to respond to this notice must request document access by August 24, 2012.

ADDRESSES: You may access information and comment submissions related to this document, which the NRC possesses and are publicly available, by searching on *http://www.regulations.gov* under Docket ID NRC–2012–0175. You may submit comments by any of the following methods:

- *Federal Rulemaking Web site:* Go to *http://www.regulations.gov* and search for Docket ID NRC–2012–0175. Address questions about NRC dockets to Carol Gallagher; telephone: 301–492–3668; email: *Carol.Gallagher@nrc.gov*.
- *Mail comments to:* Cindy Bladey, Chief, Rules, Announcements, and Directives Branch (RADB), Office of Administration, Mail Stop: TWB–05–B01M, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.
- *Fax comments to:* RADB at 301–492–3446.

For additional direction on accessing information and submitting comments, see ''Accessing Information and Submitting Comments'' in the **SUPPLEMENTARY INFORMATION** section of this document.

SUPPLEMENTARY INFORMATION:

I. Accessing Information and Submitting Comments

A. Accessing Information

Please refer to Docket ID NRC–2012–0175 when contacting the NRC about the availability of information regarding this document. You may access information related to this document, which the NRC possesses and is publicly available, by the following methods:

- *Federal Rulemaking Web Site:* Go to *http://www.regulations.gov* and search for Docket ID NRC–2012–0175.
- *NRC's Agencywide Documents Access and Management System (ADAMS):* You may access publicly available documents online in the NRC Library at *http://www.nrc.gov/reading-rm/adams.html*. To begin the search, select ''ADAMS Public Documents'' and then select ''Begin Web-based ADAMS Search.'' For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, 301–415–4737, or by email to *pdr.resource@nrc.gov*. The ADAMS accession number for each document referenced in this notice (if that document is available in ADAMS) is provided the first time that a document is referenced.
- *NRC's PDR:* You may examine and purchase copies of public documents at the NRC's PDR, Room O1–F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852.

B. Submitting Comments

Please include Docket ID NRC–2012–0175 in the subject line of your comment submission, in order to ensure that the NRC is able to make your comment submission available to the public in this docket.

The NRC cautions you not to include identifying or contact information in comment submissions that you do not want to be publicly disclosed. The NRC posts all comment submissions at *http://www.regulations.gov* as well as entering the comment submissions into ADAMS, and the NRC does not edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information in their comment submissions that they do not want to be publicly disclosed. Your request should state that the NRC will not edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment submissions into ADAMS.

II. Background

Pursuant to Section 189a.(2) of the Atomic Energy Act of 1954, as amended (the Act), the U.S. Nuclear Regulatory Commission (the Commission or NRC staff) is publishing this notice. The Act requires the Commission publish notice of any amendments issued, or proposed to be issued and grants the Commission the authority to issue and make immediately effective any amendment to an operating license or combined license, as applicable, upon a determination by the Commission that such amendment involves no significant hazards consideration, notwithstanding the pendency before the Commission of a request for a hearing from any person.

This notice includes notices of amendments containing SUNSI.

Notice of Consideration of Issuance of Amendments to Facility Operating Licenses and Combined Licenses, Proposed No Significant Hazards Consideration Determination and Opportunity for a Hearing

The Commission has made a proposed determination that the following amendment requests involve no significant hazards consideration. Under the Commission's regulations in 10 CFR 50.92, this means that operation of the facility in accordance with the proposed amendment would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated; or (2) create the possibility of a new or different kind of accident from any accident previously evaluated; or (3) involve a significant reduction in a margin of safety. The basis for this proposed determination for each amendment request is shown below.

The Commission is seeking public comments on this proposed determination. Any comments received within 30 days after the date of publication of this notice will be considered in making any final determination.

Normally, the Commission will not issue the amendment until the expiration of 60 days after the date of publication of this notice. The Commission may issue the license amendment before expiration of the 60-day period provided that its final determination is that the amendment involves no significant hazards consideration. In addition, the Commission may issue the amendment prior to the expiration of the 30-day comment period should circumstances change during the 30-day comment period such that failure to act in a timely way would result, for example in derating or shutdown of the facility. Should the Commission take action prior to the expiration of either the comment period or the notice period, it will publish in the **Federal Register** a notice of issuance. Should the Commission make a final No Significant Hazards Consideration Determination, then any hearing will take place after issuance. The Commission expects that the need to take this action will occur very infrequently.

Within 60 days after the date of publication of this notice, any person(s) whose interest may be affected by this action may file a request for a hearing and a petition to intervene with respect to issuance of the amendment to the subject facility operating license or combined license. Requests for a hearing and a petition for leave to intervene shall be filed in accordance with the Commission's ''Rules of Practice for Domestic Licensing Proceedings'' in 10 CFR Part 2. Interested person(s) should consult a current copy of 10 CFR 2.309, which is available at the NRC's PDR, located at One White Flint North, Room O1–F21, 11555 Rockville Pike (first floor), Rockville, Maryland 20852. The NRC regulations are accessible electronically from the NRC Library on the NRC's Web site at *http://www.nrc.gov/reading-rm/doc-collections/cfr/*. If a request for a hearing or petition for leave to intervene is filed within 60 days, the Commission or a presiding officer designated by the Commission or by the Chief Administrative Judge of the Atomic Safety and Licensing Board Panel, will rule on the request and/or petition; and the Secretary or the Chief Administrative Judge of the Atomic Safety and Licensing Board will issue a notice of a hearing or an appropriate order.

As required by 10 CFR 2.309, a petition for leave to intervene shall set forth with particularity the interest of the petitioner in the proceeding, and how that interest may be affected by the results of the proceeding. The petition should specifically explain the reasons why intervention should be permitted with particular reference to the following general requirements: (1) The name, address, and telephone number of the requestor or petitioner; (2) the nature of the requestor's/petitioner's right under the Act to be made a party to the proceeding; (3) the nature and extent of the requestor's/petitioner's property, financial, or other interest in the proceeding; and (4) the possible effect of any decision or order which may be entered in the proceeding on the requestor's/petitioner's interest. The petition must also set forth the specific contentions which the requestor/petitioner seeks to have litigated at the proceeding.

Each contention must consist of a specific statement of the issue of law or fact to be raised or controverted. In addition, the requestor/petitioner shall provide a brief explanation of the bases for the contention and a concise statement of the alleged facts or expert opinion which support the contention and on which the requestor/petitioner intends to rely in proving the contention at the hearing. The requestor/petitioner must also provide references to those specific sources and documents of which the petitioner is aware and on which the requestor/petitioner intends to rely to establish those facts or expert opinion. The petition must include sufficient information to show that a genuine dispute exists with the applicant on a material issue of law or fact. Contentions shall be limited to matters within the scope of the amendment under consideration. The contention must be one which, if proven, would entitle the requestor/petitioner to relief. A requestor/petitioner who fails to satisfy these requirements with respect to at least one contention will not be permitted to participate as a party.

Those permitted to intervene become parties to the proceeding, subject to any limitations in the order granting leave to intervene, and have the opportunity to participate fully in the conduct of the hearing.

If a hearing is requested, and the Commission has not made a final determination on the issue of no significant hazards consideration, the Commission will make a final determination on the issue of no significant hazards consideration. The final determination will serve to decide when the hearing is held. If the final determination is that the amendment request involves no significant hazards consideration, the Commission may issue the amendment and make it immediately effective, notwithstanding the request for a hearing. Any hearing held would take place after issuance of the amendment. If the final determination is that the amendment request involves a significant hazards consideration, then any hearing held would take place before the issuance of any amendment.

All documents filed in the NRC adjudicatory proceedings, including a request for hearing, a petition for leave to intervene, any motion or other document filed in the proceeding prior to the submission of a request for hearing or petition to intervene, and documents filed by interested

governmental entities participating under 10 CFR 2.315(c), must be filed in accordance with the NRC E–Filing rule (72 FR 49139; August 28, 2007). The E–Filing process requires participants to submit and serve all adjudicatory documents over the internet, or in some cases to mail copies on electronic storage media. Participants may not submit paper copies of their filings unless they seek an exemption in accordance with the procedures described below.

To comply with the procedural requirements of E–Filing, at least 10 days prior to the filing deadline, the participant should contact the Office of the Secretary by email at *hearing.docket@nrc.gov,* or by telephone at 301–415–1677, to request (1) a digital identification (ID) certificate, which allows the participant (or its counsel or representative) to digitally sign documents and access the E–Submittal server for any proceeding in which it is participating; and (2) advise the Secretary that the participant will be submitting a request or petition for hearing (even in instances in which the participant, or its counsel or representative, already holds an NRC-issued digital ID certificate). Based upon this information, the Secretary will establish an electronic docket for the hearing in this proceeding if the Secretary has not already established an electronic docket.

Information about applying for a digital ID certificate is available on the NRC's public Web site at *http://www.nrc.gov/site-help/e-submittals/apply-certificates.html.* System requirements for accessing the E–Submittal server are detailed in the NRC's ''Guidance for Electronic Submission,'' which is available on the agency's public Web site at *http://www.nrc.gov/site-help/e-submittals.html.* Participants may attempt to use other software not listed on the Web site, but should note that the NRC's E–Filing system does not support unlisted software, and the NRC Meta System Help Desk will not be able to offer assistance in using unlisted software.

If a participant is electronically submitting a document to the NRC in accordance with the E–Filing rule, the participant must file the document using the NRC's online, Web-based submission form. In order to serve documents through the Electronic Information Exchange System, users will be required to install a Web browser plug-in from the NRC's Web site. Further information on the Web-based submission form, including the installation of the Web browser plug-in, is available on the NRC's public Web site at *http://www.nrc.gov/site-help/e-submittals.html.*

Once a participant has obtained a digital ID certificate and a docket has been created, the participant can then submit a request for hearing or petition for leave to intervene. Submissions should be in Portable Document Format (PDF) in accordance with the NRC guidance available on the NRC's public Web site at *http://www.nrc.gov/site-help/e-submittals.html.* A filing is considered complete at the time the documents are submitted through the NRC's E–Filing system. To be timely, an electronic filing must be submitted to the E–Filing system no later than 11:59 p.m. Eastern Time on the due date. Upon receipt of a transmission, the E–Filing system time-stamps the document and sends the submitter an email notice confirming receipt of the document. The E–Filing system also distributes an email notice that provides access to the document to the NRC's Office of the General Counsel and any others who have advised the Office of the Secretary that they wish to participate in the proceeding, so that the filer need not serve the documents on those participants separately. Therefore, applicants and other participants (or their counsel or representative) must apply for and receive a digital ID certificate before a hearing request/petition to intervene is filed so that they can obtain access to the document via the E–Filing system.

A person filing electronically using the agency's adjudicatory E–Filing system may seek assistance by contacting the NRC Meta System Help Desk through the ''Contact Us'' link located on the NRC Web site at *http://www.nrc.gov/site-help/e-submittals.html,* by email at *MSHD.Resource@nrc.gov,* or by a toll-free call at 1–866–672–7640. The NRC Meta System Help Desk is available between 8 a.m. and 8 p.m., Eastern Time, Monday through Friday, excluding government holidays.

Participants who believe that they have a good cause for not submitting documents electronically must file an exemption request, in accordance with 10 CFR 2.302(g), with their initial paper filing requesting authorization to continue to submit documents in paper format. Such filings must be submitted by: (1) First class mail addressed to the Office of the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, Attention: Rulemaking and Adjudications Staff; or (2) courier, express mail, or expedited delivery service to the Office of the Secretary, Sixteenth Floor, One White Flint North, 11555 Rockville Pike, Rockville, Maryland, 20852, Attention: Rulemaking and Adjudications Staff. Participants filing a document in this manner are responsible for serving the document on all other participants. Filing is considered complete by first-class mail as of the time of deposit in the mail, or by courier, express mail, or expedited delivery service upon depositing the document with the provider of the service. A presiding officer, having granted an exemption request from using E–Filing, may require a participant or party to use E–Filing if the presiding officer subsequently determines that the reason for granting the exemption from use of E–Filing no longer exists.

Documents submitted in adjudicatory proceedings will appear in the NRC's electronic hearing docket which is available to the public at *http://ehd1.nrc.gov/ehd/,* unless excluded pursuant to an order of the Commission, or the presiding officer. Participants are requested not to include personal privacy information, such as social security numbers, home addresses, or home phone numbers in their filings, unless an NRC regulation or other law requires submission of such information. With respect to copyrighted works, except for limited excerpts that serve the purpose of the adjudicatory filings and would constitute a Fair Use application, participants are requested not to include copyrighted materials in their submission.

Petitions for leave to intervene must be filed no later than 60 days from the date of publication of this notice. Non-timely filings will not be entertained absent a determination by the presiding officer that the petition or request should be granted or the contentions should be admitted, based on a balancing of the factors specified in 10 CFR 2.309(c)(1)(i)–(viii).

For further details with respect to this amendment action, see the application for amendment which is available for public inspection at the NRC's PDR, located at One White Flint North, Room O1–F21, 11555 Rockville Pike (first floor), Rockville, Maryland 20852. Publicly available documents created or received at the NRC are accessible electronically through ADAMS in the NRC Library at *http://www.nrc.gov/reading-rm/adams.html.* If you do not have access to ADAMS or if there are problems in accessing the documents located in ADAMS, contact the PDR's Reference staff at 1–800–397–4209, 301–415–4737, or by email to *pdr.resource@nrc.gov.*

NextEra Energy Seabrook, LLC, Docket No. 50–443, Seabrook Station, Unit 1, Rockingham County, New Hampshire

Date of amendment request: January 30, 2012, as supplemented by letter dated May 10, 2012.

Description of amendment request: This amendment request contains sensitive unclassified non-safeguards information (SUNSI). Publicly available versions are in ADAMS under Accession Nos. ML12038A036 and ML12136A126. The amendment would revise the Technical Specifications (TSs) for new and spent fuel storage as the result of a new criticality analyses for the new fuel vault (NFV) and the spent fuel pool (SFP). The amendment would revise TS to eliminate the current SFP storage configurations which rely on Boraflex absorbing material in the SFP. The proposed new SFP storage configurations would use a combination of partial credit for soluble boron, Boral™ for Region 1, burnup, rod cluster control assemblies, peripheral leakage in one area of Region 2, and cooling time to maintain the effective neutron multiplication factor (k_{eff}) below regulatory limits with a 95-percent probability at 95-percent confidence level. The storage racks in Region 1 will account for the potential for blistering of Boral™ and the storage racks in Region 2 will no longer credit the presence of any Boraflex as a neutron absorbing material. The proposed license amendment would also revise TS to allow full capacity fuel storage in the NFV at the maximum allowable enrichment.

Basis for proposed no significant hazards consideration determination: As required by 10 CFR 50.91(a), the licensee has provided its analysis of the issue of no significant hazards consideration, which is presented below:

1. Would operation of the facility in accordance with the proposed amendment involve a significant increase in the probability or consequences of an accident previously evaluated?

No. Operation in accordance with proposed amendment does not involve a significant increase in the probability or consequences of an accident previously evaluated. The proposed amendment does not change or modify the fuel, fuel handling processes, spent fuel storage racks, number of fuel assemblies that may be stored in the spent fuel pool (SFP) or the new fuel vault (NFV, decay heat generation rate, or the SFP cooling and cleanup system. There are also no changes to the NFV storage racks or the new fuel handling processes.

Operation of the SFP utilizes soluble boron; crediting this boron for criticality control does not change the probability of any accident. The proposed amendment was evaluated for impact on the following previously evaluated events and accidents;

a. A fuel handling accident (FHA),
b. A fuel mis-positioning event,
c. A seismic event, and
d. A loss of SFP cooling event.

The probability of a FHA is not increased because implementation of the proposed amendment will employ the same equipment and processes to handle fuel assemblies that are currently used. The FHA radiological consequences are not increased because the radiological source term of a single fuel assembly will remain unchanged. Therefore, the proposed amendment does not significantly increase the probability or consequences of a FHA.

Operation in accordance with the proposed amendment will not significantly increase the probability of a fuel mis-positioning event because fuel movement will continue to be controlled by approved fuel handling procedures. These procedures continue to require identification of the initial and target locations for each fuel assembly that is moved. The consequences of a fuel mis-positioning event are not changed because the reactivity analysis demonstrates that the new subcriticality criteria and requirements will be met for the worst-case fuel mis-positioning event.

Operation in accordance with the proposed amendment will not change the probability of a seismic event. The consequences of a seismic event are not increased because the forcing functions for seismic excitation are not increased and because the mass of storage racks has not changed.

Operation in accordance with the proposed amendment will not change the probability of a loss of SFP cooling event because the systems and events that could affect SFP cooling are unchanged. The consequences are not significantly increased because there are no changes in the SFP heat load or SFP cooling systems, structures or components. Furthermore, conservative analyses indicate that the current design requirements and criteria continue to be met with the presence of Boral™ blisters.

The proposed amendment also does not increase the probability of any event in the NFV since there are no changes to the handling of fuel within the NFV or to the fuel storage racks. The proposed amendment was evaluated for impact for the previously evaluated full flooded and optimum moderated accidents. Operation in accordance with the proposed amendment will not change the probability of the NFV being flooded with full density or optimum density water. The consequences of the fully flooded event have been demonstrated to meet applicable criteria. Therefore, the proposed amendments do not significantly increase the probability or consequences of an event within the NFV.

Based on the above, it is concluded that the proposed amendment does not involve a significant increase in the probability or consequences of an accident previously evaluated.

2. Would operation of the facility in accordance with the proposed amendment create the possibility of a new or different kind of accident from any accident previously evaluated?

No. Operation in accordance with the proposed amendment does not create the possibility of a new or different kind of accident from any accident previously evaluated. The proposed amendment does not change or modify the fuel, fuel handling processes, spent fuel racks or new fuel vault rack, number of fuel assemblies that may be stored in the pool or the new fuel vault, decay heat generation rate, or the SFP cooling and cleanup system.

Seabrook procedures require soluble boron to be present in the SFP, as such; the possibility of an inadvertent fuel pool dilution event has always existed. However, the SFP dilution analysis that accompanies this submittal demonstrates that no credible dilution event could increase fuel pool reactivity such that the effective neutron multiplication (k_{eff}) exceeds 0.95. Therefore, implementation of credit for soluble boron to control reactivity in the SFP will not create the possibility of a new or different type of criticality accident.

The limiting fuel assembly mispositioning event does not represent a new or different type of accident. The mispositioning of a fuel assembly within the fuel storage racks has always been possible. The locations of SFP rack modules and the specific modules assigned to each storage region remain unchanged; analysis results show that the storage racks remain sub-critical, with substantial margin, following a worst-case fuel misloading event. Therefore, a fuel assembly misload event that involves new fuel storage arrangements required by the criticality analysis does not result in a new or different type of criticality accident.

The potential for blistering on the Boral™ has been evaluated and the neutron poison will continue to fulfill its function. Therefore, there is no possibility of a new or different type of accident associated with this change.

The change in the storage requirements for the NFV does not introduce the probability of a new or different accident since procedures used for fuel movement will remain unchanged.

Based on the above, it is concluded that operation with the proposed amendment does not create the possibility of a new or different kind of accident from any accident previously evaluated.

3. Would operation of the facility in accordance with the proposed amendment involve a significant reduction in a margin of safety?

No. Operation of the facility in accordance with the proposed amendment does not significantly reduce the margin of safety. The proposed change was evaluated for its effect on margins of safety related to criticality and spent fuel heat removal capability.

The changes proposed by this license amendment ensure that the fuel in the SFP will remain sub-critical under normal and accident conditions. The controlled placement of fuel assemblies within the SFP will maintain k_{eff} less than or equal to 0.95 as required by TS 5.6.1.1 for spent fuel storage and less than 1.0 if flooded with unborated water. The proposed amendment maintains the 0.95 limit on k_{eff} by restricting the placement of fuel and by partially

crediting soluble boron in the fuel pool water.

The proposed change does not affect spent fuel heat generation or the spent fuel cooling systems. A conservative analysis indicates that the design basis requirements and criteria for spent fuel cooling continue to be met with Boral™ blistering considered.

The changes for the NFV proposed by this license amendment ensure that the fuel remains sub-critical under normal and accident conditions. The NFV will continue to meet the k_{eff} limits as defined by TS 5.6.1.2.a and TS 5.6.1.2.b. Based on these evaluations, operating the facility with the proposed amendment does not involve a significant reduction in any margin of safety.

The NRC staff has reviewed the licensee's analysis and, based on this review, it appears that the three standards of 10 CFR 50.92(c) are satisfied. Therefore, the NRC staff proposes to determine that the amendment request involves no significant hazards consideration.

Attorney for licensee: M.S. Ross, Florida Power & Light Company, P.O. Box 14000, Juno Beach, FL 33408–0420.

NRC Branch Chief: Meena Khanna.

NextEra Energy Seabrook, LLC, Docket No. 50–443, Seabrook Station, Unit 1, Rockingham County, New Hampshire

Date of amendment request: June 20, 2012.

Description of amendment request: This amendment request contains sensitive unclassified non-safeguards information (SUNSI). Publicly available version is in ADAMS under Accession No. ML12178A070. The amendment would revise the Facility Operating License (FOL) for paragraph 2.E, ''Physical Security.'' The proposed amendment would revise FOL paragraph E to change the description of Milestone 6.

Basis for proposed no significant hazards consideration determination: As required by 10 CFR 50.91(a), the licensee has provided its analysis of the issue of no significant hazards consideration, which is presented below:

1. Does the proposed change involve a significant increase in the probability or consequences of an accident previously evaluated?

Response: No.

The proposed change to the Cyber Security Plan Implementation Schedule is administrative in nature. This change does not alter accident analysis assumptions, add any accident initiators, or affect the function of plant systems or the manner in which systems are operated, maintained, modified, tested, or inspected. The proposed change does not require any plant modifications that affect the performance capability of the structures, systems, and components relied upon to mitigate the consequences of postulated accidents and has no impact on the probability or consequences of an accident previously evaluated.

Therefore, the proposed change does not involve a significant increase in the probability or consequences of an accident previously evaluated.

2. Does the proposed change create the possibility of a new or different kind of accident from any accident previously evaluated?

Response: No.

The proposed change to the Cyber Security Plan Implementation Schedule is administrative in nature. This proposed change does not alter accident analysis assumptions, add any accident initiators, or affect the function of plant systems or the manner in which systems are operated, maintained, modified, tested, or inspected. The proposed change does not require any plant modifications that affect the performance capability of the structures, systems, and components relied upon to mitigate the consequences of postulated accidents and does not create the possibility of a new or different kind of accident from any accident previously evaluated.

Therefore, the proposed change does not create the possibility of a new or different kind of accident from any accident previously evaluated.

3. Does the proposed change involve a significant reduction in a margin of safety?

Response: No.

Plant safety margins are established through limiting conditions for operation, limiting safety system settings, and safety limits specified in the technical specifications. The proposed change to the Cyber Security Plan Implementation Schedule is administrative in nature. Because there is no change to these established safety margins as result of this change, the proposed change does not involve a significant reduction in a margin of safety.

Therefore, the proposed change does not involve a significant reduction in a margin of safety.

The NRC staff has reviewed the licensee's analysis and, based on this review, it appears that the three standards of 10 CFR 50.92(c) are satisfied. Therefore, the NRC staff proposes to determine that the amendment request involves no significant hazards consideration.

Attorney for licensee: M.S. Ross, Florida Power & Light Company, P.O. Box 14000, Juno Beach, FL 33408–0420.

NRC Branch Chief: Meena Khanna.

PPL Susquehanna, LLC, Docket Nos. 50–387 and 50–388, Susquehanna Steam Electric Station, Units 1 and 2, Luzerne County, Pennsylvania

Date of amendment request: April 30, 2012.

Description of amendment request: This amendment request contains sensitive unclassified non-safeguards information (SUNSI). Publicly available version is in ADAMS under Accession No. ML12122A011. The proposed amendment would make changes to the cyber security plan implementation schedule for Milestones 3 and 6 at Susquehanna Steam Electric Station, Units 1 and 2 (Susquehanna). The cyber security plan will be updated accordingly. Specifically, for Milestone 3, PPL Susquehanna, LLC (PPL) proposes to install a deterministic data diode appliance between Layers 3 and 2 instead of between Layers 3 and 4, with no change to the approved implementation date. For Milestone 6, PPL proposes to implement the technical controls for critical digital assets (CDAs) by the approved implementation date, and to implement the operational and management controls for the CDAs in conjunction with the full implementation of the Cyber Security Program. The NRC considers changes of this nature to be site-specific changes, and the proposed changes to Milestone 6 will be reviewed as such.

Basis for proposed no significant hazards consideration determination: As required by 10 CFR 50.91(a), the licensee has provided its analysis of the issue of no significant hazards consideration, which is presented below, with NRC edits in square brackets:

1. Does the proposed amendment involve a significant increase in the probability or consequences of an accident previously evaluated?

Response: No.

Milestone 3

The proposed amendment changes some details of the architecture to be used to provide protection against cyber attacks at Susquehanna. The proposed modification to the cyber security architecture is an overall increase in protection for the critical digital systems and components. The proposed change to the cyber security plan and cyber security architecture does not alter accident analysis assumptions, add any initiators, or affect the function of plant systems or the manner in which systems are operated, maintained, modified, tested, or inspected. Since the proposed modification is an overall increase in protection, the performance capability of the structures, systems, and components relied upon to mitigate the consequences of postulated accidents are not adversely affected and there is no adverse impact on the probability or consequences of an accident previously evaluated.

Milestone 6

The proposed amendment would [modify] the scope of the [security] controls to be implemented for target set equipment by December 31, 2012. The [site-specific change] to the Cyber Security Plan Implementation Schedule [will continue to provide a high degree of protection against cyber-related attacks that could lead to radiological

sabotage. In addition, existing programs that are currently in place at Susquehanna (e.g., physical protection, maintenance and work management, and configuration management, operations experience, etc.) provide a high degree of operational and management protection]. This change does not alter accident analysis assumptions, add any initiators, or affect the function of plant systems or the manner in which systems are operated, maintained, modified, tested, or inspected. The change does not require any plant modifications, which affect the performance capability of the structures, systems, and components [SSC] relied upon to mitigate the consequences of postulated accidents and has no impact on the probability or consequences of an accident previously evaluated.

Overall Conclusion

Therefore, the proposed change does not involve a significant increase in the probability or consequences of an accident previously evaluated.

2. Does the proposed amendment create the possibility of a new or different kind of, accident from any accident previously evaluated?

Response: No.

Milestone 3

The proposed amendment changes some details of the architecture to be used to provide protection against cyber attacks at Susquehanna. The proposed modification to the cyber security architecture is an overall increase in protection for the critical digital systems and components. This change to the cyber security architecture does not result in the need for any new or different FSAR [Final Safety Analysis Report] design basis accident analysis. In addition, the change does not introduce new equipment that could create a new or different kind of accident and no new equipment failure modes are created. Since the proposed modification to the cyber security architecture is an overall increase in protection for the critical digital systems and components, the change does not adversely affect the function of any safety-related SSC as to how they are operated, maintained, modified, tested or inspected. As a result, no new accident scenarios, failure mechanisms, or limiting single failures are introduced, and the change does not create the possibility of a new or different kind of accident from any accident previously evaluated.

Milestone 6

The proposed amendment would [modify] the scope of the [security] controls to be implemented for target set equipment by December 31, 2012. The [site-specific change] to the Cyber Security Plan Implementation Schedule [will continue to provide a high degree of protection against cyber-related attacks that could lead to radiological sabotage. In addition, existing programs that are currently in place at Susquehanna (e.g., physical protection, maintenance and work management, and configuration management, operations experience, etc.) provide a high degree of operational and management protection]. This [modification] does not result in the need for any new or different FSAR design basis accident analysis. In addition, the [modification] does not introduce new equipment that could create a new or different kind of accident, and no new equipment failure modes are created. Finally, the [modification] does not affect the function of plant systems or the manner in which systems are operated, maintained, modified, tested, or inspected. As a result, no new accident scenarios, failure mechanisms, or limiting single failures are introduced as a result of this proposed amendment. Therefore, the proposed amendment does not create the possibility of a new or different kind of accident from any accident previously evaluated.

Overall Conclusion

Therefore, the proposed change does not create the possibility of a new or different kind of accident from any accident previously evaluated.

3. Does the proposed amendment involve a significant reduction in a margin of safety?

Response: No.

Milestone 3

The proposed amendment changes some details of the architecture to be used to provide protection against cyber attacks at Susquehanna. The proposed modification to the cyber security architecture is an overall increase in protection for the critical digital systems and components. Plant safety margins are established through limiting conditions for operation, limiting safety system settings, and safety limits specified in the technical specifications. Since the proposed modification to the cyber security architecture is an overall increase in protection for the critical digital systems, there is no adverse change to these established safety margins as result of the proposed modification, and the proposed change does not involve a significant reduction in a margin of safety.

Milestone 6

The proposed amendment would [modify] the scope of the [security] controls to be implemented for target set equipment by December 31, 2012. Plant safety margins are established through limiting conditions for operation, limiting safety system settings, and safety limits specified in the technical specifications. The [site-specific change] to the Cyber Security Plan Implementation Schedule [will continue to provide a high degree of protection against cyber-related attacks that could lead to radiological sabotage. In addition, existing programs that are currently in place at Susquehanna (e.g., physical protection, maintenance and work management, and configuration management, operations experience, etc.) provide a high degree of operational and management protection]. Because there is no change to these established safety margins as result of this [modification], the proposed change does not involve a significant reduction in a margin of safety.

Overall Conclusion

Therefore, the proposed change does not involve a significant reduction in a margin of safety.

The NRC staff has reviewed the licensee's analysis and, based on this review, it appears that the three standards of 10 CFR 50.92(c) are satisfied. Therefore, the NRC staff proposes to determine that the amendment request involves no significant hazards consideration.

Attorney for licensee: Bryan A. Snapp, Esquire, Assoc. General Counsel, PPL Services Corporation, 2 North Ninth St., GENTW3, Allentown, PA 18101–1179.

NRC Branch Chief: Meena K. Khanna.

South Carolina Electric and Gas Company, South Carolina Public Service Authority, Docket No. 50–395, Virgil C. Summer Nuclear Station, Unit 1, Fairfield County, South Carolina

Date of amendment request: November 15, 2011, as supplemented January 26, 2012.

Description of amendment request: The licensee's application requests the NRC review and approval for adoption of a new fire protection licensing basis which complies with the requirements in 10 CFR 50.48(a), 10 CFR 50.48(c), and the guidance in Regulatory Guide (RG) 1.205, Revision 1.

Basis for proposed no significant hazards consideration determination: This amendment request contains sensitive unclassified non-safeguards information (SUNSI). Publicly available versions are in ADAMS under Accession Nos. ML11321A172 and ML12031A149. As required by 10 CFR 50.91(a), the licensee has provided its analysis of the issue of no significant hazards consideration, which is presented below:

1. Does the proposed amendment involve a significant increase in the probability or consequences of an accident previously evaluated?

Response: No.

Operation of VCSNS in accordance with the proposed amendment does not increase the probability or consequences of accidents previously evaluated. The Final Safety Analysis Report (FSAR) documents the analyses of design basis accidents (DBA) at VCSNS. The applicable accident associated with this license amendment request (LAR) is a fire. The proposed amendment does not adversely affect accident initiators nor alter design assumptions, conditions, or configurations of the facility and does not adversely affect the ability of structures, systems, and components (SSCs) to perform their design function. SSCs required to safely shut down the reactor and to maintain it in an Appendix R safe shutdown (SD) condition will remain capable of performing their design functions.

The purpose of this amendment is to permit VCSNS to adopt a new fire protection (FP) licensing basis which complies with the requirements in 10 CFR 50.48(a) and (c) and the guidance in Revision 1 of Regulatory Guide (RG) 1.205. The NRC considers that National Fire Protection Association (NFPA)

805 provides an acceptable methodology and performance criteria for licensees to identify FP systems and features that are an acceptable alternative to the Appendix R FP features (69 FR 33536, June 16, 2004). Engineering analyses, which may include engineering evaluations, probabilistic safety assessments, and fire modeling calculations, have been performed to demonstrate that the risk-informed, performance-based (RI–PB) requirements per NFPA 805 have been met. NFPA 805, taken as a whole, provides an acceptable alternative to 10 CFR 50.48(b) and satisfies 10 CFR 50.48(a) and General Design Criterion (GDC) 3 of Appendix A to 10 CFR Part 50 and meets the underlying intent of the NRC's existing FP regulations and guidance, and achieves defense-in-depth (DID) and the goals, performance objectives, and performance criteria specified in Chapter 1 of the standard and, if there are any increases in core damage frequency (CDF) or risk, the increase will be small and consistent with the intent of the Commission's Safety Goal Policy.

Based on this, the implementation of this amendment does not significantly increase the probability of any accident previously evaluated. Equipment required to mitigate an accident remains capable of performing the assumed function.

Therefore, the consequences of any accident previously evaluated are not significantly increased with the implementation of this amendment.

2. Does the proposed amendment create the possibility of a new or different kind of accident from any kind of accident previously evaluated?

Response: No.

Operation of VCSNS in accordance with the proposed amendment does not create the possibility of a new or different kind of accident from any accident previously evaluated. Any scenario or previously analyzed accident with offsite dose was included in the evaluation of DBAs documented in the FSAR. The proposed change does not alter the requirements or function for systems required during accident conditions. Implementation of the new FP licensing basis which complies with the requirements in 10 CFR 50.48(a) and (c) and the guidance in Revision 1 of RG 1.205 will not result in new or different accidents.

The proposed amendment does not adversely affect accident initiators nor alter design assumptions, conditions, or configurations of the facility. The proposed amendment does not adversely affect the ability of SSCs to perform their design function. SSCs required to safely shut down the reactor and maintain it in a safe shutdown condition remain capable of performing their design functions.

The purpose of this amendment is to permit VCSNS to adopt a new FP licensing basis which complies with the requirements in 10 CFR 50.48(a) and (c) and the guidance in Revision 1 of RG 1.205. The NRC considers that NFPA 805 provides an acceptable methodology and performance criteria for licensees to identify FP systems and features that are an acceptable alternative to the Appendix R FP features (69 FR 33536, June 16, 2004).

The requirements in NFPA 805 address only FP and the impacts of fire on the plant have already been evaluated. Based on this, the implementation of this amendment does not create the possibility of a new or different kind of accident from any kind of accident previously evaluated. The proposed changes do not involve new failure mechanisms or malfunctions that can initiate a new accident.

Therefore, the possibility of a new or different kind of accident from any kind of accident previously evaluated is not created with the implementation of this amendment.

3. Does the proposed amendment involve a significant reduction in the margin of safety?

Response: No.

Operation of VCSNS in accordance with the proposed amendment does not involve a significant reduction in the margin of safety. The proposed amendment does not alter the manner in which safety limits, limiting safety system settings or limiting conditions for operation are determined. The safety analysis acceptance criteria are not affected by this change. The proposed amendment does not adversely affect existing plant safety margins or the reliability of equipment assumed to mitigate accidents in the UFSAR. The proposed amendment does not adversely affect the ability of SSCs to perform their design function. SSCs required to safely shut down the reactor and to maintain it in a safe shutdown condition remain capable of performing their design functions.

The purpose of this amendment is to permit VCSNS to adopt a new FP licensing basis which complies with the requirements in 10 CFR 50.48(a) and (c) and the guidance in Revision 1 of RG 1.205. The NRC considers that NFPA 805 provides an acceptable methodology and performance criteria for licensees to identify FP systems and features that are an acceptable alternative to the Appendix R FP features (69 FR 33536, June 16, 2004). Engineering analyses, which may include engineering evaluations, probabilistic safety assessments, and fire modeling calculations, have been performed to demonstrate that the performance-based methods do not result in a significant reduction in the margin of safety.

Based on this, the implementation of this amendment does not significantly reduce the margin of safety. The proposed changes are evaluated to ensure that risk and safety margins are kept within acceptable limits. Therefore, the transition does not involve a significant reduction in the margin of safety.

NFPA 805 continues to protect public health and safety and the common defense and security because the overall approach of NFPA 805 is consistent with the key principles for evaluating license basis changes, as described in RG 1.174, is consistent with the defense-in-depth philosophy, and maintains sufficient safety margins.

Margins previously established for the VCSNS FP program in accordance with 10 CFR 50.48(b) and Appendix R to 10 CFR Part 50 are not significantly reduced.

Therefore, this LAR does not result in a reduction in a margin of safety.

The NRC staff has reviewed the licensee's analysis and, based on this review, it appears that the three standards of 10 CFR 50.92(c) are satisfied. Therefore, the NRC staff proposes to determine that the amendment request involves no significant hazards consideration.

Attorney for licensee: J. Hagood Hamilton, Jr., South Carolina Electric & Gas Company, Post Office Box 764, Columbia, South Carolina 29218.

NRC Branch Chief: Nancy L. Salgado.

Order Imposing Procedures for Access to Sensitive Unclassified Non-Safeguards Information for Contention Preparation

NextEra Energy Seabrook, LLC, Docket No. 50–443, Seabrook Station, Unit 1, Rockingham County, New Hampshire; NextEra Energy Seabrook, LLC, Docket No. 50–443, Seabrook Station, Unit 1, Rockingham County, New Hampshire; PPL Susquehanna, LLC, Docket Nos. 50–387 and 50–388, Susquehanna Steam Electric Station, Units 1 and 2, Luzerne County, Pennsylvania; South Carolina Electric and Gas Company, South Carolina Public Service Authority, Docket No. 50–395, Virgil C. Summer Nuclear Station, Unit 1, Fairfield County, South Carolina

A. This Order contains instructions regarding how potential parties to this proceeding may request access to documents containing Sensitive Unclassified Non-Safeguards Information (SUNSI).

B. Within 10 days after publication of this notice of hearing and opportunity to petition for leave to intervene, any potential party who believes access to SUNSI is necessary to respond to this notice may request such access. A ''potential party'' is any person who intends to participate as a party by demonstrating standing and filing an admissible contention under 10 CFR 2.309. Requests for access to SUNSI submitted later than 10 days after publication will not be considered absent a showing of good cause for the late filing, addressing why the request could not have been filed earlier.

C. The requestor shall submit a letter requesting permission to access SUNSI to the Office of the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, Attention: Rulemakings and Adjudications Staff, and provide a copy to the Associate General Counsel for Hearings, Enforcement and Administration, Office of the General Counsel, Washington, DC 20555–0001. The expedited delivery or courier mail address for both offices is: U.S. Nuclear Regulatory Commission, 11555 Rockville Pike, Rockville, Maryland 20852. The email address for

the Office of the Secretary and the Office of the General Counsel are *Hearing.Docket@nrc.gov* and OGCmailcenter@nrc.gov, respectively.[1] The request must include the following information:

(1) A description of the licensing action with a citation to this **Federal Register** notice;

(2) The name and address of the potential party and a description of the potential party's particularized interest that could be harmed by the action identified in C.(1); and

(3) The identity of the individual or entity requesting access to SUNSI and the requestor's basis for the need for the information in order to meaningfully participate in this adjudicatory proceeding. In particular, the request must explain why publicly available versions of the information requested would not be sufficient to provide the basis and specificity for a proffered contention.

D. Based on an evaluation of the information submitted under paragraph C.(3) the NRC staff will determine within 10 days of receipt of the request whether:

(1) There is a reasonable basis to believe the petitioner is likely to establish standing to participate in this NRC proceeding; and

(2) The requestor has established a legitimate need for access to SUNSI.

E. If the NRC staff determines that the requestor satisfies both D.(1) and D.(2) above, the NRC staff will notify the requestor in writing that access to SUNSI has been granted. The written notification will contain instructions on how the requestor may obtain copies of the requested documents, and any other conditions that may apply to access to those documents. These conditions may include, but are not limited to, the signing of a Non-Disclosure Agreement or Affidavit, or Protective Order[2] setting forth terms and conditions to prevent the unauthorized or inadvertent disclosure of SUNSI by each individual who will be granted access to SUNSI.

F. Filing of Contentions. Any contentions in these proceedings that are based upon the information received as a result of the request made for SUNSI must be filed by the requestor no later than 25 days after the requestor is granted access to that information. However, if more than 25 days remain between the date the petitioner is granted access to the information and the deadline for filing all other contentions (as established in the notice of hearing or opportunity for hearing), the petitioner may file its SUNSI contentions by that later deadline.

G. Review of Denials of Access.

(1) If the request for access to SUNSI is denied by the NRC staff after a determination on standing and need for access, the NRC staff shall immediately notify the requestor in writing, briefly stating the reason or reasons for the denial.

(2) The requestor may challenge the NRC staff's adverse determination by filing a challenge within 5 days of receipt of that determination with: (a) the presiding officer designated in this proceeding; (b) if no presiding officer has been appointed, the Chief Administrative Judge, or if he or she is unavailable, another administrative judge, or an administrative law judge with jurisdiction pursuant to 10 CFR 2.318(a); or (c) if another officer has been designated to rule on information access issues, with that officer.

H. Review of Grants of Access. A party other than the requestor may challenge an NRC staff determination granting access to SUNSI whose release would harm that party's interest independent of the proceeding. Such a challenge must be filed with the Chief Administrative Judge within 5 days of the notification by the NRC staff of its grant of access.

If challenges to the NRC staff determinations are filed, these procedures give way to the normal process for litigating disputes concerning access to information. The availability of interlocutory review by the Commission of orders ruling on such NRC staff determinations (whether granting or denying access) is governed by 10 CFR 2.311.[3]

I. The Commission expects that the NRC staff and presiding officers (and any other reviewing officers) will consider and resolve requests for access to SUNSI, and motions for protective orders, in a timely fashion in order to minimize any unnecessary delays in identifying those petitioners who have standing and who have propounded contentions meeting the specificity and basis requirements in 10 CFR Part 2. Attachment 1 to this Order summarizes the general target schedule for processing and resolving requests under these procedures.

It is so ordered.

Dated at Rockville, Maryland, this 24th day of July 2012.

For the Nuclear Regulatory Commission.

Annette L. Vietti-Cook,

Secretary of the Commission.

ATTACHMENT 1—General Target Schedule for Processing and Resolving Requests for Access to Sensitive Unclassified Non-Safeguards Information in This Proceeding

Day	Event/activity
0	Publication of Federal Register notice of hearing and opportunity to petition for leave to intervene, including order with instructions for access requests.
10	Deadline for submitting requests for access to Sensitive Unclassified Non-Safeguards Information (SUNSI) with information: supporting the standing of a potential party identified by name and address; describing the need for the information in order for the potential party to participate meaningfully in an adjudicatory proceeding.
60	Deadline for submitting petition for intervention containing: (i) Demonstration of standing; (ii) all contentions whose formulation does not require access to SUNSI (+25 Answers to petition for intervention; +7 requestor/petitioner reply).

[1] While a request for hearing or petition to intervene in this proceeding must comply with the filing requirements of the NRC's ''E–Filing Rule,'' the initial request to access SUNSI under these procedures should be submitted as described in this paragraph.

[2] Any motion for Protective Order or draft Non-Disclosure Affidavit or Agreement for SUNSI must be filed with the presiding officer or the Chief Administrative Judge if the presiding officer has not yet been designated, within 30 days of the deadline for the receipt of the written access request.

[3] Requestors should note that the filing requirements of the NRC's E–Filing Rule (72 FR 49139; August 28, 2007) apply to appeals of NRC staff determinations (because they must be served on a presiding officer or the Commission, as applicable), but not to the initial SUNSI request submitted to the NRC staff under these procedures.

ATTACHMENT 1—GENERAL TARGET SCHEDULE FOR PROCESSING AND RESOLVING REQUESTS FOR ACCESS TO SENSITIVE UNCLASSIFIED NON-SAFEGUARDS INFORMATION IN THIS PROCEEDING—Continued

Day	Event/activity
20	Nuclear Regulatory Commission (NRC) staff informs the requestor of the staff's determination whether the request for access provides a reasonable basis to believe standing can be established and shows need for SUNSI. (NRC staff also informs any party to the proceeding whose interest independent of the proceeding would be harmed by the release of the information.) If NRC staff makes the finding of need for SUNSI and likelihood of standing, NRC staff begins document processing (preparation of redactions or review of redacted documents).
25	If NRC staff finds no "need" or no likelihood of standing, the deadline for requestor/petitioner to file a motion seeking a ruling to reverse the NRC staff's denial of access; NRC staff files copy of access determination with the presiding officer (or Chief Administrative Judge or other designated officer, as appropriate). If NRC staff finds "need" for SUNSI, the deadline for any party to the proceeding whose interest independent of the proceeding would be harmed by the release of the information to file a motion seeking a ruling to reverse the NRC staff's grant of access.
30	Deadline for NRC staff reply to motions to reverse NRC staff determination(s).
40	(Receipt +30) If NRC staff finds standing and need for SUNSI, deadline for NRC staff to complete information processing and file motion for Protective Order and draft Non-Disclosure Affidavit. Deadline for applicant/licensee to file Non-Disclosure Agreement for SUNSI.
A	If access granted: Issuance of presiding officer or other designated officer decision on motion for protective order for access to sensitive information (including schedule for providing access and submission of contentions) or decision reversing a final adverse determination by the NRC staff.
A + 3	Deadline for filing executed Non-Disclosure Affidavits. Access provided to SUNSI consistent with decision issuing the protective order.
A + 28	Deadline for submission of contentions whose development depends upon access to SUNSI. However, if more than 25 days remain between the petitioner's receipt of (or access to) the information and the deadline for filing all other contentions (as established in the notice of hearing or opportunity for hearing), the petitioner may file its SUNSI contentions by that later deadline.
A + 53	(Contention receipt +25) Answers to contentions whose development depends upon access to SUNSI.
A + 60	(Answer receipt +7) Petitioner/Intervenor reply to answers.
>A + 60	Decision on contention admission.

[FR Doc. 2012–18758 Filed 8–13–12; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2012–0002]

Sunshine Federal Register Notice

AGENCY HOLDING THE MEETINGS: Nuclear Regulatory Commission.

DATE: Weeks of August 13, 20, 27, September 3, 10, 17, 2012.

PLACE: Commissioners' Conference Room, 11555 Rockville Pike, Rockville, Maryland.

STATUS: Public and Closed.

Week of August 13, 2012

There are no meetings scheduled for the week of August 13, 2012.

Week of August 20, 2012—Tentative

There are no meetings scheduled for the week of August 20, 2012.

Week of August 27, 2012—Tentative

There are no meetings scheduled for the week of August 27, 2012.

Week of September 3, 2012—Tentative

There are no meetings scheduled for the week of September 3, 2012.

Week of September 10, 2012—Tentative

Tuesday, September 11, 2012

9:00 a.m. Briefing on Economic Consequences (Public Meeting) (Contact: Richard Correia, 301–251–7430)

This meeting will be webcast live at the Web address—*www.nrc.gov*.

Week of September 17, 2012—Tentative

There are no meetings scheduled for the week of September 17, 2012.

* * * * *

* The schedule for Commission meetings is subject to change on short notice. To verify the status of meetings, call (recording)—301–415–1292. Contact person for more information: Rochelle Bavol, 301–415–1651.

* * * * *

The NRC Commission Meeting Schedule can be found on the Internet at: *http://www.nrc.gov/public-involve/public-meetings/schedule.html*.

* * * * *

The NRC provides reasonable accommodation to individuals with disabilities where appropriate. If you need a reasonable accommodation to participate in these public meetings, or need this meeting notice or the transcript or other information from the public meetings in another format (e.g. braille, large print), please notify Bill Dosch, Chief, Work Life and Benefits Branch, at 301–415–6200, TDD: 301–415–2100, or by email at *william.dosch@nrc.gov*. Determinations on requests for reasonable accommodation will be made on a case-by-case basis.

* * * * *

This notice is distributed electronically to subscribers. If you no longer wish to receive it, or would like to be added to the distribution, please contact the Office of the Secretary, Washington, DC 20555 (301–415–1969), or send an email to *darlene.wright@nrc.gov*.

Dated: August 9, 2012.

Rochelle C. Bavol,

Policy Coordinator, Office of the Secretary.

[FR Doc. 2012–20026 Filed 8–10–12; 4:15 pm]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50–309 and 72–30; NRC–2012–0189]

Maine Yankee Atomic Power Company, Maine Yankee Independent Spent Fuel Storage Installation, Exemption—Staff Evaluation

1.0 Background

Maine Yankee Atomic Power Company (MY, the licensee) is the holder of Facility Operating License No. DPR–36 which authorizes possession of nuclear fuel under Title 10 of the *Code of Federal Regulations* (10 CFR) part 50. The license provides, among other things, that the facility is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (NRC or the Commission) now or hereafter in effect. Per 10 CFR part 72, Subpart K, a general license is issued for the storage of spent fuel in an Independent Spent Fuel Storage Installation (ISFSI) to persons authorized to possess or operate nuclear power reactors under 10 CFR part 50. Thus, MY also holds a 10 CFR part 72 general license for storage of spent fuel and greater than Class C waste at the MY ISFSI.

Under Facility Operating License No. DPR–36, MY operated a Pressurized Water Reactor until 1997 when operations ceased. In 2002, MY began transferring fuel from the reactor spent fuel pool into vertical dry casks at their ISFSI facility. These activities were completed in 2004. The MY ISFSI is a stand-alone ISFSI located on Bailey Point Peninsula near Wiscasset, Maine.

The Power Reactor Security Rule, which applies to all 10 CFR part 50 licensees, was revised on March 27, 2009, with compliance required by March 31, 2010 (74 FR 13926). The NRC held a webinar on July 20, 2010, on this subject to provide clarification on the applicability of the power reactor security regulations to 10 CFR part 50 licensees undergoing decommissioning or 10 CFR part 50 licensees that have only a general licensed ISFSI. On August 2, 2010, the NRC issued a letter to MY clarifying the applicability of the revised power reactor security regulations to a Part 50 licensee undergoing decommissioning or a Part 50 licensee that has only a general licensed ISFSI. In the August 2, 2010, letter the NRC noted that there are currently no security or health and safety concerns at these facilities that may not be in compliance with the current 10 CFR 73.55 requirements because the Security Plans at these facilities meet the baseline requirements of the previous version of 10 CFR 73.55 and also meet the requirements of subsequent NRC security orders. The NRC requested a response be submitted within 120 days of receipt of the August 2, 2010, letter.

By letter dated November 29, 2010 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML103410468), MY responded to the August 2, 2010, letter. In its response, MY requested exemptions from certain requirements in 10 CFR 73.55, ''Requirements for Physical Protection of Licensed Activities in Nuclear Power Reactors Against Radiological Sabotage,'' and 10 CFR 73.57, ''Requirements for Criminal History Checks of Individuals Granted Unescorted Access to a Nuclear Power Facility or Access to Safeguards Information'' which it considered either not applicable or caused an undue burden to a stand-alone ISFSI. MY also submitted a matrix which described how MY either complied with 10 CFR 73.55, 10 CFR 73.57 and applicable orders or needed an exemption. MY further stated that its intent in submitting this exemption request is to maintain its NRC-approved Physical Security Plan (PSP). In addition, MY noted that the statement of consideration for the Power Reactor Security Rule states that the Commission did not intend to make changes to the substantive requirements of 10 CFR 72.212 and that the Commission has initiated a separate rulemaking to revise the ISFSI security requirements (March 27, 2009; 74 FR 13958).

2.0 Discussion

Pursuant to 10 CFR 73.5, *Specific Exemptions,* ''The Commission may, upon application by any interested person or upon its own initiative, grant such exemptions from the requirements in 10 CFR part 73 as it determines are authorized by law and will not endanger life or property or the common defense and security, and are otherwise in the public interest.'' The NRC evaluated the exemption requests submitted by MY in its November 29, 2010, letter. After evaluating the exemption requests, the staff determined that MY should be granted an exemption from 10 CFR 73.55(e)(10)(ii). Section 73.55(e)(10)(ii) sets forth requirements for restricting access by waterborne vehicles. The remaining requirements from which the licensee requested exemptions were determined either to be inapplicable to the facility or are being met by the licensee's current PSP; therefore, these exemptions are denied. Additional information regarding the NRC staff evaluation is documented in a Safety Evaluation Report that contains Sensitive Unclassified Non-Safeguards Information and is being withheld from public inspection in accordance with 10 CFR 2.390.

The purpose of the regulations in 10 CFR 73.55 is to establish and maintain a physical protection system designed to protect against radiological sabotage. The purpose of 10 CFR 73.55(e)(10)(ii) is to restrict waterborne vehicle access and perform periodic surveillance of waterway approaches. However, there are no pathways which allow waterborne vehicles to gain direct access to the ISFSI. Furthermore, MY employs site specific barriers as part of its NRC-approved PSP which are appropriate for the reduced radiological risk associated with a stand-alone ISFSI. Therefore, the staff concludes that the exemption does not pose an increased risk to public health and safety and is not inimical to the common defense and security. Given the above considerations, this exemption will not endanger life or property or the common defense and security.

In considering these exemption requests, the staff reviewed an NRC letter dated July 25, 2001, MY responses to Orders EA–03–97, EA–02–104, and EA–02–077, and the NRC approved MY ISFSI PSP, Rev. 0, dated August 2009. The staff also reviewed the revised Power Reactor Security Rule, 10 CFR 73.55, which became effective on May 26, 2009 (74 FR 13926), to identify substantive changes affecting previously approved exemptions. In addition, the staff reviewed a 2009 inspection report prepared after conducting an inspection of the licensee's facility, procedures, and PSP for compliance with applicable regulations and NRC Orders. Based upon its review, the NRC staff determined that current barriers and actions implemented under the MY ISFSI PSP satisfy the requirements of 10 CFR part 73, and that granting the requested exemption will not result in a violation of the Atomic Energy Act of 1954, as amended, or the Commission's regulations. After completing its review, the staff determined granting MY an exemption from the requirements of 10 CFR 73.55(e)(10)(ii) would not decrease the level of security currently in place at the MY ISFSI, and will not result in increased radiological risk to the public from operation of this general licensed, stand-alone ISFSI. Accordingly, the staff has determined that, pursuant to 10 CFR 73.5, this exemption is authorized by law and is otherwise in the public interest.

Granting an exemption from the requirement in 10 CFR 73.55(e)(10)(ii)

involves safeguards plans. Section 51.22(c)(25)(vi)(F) provides a categorical exclusion for exemptions involving safeguard plans provided that the criteria in 10 CFR 51.22(c)(25)(i)–(v) are also satisfied. In its review of the exemption request, the NRC determined that, pursuant to 10 CFR 51.22(c)(25): (i) Granting the exemption neither involves a significant reduction in a margin of safety nor creates a new or different kind of accident from any accident previously evaluated, and thus no significant hazards considerations because there is no significant increase in either the probability or consequences of an accident previously evaluated; (ii) granting the exemption would not produce a significant change in either the types or amounts of any effluents that may be released offsite because the requested exemption neither changes the effluents nor produces additional avenues of effluent release; (iii) granting the exemption would not result in a significant increase in either occupational radiation exposure or public radiation exposure because the requested exemption neither introduces new radiological hazards nor increases existing radiological hazards; (iv) granting the exemption would not result in a significant construction impact because there are no construction activities associated with the requested exemption; and; (v) granting the exemption would not result in a significant increase in the potential for or consequences from radiological accidents because the exemption neither reduces the level of security in place at the MY ISFSI nor creates new accident precursors. Accordingly, this exemption meets the criteria for a categorical exclusion in 10 CFR 51.22(c)(25)(vi)(F).

3.0 Conclusion

Accordingly, the Commission has determined that, pursuant to 10 CFR 73.5, the exemption is authorized by law, will not endanger life or property or the common defense and security, and is otherwise in the public interest. Therefore, the Commission hereby grants MY an exemption from the 10 CFR 73.55(e)(10)(ii) requirement to restrict waterborne vehicle access and perform periodic surveillance of waterway approaches. In addition, MY shall continue to follow the NRC approved ISFSI PSP and applicable NRC orders. As discussed in the preceding paragraph, the Commission has determined that this action meets the criteria for categorical exclusion set forth in 10 CFR 51.22(c)(25)(vi)(F). Therefore, pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the granting of this exemption. This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 6th day of August, 2012.

For the Nuclear Regulatory Commission.

Douglas W. Weaver,

Deputy Director, Division of Spent Fuel Storage and Transportation, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 2012–19929 Filed 8–13–12; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 30164; File No. 812–14024]

The Hartford Mutual Funds, Inc., *et al.;* Notice of Application

August 8, 2012.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 (''Act'') for an exemption from rule 12d1–2(a) under the Act.

SUMMARY: Applicants request an order to permit open-end management investment companies relying on rule 12d1–2 under the Act to invest in certain financial instruments.

Applicants: The Hartford Mutual Funds, Inc., The Hartford Mutual Funds II, Inc., Hartford Series Fund, Inc., Hartford HLS Series Fund II, Inc., Hartford Variable Insurance Trust I, Hartford Variable Insurance Trust II (collectively, the ''Companies''); Hartford Investment Financial Services, LLC, HL Investment Advisors, LLC, Hartford Investment Advisory Company, LLC (each, an ''Initial Adviser'' and collectively, the ''Initial Advisers''); and Hartford Securities Distribution Company, Inc.

DATES: *Filing Date:* The application was filed on April 11, 2012 and amended on July 30, 2012.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on September 4, 2012, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090; Applicants: 200 Hopmeadow Street, Simsbury, Connecticut 06089.

FOR FURTHER INFORMATION CONTACT: Jill Ehrlich, Senior Counsel, at (202) 551–6819, or David P. Bartels, Branch Chief, at (202) 551–6821 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained via the Commission's Web site by searching for the file number, or for an applicant using the Company name box, at *http://www.sec.gov/search/search.htm* or by calling (202) 551–8090.

Applicants' Representations

1. Each of the Companies is organized as a Maryland corporation or a Delaware statutory trust and is or will be registered under the Act as an open-end management investment company. Each of the Initial Advisers is organized as a Delaware limited liability company and is or will be a registered investment adviser under the Investment Advisers Act of 1940 (''Advisers Act''). Each of the Initial Advisers is or may serve as the investment adviser to certain series of the Companies. Hartford Securities Distribution Company, Inc., a Connecticut corporation, is registered as a broker-dealer under the Securities Exchange Act of 1934 (''Exchange Act'') and is or will be the distributor for certain series of the Companies.[1]

2. Applicants request the exemption to the extent necessary to permit any existing or future series of the Companies and any other registered open-end management investment company or series thereof that (i) is advised by an Initial Adviser or any person controlling, controlled by or under common control with an Initial Adviser (any such adviser, including an Initial Adviser, an ''Adviser'');[2] (ii) is in the same group of investment companies as defined in section 12(d)(1)(G) of the Act as the Companies; (iii) invests in other registered open-end management investment companies

[1] Hartford Investment Financial Services, LLC will also serve as distributor for certain series of the Companies.

[2] Each Adviser will be registered under the Advisers Act.

(''Underlying Funds'') in reliance on section 12(d)(1)(G) of the Act; and (iv) is also eligible to invest in securities (as defined in section 2(a)(36) of the Act) in reliance on rule 12d1–2 under the Act (each a ''Fund of Funds''), to also invest, to the extent consistent with its investment objectives, policies, strategies and limitations, in financial instruments that may not be securities within the meaning of section 2(a)(36) of the Act (''Other Investments'').[3] Applicants also request that the order exempt any entity, including any entity controlled by or under common control with an Adviser, that now or in the future acts as principal underwriter, or broker or dealer if registered under the Exchange Act, with respect to the transactions described in the application.

3. Consistent with its fiduciary obligations under the Act, each Fund of Funds' board of trustees or directors will review the advisory fees charged by the Fund of Funds' Adviser to ensure that they are based on services provided that are in addition to, rather than duplicative of, services provided pursuant to the advisory agreement of any investment company in which the Fund of Funds may invest.

Applicants' Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company (''acquiring company'') may acquire securities of another investment company (''acquired company'') if such securities represent more than 3% of the acquired company's outstanding voting stock or more than 5% of the acquiring company's total assets, or if such securities, together with the securities of other investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) of the Act provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or cause more than 10% of the acquired company's voting stock to be owned by investment companies and companies controlled by them.

2. Section 12(d)(1)(G) of the Act provides, in part, that section 12(d)(1) will not apply to securities of an acquired company purchased by an acquiring company if: (i) The acquired company and acquiring company are part of the same group of investment companies; (ii) the acquiring company holds only securities of acquired companies that are part of the same group of investment companies, government securities, and short-term paper; (iii) the aggregate sales loads and distribution-related fees of the acquiring company and the acquired company are not excessive under rules adopted pursuant to section 22(b) or section 22(c) of the Act by a securities association registered under section 15A of the Exchange Act or by the Commission; and (iv) the acquired company has a policy that prohibits it from acquiring securities of registered open-end investment companies or registered unit investment trusts in reliance on section 12(d)(1)(F) or (G) of the Act.

3. Rule 12d1–2 under the Act permits a registered open-end investment company or a registered unit investment trust that relies on section 12(d)(1)(G) of the Act to acquire, in addition to securities issued by another registered investment company in the same group of investment companies, government securities, and short-term paper: (i) Securities issued by an investment company that is not in the same group of investment companies, when the acquisition is in reliance on section 12(d)(1)(A) or 12(d)(1)(F) of the Act; (ii) securities (other than securities issued by an investment company); and (iii) securities issued by a money market fund, when the investment is in reliance on rule 12d1–1 under the Act. For the purposes of rule 12d1–2, ''securities'' means any security as defined in section 2(a)(36) of the Act.

4. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction from any provision of the Act, or from any rule under the Act, if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act.

5. Applicants request an order under section 6(c) of the Act for an exemption from rule 12d1–2(a) to allow the Funds of Funds to invest in Other Investments while investing in Underlying Funds. Applicants state that the Funds of Funds will comply with rule 12d1–2 under the Act, but for the fact that the Funds of Funds may invest a portion of their assets in Other Investments. Applicants assert that permitting the Funds of Funds to invest in Other Investments as described in the application would not raise any of the concerns that the requirements of section 12(d)(1) were designed to address.

6. Applicants assert that that the requested exemption satisfies the standard for relief under section 6(c) of the Act.

Applicants' Condition

Applicants agree that any order granting the requested relief will be subject to the following condition:

Applicants will comply with all provisions of rule 12d1–2 under the Act, except for paragraph (a)(2) to the extent that it restricts any Fund of Funds from investing in Other Investments as described in the application.

For the Commission, by the Division of Investment Management, under delegated authority.

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–19858 Filed 8–13–12; 8:45 am]

BILLING CODE 8011–01–P

[3] Every existing entity that currently intends to rely on the requested order is named as an applicant. Any entity that relies on the order in the future will do so only in accordance with the terms and condition in the application.

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, that the Securities and Exchange Commission will hold a Closed Meeting on Thursday, August 16, 2012 at 2:00 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters also may be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), 9(B) and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matters at the Closed Meeting.

Commissioner Gallagher, as duty officer, voted to consider the items listed for the Closed Meeting in a closed session.

The subject matter of the Closed Meeting scheduled for Thursday, August 16, 2012 will be:

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings; and

Other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 551–5400.

Dated: August 9, 2012.

Elizabeth M. Murphy,

Secretary.

[FR Doc. 2012–19959 Filed 8–10–12; 11:15 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67618; File No. SR–NYSEARCA–2012–81]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NYSE Arca Options Fee Schedule To Add an Additional Tier to the Lead Market Maker Rights Fee and an Alternative Qualification Basis for Market Makers That Post Liquidity in Penny Pilot Issues and Options on the SPDR S&P 500 ETF

August 8, 2012.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the ''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on July 27, 2012, NYSE Arca, Inc. (the ''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Options Fee Schedule (''Fee Schedule'') to add an additional tier to the Lead Market Maker (''LMM'') rights fee and an alternative qualification basis for Market Makers that post liquidity in Penny Pilot issues and options on the SPDR S&P 500 ETF (''SPY''). The text of the proposed rule change is available on the Exchange's Web site at *www.nyse.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule to add an additional tier to the LMM rights fee and an alternative qualification basis for Market Makers that post liquidity in Penny Pilot issues and options on SPY.

LMM Rights

OTP Firms [4] acting as LMMs are assessed a fee for LMM rights for each appointed issue.[5] The LMM rights fee is based on the average daily volume (''ADV'') of Customer contracts traded in that issue.[6] Currently, the LMM rights fees are charged as follows:

Average national daily customer contracts	Monthly issue fee
0 to 2,000	$75
2,001 to 5,000	200
5,001 to 15,000	375
15,001 to 100,000	750
Over 100,000	1,500

The Exchange proposes to add an additional tier for issues with an ADV of between 0–1000 contracts that will be charged an LMM rights fee of $45. The LMM rights fee for issues with an ADV of between 1001–2000 contracts would continue to be $75. The fees are assessed at the end of each month on each issue that an LMM holds in their LMM appointment. The proposed LMM rights fees would be charged as follows:

Average national daily customer contracts	Monthly issue fee
0–1000	$45
1001 to 2,000	75
2,001 to 5,000	200
5,001 to 15,000	375
15,001 to 100,000	750
Over 100,000	1,500

Penny Pilot Issues

Currently, Market Makers receive a per contract credit for posted electronic executions based on certain volume thresholds in Penny Pilot issues, with an additional credit for posted electronic executions in SPY, as follows:

Tier	Qualification basis (average electronic executions per day)	Credit applied to posted electronic market maker executions in penny pilot issues (except SPY)	Credit applied to posted electronic market maker executions in SPY
Base		($0.32)	($0.34)
Tier 1	30,000 Contracts from Market Maker Posted Orders in Penny Pilot Issues	($0.34)	($0.36)
Tier 2	80,000 Contracts from Market Maker Posted Orders in Penny Pilot Issues	($0.38)	($0.40)
Tier 3	150,000 Contracts from Market Maker Posted Orders in Penny Pilot Issues	($0.40)	($0.42)

For example, if a Market Maker has average electronic executions per day of 40,000 contracts from posted orders in Penny Pilot issues, the Market Maker receives a credit of $0.34 per contract for posted electronic executions in non-SPY Penny Pilot issues, and a credit of $0.36 per contract for posted electronic executions in SPY.

The Exchange proposes to add an alternative qualification basis for Market Makers that post liquidity in Penny Pilot issues and SPY. Market Makers will have an alternative method to

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] *See* NYSE Arca Rule 1.1(r).

[5] ''Market Maker'' is defined in NYSE Arca Rule 6.32. ''Lead Market Maker'' is defined in NYSE Arca Rule 6.82.

[6] The term ''Customer'' excludes a broker-dealer. *See* NYSE Arca Rule 6.1A(a)(4).

qualify for the Tier 2 credit applied to posted electronic executions in Penny Pilot issues and SPY. A Market Maker may qualify for the Tier 2 credit by:

- Having an ADV of 80,000 executed electronic Market Maker posted contracts in Penny Pilot issues, including SPY, or
- Having a combined ADV of 150,000 executed electronic Market Maker and Customer posted contracts in Penny Pilot issues, including SPY, from all affiliated OTP Holders [7] and OTP Firms.

For purposes of this calculation, days when the market closes early are not included in the ADV. The Exchange does not propose to change the base rate, Tier 1, or Tier 3 credits for Market Makers that post electronic executions in Penny Pilot issues or SPY. The proposed Market Maker monthly posting credit tiers and qualifications for executions in Penny Pilot issues and SPY would be as follows:

Tier	Qualification basis (average electronic executions per day)	Credit applied to posted electronic market maker executions in penny pilot issues (except SPY)		Credit applied to posted electronic market maker executions in SPY
Base			($0.32)	($0.34)
Tier 1	30,000 Contracts from Market Maker Posted Orders in Penny Pilot Issues.		($0.34)	($0.36)
Tier 2	80,000 Contracts from Market Maker Posted Orders in Penny Pilot Issues.	150,000 Contracts Combined from Market Maker Posted Orders and Customer Electronic Posted Orders in Penny Pilot Issues*.	($0.38)	($0.40)
Tier 3	150,000 Contracts from Market Maker Posted Orders in Penny Pilot Issues.		($0.40)	($0.42)

** Includes transaction volume from the Market Maker's affiliates.*

For example, if a Market Maker has average electronic executions per day of 160,000 contracts combined from Market Maker posted orders and Customer electronic posted orders in Penny Pilot issues, the Market Maker receives a credit of $0.38 per contract for Market Maker posted electronic executions in non-SPY Penny Pilot issues, and a credit of $0.40 per contract for Market Maker posted electronic executions in SPY.

The Exchange proposes to make all of the changes described above operative on August 1, 2012.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Section 6(b)(4) of the Act,[9] in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that including an additional tier for LMM rights fees is reasonable, equitable, and not unfairly discriminatory because certain issues have declined to an ADV below 1,000 Customer contracts, which in turn produces a profit for LMMs that is lower than the amount of the LMM rights fee. Issues that are particularly unprofitable run the risk of being delisted, even though the decline in ADV may be temporary. Therefore, it is reasonable to lower the LMM rights fee to an amount that is more closely aligned to the revenues generated by these issues. In addition, the fee is equitable and not unfairly discriminatory because it would apply uniformly to all similarly situated LMMs.

The Exchange further believes that the proposed alternative qualification basis for Market Makers is reasonable, equitable and not unfairly discriminatory because it is set at a level that would be more achievable for Market Makers and encourages Market Makers to send additional Customer orders to the Exchange. In this regard, the Exchange has proposed more than one method of qualifying for the Tier 2 credit. Overall, the Exchange believes that this will result in more Market Makers qualifying for the tier, receiving the increased credits, and therefore reducing their overall transaction costs on the Exchange. In addition, the Exchange believes that the proposed alternative qualification basis would continue to incent Market Makers to increase the level of Customer order flow sent to, and liquidity added on, the Exchange, thereby potentially improving the quality and efficiency of order interaction and executions on the Exchange. The Exchange believes that the aspect of the proposed change related to the activity of an affiliated OTP Holder or OTP Firm is reasonable, equitable and not unfairly discriminatory because it would encourage increased trading activity on the Exchange. In this regard, the proposal is designed to bring additional posted order flow to the Exchange, so as to provide additional opportunities for all OTP Holders and OTP Firms to trade on the Exchange. The Exchange further believes that the proposed change is reasonable, equitable and not unfairly discriminatory because the tiers, and the corresponding credits, will apply uniformly to all Market Makers.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A) [10] of the Act and subparagraph (f)(2) of Rule 19b–4 [11]

[7] *See* NYSE Arca Rule 1.1(q).

[8] 15 U.S.C. 78f(b).

[9] 15 U.S.C. 78f(b)(4).

[10] 15 U.S.C. 78s(b)(3)(A).

[11] 17 CFR 240.19b–4(f)(2).

thereunder, because it establishes a due, fee, or other charge imposed by NYSE Arca.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–NYSEArca–2012–81 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSEArca–2012–81. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549–1090 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the Exchange's principal office and on its Internet Web site at *www.nyse.com.* All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSEArca–2012–81 and should be submitted on or before September 4, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[12]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–19842 Filed 8–13–12; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67617; File No. SR–NASDAQ–2012–058]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Approving a Proposed Rule Change Relating to the Listing and Trading of Alpha Index-Linked Securities

August 8, 2012.

I. Introduction

On June 11, 2012, The NASDAQ Stock Market LLC (''Exchange'' or ''NASDAQ'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to list and trade Alpha Index-Linked Securities. The proposed rule change was published for comment in the **Federal Register** on June 27, 2012.[3] The Commission received no comments on the proposed rule change. This order approves the proposed rule change.

II. Description

The Exchange proposes to add Rule 5712 to provide for the listing and trading of Alpha Index-Linked Securities, which are Equity Index-Linked Securities[4] linked, on an unleveraged basis, to the following Alpha Indexes: GOOG vs. SPY (GOOSY) and AAPL vs. SPY (AVSPY) (together, ''Specified Alpha Indexes''). By this filing, the Exchange proposes to list and trade only Alpha Index-Linked Securities linked to the Specified Alpha Indexes.[5]

Alpha Indexes are relative performance based equity indexes maintained by The NASDAQ OMX Group.[6] Alpha Indexes measure relative total returns[7] of one stock or one exchange-traded fund (''ETF'') share versus another ETF share (each such combination of two components is referred to as an ''Alpha Pair''). The first component identified in an Alpha Pair (''Target Component'') is measured against the second component identified in the Alpha Pair (''Benchmark Component''). To calculate an Alpha Index, NASDAQ measures the total return performance of the Target Component relative to the total return performance of the Benchmark Component, based upon prices of transactions on the primary listing exchange of each component.[8] Further information about the calculation of Alpha Indexes, including the calculation of the daily total returns of Target Components and Benchmark Components, is available in the Notice.[9]

Listing of Alpha Index-Linked Securities

New Exchange Rule 5712 permits the listing and trading of Alpha Index-Linked Securities linked to the Specified Alpha Indexes if the Target Component and Benchmark Component meet certain criteria. Alpha Index-Linked Securities listed and traded

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[12] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 67229 (June 21, 2012), 77 FR 38347 (''Notice'').

[4] Currently, Exchange Rule 5710 provides for the listing and trading of Equity Index-Linked Securities, which are securities that provide for the payment at maturity of a cash amount based on the performance of an underlying equity index or indexes. *See* Exchange Rule 5710. In particular, Exchange Rule 5710(k)(i)(A) provides for the listing and trading, pursuant to Rule 19b–4(e) under the Act, of Equity Index-Linked Securities with respect to which the underlying indexes have at least 10 component securities and either: (1) Have been reviewed and approved for the trading of options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder, and the conditions set forth in the Commission's approval order, including comprehensive surveillance sharing agreements for non-U.S. stocks, continue to be satisfied; or (2) meet the specific index criteria set forth in Exchange Rule 5710(k)(i)(A)(2). Each Alpha Index contains only two component securities, and therefore Alpha Index-Linked Securities are ineligible for listing and trading pursuant to Exchange Rule 5710(k)(i)(A).

[5] *See* Notice, *supra* note 3 at n.4. Accordingly, unlike Exchange Rule 5710, new Exchange Rule 5712 is not a generic listing standard.

[6] The Commission has previously approved the listing and trading of options on certain Alpha Indexes (''Alpha Index Options'') on NASDAQ OMX PHLX LLC (''PHLX''). *See* Securities Exchange Act Release Nos. 63860 (February 7, 2011), 76 FR 7888 (February 11, 2011) (SR–Phlx–2010–176) and 65149 (August 17, 2011), 76 FR 52729 (August 23, 2011) (SR–Phlx–2011–89).

[7] The total return measures performance (rate of return) of price appreciation plus dividends over any given evaluation period.

[8] Daily total return values and Alpha Index values will be updated based upon prices of each reported transaction in the primary listing market.

[9] *See supra* note 3.

under new Exchange Rule 5712 must meet the requirements of Exchange Rule 5710(a)–(j).[10] At the initial listing of an Alpha Index-Linked Security, options on both components of the Alpha Index must be listed and traded on the NASDAQ Options Market and must meet the requirements of Chapter IV, Section 3 (Criteria for Underlying Securities) of the NASDAQ Options Market rules.[11] Additionally, the Target Component's and the Benchmark Component's trading volume (in all markets in which the components are traded) must have each averaged at least 2,250,000 shares per day in the preceding twelve months.[12] Further, no Alpha Index-Linked Security will be listed unless and until options overlying each of the Alpha Index components have been listed and traded on a national securities exchange with an average daily options trading volume during the three previous months of at least 10,000 contracts.[13] Moreover, to be eligible for listing, the value of the Alpha Index underlying an Alpha Index-Linked Security must be disseminated at least once every second over the NASDAQ OMX Global Index Data Service (''GIDS'').[14]

Following the initial listing of an Alpha Index-Linked Security, options on both components of the Alpha Index must continue to meet the continued listing standards set forth in Chapter IV, Section 4 (Withdrawal of Approval of Underlying Securities) of the NASDAQ Options Market rules.[15] Additionally, the Target Component's and the Benchmark Component's trading volume (in all markets in which the components are traded) must have each averaged at least 2,000,000 shares per day in the preceding twelve months.[16] Further, options on each component of the Alpha Index must continue to meet the options average daily volume standard set forth in Exchange Rule 5712(a)(ii).[17]

Delisting of Alpha Index-Linked Securities

New Exchange Rule 5712(c) governs the delisting and removal of Alpha Index-Linked Securities and provides commencement of such proceedings—unless the Commission has approved the continued trading—with respect to any Alpha Index-Linked Security where: (1) The aggregate market value or principal amount of the Alpha Index-Linked Securities publicly held is less than $400,000; (2) the value of the underlying Alpha Index is no longer calculated or widely disseminated on at least a one second basis, provided, however, that if the official index value does not change during some or all of the period when trading is occurring on NASDAQ, then the last calculated official index value must remain available throughout NASDAQ trading hours; (3) such other event occurs or condition exists which, in the opinion of NASDAQ, makes further dealings on NASDAQ inadvisable; (4) any of the standards set forth in Exchange Rule 5712(b) are not continuously maintained; or (5) an underlying Alpha Index fails to satisfy the maintenance standards or conditions for such index as set forth by the Commission in its order under Section 19(b)(2) of the Act approving the index for the trading of options or other derivatives.[18]

Trading Rules and Procedures

Trading in Alpha Index-Linked Securities will be governed by the same trading rules and procedures that apply to other Equity Index-Linked Securities listed pursuant to Exchange Rule 5710. Pursuant to Exchange Rule 5710(i), FINRA will implement on behalf of NASDAQ written surveillance procedures for Alpha Index-Linked Securities. The Exchange states that surveillance will be in place for the launch of Alpha Index-Linked Securities.[19] Pursuant to Exchange Rule 5710(j), Alpha Index-Linked Securities will be treated as equity instruments and, for purposes of fee determination, shall be deemed and treated as Other Securities.

Pursuant to Exchange Rule 5710(h), if the value of an Alpha Index is not being disseminated as required, the Exchange may halt trading during the day on which such interruption occurs and will halt trading no later than the beginning of trading following the trading day when the interruption commenced if such interruption persists at that time.

III. Discussion and Commission Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of Section 6 of the Act[20] and the rules and regulations thereunder applicable to a national securities exchange.[21] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[22] which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission notes that Alpha Index-Linked Securities linked to the Specified Alpha Indexes must comply with the requirements of new Exchange Rule 5712 to be listed and traded on the Exchange.

The Commission further finds that the proposed rule change is consistent with Section 11A(a)(1)(C)(iii) of the Act,[23] which sets forth Congress's finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. Quotation and last-sale information for the Alpha Index-Linked Securities will be disseminated via UTP Level 1, NASDAQ Basic, NASDAQ Level 2 and NASDAQ TotalView®.[24] To be eligible for listing, the value of all Alpha Indexes underlying Alpha Index-Linked Securities must be disseminated

[10] According to the Exchange, effectively, the only provision of Exchange Rule 5710 that will not apply to Alpha Index-Linked Securities is subsection (k), which specifies the criteria for listing and trading Linked Securities under Rule 19b–4(e) under the Act, as well as certain continued listing and delisting criteria. Pursuant to new Exchange Rule 5712(a), all other provisions of Exchange Rule 5710 applicable to Equity Index-Linked Securities eligible for listing and trading pursuant to Rule 19b–4(e) will apply to Alpha Index-Linked Securities.

[11] *See* new Exchange Rule 5712(a)(ii).

[12] *See id.*

[13] *See id.*

[14] *See id.* GIDS is the NASDAQ OMX global index data feed service, offering real-time updates, daily summary messages, and access to widely followed indexes and ETFs. *See* email from Carla Behnfeldt, Associate General Counsel, Exchange, to Christopher Chow, Special Counsel, Commission, and Yue Ding, Attorney-Adviser, Commission, dated August 3, 2012 (''Nasdaq email''). GIDS provides investment professionals with the daily and historical information needed to track or trade NASDAQ OMX indexes, listed ETFs, or third-party partner indexes and ETFs. *See id.*

[15] *See* new Exchange Rule 5712(b).

[16] *See id.*

[17] *See id.*

[18] *See* new Exchange Rule 5712(c). In the case of a corporate event that eliminates one of the underlying components of an Alpha Pair, NASDAQ will cease calculation of the Alpha Index for that Alpha Pair and commence delisting or removal proceedings for the overlying Alpha Index-Linked Securities pursuant to Exchange Rule 5712(c). *See* Notice, *supra* note 3, 77 FR at 38348.

[19] *See id.* at 38349.

[20] 15 U.S.C. 78f.

[21] In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[22] 15 U.S.C. 78f(b)(5).

[23] 15 U.S.C. 78k–1(a)(1)(C)(iii).

[24] *See* Nasdaq email, *supra* note 14.

at least once every second over GIDS.[25] Information regarding market price and trading volume of the Alpha Index-Linked Securities will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic devices, and the previous day's closing prices and trading volume information for the Alpha Index-Linked Securities will be published daily in the financial section of newspapers.[26] The Commission also notes that information concerning the components of the Specified Alpha Indexes is widely available.

In addition, the Exchange will commence delisting or removal proceedings if the value of the underlying Alpha Index is no longer calculated or widely disseminated on at least a one second basis, provided, however, that if the official index value does not change during some or all of the period when trading is occurring on NASDAQ, then the last calculated official index value must remain available throughout NASDAQ trading hours.[27] Further, pursuant to Exchange Rule 5710(h), if the value of an Alpha Index is not being disseminated as required, the Exchange may halt trading during the day on which such interruption occurs, and will halt trading no later than the beginning of trading following the trading day when the interruption commenced if the interruption persists at that time.[28]

The Commission believes that the listing standards for Alpha Index-Linked Securities should minimize the potential for manipulation. Specifically, for initial listing, the Target Component's and the Benchmark Component's trading volume—in all markets in which the components are traded—must have each averaged at least 2,250,000 shares each day in the preceding twelve months.[29] Further, options overlying each of the components must have been listed and traded on a national securities exchange with an average daily trading volume of at least 10,000 contracts during the three previous months.[30] Following the initial listing, each component's trading volume (in all markets in which the components are traded) must have averaged at least 2,000,000 shares each day in the preceding twelve months.[31] Options overlying each of the components must maintain an average daily trading volume of at least 10,000 contracts over the three previous months.[32] Moreover, the Exchange will commence delisting or removal proceedings with respect to any Alpha Index-Linked Security if the aggregate market value or principal amount of the Alpha Index-Linked Security publicly held is less than $400,000.[33]

In support of this proposal, the Exchange has made representations, including:

(1) The Exchange deems Alpha Index-Linked Securities to be equity securities, and therefore trading in Alpha Index-Linked Securities will be subject to the Exchange's existing rules governing the trading of equity securities.[34]

(2) The Exchange has appropriate rules to facilitate transactions in the Alpha Index-Linked Securities during all trading sessions.[35]

(3) Trading of Alpha Index-Linked Securities will be subject to surveillance procedures, and such procedures are adequate to properly monitor trading in the Alpha Index-Linked Securities and to deter and detect violations of Exchange rules and applicable federal securities laws.[36]

(4) Prior to the commencement of trading, the Exchange will inform its members in an information circular of the special characteristics and risks associated with trading the Alpha Index-Linked Securities.[37] Specifically, the information circular will discuss the following: (a) Nasdaq Rule 2310, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Alpha Index-Linked Securities to customers; (b) that Nasdaq members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in Alpha-Index Linked Securities; and (c) trading information.[38]

(5) The Exchange may obtain information via the Intermarket Surveillance Group (''ISG'') from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.[39] Target Components, Benchmark Components, and options on the Target and Benchmark Components are traded on exchanges that are ISG members.[40]

This approval order is based on all of the Exchange's representations and description of Alpha Index-Linked Securities, including those set forth above and in the Notice.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[41] that the proposed rule change (SR–NASDAQ–2012–058) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[42]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–19859 Filed 8–13–12; 8:45 am]

BILLING CODE 8011–01–P

[25] *See* new Exchange Rule 5712(a)(ii).

[26] *See* Nasdaq email, *supra* note 14.

[27] *See* new Exchange Rule 5712(c)(ii).

[28] The Commission notes that Exchange Rules 4120 and 4121 also govern trading halts on the Exchange.

[29] *See* new Exchange Rule 5712(a)(ii).

[30] *See id.*

[31] *See* new Exchange Rule 5712(b).

[32] *See id.*

[33] *See* new Exchange Rule 5712(c)(i). The Commission also notes that Alpha Index-Linked Securities must have a minimum public distribution of 1,000,000 trading units, unless they are traded in $1,000 denominations or are redeemable at the option of the holders on at least a weekly basis. *See* Exchange Rule 5710(a), incorporating Exchange Rule 5730(a)(1)(C).

[34] *See* Notice, *supra* note 3, 77 FR at 38349.

[35] *See* Nasdaq email, *supra* note 14.

[36] *See* Notice, *supra* note 3, 77 FR at 38349.

[37] *See* Nasdaq email, *supra* note 14.

[38] *See id.*

[39] *See* Notice, *supra* note 3, 77 FR at 38349.

[40] *See id.*

[41] 15 U.S.C. 78s(b)(2).

[42] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67621; File No. SR–FICC–2012–05]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Amend the Rules Regarding the GCF Repo Service To Adopt Changes Recommended by the Tri-Party Repo Infrastructure Reform Task Force

August 8, 2012.

I. Introduction

On June 8, 2012, the Fixed Income Clearing Corporation (''FICC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change SR–FICC–2012–05 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'').[1] The proposed rule change was published for comment in the **Federal Register** on June 26, 2012.[2] The Commission received no comment letters. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description

On July 12, 2011, FICC submitted a proposed rule change filing to the Commission (SR–FICC–2011–05) proposing to make certain changes to its GCF Repo service in order to comply

[1] 15 U.S.C. 78s(b)(1).

[2] Securities Exchange Act Release No. 34–67277 (June 20, 2012), 77 FR 38108 (June 26, 2012).

with the recommendations that had been made by the Tri-Party Repo Infrastructure Reform Task Force (''TPR''), an industry group formed and sponsored by the Federal Reserve Bank of New York.[3] Because the GCF Repo service operates as a tri-party mechanism, FICC was requested to incorporate changes to the GCF Repo service to align the service with the other TPR recommended changes for the overall tri-party repo market.

The rule change described in SR–FICC–2011–05 was proposed to be run as a pilot program (''Pilot Program'') for one year starting from the date on which the Commission approved the filing.[4] During this past year, FICC implemented a portion of the rule changes that were included in SR–FICC–2011–05 and wishes to continue to have these aspects of the GCF Repo service continue as part of the renewed Pilot Program. FICC also wishes to make certain modifications to the Pilot Program as noted below.

A. Background: Description of the GCF Repo Service and History

(1) Creation of the GCF Repo Service

The GCF Repo service allows Government Securities Division (''GSD'') dealer members to trade general collateral repos [5] throughout the day without requiring intra-day, trade-for-trade settlement on a delivery-versus-payment (DVP) basis. The service allows the dealers to trade such general collateral repos, based on rate and term, throughout the day with inter-dealer broker netting members on a blind basis. Standardized, generic CUSIP numbers have been established exclusively for GCF Repo processing and are used to specify the acceptable type of underlying Fedwire book-entry eligible collateral, which includes Treasuries, Agencies, and certain mortgage-backed securities.[6]

The GCF Repo service was developed as part of a collaborative effort among the Government Securities Clearing Corporation (''GSCC'') (GSD's predecessor), its two clearing banks (The Bank of New York Mellon (''BNY'') and JPMorgan Chase Bank, National Association (''Chase'')), and industry representatives. GSCC introduced the GCF Repo service on an intra-clearing bank basis in 1998.[7] Under the intrabank service, dealers could only engage in GCF Repo transactions with other dealers that cleared at the same clearing bank.

(2) Creation of the Interbank Version of the GCF Repo Service

In 1999, GSCC expanded the GCF Repo service to permit dealer participants to engage in GCF Repo trading on an interbank basis, meaning that dealers using different clearing banks could enter into GCF Repo transactions (on a blind brokered basis).[8] Because dealer members that participate in the GCF Repo service do not all clear at the same clearing bank, introducing the service as an interbank service necessitated the establishment of a mechanism to permit after-hours movements of securities between the two clearing banks to deal with the fact that GSCC would likely have unbalanced net GCF securities and cash positions within each clearing bank (that is, it is likely that at the end of GCF Repo processing each business day, the dealers in one clearing bank will be net funds borrowers, while the dealers at the other clearing bank will be net funds lenders). To address this issue, GSCC and its clearing banks established, and the Commission approved, a legal mechanism by which securities would ''move'' across the clearing banks without the use of the Fedwire Securities Service (''Fedwire Securities'').[9] (Movements of cash do not present the same issue because the Fedwire Funds Service (''Fedwire Funds'') is open later than Fedwire Securities). Therefore, at the end of the day, after the GCF net results are produced, securities are pledged via a tri-party-like mechanism and the interbank cash component is moved via Fedwire Funds. In the morning, the pledges are unwound, that is, funds are returned to the net funds lenders and securities are returned to the net funds borrowers.

(3) Issues With Morning Unwind Process

In 2003, FICC shifted the GCF Repo service back to intrabank status only.[10] By that time, the service had grown significantly in participation and volume. However, with the increase in use of the interbank service, certain payments systems risk issues arose from the inter-bank funds settlements related to the service, namely, the large interbank funds movement in the morning. FICC shifted the service back to intrabank status to enable management to study the issues presented and identify a satisfactory solution for bringing the service back to interbank status.

(4) *The NFE Filing and Restoration of Service to Interbank Status*

In 2007, FICC submitted to the Commission a proposed rule change to address the issues raised by the interbank morning funds movement and return the GCF Repo service to interbank status (''2007 NFE Filing'').[11] The 2007 NFE Filing addressed these issues by using a hold against a dealer's ''net free equity'' (''NFE'') at the clearing bank to collateralize its GCF Repo cash obligation to FICC on an intraday basis.[12]

The 2007 NFE Filing replaced the Day 2 morning unwind process with an alternate process, which is currently in effect. Specifically, in lieu of making funds payments, the interbank dealers grant to FICC a security interest in their NFE-related collateral equal to their prorated share of the total interbank funds amount. FICC, in turn, grants to the other clearing bank (that was due to receive the funds) a security interest in the NFE-related collateral to support the debit in the FICC account at the clearing bank. The debit in the FICC account

[3] The main purpose of the TPR was to develop recommendations to address the risk presented by tri-party repo transactions due to the current morning reversal or ''unwind'' process and to move to a process by which tri-party repo transactions are collateralized all day.

[4] Securities Exchange Act Release No. 34–65213 (August 29, 2011), 76 FR 54824 (September 2, 2011).

[5] A general collateral repo is a repo in which the underlying securities collateral is nonspecific, general collateral whose identification is at the option of the seller. This is in contrast to a specific collateral repo.

[6] In 2009, the Commission approved FICC rule filing 2009–04 to add debt securities issued under the Debt Guaranty Program component of the Federal Deposit Insurance Corporation's (''FDIC'') Temporary Liquidity Guarantee Program (''TLGP'') to the GCF Repo service. *See* Securities Exchange Act Release No. 34–59558 (March 11, 2009), 74 FR 11385 (March 17, 2009). The TLGP, one of the steps taken by the U.S. Government to stabilize the credit markets and stimulate lending, was designed to allow banks to issue FDIC-insured debt, ensuring that the banks would be able to roll over any debt coming due in the coming months. The guarantee consists of timely payment of principal and interest. The expiration of the FDIC's guarantee is the earlier of either the maturity date of the issued debt or June 2012.

[7] *See* Securities Exchange Act Release No. 34–40623 (October 30, 1998), 63 FR 59831 (November 5, 1998).

[8] *See* Securities Exchange Act Release No. 34–41303 (April 16, 1999), 64 FR 20346 (April 26, 1999).

[9] *See id.* for a detailed description of the clearing bank and FICC accounts needed to effect the after-hour movement of securities.

[10] *See* Securities Exchange Act Release No. 34–48006 (June 10, 2003), 68 FR 35745 (June 16, 2003).

[11] *See* Securities Exchange Act Release No. 34–57652 (April 11, 2008), 73 FR 20999 (April 17, 2008).

[12] NFE is a methodology that clearing banks use to determine whether an account holder (such as a dealer) has sufficient collateral to enter into a specific transaction. NFE allows the clearing bank to place a limit on its customer's activity by calculating a value on the customer's balances at the bank. Bank customers have the ability to monitor their NFE balance throughout the day.

(''Interbank Cash Amount Debit'') occurs because the dealers who are due to receive funds in the morning must receive those funds at that time in return for their release of collateral. The debit in the FICC account at the clearing bank gets satisfied during the end of day GCF Repo settlement process. Specifically, that day's new activity yields a new interbank funds amount that will move at end of day—however, this amount gets netted with the amount that would have been due in the morning, thus further reducing the interbank funds movement. The NFE holds are released when the interbank funds movement is made at end of day. The 2007 NFE Filing did not involve any changes to the after-hours movement of securities occurring at the end of the day on Day 1.

As part of the 2007 NFE Filing, FICC imposed certain additional risk management measures with respect to the GCF Repo service. First, FICC imposed a collateral premium (''GCF Premium Charge'') on the GCF Repo portion of the Clearing Fund deposits of all GCF participants to further protect FICC in the event of an intra-day default of a GCF Repo participant. FICC requires GCF Repo participants to submit a quarterly ''snapshot'' of their holdings by asset type to enable risk management staff to determine the appropriate Clearing Fund premium. As with all other instances of late submissions of required information, members who do not submit this required information by the deadlines established by FICC are subject to a fine and an increased Clearing Fund premium.

Second, the 2007 NFE Filing addressed the situation where FICC becomes concerned about the volume of interbank GCF Repo activity. Such a concern might arise, for example, if market events were to cause dealers to turn to the GCF Repo service for increased funding at levels beyond normal processing. The 2007 NFE Filing provides FICC with the discretion to institute risk mitigation and appropriate disincentive measures in order to bring GCF Repo levels to a comfortable level from a risk management perspective.[13]

B. Changes to the GCF Repo Service to Implement the TPR's Recommendations

In SR–FICC–2011–05, FICC proposed the following rule changes with respect to the GCF Repo service to address the TPR's Recommendations:

1. (a) To move the Day 2 unwind from 7:30 a.m. to 3:30 p.m.; (b) to move the NFE process [14] from morning to a time established by FICC as announced by notice to all members; [15] (c) to move the cut-off time of GCF Repo submissions from 3:35 p.m. to 3:00 p.m.; and (d) to move the cut-off time for dealer affirmation or disaffirmation from 3:45 p.m. to 3:00 p.m.; and

2. To establish rules for intraday GCF Repo collateral substitutions (i.e., SR–FICC–2011–05 stated that with respect to interbank GCF Repo transactions, the substitution process would only permit cash as an initial matter to accommodate current processing systems).

FICC has implemented the proposed changes referred to in subsections 1(c) and 1(d) above. FICC has not yet implemented the proposed changes referred to in subsections 1(a), 1(b) and 2 above. FICC is seeking the Commission's approval to extend the Pilot Program for all of these changes for an additional year as noted above. FICC is working with its clearing banks with respect to the implementation of the changes that have not yet been implemented.

(1) Change Regarding the Morning Unwind and Related Rule Changes

The TPR has recommended that the Day 2 unwind for all tri-party transactions be moved from the morning to 3:30 p.m. The TPR has made this recommendation in order to reduce the clearing banks' intraday credit exposure to the dealers. As previously stated, because the GCF Repo service is essentially a tri-party repo mechanism, FICC has also been requested by the TPR to accommodate this time change. For the GSD rules, this extends the change to the GSD's ''Schedule of GCF Timeframes'' (''Schedule'') implemented during the initial Pilot Program. Specifically, the 7:30 a.m. time in the Schedule was deleted and the language therein moved to a new time of 3:30 p.m.

The change to the time of the intrabank unwind also extends the change implemented during the initial Pilot Program to the cut-off time for GCF Repo trade submissions, which was 3:35 p.m. in the Schedule prior to the initial Pilot Program. FICC amended the Schedule to change the cut-off time to 3:00 p.m. to allow FICC to submit files to the clearing banks which, in turn, will provide files to the dealers by 3:30 p.m.; this will permit the dealers to have a complete picture of their positions as the unwind occurs at 3:30 p.m. The 3:45 p.m. cutoff for dealer affirmation or disaffirmation that was in the Schedule prior to the implementation of the initial Pilot Program was moved to 3:00 p.m. so that the new 3:00 p.m. cutoff for submissions is also the cutoff for dealer affirmations and disaffirmations.[16]

Because the Day 2 unwind is moving from the morning to 3:30 p.m. and because the NFE process established by the 2007 NFE Filing is tied to the moment of the interbank unwind, the NFE process will also move to the time established by FICC as announced by notice to all members.[17] Because the NFE process is a legal process and not an operational process, it is not reflected on the Schedule. FICC is deleting the reference to the ''morning'' timeframe on Day 2 with respect to the NFE process in Section 3 of Rule 20 and adding language referencing ''at the time established by the Corporation.''

(2) Change Regarding Intraday GCF Repo Securities Collateral Substitutions

As a result of the time change of the unwind (*i.e.,* the reversal on Day 2 of

[13] Specifically, the 2007 NFE Filing introduced the term ''GCF Repo Event,'' which will be declared by FICC if either of the following occurs: (i) The GCF interbank funds amount exceeds five times the average interbank funds amount over the previous ninety days for three consecutive days; or (ii) the GCF interbank funds amount exceeds fifty percent of the amount of GCF Repo collateral pledged for three consecutive days. FICC reviews these figures on a semi-annual basis to determine whether they remain adequate. FICC also has the right to declare a GCF Repo Event in any other circumstances where it is concerned about GCF Repo volumes and believes it is necessary to declare a GCF Repo Event in order to protect itself and its members. FICC will inform its members about the declaration of the GCF Repo Event via important notice. FICC will also inform the Commission about the declaration of the GCF Repo Event.

[14] No other changes are being proposed to the NFE process that was in place by the 2007 NFE Filing; the risk management measures that were put in place by the 2007 NFE Filing remain in place with the present proposal.

[15] SR–FICC–2011–05 noted that the possible time range would be between 8:00 a.m. and 1:00 p.m. to coincide with the collateral substitution mechanism that was being developed between FICC and its clearing banks. FICC wishes to clarify that the 8:00 a.m. to 1:00 p.m. proposed time range in SR–FICC–2011–05 referred to the clearing bank hold on the FICC interest in the NFE (i.e., as part of the NFE process, FICC grants to the other clearing bank (that was due to receive the funds) a security interest in the NFE—related collateral to support the debit in the FICC account at the clearing bank). With respect to the NFE hold on the dealers, please see footnote 17 below.

[16] This change updates the current Schedule to provide that the cutoff for submissions and dealer affirmations/disaffirmations is at the same time; the current practice is inconsistent with the current Schedule and the proposed rule change would remedy this inconsistency.

[17] Currently, the NFE hold is from the time the collateral is returned to the repo dealer (approximately 7:30 a.m.) until the time the funds move between the two clearing banks (approximately 5:00 p.m.). When the systems processing for the tri-party reform effort continues on the part of the clearing banks, the unwind will move to 3:30 p.m. and the funds will continue to move between the two clearing banks at 5:00 p.m.; when this occurs, the NFE hold which applies to dealers will be between 3:30 p.m. and 5:00 p.m.

collateral allocations established by FICC for each netting member's GCF net funds borrower positions and GCF net funds lender positions on Day 1) to 3:30 p.m., the provider of GCF Repo securities collateral in a GCF Repo transaction on Day 1 will no longer have access to such securities at the beginning of Day 2. Therefore, during Day 2 prior to the unwind of the Day 1 collateral allocations, the provider of GCF Repo securities collateral needs a substitution mechanism for the return of its posted GCF Repo securities collateral in order to make securities deliveries for utilization of such securities in its business activities. FICC is establishing a substitution process for this purpose in conjunction with its clearing banks. The language for the substitution mechanism is being added to Section 3 of GSD Rule 20. The rule change provides that all requests for substitution for the GCF Repo securities collateral must be submitted by the provider of the GCF Repo securities collateral by the applicable deadline on Day 2 (the ''substitution deadline'').[18]

(3) Substitutions on Intrabank GCF Repos

If the GCF Repo transaction is between dealer counterparties effecting the transaction through the same clearing bank, on Day 2 such clearing bank will process each substitution request of the provider of GCF Repo securities collateral submitted prior to the substitution deadline promptly upon receipt of such request. The return of the GCF Repo securities collateral in exchange for cash and/or eligible securities of equivalent value can be accomplished by simple debits and credits to the accounts of the GCF Repo dealer counterparties at the clearing agent bank. Eligible securities for this purpose will be the same as those currently permitted under the GSD rules for collateral allocations, namely, Comparable Securities,[19] (ii) Other Acceptable Securities,[20] or (iii) U.S. Treasury bills, notes or bonds maturing in a time frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, substitution may be with Comparable Securities and/or cash only).

(4) Substitutions on Interbank GCF Repos

For a GCF Repo that was processed on an interbank basis and to accommodate a potential substitution request, FICC will initiate a debit of the securities in the account of the lender through the FICC GCF Repo accounts at the clearing bank of the lender and the FICC GCF Repo account at the clearing bank of the borrower (''Interbank Movement''). This Interbank Movement is being done so that a borrower who elects to substitute collateral will have access to the collateral for which it is substituting. The Interbank Movement is expected to occur in the morning, though the clearing banks and FICC have the capability to have the Interbank Movement occur at any point during the day up until 2:30 p.m. During the Pilot Program, FICC and the clearing banks will unwind the intrabank GCF Repo transactions at 3:30 p.m. FICC and the clearing banks will determine the most appropriate timeframe for the Interbank Movement process to occur.

GCF Repo securities collateral will be debited from the securities account of the receiver of the collateral at its clearing bank and from a FICC account at the same clearing bank. If a substitution request is received by the clearing bank of the provider of GCF Repo securities collateral, prior to the substitution deadline at a time specified in FICC's procedures,[21] that clearing bank will process the substitution request by releasing the GCF Repo securities collateral from the FICC GCF Repo account at such clearing bank and crediting it to the account of the provider of GCF Repo securities collateral. All cash and/or securities substituted for the GCF Repo securities collateral being released will be credited to FICC's GCF Repo account at the clearing bank of the provider of the GCF Repo securities collateral.

Simultaneously, with the debit of the GCF Repo securities collateral from the account at the clearing bank of the original receiver of GCF Repo securities collateral, such clearing bank will effect a cash debit equal to the value of the securities collateral in FICC's GCF Repo account at such clearing bank and will credit the account of the original receiver of securities collateral at such clearing bank with such cash amount in order to make payment to the original receiver of securities collateral. (This is because when the original receiver of securities collateral is debited the securities, it must receive the funds.) In order to secure FICC's obligation to repay the balance in FICC's GCF Repo account at the clearing bank of the original receiver of the GCF Repo securities collateral, FICC will grant to such clearing bank a security interest in the cash and/or securities substituted for the GCF securities collateral in FICC's GCF repo account at the other clearing bank.

For substitutions that occur with respect to GCF Repo transactions that were processed on an inter-clearing bank basis, FICC and the clearing banks will permit cash substitutions as noted in SR–FICC–2011–05. However, as discussions have developed between FICC and its clearing banks, it has been determined that cash and securities may be used for substitutions. The rule change provides FICC with flexibility in this regard by referring to FICC's procedures. When interbank securities substitutions begin to be permitted, FICC will announce this to members by important notice.

Other Rule Changes

FICC is also making technical clean-up changes to Section 7 of GSD Rule 20, which relate to the GCF Repo collateral process. Specifically, FICC is changing reference to the defined term ''Security'' to ''security'' to conform to the use of ''security'' throughout the rule. The rule change also introduces a term that previously had not been included in the rules inadvertently, ''GCF Collateral Excess Account.'' This term is defined as ''the account established by a GCF Custodian Bank in the name of the Corporation to hold securities it credits to the GCF Securities Account the

[18] FICC will establish such deadline prior to the implementation of the changes to this service in conjunction with the clearing banks and the Federal Reserve in light of market circumstances. The initial substitution deadline is anticipated to be 1:00 p.m.; however, this will be finalized with the Federal Reserve and the clearing banks. The possible time range will be between 8:00 a.m. and 1:00 p.m. FICC will provide members advanced notice of the substitution deadline and any future changes thereto by important notice.

[19] The GSD rules define ''Comparable Securities'' as follows: The term ''Comparable Securities'' means, with respect to a security or securities that are represented by a particular Generic CUSIP Number, any other security or securities that are represented by the same Generic CUSIP Number.

[20] The GSD rules define ''Other Acceptable Securities'' as follows: The term ''Other Acceptable Securities'' means, with respect to: (An) adjustable-rate mortgage-backed security or securities issued by Ginnie Mae, any fixed-rate mortgage-backed security or securities issued by Ginnie Mae, or (an) adjustable-rate mortgage-backed security or securities issued by either Fannie Mae or Freddie Mac: (a) Any fixed-rate mortgage-backed security or securities issued by Fannie Mae and Freddie Mac, (b) any fixed-rate mortgage-backed security or securities issued by Ginnie Mae, or (c) any adjustable-rate mortgage-backed security or securities issued by Ginnie Mae.

[21] This timeframe will also be established in consultation with the clearing banks and the Federal Reserve. The parties are considering whether to have the substitution process be accomplished in two batches during the day depending upon the time of submission of the notifications for substitution. In any event, substitution requests will be subject to the substitution deadline. The details of the batches, if applied, will be announced to members by important notice. The deadline for submission of GCF Repo substitution requests will be the same for intrabank and interbank processing.

Corporation establishes for another GCF Clearing Bank.''

III. Discussion

Section 17A(b)(3)(F) of the Act [22] requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of security transactions and assure the safeguarding of securities and funds which are in the custody or control of such clearing agency or for which it is responsible.

Because the proposed rule change aligns the GCF Repo service with recommendations made by the TPR to address risks in the overall tri-party repo market, it will promote the prompt and accurate clearance and settlement of security transactions and assure the safeguarding of securities and funds which are in the custody or control of FICC or for which it is responsible, and therefore is consistent with the requirements of Section 17A(b)(3)(F) of the Act. The proposed rule change is not inconsistent with the existing rules of FICC, including any other rules proposed to be amended.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act [23] and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[24] that the proposed rule change (File No. SR–FICC–2012–05) be, and hereby is, approved.[25]

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.[26]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–19884 Filed 8–13–12; 8:45 am]

BILLING CODE 8011–01–P

[22] 15 U.S.C. 78q–1(b)(3)(F).

[23] 15 U.S.C. 78q–1.

[24] 15 U.S.C. 78s(b)(2).

[25] In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

[26] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67623; File No. SR–BATS–2012–034]

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.

August 8, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 1, 2012, BATS Exchange, Inc. (the ''Exchange'' or ''BATS'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act [3] and Rule 19b–4(f)(2) thereunder,[4] which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the fee schedule applicable to Members [5] and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal will be effective upon filing.

The text of the proposed rule change is available at the Exchange's Web site at *http://www.batstrading.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to modify its fee schedule in order to: (i) Remove a venue currently included as part of the Exchange's ''TRIM'' routing strategy; and (ii) commence charging for certain physical ports used to access the Exchange at the Exchange's secondary data center. Each of these proposed changes is described in further detail below.

(i) TRIM Routing Strategy

The Exchange proposes to modify its fee schedule in order to remove a specific venue from the Exchange's ''TRIM'' routing strategy. As defined in BATS Rule 11.13(a)(3)(G), TRIM is a routing option under which an order checks the System [6] for available shares if so instructed by the entering User [7] and then is sent to destinations on the System routing table. The TRIM routing strategy is focused on seeking execution of orders while minimizing execution costs by routing to certain low cost execution venues on the Exchange's routing table. Accordingly, the Exchange's current TRIM routing strategy will check the Exchange's order book (if instructed to do so) and then route to various venues on the Exchange's routing table, including NASDAQ OMX BX, Inc. (''NASDAQ BX''), EDGA EXCHANGE, Inc. (''EDGA''), the New York Stock Exchange LLC (''NYSE''), BATS Y–Exchange, Inc. (''BYX Exchange'') and certain alternative trading systems available through the Exchange's ''DRT'' strategy (''DRT Venues'').[8] Effective July 2, 2012, NASDAQ OMX PSX

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(ii).

[4] 17 CFR 240.19b–4(f)(2).

[5] A Member is any registered broker or dealer that has been admitted to membership in the Exchange.

[6] As defined in BATS Rule 1.5(aa), the System is the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.

[7] As defined in BATS Rule 1.5(cc), a User is any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.

[8] As set forth in BATS Rule 11.13(a)(3)(E), DRT is a routing option in which the entering firm instructs the System to route to alternative trading systems included in the System routing table. Unless otherwise specified, DRT can be combined with and function consistent with all other routing options.

(''NASDAQ PSX''), began to provide free executions to participants that met certain volume criteria. The Exchange, in turn, added NASDAQ PSX to the TRIM routing strategy as a low cost execution venue beginning July 2, 2012. According to a recently announced change, as of August 1, 2012, NASDAQ PSX will charge participants $0.0019 per share to remove liquidity from its order book in Tape A securities and $0.0027 per share to remove liquidity from its order book in Tape B and C securities, rather than continuing to provide executions free of charge.[9] Based on this fee increase, the Exchange no longer believes that NASDAQ PSX should be included in the TRIM routing strategy.

(ii) Physical Ports to Secondary Data Center

The Exchange currently charges for both ''logical'' ports used for order entry or receipt of Exchange data, and, depending on a participant's connection method (i.e., the number of access points and bandwidth of connection), also charges for the ''physical'' ports needed to connect to the Exchange's system. A logical port is also commonly referred to as a TCP/IP port, and represents a port established by the Exchange within the Exchange's system for trading and billing purposes. Each logical port established is specific to a Member or non-member and grants that Member or non-member the ability to operate a specific application, such as FIX order entry or PITCH data receipt. In contrast, a physical port is the port that is used by a Member or non-member to physically connect to the Exchange at the data centers where the Exchange's servers are located (i.e., either a cross-connection or a private line Ethernet connection to the Exchange's network within the data center). Multiple logical ports can be created for a single physical port.

The Exchange currently provides four (4) ''pairs'' of 1G physical ports without charge to any Member or non-member that has been approved to connect to the Exchange. A ''pair'' of ports refers to one port at the site of the Exchange's primary data center and one port at the site of the Exchange's secondary data center. The Exchange then charges $2,500 for each additional single 1G physical port provided by the Exchange to any Member or non-member in any data center. The Exchange proposes to modify pricing for physical ports used to connect to the Exchange at the Exchange's secondary data center, which the Exchange is in the process of migrating to Chicago, Illinois. The Exchange's secondary data center is operated to provide both the Exchange and participants that use the Exchange with a back-up facility and redundant operations in the event there is a disruption or event that affects the Exchange at the Exchange's primary data center. Thus, the secondary data center provides redundant connectivity to the Exchange for Members and non-members.

In order to help to pay for the infrastructure and other costs associated with the secondary data center, the Exchange proposes to impose physical port fees of $1,000 per month per 1G physical port at the secondary data center. In connection with this change, the Exchange also proposes clarifying changes to its existing physical port fees as set forth on the Exchange's fee schedule to ensure that the fee schedule clearly states that the existing pricing for physical ports will continue to apply at the primary data center, specifically four free ports and $2,500 for each additional port thereafter. Based on the scope of the proposal, the change applies to all Exchange constituents with physical connections, including Members that obtain ports for direct access to the Exchange, non-member service bureaus that act as a conduit for orders entered by Exchange Members that are their customers, Sponsored Participants, and market data recipients.

The Exchange currently provides the option to connect directly with the Exchange via 10G physical ports to any Member or non-member that has been approved to connect to the Exchange. Due to the infrastructure costs associated with providing the additional bandwidth for 10G physical ports, the Exchange currently charges $2,500 per month for each physical 10G port provided by the Exchange to any Member or non-member. The Exchange is not proposing any changes to its pricing for 10G physical ports but has proposed to make clear that this pricing applies to 10G physical ports in either data center.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.[10] Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,[11] in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The Exchange also notes that with respect to the routing changes proposed in this filing, although routing options are available to all Users, Users are not required to use the Exchange's routing services, but instead, the Exchange's routing services are completely optional. Members can manage their own routing to different venues or can utilize a myriad of other routing solutions that are available to market participants.

The Exchange believes that removing NASDAQ PSX from the TRIM routing option is reasonable because NASDAQ PSX will no longer provide executions free of charge, as described above. As such, the Exchange believes that the proposed change to remove NASDAQ PSX from the TRIM routing option is a fair and reasonable and equitable allocation of fees in that it is consistent with the goal of routing to low cost execution venues. The Exchange also believes that the proposed change to the TRIM routing strategy is fair and equitable and not unreasonably discriminatory in that it will apply equally to all Exchange Users.

The Exchange believes that its proposed physical port fees for all 1G physical connections to the secondary data center are equitably allocated among its constituents because the fees will enable the Exchange to recoup some of the additional infrastructure costs associated with establishing and maintaining physical ports that can be used to connect to the Exchange's systems at a secondary location. The Exchange notes that the physical port fees imposed by its competitors are similar to, and in some cases higher than, the physical port fees charged by the Exchange.[12] Accordingly, the Exchange believes that the proposed port fees are reasonable. The Exchange also believes that its proposed fee for each 1G physical port used to access the secondary data center is reasonable due to the continued provision of up to four

[9] *See* Equity Trader Alert #2012–31 (July 30, 2012). This change was recently announced and will become operative on August 1, 2012.

[10] 15 U.S.C. 78f.

[11] 15 U.S.C. 78f(b)(4).

[12] *See, e.g.,* NASDAQ Rule 7034(b) (setting forth physical connection charges to connect to NASDAQ, including physical connection fees ranging from $1,000 to $15,000 per month, depending on the method of connectivity).

free 1G physical ports that can be established to access the Exchange's primary data center. Finally, the Exchange believes that the fees proposed for physical ports to access the secondary data center are not unfairly discriminatory, in that they are uniform in application to all Members and non-Members, and are based on each Member's or non-Member's individual capacity needs and needs for redundancy.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Because the market for order execution is extremely competitive, Members may readily opt to disfavor the Exchange's routing services if they believe that alternatives offer them better value. The proposed change is designed to ensure that the TRIM routing strategy efficiently focuses on low cost execution venues, thereby allowing it to remain competitive. Similarly, the Exchange believes that its proposed physical access fees are similar to and, in some cases, less than, the fees imposed by competitors to the Exchange. The Exchange does not believe that the imposition of physical port fees to connect to the Exchange's secondary data center will burden competition, but, to the contrary, the Exchange believes that the proposal will help the Exchange to recoup some of its infrastructure costs and, in turn, compete with other venues that charge fees to access their markets, including their back-up data centers.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Pursuant to Section 19(b)(3)(A)(ii) of the Act [13] and Rule 19b–4(f)(2) thereunder,[14] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge applicable to the Exchange's Members and non-members, which renders the proposed rule change effective upon filing.

[13] 15 U.S.C. 78s(b)(3)(A)(ii).

[14] 17 CFR 240.19b–4(f)(2).

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–BATS–2012–034 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–BATS–2012–034. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–BATS–2012–034 and should be submitted on or before September 4, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–19861 Filed 8–13–12; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67622; File No. SR–BYX–2012–017]

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Fees for Use of BATS Y-Exchange, Inc.

August 8, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on July 31, 2012, BATS Y-Exchange, Inc. (the ''Exchange'' or ''BYX'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act [3] and Rule 19b–4(f)(2) thereunder,[4] which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the fee schedule applicable to Members [5] and non-members of the Exchange pursuant to BYX Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal will be effective upon filing.

The text of the proposed rule change is available at the Exchange's Web site

[15] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(ii).

[4] 17 CFR 240.19b–4(f)(2).

[5] A Member is any registered broker or dealer that has been admitted to membership in the Exchange.

at *http://www.batstrading.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to modify its fee schedule in order to remove a venue currently included as part of the Exchange's ''TRIM'' routing strategy, as described in further detail below.

The Exchange proposes to modify its fee schedule in order to remove a specific venue from the Exchange's ''TRIM'' routing strategy. As defined in BYX Rule 11.13(a)(3)(G), TRIM is a routing option under which an order checks the System [6] for available shares and then is sent to destinations on the System routing table. The TRIM routing strategy is focused on seeking execution of orders while minimizing execution costs by routing to certain low cost execution venues on the Exchange's routing table. Accordingly, the Exchange's current TRIM routing strategy will check the Exchange's order book and then route to various venues on the Exchange's routing table, including NASDAQ OMX BX, Inc. (''NASDAQ BX''), EDGA EXCHANGE, Inc. (''EDGA''), the New York Stock Exchange LLC (''NYSE''), BATS Exchange, Inc. (''BZX Exchange'') and certain alternative trading systems available through the Exchange's ''DRT'' strategy (''DRT Venues'').[7] Effective July 2, 2012, NASDAQ OMX PSX (''NASDAQ PSX''), began to provide free executions to participants that met certain volume criteria. The Exchange, in turn, added NASDAQ PSX to the TRIM routing strategy as a low cost execution venue beginning July 2, 2012. According to a recently announced change, as of August 1, 2012, NASDAQ PSX will charge participants $0.0019 per share to remove liquidity from its order book in Tape A securities and $0.0027 per share to remove liquidity from its order book in Tape B and C securities, rather than continuing to provide executions free of charge.[8] Based on this fee increase, the Exchange no longer believes that NASDAQ PSX should be included in the TRIM routing strategy.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.[9] Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,[10] in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The Exchange also notes that with respect to the routing changes proposed in this filing, although routing options are available to all Users,[11] Users are not required to use the Exchange's routing services, but instead, the Exchange's routing services are completely optional. Members can manage their own routing to different venues or can utilize a myriad of other routing solutions that are available to market participants.

The Exchange believes that removing NASDAQ PSX from the TRIM routing option is reasonable in that NASDAQ PSX will no longer provide executions free of charge, as described above. As such, the Exchange believes that the proposed change to remove NASDAQ PSX from the TRIM routing option is a fair and reasonable and equitable allocation of fees in that it is consistent with the goal of routing to low cost execution venues. The Exchange also believes that the proposed change to the TRIM routing strategy is fair and equitable and not unreasonably discriminatory in that it will apply equally to all Exchange Users.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Because the market for order execution is extremely competitive, Members may readily opt to disfavor the Exchange's routing services if they believe that alternatives offer them better value. The proposed change is designed to ensure that the TRIM routing strategy efficiently focuses on low cost execution venues, thereby allowing it to remain competitive.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Pursuant to Section 19(b)(3)(A)(ii) of the Act [12] and Rule 19b–4(f)(2) thereunder,[13] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge applicable to the Exchange's Members and non-members, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

[6] As defined in BYX Rule 1.5(aa), the System is the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.

[7] As set forth in BYX Rule 11.13(a)(3)(E), DRT is a routing option in which the entering firm instructs the System to route to alternative trading systems included in the System routing table. Unless otherwise specified, DRT can be combined with and function consistent with all other routing options.

[8] *See* Equity Trader Alert #2012–31 (July 30, 2012). This change was recently announced and will become operative on August 1, 2012.

[9] 15 U.S.C. 78f.

[10] 15 U.S.C. 78f(b)(4).

[11] As defined in BYX Rule 1.5(cc), a User is any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.

[12] 15 U.S.C. 78s(b)(3)(A)(ii).

[13] 17 CFR 240.19b–4(f)(2).

Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov*. Please include File Number SR–BYX–2012–017 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–BYX–2012–017. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–BYX–2012–017 and should be submitted on or before September 4, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–19860 Filed 8–13–12; 8:45 am]

BILLING CODE 8011–01–P

[14] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–67624; File No. SR–CBOE–2012–040]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Approval of Proposed Rule Change Related to Permanent Approval of Its Pilot on FLEX Minimum Value Sizes

August 8, 2012.

I. Introduction

On April 25, 2012, the Chicago Board Options Exchange, Incorporated (''Exchange'' or ''CBOE'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change relating to permanent approval of its pilot program eliminating Flexible Exchange Option (''FLEX Option'') minimum value sizes. The proposed rule change was published for comment in the **Federal Register** on May 11, 2012.[3] The Commission received no comments on the proposal. The Exchange consented to an extension of the time period for the Commission to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved, to August 9, 2012. CBOE filed Amendment No. 1 to the proposed rule change, in order to transmit a pilot report, on August 6, 2012.[4] This order approves the proposed rule change.

II. Description of the Proposal

FLEX Options, unlike traditional standardized options, allow investors to customize basic option terms, including size, expiration date, exercise style, and certain exercise style prices within certain parameters as set forth in CBOE's rules.[5] CBOE currently has in place a pilot program under which there is no minimum value size requirement for FLEX Option transactions (''Pilot Program'') which, practically, allows FLEX Option trades to be initiated at levels as low as one contract.[6] CBOE is proposing to make the Pilot Program permanent.

Prior to the Pilot Program, the minimum value size for an opening transaction in any FLEX series without open interest was: (1) For FLEX Equity Options,[7] the lesser of 250 contracts or the number of contracts overlying $1 million in the underlying securities;[8] and (2) for FLEX Index Options,[9] $10 million Underlying Equivalent Value.[10] Additionally, the minimum value size for a transaction in any currently-opened FLEX series was: (1) For FLEX Equity Options, the lesser of 100 contracts or the number of contracts overlying $1 million in the underlying securities, and 25 contracts in the case of closing transactions; (2) for FLEX Index Options, $1 million Underlying Equivalent Value in the case of both opening and closing transactions; or (3) in either case, the remaining underlying size or Underlying Equivalent Value on a closing transaction, whichever is less.[11] There were also, prior to the Pilot Program, minimum value size requirements applicable to FLEX Quotes[12] responsive to a Request for Quotes,[13] including certain minimum

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 66934 (May 7, 2012), 77 FR 27822 (May 11, 2012) (''Notice'').

[4] In Amendment No. 1, CBOE submitted as Exhibit 3 to its proposal an annual report summarizing pilot data collected for the year 2011, the most recent complete year of the pilot program (''Pilot Report''). Specifically, the Pilot Report summarizes the open interest and trading volume in FLEX Option transactions opened during the year 2011 with a size below the minimum value thresholds in force before the pilot, as well as the types of customers initiating such transactions.

[5] *See* Notice, *supra* note 3; *see also* CBOE Rules 24A.1(d) and 24B.1(d).

[6] *See* CBOE Rules 24A.4.01(b), 24B.4.01(b); Securities Exchange Act Release Nos. 61439 (January 28, 2010), 75 FR 5831 (February 4, 2010) (SR–CBOE–2009–087) (approving establishment of pilot program); 61676 (March 9, 2010), 75 FR 13191 (March 18, 2010) (SR–CBOE–2010–026) (technical rule change to include original pilots' conclusion date of March 28, 2011 in the rule text); 64110 (March 24, 2011), 76 FR 17463 (March 29, 2011) (SR–CBOE–2011–024) (extending the pilots through March 30, 2012); and 66701 (March 30, 2012), 77 FR 20673 (April 5, 2012) (SR–CBOE–2012–027) (extending the pilots through the earlier of November 2, 2012 or the date on which the respective pilot program is approved on a permanent basis). There is also a CBOE pilot program currently in place that eliminates certain restrictions on the exercise settlement values for FLEX index options. Although that exercise settlement value pilot was originally approved along with the Pilot Program, it is not part of this proposal.

[7] *See* CBOE Rules 24A.1(e) and 24B.1(f) (defining ''FLEX Equity Option'').

[8] Under a different pilot program, superseded by the pilot that CBOE now seeks to make permanent, the 250-contract minimum for Flex Equity Options was reduced to 150 contracts. *See* Securities Exchange Act Release No. 57429 (March 4, 2008), 73 FR 13058 (March 11, 2008) (order approving SR–CBOE–2006–36).

[9] *See* CBOE Rules 24A.1(f) and 24B.1(g) (defining ''FLEX Index Option'').

[10] *See* CBOE Rules 24A.4(a)(4)(ii) and 24B.4(a)(5)(ii); *see also* CBOE Rules 24A.1(q) and 24B.1(z) (defining ''Underlying Equivalent Value'').

[11] *See* CBOE Rules 24A.4(a)(4)(iii) and 24B.4(a)(5)(iii).

[12] *See* CBOE Rules 24A.1(h) and 24B.1(k) (defining ''FLEX Quote'').

[13] *See* CBOE Rules 24A.1(n) and 24B.1(r) (defining ''Request for Quotes'').

value size requirements that specifically applied to FLEX Appointed Market Makers and FLEX Index Appointed Market Makers.[14]

CBOE's proposal will make permanent the Pilot Program eliminating these minimum value sizes by deleting CBOE Rules 24A.4(a)(4), 24A.4.01(b), 24B.4(a)(5), and 24B.4.01(b), as well as by deleting cross-references in Rules 24A.9(b) and 24B.9(c) that applied the minimum value size requirements in Rules 24A.4(a)(4)(iv) and 24B.4(a)(5)(iv) to FLEX Quotes entered by FLEX Appointed Market Makers or FLEX Qualified Market Makers.[15]

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[16] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[17] which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and not be designed to permit unfair discrimination between customers, issuers, brokers or dealers.

FLEX Options were originally designed for use by institutional and high net worth customers, rather than retail investors.[18] In approving the Pilot Program, while the Commission noted that it had received several comment letters stating that the proposal would assist institutional customers, it also noted that the elimination of the minimum value size requirements raised the possibility that retail customers would access the FLEX Options market.[19] One of the risks to retail investors outlined in the ODD[20] is that, because of the customized nature of FLEX Options and lack of continuous quotes, trading in FLEX Options is often less deep and liquid than trading in standardized options on the same underlying interest.[21] Additionally, the Commission observed, in approving the Pilot Program, that reducing the minimum value size for opening FLEX Option transactions increases the potential for the FLEX Options market to act as a surrogate for the standardized options market, and expressed its concern in this regard because the standardized market contains certain protections for investors not present in the FLEX Options market.[22] The Commission stated that, in the event the Exchange proposed making the Pilot Program permanent, information regarding the types of customers initiating opening FLEX Options transactions during the Pilot Program, to be compiled and submitted to the Commission by CBOE as part of its monitoring of the Pilot Program, would enable the Commission to evaluate how market participants have responded to the Pilot Program and what types of customers are using the FLEX Options market.[23]

Based on the Pilot Report that CBOE provided to the Commission, the significant majority of FLEX Option transactions with small value sizes have been initiated by institutional customers, while, at the same time, retail investor participation in such transactions has remained extremely low.[24] For example, the Pilot Report states that of the 551 FLEX Option transactions for non-broker-dealer customers that were initiated below the pre-pilot minimum value size requirement, 550 were initiated for the accounts of institutional customers.[25] Based on this usage, CBOE has stated that it believes that there is sufficient investor interest and demand to make the Pilot Program permanent.[26]

On balance, the Commission believes that it is consistent with the Act to make the Pilot Program permanent. Given the current level of retail usage, the potential concerns regarding exposing less sophisticated investors to the FLEX Options market are minimized. The protections noted below, including heightened options suitability requirements, should help to address any concerns about the potential for increased retail participation in the FLEX Options market. Moreover, the Commission is not aware of data or analysis suggesting that the trading of FLEX Options has acted as a surrogate for the trading of standardized options on CBOE as a result of the Pilot Program.

Existing safeguards—such as position reporting requirements and margin requirements—will continue to apply to FLEX Options.[27] Further, as noted above, under Rule 9b–1 under the Act,[28] all customers of a broker-dealer with options accounts approved to trade FLEX Options must receive the ODD, which contains specific disclosures about the characteristics and special risks of trading FLEX Options.[29] In addition, similar to other options, FLEX Options are subject to Trading Permit Holder supervision and suitability

[14] *See* CBOE Rules 24A.4(a)(4)(iv) and 24B.4(a)(5)(iv); *see also* CBOE Rules 24A.9 and 24B.9 (defining and describing FLEX Qualified Market Makers and FLEX Appointed Market Makers).

[15] As a technical change, CBOE also proposes to relocate certain language from the provisions that would be deleted by its proposal. Specifically, CBOE proposes to move from Rules 24A.4(a)(4)(i) and 24B.4(a)(5)(i) to Rules 24A.4(a)(2)(iv) and 24B.4(a)(2)(iv), respectively, language setting an expiration date maximum term of fifteen years for FLEX Requests for Quotes, FLEX Orders and FLEX Option contracts. CBOE also proposes to move from Rule 24B.4(a)(5)(iv) to Rule 24B.9(c) language regarding the minimum percentage of Requests for Quotes in response to which FLEX Appointed Market Makers must provide a FLEX Quote.

[16] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[17] 15 U.S.C. 78f(b)(5).

[18] *See* Securities Exchange Act Release Nos. 31920 (February 24, 1993), 58 FR 12280 (March 3, 1993) (order approving SR–CBOE–92–17); 57429 (March 4, 2008), 73 FR 13058 (March 11, 2008) (order approving SR–CBOE–2006–36). As noted in the Options Disclosure Document (''ODD''), which explains the characteristics and risks of exchange-traded options, flexibly structured options may be useful to sophisticated investors seeking to manage particular portfolio and trading risks. Rule 9b-1 under the Act requires that broker-dealers furnish the ODD to a customer before accepting an order from the customer to purchase or sell an option contract relating to an options class that is the subject of the ODD, or approving the customer's account for the trading of such option. *See* 17 CFR 240.9b–1(d).

[19] *See* Securities Exchange Act Release No. 61439 (January 28, 2010), 75 FR 5831 (February 4, 2010) (SR–CBOE–2009–087) (''Pilot Approval Order'').

[20] *See supra* note 18.

[21] In particular, the ODD states that because many of the terms of FLEX Options are not standardized, it is less likely that there will be an active secondary market in which holders and writers of such options will be able to close out their positions by offsetting sales and purchases. Also, the ODD states that certain margin requirements for positions in flexibly structured options may be significantly greater than the margin requirements applicable to similar positions in other options on the same underlying interest.

[22] *See* Pilot Approval Order, *supra* note 19. In particular, the Commission noted that continuous quotes may not always be available in the FLEX Options market and that FLEX Options do not have trading rotations at either the opening or closing of trading. *Id.*

[23] *Id.* CBOE has submitted the Pilot Report as well as other, confidential reports of data collected during the Pilot Program. *See* Notice, *supra* note 3; *see also* Amendment No. 1, *supra* note 4.

[24] *See* Pilot Report, *supra* note 4.

[25] *Id.*

[26] *Id.*

[27] Certain FLEX Options such as, for example, narrow-based index FLEX options, have exercise and position limits, but other FLEX Options do not. *See* CBOE Rules 24A.7, 24A.8, 24B.7 and 24B.8.

[28] 17 CFR 240.9b–1.

[29] *See supra* note 18.

requirements, such as in CBOE Rules 9.8 and 9.9.[30] The Commission believes that these safeguards are reasonably designed to help mitigate potential risks for retail and other investors of investing in FLEX Options.

CBOE also believes that permanently removing the minimum value size requirements for FLEX Options will give investors a more viable, exchange-traded alternative to customized options in the OTC market, which are not subject to minimum value size requirements.[31] Furthermore, CBOE has represented that broker-dealers have indicated to CBOE that the minimum value size requirements have prevented them from bringing transactions on the Exchange that are already taking place in the OTC market.[32] Therefore, it appears possible that permanent approval of the Pilot Program could further incent trading interest in customized options to move from the OTC market to CBOE. To the extent investors choose to trade FLEX Options on CBOE in lieu of the OTC market as a result of the permanent removal of the minimum value size requirements, such action should benefit investors. As the Commission has previously noted, there are certain benefits to trading on an exchange, such as enhanced efficiency in initiating and closing out positions, increased market transparency, and heightened contra-party creditworthiness due to the role of the Options Clearing Corporation as issuer and guarantor of FLEX Options.[33]

IV. Conclusion

In summary, the Commission believes, for the reasons noted above, that the proposed rule change to permanently approve the Pilot Program is consistent with the Act and Section 6(b)(5) thereunder in particular, and should be approved. The Commission expects CBOE to continue to monitor the usage of FLEX Options and review whether changes need to be made to its rules or the ODD to address any changes in retail FLEX Option participation or any other issues that may occur as a result of the elimination of the minimum value sizes on a permanent basis.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[34] that the proposed rule change (SR–CBOE–2012–040) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[35]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012–19862 Filed 8–13–12; 8:45 am]

BILLING CODE 8011–01–P

[30] *See* Notice, *supra* note 3.

[31] *Id.*

[32] *Id.*

[33] *See* Securities Exchange Act Release No. 57429 (March 4, 2008), 73 FR 13058 (March 11, 2008) (order approving SR–CBOE–2006–36).

[34] 15 U.S.C. 78s(b)(2).

[35] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[File No. 500–1]

In the Matter of Ameriwest Energy Corp., Clyvia, Inc., and Crown Oil & Gas, Inc.; Order of Suspension of Trading

August 10, 2012.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Ameriwest Energy Corp. because it has not filed any periodic reports since the period ended December 31, 2008.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Clyvia, Inc. because it has not filed any periodic reports since the period ended October 31, 2008.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Crown Oil & Gas, Inc. because it has not filed any periodic reports since the period ended March 31, 2009.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed companies. Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed companies is suspended for the period from 9:30 a.m. EDT on August 10, 2012, through 11:59 p.m. EDT on August 23, 2012.

By the Commission.

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2012–20009 Filed 8–10–12; 11:15 am]

BILLING CODE 8011–01–P

DEPARTMENT OF STATE

[Public Notice 7981]

Culturally Significant Objects Imported for Exhibition Determinations: Terracotta Bell-Krater Attributed to the Altamura Painter

SUMMARY: Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.;* 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236–3 of August 28, 2000 (and, as appropriate, Delegation of Authority No. 257 of April 15, 2003), I hereby determine that the object Terracotta Bell-Krater attributed to the Altamura Painter imported from abroad for temporary exhibition within the United States, is of cultural significance. The object is imported pursuant to a loan agreement with the foreign owners or custodians. I also determine that the exhibition or display of the exhibit object at The Metropolitan Museum of Art, New York, New York from on or about September 15, 2012 to on or about September 15, 2016, and at possible additional exhibitions or venues yet to be determined, is in the national interest. I have ordered that Public Notice of these Determinations be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: For further information, including a list of the exhibit objects, contact Ona M. Hahs, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202–632–6473). The mailing address is U.S. Department of State, SA–5, L/PD, Fifth Floor (Suite 5H03), Washington, DC 20522–0505.

Dated: August 6, 2012.

J. Adam Ereli,

Principal Deputy Assistant Secretary, Bureau of Educational and Cultural Affairs, Department of State.

[FR Doc. 2012–19922 Filed 8–13–12; 8:45 am]

BILLING CODE 4710–05–P

DEPARTMENT OF STATE

[Public Notice 7980]

Culturally Significant Objects Imported for Exhibition Determinations: ''Plants of Virtue and Rocks by a Stream'' by Shitao

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965, Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998, Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236–3 of August 28, 2000 (and, as appropriate, Delegation of Authority No. 257 of April 15, 2003), I hereby determine that the object entitled ''Plants of Virtue and Rocks by a Stream'' by Shitao to be imported by The Santa Barbara Museum of Art from abroad for temporary exhibition within the United States, is of cultural significance. The object is imported pursuant to a loan agreement with the foreign owners or custodians. I also determine that the exhibition or display of the exhibit object at The Santa Barbara Museum of Art in Santa Barbara, California from on or about October 20, 2012 to on or about January 20, 2013, as part of its exhibition entitled ''The Artful Recluse: Seventeenth Century Chinese Painting and Calligraphy''; and possible additional exhibitions or venues yet to be determined; is in the national interest. I have ordered that Public Notice of these Determinations be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: For further information, including a listing of the exhibit object, contact Ona M. Hahs, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202–632–6473). The mailing address is U.S. Department of State, SA–5, L/PD, Fifth Floor (Suite 5H03), Washington, DC 20522–0505.

Dated: August 6, 2012.

J. Adam Ereli,

Principal Deputy Assistant Secretary, Bureau of Educational and Cultural Affairs, Department of State.

[FR Doc. 2012–19965 Filed 8–13–12; 8:45 am]

BILLING CODE 4710–05–P

TENNESSEE VALLEY AUTHORITY

Sunshine Act Meeting Notice; Meeting No. 12–03; August 16, 2012

The TVA Board of Directors will hold a public meeting on August 16, 2012, in the TVA West Tower Auditorium, 400 West Summit Hill Drive, Knoxville, Tennessee. The public may comment on any agenda item or subject at a public listening session which begins at 8:30 a.m. (ET). Following the end of the public listening session, the meeting will be called to order to consider the agenda items listed below. On-site registration will be available until 15 minutes before the public listening session begins at 8:30 a.m. (ET). Pre-registered speakers will address the Board first. TVA management will answer questions from the news media following the Board meeting.

STATUS: Open.

AGENDA Chairman's Welcome.

OLD BUSINESS Approval of minutes of April 26, 2012, Board Meeting.

NEW BUSINESS

1. Report from President and CEO
2. Report of the Finance, Rates, and Portfolio Committee
   A. FY 13 Financial Plan
   B. Financial Shelf
   C. Distributor Power Contract Amendment
3. Report of the Nuclear Oversight Committee
4. Report of the People and Performance Committee
5. Report of the Audit, Risk, and Regulation Committee
   A. FY 13 External Auditor Selection
6. Report of the External Relations Committee

For more information: Please call TVA Media Relations at (865) 632–6000, Knoxville, Tennessee. People who plan to attend the meeting and have special needs should call (865) 632–6000. Anyone who wishes to comment on any of the agenda in writing may send their comments to: TVA Board of Directors, Board Agenda Comments, 400 West Summit Hill Drive, Knoxville, Tennessee 37902.

Dated: August 9, 2012.

Ralph E. Rodgers,

General Counsel and Secretary.

[FR Doc. 2012–20011 Filed 8–10–12; 4:15 pm]

BILLING CODE 8120–08–P

TRADE REPRESENTATIVE

2012 Special 301 Out-of-Cycle Review of Notorious Markets: Request for Public Comments

AGENCY: Office of the United States Trade Representative.

ACTION: Request for written submissions from the public.

SUMMARY: In 2010, the Office of the United States Trade Representative (USTR) began publishing the notorious market list as an ''Out of Cycle Review'' separately from the annual Special 301 report. This review of Notorious Markets (''Notorious Markets List'') results in the publication of examples of Internet and physical markets that have been the subject of enforcement action or that may merit further investigation for possible intellectual property infringements. The Notorious Markets List does not represent a finding of violation of law, but rather is a summary of information that serves to highlight the problem of marketplaces that deal in infringing goods and which help sustain global piracy and counterfeiting. USTR is hereby requesting written submissions from the public identifying potential Internet and physical notorious markets that exist outside the United States and that may be included in the 2012 Notorious Markets List.

DATES: The deadline for interested parties to submit written comments is September 14, 2012.

ADDRESSES: All written comments should be sent electronically via *http://www.regulations.gov,* docket number USTR–2012–0011. Submissions should contain the term ''2012 Out-of-Cycle Review of Notorious Markets'' in the ''Type comment'' field on *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Paula Karol Pinha, Director for Intellectual Property and Innovation, Office of the United States Trade Representative, at (202) 395– 5419. Further information about Special 301 can be found at *http://www.ustr.gov.*

SUPPLEMENTARY INFORMATION:

1. Background

Pursuant to the Administration's 2010 Joint Strategic Plan on Intellectual Property Enforcement, USTR began conducting an Out-of-Cycle Review of Notorious Markets, resulting in publication, separately from the annual Special 301 report, of a ''Notorious Markets List.'' (The Notorious Markets List had previously been included in annual Special 301 reports.) USTR published the first stand alone Notorious Markets List in February 2011, and published the second List in December 2011. The December 2011 Notorious Markets List identified 34 markets, including both physical and Internet markets, as examples of marketplaces that have been the subject of enforcement action or that may merit further investigation for possible intellectual property rights infringements, or both.

The Notorious Markets List does not reflect findings of violation of law, nor does it reflect the United States' analysis of the general climate of protection and enforcement of intellectual property rights in the countries where the markets were located. Rather, the list identifies certain prominent examples of markets in which pirated or counterfeit goods were reportedly available. As part

of its outreach efforts, the United States encourages the responsible authorities to step up efforts to combat piracy and counterfeiting in these and similar markets.

2. Public Comments

a. Written Comments

The Special 301 Subcommittee invites written submissions from the public concerning potential examples of Internet and physical ''notorious markets.'' Notorious markets are those where counterfeit or pirated products are prevalent to such a degree that the market exemplifies the problem of marketplaces that deal in infringing goods and help sustain global piracy and counterfeiting.

b. Requirements for Comments

Interested parties must submit written comments by September 14, 2012. Written comments should be as detailed as possible and should clearly identify the reason or reasons why the nature or scope of activity associated with the identified market or markets exemplify the problem of marketplaces that deal in infringing goods and help sustain global piracy and counterfeiting. Potentially helpful information could include: Location; principal owners/operators (if known); types of products sold, distributed, or otherwise made available; information on the volume of Internet traffic associated with a Web site (such as a recent Alexa ranking); any known civil or criminal enforcement activity against the market; other efforts to remove/limit infringing materials (e.g., a Web site's responsiveness to requests to remove or disable access to allegedly infringing material); and any other relevant information, including with respect to positive progress made by operators of the market in addressing infringing activity. Any comments that include quantitative loss claims should be accompanied by the methodology used in calculating such estimated losses. Comments must be in English.

All comments should be sent electronically via *http://www.regulations.gov,* docket number USTR–2012–0011. To submit comments to *http://www.regulations.gov,* find the docket by entering the number USTR–2012–0011 in the ''Enter Keyword or ID'' window at the *http://www.regulations.gov* home page and click ''Search.'' The site will provide a search-results page listing all documents associated with this docket. Find a reference to this notice by selecting ''Notice'' under ''Document Type'' on the left side of the search results page, and click on the link entitled ''Submit a comment.'' (For further information on using the *http://www.regulations.gov* Web site, please consult the resources provided on the Web site by clicking on ''How to Use This Site'' on the left side of the home page.) The *http://www.regulations.gov* site provides the option of providing comments by filling in a ''Type comment'' field, or by attaching a document. USTR prefers that comments be provided in an attached document. If a document is attached, please type ''2011 Out-of-Cycle Review of Notorious Markets'' in the ''Type comment'' field. USTR prefers submissions in Microsoft Word (.doc) or Adobe Acrobat (.pdf). If the submission is in an application other than those two, please indicate the name of the application in the ''Type comment'' field.

3. Inspection of Comments

USTR will maintain a docket on the 2012 Out-of-Cycle Review of Notorious Markets that is accessible to the public. The public file will include all comments received which will be placed in the docket and open to public inspection pursuant to 15 CFR 2006.13, except confidential business information exempt from public inspection in accordance with 15 CFR 2006.15. Comments may be viewed on the *http://www.regulations.gov* Web site by entering docket number USTR–2012–0011 in the search field on the home page.

4. Business Confidential Information

A person requesting that information contained in a comment submitted by that person be treated as confidential business information must certify that such information is business confidential and would not customarily be released to the public by the submitter. Confidential business information must be clearly designated as such, the submission must be marked ''Business Confidential'' at the top and bottom of the cover page and each succeeding page, and the submission should indicate, via brackets, the specific information that is confidential. Additionally, ''Business Confidential'' should be included in the ''Type comment'' field. Anyone submitting a comment containing business confidential information must also submit as a separate submission a nonconfidential version of the confidential submission, indicating where confidential information has been redacted. The non-confidential summary will be placed in the docket and open to public inspection.

Stanford K. McCoy,

Assistant U.S. Trade Representative for Intellectual Property and Innovation.

[FR Doc. 2012–19840 Filed 8–13–12; 8:45 am]

BILLING CODE 3290–F2–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Tenth Meeting: RTCA Special Committee 222, Inmarsat Aeronautical Mobile Satellite (Route) Services

AGENCY: Federal Aviation Administration (FAA), U.S. Department of Transportation (DOT).

ACTION: Meeting Notice of RTCA Special Committee 222, Inmarsat Aeronautical Mobile Satellite (Route) Services.

SUMMARY: The FAA is issuing this notice to advise the public of the tenth meeting of RTCA Special Committee 222, Inmarsat Aeronautical Mobile Satellite (Route) Services.

DATES: The meeting will be held September 11–13, 2012, from 9:30 a.m.–5:00 p.m.

ADDRESS: The meeting will be held at RTCA, Inc., 1150 18th Street NW., Suite 910, Washington, DC, 20036.

FOR FURTHER INFORMATION CONTACT: The RTCA Secretariat, 1150 18th Street NW., Suite 910, Washington, DC 20036, or by telephone at (202) 833–9339, fax at (202) 833–9434, or Web site at *http://www.rtca.org.*

SUPPLEMENTARY INFORMATION: Pursuant to section 10(a) (2) of the Federal Advisory Committee Act (Pub. L. 92–463, 5 U.S.C., App.), notice is hereby given for a meeting of Special Committee 222. The agenda will include the following:

Tuesday, September 11, 2012

- Greetings & Attendance.
- Review summary of June 2102 meeting (9th Plenary).
- Detailed review of modifications to generic MASPS draft as agreed at 9th Plenary. The version to be reviewed is Rev2.1, posted on the RTCA SC–222 Workspace.
- Detailed review of SBB-specific material for MASPS. Available material will be posted no later than September 4, 2012.
- Status, update and review SBB-specific material for DO–262A. Available material will be posted no later than September 4, 2012.
- Other items as appropriate.
- Review of action items from 9th Plenary.

- Schedule for 11th Plenary.
- Adjourn.

Wednesday, September 12

- It is anticipated that the Plenary session will be completed on Tuesday, September 11. A room has been reserved for Wednesday, September 12 to accommodate editing activities on both the MASPS and MOPs. Webex/telecom will be available on both days.

Thursday, September 13

- It is anticipated that the Plenary session will be completed on Tuesday, September 11. A room has been reserved for Wednesday, September 12 to accommodate editing activities on both the MASPS and MOPs. Webex/telecom will be available on both days.

Attendance is open to the interested public but limited to space availability. With the approval of the chairman, members of the public may present oral statements at the meeting. Persons wishing to present statements or obtain information should contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section. Members of the public may present a written statement to the committee at any time.

Issued in Washington, DC, on August 7, 2012.

David Sicard,

Manager, Business Operations Branch, Federal Aviation Administration.

[FR Doc. 2012–19908 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Commercial Space Transportation Advisory Committee—Public Teleconference

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of Commercial Space Transportation Advisory Committee Teleconference.

SUMMARY: Pursuant to Section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92–463, 5 U.S.C. App. 2), notice is hereby given of a teleconference of the Operations Working Group (OWG) of the Commercial Space Transportation Advisory Committee (COMSTAC). The teleconference will take place on Wednesday, September 12, 2012, starting at 10:00 a.m. Eastern Daylight Time. Individuals who plan to participate should contact Susan Lender, Designated Federal Officer (DFO), (the Contact Person listed below) by phone or email for the teleconference call in number. The proposed agenda for this teleconference is to follow up on actions from the May 10–11, 2012, COMSTAC meeting, and the July 17, 2012, OWG teleconference. These issues include:

- Continuing the discussion of on-orbit authority for the FAA and receive a report from the smaller working group tasked to explore case studies;
- Receiving preliminary results from reopening the survey on launch site licensing;
- Updating information on international activities; and
- Exploring the issue of China's proposal for launch vehicle international standards and best practices.

Interested members of the public may submit relevant written statements for the COMSTAC working group members to consider under the advisory process. Statements may concern the issues and agenda items mentioned above or additional issues that may be relevant for the U.S. commercial space transportation industry. Interested parties wishing to submit written statements should contact Susan Lender, DFO, (the Contact Person listed below) in writing (mail or email) by September 5, 2012, so that the information can be made available to COMSTAC members for their review and consideration before the September 12, 2012, teleconference. Written statements should be supplied in the following formats: One hard copy with original signature or one electronic copy via email.

An agenda will be posted on the FAA Web site at *http://www.faa.gov/go/ast.*

Individuals who plan to participate and need special assistance should inform the Contact Person listed below in advance of the meeting.

FOR FURTHER INFORMATION CONTACT: Susan Lender (AST–5), Office of Commercial Space Transportation (AST), 800 Independence Avenue SW., Room 331, Washington, DC 20591, telephone (202) 267–8029; Email *susan.lender@faa.gov.* Complete information regarding COMSTAC is available on the FAA Web site at: *http://www.faa.gov/about/office_org/headquarters_offices/ast/advisory_committee/.*

Issued in Washington, DC, August 7, 2012.

George C. Nield,

Associate Administrator for Commercial Space Transportation.

[FR Doc. 2012–19906 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

[Docket No. FHWA–2012–0084]

Agency Information Collection Activities: Request for Comments for a New Information Collection

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice and request for comments.

SUMMARY: FHWA invites public comments about our intention to request the Office of Management and Budget's (OMB) approval for a new information collection, which is summarized below under **SUPPLEMENTARY INFORMATION**. We are required to publish this notice in the **Federal Register** by the Paperwork Reduction Act of 1995.

DATES: Please submit comments by October 15, 2012.

ADDRESSES: You may submit comments identified by DOT Docket ID 2012–0084 by any of the following methods:

Web Site: For access to the docket to read background documents or comments received; go to the Federal eRulemaking Portal: Go to *http://www.regulations.gov.* Follow the online instructions for submitting comments.

Fax: 1–202–493–2251.

Mail: Docket Management Facility, U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590–0001.

Hand Delivery or Courier: U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m. ET, Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: James Dahlem, 202–366–9265 or *james.dahlem@dot.gov,* Office of Safety, Federal Highway Administration, Department of Transportation, 1200 New Jersey Avenue SE., Washington, DC 20590. Office hours are from 8 a.m. to 5 p.m., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Title: Study of High-Risk Rural Roads Best Practices.

Background: Section 1112 of the ''Moving Ahead for Progress in the 21st Century Act'' of 2012 (MAP–21) calls for a study of the best practices for implementing cost-effective roadway safety infrastructure improvements on high-risk rural roads. In carrying out the study, FHWA is required to conduct a nationwide survey of the current

practices of various agencies. The results of the survey are to be used in conjunction with a research study to create a report to submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives by October 1, 2013. The report is required to include: (1) A summary of cost-effective roadway safety infrastructure improvements; (2) a summary of the latest research on the financial savings and reductions in fatalities and serious bodily injury crashes from the implementation of cost-effective roadway safety infrastructure improvements; and (3) and recommendations for State and local governments on best practice methods to install cost-effective roadway safety infrastructure on high-risk rural roads. The legislation also requires the results of the survey and the report to be used to create a best-practices manual to support Federal, State, and local efforts to reduce fatalities and serious injuries on high-risk rural roads.

Respondents: The respondents will include all 50 State Departments of Transportation. In addition, a representative sampling of 100 local agencies, such as county highway departments and municipal public works agencies, will be surveyed.

Frequency: Once.

Estimated Average Burden per Response: Approximately 8 hours.

Estimated Total Annual Burden Hours: The total burden for this collection is approximately 1,200 hours.

Public Comments Invited: You are asked to comment on any aspect of this information collection, including: (1) Whether the proposed collection is necessary for the FHWA's performance; (2) the accuracy of the estimated burden; (3) ways for the FHWA to enhance the quality, usefulness, and clarity of the collected information; and (4) ways that the burden could be minimized, including the use of computer technology, without reducing the quality of the collected information. The agency will summarize and/or include your comments in the request for OMB's clearance of this information collection.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. Chapter 35, as amended; and 49 CFR 1.48.

Issued On: August 7, 2012.

Steven Smith,

Chief, Information Technology Division.

[FR Doc. 2012–19864 Filed 8–13–12; 8:45 am]

BILLING CODE P

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

Notice of Final Federal Agency Actions on United States Highway 77

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice of Limitation on Claims for Judicial Review of Actions by FHWA and Other Federal Agencies.

SUMMARY: This notice announces actions taken by the FHWA and other Federal agencies that are final within the meaning of 23 U.S.C. § 139(l)(1). The actions relate to a proposed highway project, United States (US) 77, extending from Interstate Highway 37 (IH 37) in Corpus Christi, Texas to US 83 in Harlingen, Texas. Those actions grant licenses, permits, and approvals for the project.

DATES: By this notice, the FHWA is advising the public of final agency actions subject to 23 U.S.C. 139(l)(1). A claim seeking judicial review of the Federal agency actions on the highway project will be barred unless the claim is filed on or before February 11, 2013. If the Federal law that authorizes judicial review of a claim provides a time period of less than 180 days for filing such claim, then that shorter time period still applies.

FOR FURTHER INFORMATION CONTACT: Mr. Gregory Punske, P.E., District Engineer, District B (South), Federal Highway Administration, 300 East 8th Street, Room 826, Austin, Texas 78701; telephone: (512) 536–5960; email: *gregory.punske@dot.gov.* The FHWA Texas Division Office's normal business hours are 7:45 a.m. to 4:15 p.m. (central time) Monday through Friday.

You may also contact Mr. Carlos Swonke, Environmental Affairs Division, Texas Department of Transportation, 118 E. Riverside Drive, Austin, Texas 78704; telephone: (512) 416–2734; email: *Carlos.Swonke@txdot.gov.* The Texas Department of Transportation normal business hours are 8 a.m. to 5 p.m. (central time) Monday through Friday.

SUPPLEMENTARY INFORMATION: Notice is hereby given that the FHWA and other Federal agencies have taken final agency actions by issuing licenses, permits, and approvals for the following highway project in the State of Texas: United States highway (US) 77 extending from Interstate Highway 37 (IH 37) in Corpus Christi, Texas to US 83 in Harlingen, Texas. The proposed US 77 Upgrade Project area is approximately 122 miles in length and is defined by its northern logical terminus at the interchange of US 77 and IH 37 in Corpus Christi, Texas to the interchange of US 77 and US 83 in Harlingen, Texas at its southern terminus. The proposed project consists of upgrading the mainlanes of existing US 77 to a controlled access facility that meets Interstate standards, along with new location relief routes around Driscoll and Riviera. The typical section is anticipated to remain a four-lane divided roadway for the entire project length. In select locations, the four main lanes would be supplemented by access roads, overpasses, and interchanges to facilitate local access. The purpose of the proposed project is to improve safety, mobility, and continuity within the US 77 Upgrade Project corridor. The actions by the Federal agencies, and the laws under which such actions were taken, are described in the Environmental Assessment (EA) for the project, dated June 2012, in the FHWA Finding of No Significant Impact (FONSI) issued on July 10, 2012 and in other documents in the FHWA project technical files. The EA, FONSI and other documents in the FHWA project technical file are available by contacting the FHWA or the Texas Department of Transportation at the addresses provided above. The FHWA EA and FONSI can be viewed and downloaded from the TxDOT Web site at *http://www.txdot.gov/project_information/projects/corpus_christi/us77_upgrade.htm.*

This notice applies to all Federal agency decisions as of the issuance date of this notice and all laws under which such actions were taken, including but not limited to:

1. General: National Environmental Policy Act (NEPA) [42 U.S.C. 4321 *et seq.*]; Federal-Aid Highway Act [23 U.S.C. 109].
2. Air: Clean Air Act [42 U.S.C. 7401–7671(q)].
3. Land: Section 4(f) of the Department of Transportation Act of 1966 [23 U.S.C. 138 and 49 U.S.C. 303].
4. Wildlife: Endangered Species Act [16 U.S.C. 1531–1544]; Fish and Wildlife Coordination Act [16 U.S.C. 661–667(d)]; and, Migratory Bird Treaty Act [16 U.S.C. 703–712].
5. Historic and Cultural Resources: Section 106 of the National Historic Preservation Act of 1966, as amended [16 U.S.C. 470]; Archaeological Resources Protection Act of 1979 [16 U.S.C. 470]; Archaeological and Historical Preservation Act [16 U.S.C. 469].
6. Social and Economic: Title VI of the Civil Rights Act of 1964 [42 U.S.C. 2000(d) *et seq.*]; Farmland Protection Policy Act (FPPA) [7 U.S.C. 4201–4209].

7. Wetlands and Water Resources: Clean Water Act [33 U.S.C. 1251–1342]; Land and Water Conservation Fund (LWCF) [16 U.S.C. 4601–4604].

8. Executive Orders: E.O. 11990 Protections of Wetlands; E.O. 11988 Floodplain Management; E.O. 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low Income Populations; E.O. 11514 Protections and Enhancement of Environmental Quality.

(Catalog of Federal Domestic Assistance Program Number 20.205, Highway Planning and Construction. The regulations implementing Executive Order 12372 regarding intergovernmental consultation on Federal programs and activities apply to this program.)

Authority: 23 U.S.C. 139(l)(1).

Issued on: August 8, 2012.

Gregory S. Punske,

District Engineer

[FR Doc. 2012–19883 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–22–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2012–0217]

Qualification of Drivers; Exemption Applications; Diabetes Mellitus

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), DOT.

ACTION: Notice of applications for exemption from the diabetes mellitus requirement; request for comments.

SUMMARY: FMCSA announces receipt of applications from 17 individuals for exemption from the prohibition against persons with insulin-treated diabetes mellitus (ITDM) operating commercial motor vehicles (CMVs) in interstate commerce. If granted, the exemptions would enable these individuals with ITDM to operate CMVs in interstate commerce.

DATES: Comments must be received on or before September 13, 2012.

ADDRESSES: You may submit comments bearing the Federal Docket Management System (FDMS) Docket No. FMCSA–2012–0217 using any of the following methods:

- *Federal eRulemaking Portal:* Go to *http://www.regulations.gov.* Follow the on-line instructions for submitting comments.
- *Mail:* Docket Management Facility; U.S. Department of Transportation, 1200 New Jersey Avenue SE., West Building Ground Floor, Room W12–140, Washington, DC 20590–0001.
- *Hand Delivery:* West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal Holidays.
- *Fax:* 1–202–493–2251.

Instructions: Each submission must include the Agency name and the docket numbers for this notice. Note that all comments received will be posted without change to *http://www.regulations.gov,* including any personal information provided. Please see the Privacy Act heading below for further information.

Docket: For access to the docket to read background documents or comments, go to *http://www.regulations.gov* at any time or Room W12–140 on the ground level of the West Building, 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Federal Docket Management System (FDMS) is available 24 hours each day, 365 days each year. If you want acknowledgment that we received your comments, please include a self-addressed, stamped envelope or postcard or print the acknowledgement page that appears after submitting comments on-line.

Privacy Act: Anyone may search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or of the person signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review DOT's Privacy Act Statement for the FDMS published in the **Federal Register** on January 17, 2008 (73 FR 3316), or you may visit *http://edocket.access.gpo.gov/2008/pdf/E8–785.pdf.*

FOR FURTHER INFORMATION CONTACT: Elaine M. Papp, Chief, Medical Programs Division, (202) 366–4001, *fmcsamedical@dot.gov,* FMCSA, Department of Transportation, 1200 New Jersey Avenue SE., Room W64–224, Washington, DC 20590–0001. Office hours are from 8:30 a.m. to 5 p.m., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Background

Under 49 U.S.C. 31136(e) and 31315, FMCSA may grant an exemption from the Federal Motor Carrier Safety Regulations for a 2-year period if it finds ''such exemption would likely achieve a level of safety that is equivalent to or greater than the level that would be achieved absent such exemption.'' The statute also allows the Agency to renew exemptions at the end of the 2-year period. The 17 individuals listed in this notice have recently requested such an exemption from the diabetes prohibition in 49 CFR 391.41(b)(3), which applies to drivers of CMVs in interstate commerce. Accordingly, the Agency will evaluate the qualifications of each applicant to determine whether granting the exemption will achieve the required level of safety mandated by the statutes.

Qualifications of Applicants

Victor E. Angelo, Jr.

Mr. Angelo, 49, has had ITDM since 2011. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Angelo understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Angelo meets the vision requirements of 49 CFR 391.41(b)(10). His ophthalmologist examined him in 2012 and certified that he has stable nonproliferative diabetic retinopathy. He holds a Class A CDL from Pennsylvania.

David M. Atkins

Mr. Atkins, 32, has had ITDM since 2009. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Atkins understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Atkins meets the vision requirements of 49 CFR 391.41(b)(10). His ophthalmologist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class D operator's license from South Carolina.

Roger A. Black

Mr. Black, 62, has had ITDM since 2011. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or

resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Black understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Black meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class B CDL from Indiana.

Dominick Bravata

Mr. Bravata, 61, has had ITDM since 2010. His endocrinologist examined him in 2011 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Bravata understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Bravata meets the vision requirements of 49 CFR 391.41(b)(10). His ophthalmologist examined him in 2011 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from Illinois.

Barry J. Drews

Mr. Drews, 46, has had ITDM since 1990. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Drews understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Drews meets the vision requirements of 49 CFR 391.41(b)(10). His ophthalmologist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class B CDL from Michigan.

Donald T. Farris

Mr. Farris, 55, has had ITDM since 2010. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Farris understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Farris meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from Mississippi.

Mark A. Hadrava

Mr. Hadrava, 21, has had ITDM since 2006. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Hadrava understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Hadrava meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from Minnesota.

Mason L. Hall

Mr. Hall, 21, has had ITDM since 2001. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Hall understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Hall meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from South Dakota.

Chad E. Hasler

Mr. Hasler, 46, has had ITDM since 2011. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Hasler understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Hasler meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from Montana.

Norman A. Latondresse

Mr. Latondresse, 44, has had ITDM since 2012. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Latondresse understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Latondresse meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from Rhode Island.

Robert C. Lister

Mr. Lister, 54, has had ITDM since 2010. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Lister understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Lister meets the vision requirements of 49 CFR 391.41(b)(10). His ophthalmologist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class B CDL from Ohio.

Roy E. Macomber

Mr. Macomber, 68, has had ITDM since 2011. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of

consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Macomber understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Macomber meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from Washington.

Timothy J. Peterson

Mr. Peterson, 26, has had ITDM since 1990. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Peterson understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely.

Mr. Peterson meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class O operator's license from Nebraska.

Jim R. Phillippi

Mr. Phillippi, 42, has had ITDM since 2011. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Phillippi understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely.

Mr. Phillippi meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class O operator's license from Nebraska.

Daryl E. Rohn

Mr. Rohn, 56, has had ITDM since 2007. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Rohn understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Rohn meets the vision requirements of 49 CFR 391.41(b)(10). His ophthalmologist examined him in 2012 and certified that he has stable proliferative diabetic retinopathy. He holds a Class A CDL from Washington.

Robert E. Smith

Mr. Smith, 53, has had ITDM since 2012. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 4 years. His endocrinologist certifies that Mr. Smith understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Smith meets the vision requirements of 49 CFR 391.41(b)(10). His ophthalmologist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from Georgia.

Steven A. Wilson

Mr. Wilson, 61, has had ITDM since 2004. His endocrinologist examined him in 2012 and certified that he has had no severe hypoglycemic reactions resulting in loss of consciousness, requiring the assistance of another person, or resulting in impaired cognitive function that occurred without warning in the past 12 months and no recurrent (2 or more) severe hypoglycemic episodes in the last 5 years. His endocrinologist certifies that Mr. Wilson understands diabetes management and monitoring, has stable control of his diabetes using insulin, and is able to drive a CMV safely. Mr. Wilson meets the vision requirements of 49 CFR 391.41(b)(10). His optometrist examined him in 2012 and certified that he does not have diabetic retinopathy. He holds a Class A CDL from Florida.

Request for Comments

In accordance with 49 U.S.C. 31136(e) and 31315, FMCSA requests public comment from all interested persons on the exemption petitions described in this notice. We will consider all comments received before the close of business on the closing date indicated in the date section of the notice.

FMCSA notes that section 4129 of the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users requires the Secretary to revise its diabetes exemption program established on September 3, 2003 (68 FR 52441) [1]. The revision must provide for individual assessment of drivers with diabetes mellitus, and be consistent with the criteria described in section 4018 of the Transportation Equity Act for the 21st Century (49 U.S.C. 31305).

Section 4129 requires: (1) Elimination of the requirement for 3 years of experience operating CMVs while being treated with insulin; and (2) establishment of a specified minimum period of insulin use to demonstrate stable control of diabetes before being allowed to operate a CMV.

In response to section 4129, FMCSA made immediate revisions to the diabetes exemption program established by the September 3, 2003 notice. FMCSA discontinued use of the 3-year driving experience and fulfilled the requirements of section 4129 while continuing to ensure that operation of CMVs by drivers with ITDM will achieve the requisite level of safety required of all exemptions granted under 49 USC. 31136(e).

Section 4129(d) also directed FMCSA to ensure that drivers of CMVs with ITDM are not held to a higher standard than other drivers, with the exception of limited operating, monitoring and medical requirements that are deemed medically necessary.

The FMCSA concluded that all of the operating, monitoring and medical requirements set out in the September 3, 2003 notice, except as modified, were in compliance with section 4129(d). Therefore, all of the requirements set out in the September 3, 2003 notice, except as modified by the notice in the **Federal Register** on November 8, 2005 (70 FR 67777), remain in effect.

Issued on: August 6, 2012.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2012–19909 Filed 8–13–12; 8:45 am]

BILLING CODE P

[1] Section 4129(a) refers to the 2003 notice as a ''final rule.'' However, the 2003 notice did not issue a ''final rule'' but did establish the procedures and standards for issuing exemptions for drivers with ITDM.

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–1999–6480; FMCSA–2001–11426; FMCSA–2002–12294; FMCSA–2006–24015; FMCSA–2006–24783; FMCSA–2008–0106; FMCSA–2008–0174; FMCSA–2010–0050; FMCSA–2010–0114]

Qualification of Drivers; Exemption Applications; Vision

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), DOT.

ACTION: Notice of renewal of exemptions; request for comments.

SUMMARY: FMCSA announces its decision to renew the exemptions from the vision requirement in the Federal Motor Carrier Safety Regulations for 16 individuals. FMCSA has statutory authority to exempt individuals from the vision requirement if the exemptions granted will not compromise safety. The Agency has concluded that granting these exemption renewals will provide a level of safety that is equivalent to or greater than the level of safety maintained without the exemptions for these commercial motor vehicle (CMV) drivers.

DATES: This decision is effective September 9, 2012. Comments must be received on or before September 13, 2012.

ADDRESSES: You may submit comments bearing the Federal Docket Management System (FDMS) numbers: Docket No. FMCSA–1999–6480; FMCSA–2001–11426; FMCSA–2002–12294; FMCSA–2006–24015; FMCSA–2006–24783; FMCSA–2008–0106; FMCSA–2008–0174; FMCSA–2010–0050; FMCSA–2010–0114, using any of the following methods:

- *Federal eRulemaking Portal:* Go to *http://www.regulations.gov.* Follow the on-line instructions for submitting comments.
- *Mail:* Docket Management Facility; U.S. Department of Transportation, 1200 New Jersey Avenue SE., West Building Ground Floor, Room W12–140, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal Holidays.
- *Fax:* 1–202–493–2251.

Instructions: Each submission must include the Agency name and the docket number for this notice. Note that DOT posts all comments received without change to *http://www.regulations.gov,* including any personal information included in a comment. Please see the Privacy Act heading below.

Docket: For access to the docket to read background documents or comments, go to *http://www.regulations.gov* at any time or Room W12–140 on the ground level of the West Building, 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Federal Docket Management System (FDMS) is available 24 hours each day, 365 days each year. If you want acknowledgment that we received your comments, please include a self-addressed, stamped envelope or postcard or print the acknowledgement page that appears after submitting comments on-line.

Privacy Act: Anyone may search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or of the person signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review DOT's Privacy Act Statement for the FDMS published in the **Federal Register** on January 17, 2008 (73 FR 3316), or you may visit *http://edocket.access.gpo.gov/2008/pdf/E8-785.pdf.*

FOR FURTHER INFORMATION CONTACT: Elaine M. Papp, Chief, Medical Programs Division, 202–366–4001, *fmcsamedical@dot.gov,* FMCSA, Department of Transportation, 1200 New Jersey Avenue SE., Room W64–224, Washington, DC 20590–0001. Office hours are from 8:30 a.m. to 5 p.m. Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Background

Under 49 U.S.C. 31136(e) and 31315, FMCSA may renew an exemption from the vision requirements in 49 CFR 391.41(b)(10), which applies to drivers of CMVs in interstate commerce, for a two-year period if it finds ''such exemption would likely achieve a level of safety that is equivalent to or greater than the level that would be achieved absent such exemption.'' The procedures for requesting an exemption (including renewals) are set out in 49 CFR part 381.

Exemption Decision

This notice addresses 16 individuals who have requested renewal of their exemptions in accordance with FMCSA procedures. FMCSA has evaluated these 16 applications for renewal on their merits and decided to extend each exemption for a renewable two-year period. They are:

Jawad K. Al-Shaibani (WA)
Frank R. Berritto (NY)
Timothy J. Droeger (MN)
James H. Facemyre (WV)
James M. Fairman (NJ)
Gregory L. Farrar (TX)
Jeffrey M. Hall (AL)
Oskia D. Johnson (IN)
Bobby L. Mashburn (GA)
Larry A. Priewe (ND)
Kenneth R. Riener (MT)
Manuel C. Savin (LA)
Robert J. Szeman (PA)
Patrick D. Talley (SC)
Todd V. Welch (NY)
Timothy J. Wilson (MD)

The exemptions are extended subject to the following conditions: (1) That each individual has a physical examination every year (a) by an ophthalmologist or optometrist who attests that the vision in the better eye continues to meet the requirements in 49 CFR 391.41(b)(10), and (b) by a medical examiner who attests that the individual is otherwise physically qualified under 49 CFR 391.41; (2) that each individual provides a copy of the ophthalmologist's or optometrist's report to the medical examiner at the time of the annual medical examination; and (3) that each individual provide a copy of the annual medical certification to the employer for retention in the driver's qualification file and retains a copy of the certification on his/her person while driving for presentation to a duly authorized Federal, State, or local enforcement official. Each exemption will be valid for two years unless rescinded earlier by FMCSA. The exemption will be rescinded if: (1) The person fails to comply with the terms and conditions of the exemption; (2) the exemption has resulted in a lower level of safety than was maintained before it was granted; or (3) continuation of the exemption would not be consistent with the goals and objectives of 49 U.S.C. 31136(e) and 31315.

Basis for Renewing Exemptions

Under 49 U.S.C. 31315(b)(1), an exemption may be granted for no longer than two years from its approval date and may be renewed upon application for additional two year periods. In accordance with 49 U.S.C. 31136(e) and 31315, each of the 16 applicants has satisfied the entry conditions for obtaining an exemption from the vision requirements (64 FR 68195; 65 FR 20251; 67 FR 10471; 67 FR 19798; 67 FR 38311; 67 FR 46016; 67 FR 57267; 69 FR

51346; 71 FR 14566; 71 FR 30227; 71 FR 32183; 71 FR 41310; 71 FR 50970; 73 FR 27014; 73 FR 35197; 73 FR 35200; 73 FR 36955; 73 FR 38498; 73 FR 48270; 73 FR 48273; 73 FR 48275; 75 FR 14658; 75 FR 27623; 75 FR 28684; 75 FR 34212; 75 FR 36778; 75 FR 44051; 75 FR 47888; 75 FR 50799). Each of these 16 applicants has requested renewal of the exemption and has submitted evidence showing that the vision in the better eye continues to meet the requirement specified at 49 CFR 391.41(b)(10) and that the vision impairment is stable. In addition, a review of each record of safety while driving with the respective vision deficiencies over the past two years indicates each applicant continues to meet the vision exemption requirements. These factors provide an adequate basis for predicting each driver's ability to continue to drive safely in interstate commerce. Therefore, FMCSA concludes that extending the exemption for each renewal applicant for a period of two years is likely to achieve a level of safety equal to that existing without the exemption.

Request for Comments

FMCSA will review comments received at any time concerning a particular driver's safety record and determine if the continuation of the exemption is consistent with the requirements at 49 U.S.C. 31136(e) and 31315. However, FMCSA requests that interested parties with specific data concerning the safety records of these drivers submit comments by September 13, 2012.

FMCSA believes that the requirements for a renewal of an exemption under 49 U.S.C. 31136(e) and 31315 can be satisfied by initially granting the renewal and then requesting and evaluating, if needed, subsequent comments submitted by interested parties. As indicated above, the Agency previously published notices of final disposition announcing its decision to exempt these 16 individuals from the vision requirement in 49 CFR 391.41(b)(10). The final decision to grant an exemption to each of these individuals was made on the merits of each case and made only after careful consideration of the comments received to its notices of applications. The notices of applications stated in detail the qualifications, experience, and medical condition of each applicant for an exemption from the vision requirements. That information is available by consulting the above cited **Federal Register** publications.

Interested parties or organizations possessing information that would otherwise show that any, or all, of these drivers are not currently achieving the statutory level of safety should immediately notify FMCSA. The Agency will evaluate any adverse evidence submitted and, if safety is being compromised or if continuation of the exemption would not be consistent with the goals and objectives of 49 U.S.C. 31136(e) and 31315, FMCSA will take immediate steps to revoke the exemption of a driver.

Issued on: August 6, 2012.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2012–19885 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket No. FRA–2012–0066]

State Rail Plan Guidance

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Request for Public Comment on Proposed State Rail Plan Guidance.

SUMMARY: FRA is publishing this notice to request comments on FRA's technical guidance for the development, submission, and acceptance of State rail plans. State rail plans are documents that are required under Section 303 of the Passenger Rail Investment and Improvement Act of 2008 (Pub. L. 110–432). Section 303 of PRIIA provides for enhanced State involvement in rail policy, planning, and development efforts, including requiring States to develop FRA-accepted State rail plans in order to be eligible for the capital grants authorized in the Act and available under the High-Speed Intercity Passenger Rail program. This guidance provides an explanation of the process to be followed in developing State rail plans, FRA's process for reviewing and accepting State rail plans, a standardized format, and a list of the minimum content requirements of State rail plans established in Section 303. The State Rail Plan Guidance document is available on FRA's Web site at *http://www.fra.dot.gov/rpd/Passenger/fp_Proposed_State_Rail_Plan_Guidance.shtml.*

DATES: Public comments on the proposed guidance are due on or before October 15, 2012.

ADDRESSES: To ensure that comments are not entered into the docket more than once, please submit comments, identified by docket number FRA–2012–0066, by only one of the following methods:

(1) *Web site: http://www.regulations.gov.* Follow the instructions for submitting comments on the U.S. Government electronic docket site;

(2) *Fax:* (202) 493–2251;

(3) *Mail:* U.S. Department of Transportation, 1200 New Jersey Avenue SE., Docket Operations, M–30, Room W12–140, Washington, DC 20590–0001; or

(4) *Hand Delivery:* Room W12–140 on the first floor of the West Building, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Instructions for submitting public comments: All submissions must make reference to the ''Federal Railroad Administration'' and include docket number FRA–2012–0066. Due to security procedures in effect since October 2001, mail received through the U.S. Postal Service may be subject to delays. Parties making submissions responsive to this notice should consider using an express mail firm to ensure the prompt filing of any submissions not filed electronically or by hand. If comments are submitted by mail or by hand, please submit two copies of the comments. For confirmation that the FRA has received the comments, a self-addressed stamped postcard must be included. Note that all submissions received, including any personal information therein, will be posted without change or alteration to *http://www.regulations.gov.* For more information, you may review DOT's complete Privacy Act Statement in the **Federal Register** published on April 11, 2000 (65 FR 19477), or visit *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: For questions about this notice, please contact Kyle Gradinger, Transportation Industry Analyst, Office of Railroad Policy and Development, Federal Railroad Administration, 1200 New Jersey Ave. SE., W36–430, Washington, DC 20590; telephone: (202) 493–6191.

Issued in Washington, DC on August 7, 2012.

Corey Hill,

Director, Project Development and Delivery.

[FR Doc. 2012–19910 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Federal Transit Administration

Bus and Bus Facilities Discretionary Program Funds

AGENCY: Federal Transit Administration (FTA), DOT.

ACTION: Bus Livability and State of Good Repair Initiatives: Announcement of Project Selections.

SUMMARY: The U.S. Department of Transportation's (DOT) Federal Transit Administration (FTA) announces the selection of capital projects for the State of Good Repair (SGR) and Bus Livability (BLIV) initiatives funded under the Section 5309 Bus and Bus Facilities program, which is authorized by 49 U.S.C. 5309(b), as amended by Section 3011 of the Safe, Affordable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU), Public Law 109–59, August 10, 2005.

On February 7, 2012, FTA published a Notice of Funding Availability (NOFA) for its State of Good Repair and Bus Livability Initiatives (77 FR 6178). The NOFA explained the requirements and procedures for eligible applicants to apply for the funds made available by the Surface and Air Transportation Programs Extension Act of 2011. In sum, the FY 2012 State of Good Repair Initiative made available approximately $650 million of Section 5309 Bus and Bus Facilities Program funds. The NOFA indicated FTA's intent to award the funds for capital investments aimed at replacing or rehabilitating transit infrastructure for buses, bus facilities, bus-related equipment, and transit asset management systems. The FY 2012 Bus Livability Initiative made available approximately $125 million of Section 5309 Bus and Bus Facilities Program funds. As outlined in the NOFA, the Section 5309 funds would be awarded for capital investments for buses, bus facilities, and bus related equipment.

FOR FURTHER INFORMATION CONTACT: Successful applicants should contact the appropriate FTA Regional office for specific information regarding applying for the funds. A list of Regional offices can be found at *www.fta.dot.gov*. Unsuccessful applicants may contact FTA to arrange a proposal debriefing within 30 days of this announcement; SGR applicants may contact Sam Snead, Office of Program Management at (202) 366–1089, email: *samuel.snead@dot.gov;* BLIV applicants may contact Bryce McNitt, Office of Budget and Policy at (202) 366–2618, email: *bryce.mcnitt@dot.gov*. For general program information on the Bus and Bus Facilities Program, contact Samuel Snead, A TDD is available at 1–800–877–8339 (TDD/FIRS).

SUPPLEMENTARY INFORMATION:

State of Good Repair Program: In response to its NOFA, FTA received 568 eligible proposals requesting $2.99 billion in federal funds, indicating significant demand for funds. The proposals came from 48 states plus the District of Columbia, Puerto Rico, and the Virgin Islands. Project proposals were evaluated based on the criteria detailed in the February 2, 2012 NOFA. FTA is funding 194 projects for a total of $651.7 million, including 13 asset management projects. The selected projects shown in Table 1 will provide funds to help maintain the nation's public transportation bus fleet, infrastructure, and equipment in a state of good repair. Funds must be used consistent with the competitive proposal and for the eligible purposes defined under 49 U.S.C. 5309(b)(3).

Bus Livability Program: In response to the NOFA, FTA received 266 eligible proposals requesting $1.03 billion in federal funds, indicating significant demand for funds. The proposals came from 47 states plus the District of Columbia. Project proposals were evaluated based on the criteria detailed in the February 2, 2012 NOFA. FTA is funding 61 projects for a total of approximately $135.6 million. The selected projects shown in Table 2 will provide mobility choices, improve economic competitiveness, support existing communities, create partnerships and enhance the value of communities and neighborhoods. Funds must be used consistent with the competitive proposal and for the eligible purposes defined under 49 U.S.C. 5309(b)(3). In selecting projects for funding using Bus Program funds, FTA ensured that at least 5.5 percent of the FY 2012 Section 5309 funds, or $6.9 million, is being allocated to projects that are not in urbanized areas.

Project Implementation: Grantees selected for competitive discretionary funding should work with their FTA regional office to finalize the grant application in FTA's Transportation Electronic Award Management system (TEAM) so that funds can be obligated expeditiously. Grant applications must only include eligible activities applied for in the original project application. In cases where the allocation amount is less than the proposer's requested amount, grantees should work with the regional office to reduce scope or scale the project such that a complete phase or project is accomplished. A discretionary project identification number has been assigned to each project for tracking purposes and must be used in the TEAM application. Selected projects have pre-award authority no earlier than July 23, 2012. Pre-award authority is also contingent upon other requirements, such as planning and environmental, having been met.

For more about FTA's policy on pre-award authority, please see the FTA Fiscal Year 2012 Apportionments, Allocations, and Program notice found in 77 FR 1785 (January 11, 2012). Additionally, for the Bus Livability projects, although several projects contained related housing or livable communities' initiatives, FTA funds may only be used for eligible purposes defined under 49 U.S.C. 5309(b)(3) and described in FTA C. 9030.1D. For any Bus Livability projects that will be implemented as a joint-development project, please also refer to the agency's joint-development guidance found in 72 FR 5788 (February 7, 2007) for more information.

Post-award reporting requirements include submission of the Financial Federal Report and Milestone reports in TEAM as appropriate (see FTA.C.5010.1D). The grantee must comply with all applicable Federal statutes, regulations, executive orders, FTA circulars, and other Federal administrative requirements in carrying out the project supported by the FTA grant. FTA emphasizes that grantees must follow all third-party procurement guidance, as described in FTA.C.4220.1F. Funds allocated in this announcement must be obligated in a grant by September 30, 2014.

Issued in Washington, DC, this August 3, 2012.

Peter Rogoff,

Administrator.

BILLING CODE P

Table I
FY 2012 State of Good Repair Project Selections

State	Recipient	Project ID	Project Description	Allocation
AK	Municipality of Anchorage	D2012-BUSP-039	Vehicle Replacements (Bus and Paratransit)	$1,304,000
AK	State of Alaska	D2012-BUSP-040	Bus Related Equipment for Valley Mover	$244,446
AL	City of Montgomery	D2012-BUSP-041	City of Montgomery and the Montgomery Area Transit System (MATS) Vehicle Replacements	$581,000
AR	Arkansas State Highway and Transportation Department	D2012-BUSP-042	Fuel Storage Tank Replacement ($28,000); Rehabilitation of Bus Wash Bay ($128,000)	$156,000
AR	Central Arkansas Transit Authority	D2012-BUSP-043	Vehicle Replacements	$1,046,244
AZ	City of Phoenix Public Transit Department	D2012-BUSP-044	Vehicle Replacements	$7,000,000
CA	Alameda-Contra Costa Transit District	D2012-BUSP-045	Farebox System Replacement	$7,500,000
CA	Butte County Association of Governments	D2012-BUSP-046	Construction and In-fill of Operations, Maintenance and Administrative Facility	$18,000,000
CA	City of Fresno, Department of Transportation/FAX	D2011-BUSP-199 ($2,047,194) D2012-BUSP-047 ($295,206)	Vehicle Replacements	$2,342,400
CA	Kings County Public Transit Agency	D2012-BUSP-049	Vehicle Replacements	$913,200
CA	Los Angeles County Metropolitan Transportation Authority	D2012-BUSP-050	Vehicle Replacements	$10,000,000
CA	Monterey-Salinas Transit	D2012-BUSP-051	Vehicle Replacements	$5,000,000
CA	Orange County Transportation Authority	D2012-BUSP-052	Vehicle Replacements	$1,604,800
CA	Sacramento Regional Transit District	D2012-BUSP-053	Bus Maintenance Lift Replacement ($336,000); Vehicle Replacements ($1,320,000); Paratransit, Inc. Transit Asset Management System ($249,000)	$1,905,000
CA	San Diego Metropolitan Transit System	D2012-BUSP-054	Rehabilitation of the East County Bus Maintenance Facility ($10,000,000); Transit Asset Management System ($3,000,000)	$13,000,000
CA	San Francisco Municipal Transportation Agency	D2012-BUSP-055	Vehicle Replacements	$15,000,000
CA	San Joaquin Regional Transit District	D2012-BUSP-056	Regional Transit Center (RTC) Construction	$7,958,725

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FY 2012 State of Good Repair Project Selections

State	Recipient	Project ID	Project Description	Allocation
CA	San Luis Obispo Regional Transit Authority	D2012-BUSP-057	Vehicle Replacements	$2,280,000
CA	San Mateo County Transit District	D2012-BUSP-058	Vehicle Replacements	$4,950,000
CA	Santa Clara Valley Transportation Authority	D2012-BUSP-059	Vehicle Replacements	$3,750,000
CA	Sunline Transit Agency	D2012-BUSP-060	Solar Panel Project Replacement	$1,456,000
CO	City of Fort Collins	D2012-BUSP-061	Vehicle Retrofits	$1,065,720
CO	Colorado Department of Transportation	D2012-BUSP-062	Roaring Fork Transportation Authority (RFTA) - Aspen Maintenance Facility Rehabilitation Phase III ($4,800,000); RFTA Vehicle Replacements ($1,600,000); Town of Mountain Village Vehicle Replacements ($100,000)	$6,500,000
CO	Mesa County	D2012-BUSP-063	Vehicle Replacements	$650,000
CO	Regional Transportation District (RTD)	D2012-BUSP-064	Renovation of Senior Resource Center Transportation Services Headquarters Building	$363,400
CT	Connecticut Department of Transportation	D2012-BUSP-065	Replacement of fare boxes and associated equipment for the eight Connecticut Transit Divisions and for the Southeast Area Transit district (SEAT).	$10,000,000
FL	Central Florida Regional Transportation Authority (LYNX)	D2012-BUSP-066	LYNX Pararansit Vehicle Replacement	$3,360,000
FL	City of Gainesville	D2012-BUSP-067	Gainesville Regional Transit System Farebox Replacement ($878,500); Maintenance Facility Renovation ($15,000,000)	$15,878,500
FL	Escambia County Board of County Commissioners	D2012-BUSP-068	Escambia County Paratransit Vehicle Replacement and Safety & Scheduling Hardware/Software/Installation	$1,053,401
FL	Florida Department of Transportation	D2012-BUSP-069	Flagler County Board of County Commissioners (FCBOCC) Vehicle Replacements ($280,000); Ride Solution (Putnam County) Vehicle Replacements ($1,624,000)	$1,904,000
FL	Hillsborough Area Regional Transit Authority	D2012-BUSP-070	Renovate vehicle maintenance building	$4,700,000
FL	Lee County Government	D2012-BUSP-071	Facility Replacement	$5,000,000
FL	Miami-Dade County	D2012-BUSP-072	Vehicle Replacements	$10,000,000
FL	Pinellas Suncoast Transit Authority	D2012-BUSP-073	Vehicle Replacements	$2,600,000
GA	Chatham Area Transit Authority	D2012-BUSP-074	Vehicle Replacements	$2,500,000

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FY 2012 State of Good Repair Project Selections

State	Recipient	Project ID	Project Description	Allocation
GA	Metropolitan Atlanta Rapid Transit Authority	D2012-BUSP-075	Hamilton Bus Facility Improvements Phase II ($6,500,000); Asset Management Program Phase II ($343,200)	$6,843,200
HI	City & County Honolulu Department of Transportation Services	D2012-BUSP-076	Vehicle Replacements	$5,000,000
HI	Hawaii Department of Transportation	D2012-BUSP-077	County of Hawaii Hele-On Vehicle Replacements ($1,200,000); County of Kaua'i Vehicle Replacements ($1,240,000); County of Maui Public Transit Vehicle Replacements ($1,000,000)	$3,440,000
IA	Ames Transit Agency/City of Ames	D2012-BUSP-078	Vehicle Replacements	$2,031,840
IA	Des Moines Regional Transit Authority (DART)	D2012-BUSP-079	Farebox System Replacement	$3,077,800
ID	City of Pocatello, dba Pocatello Regional Transit	D2012-BUSP-080	City of Pocatello Facility Replacement	$1,410,000
ID	Idaho Transportation Department	D2012-BUSP-081	Treasure Valley Transit Vehicle Replacements ($405,000); Mountain Rides Transportation Authority (MRTA) - Bus Maintenance and Asset Management Software ($20,000)	$425,000
ID	Valley Regional Transit	D2012-BUSP-082	Ada County Idaho Transit Operations / Maintenance Facility Improvements and Bus Wash Equipment Replacement	$199,680
IL	Bloomington-Normal Public Transit System	D2012-BUSP-083	Vehicle Replacements	$254,400
IL	Chicago Transit Authority	D2012-BUSP-084	Vehicle Replacements and Equipment, Hoists, and In-Ground Pits ($20,500,000); Transit Asset Management System ($2,500,000)	$23,000,000
IL	Commuter Rail Division of the RTA d/b/a Metra	D2012-BUSP-085	Waukegan Metra Regional Intermodal Facility Improvement Project	$196,000
IL	Rock Island County Metropolitan Mass Transit District	D2012-BUSP-086	Vehicle Replacements	$2,160,000
IN	Indianapolis Public Transportation Corporation (IndyGo)	D2012-BUSP-087	Vehicle Replacements	$10,000,000
IN	Muncie Public Transportation Corporation	D2012-BUSP-088	Replacement of Fixed-Route Buses	$1,500,000
IN	South Bend Public Transportation Corporation	D2012-BUSP-089	Roof and HVAC Replacements at South Street Station Transfer Facility	$240,000
KY	Transit Authority of Northern Kentucky	D2012-BUSP-090	CAD/AVL Replacement Project	$1,200,054
KY	Transit Authority of River City (TARC)	D2012-BUSP-091	Vehicle Replacements	$4,000,000

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State	Recipient	Project ID	Project Description	Allocation
LA	Capital Area Transit System	D2012-BUSP-092	Vehicle Replacements	$5,204,763
LA	Regional Transit Authority	D2012-BUSP-093	East New Orleans Facility Renovations - Concrete Driving Surface and Roof Repairs	$896,000
MA	Massachusetts Bay Transportation Authority	D2012-BUSP-094	Vehicle Replacements	$15,000,000
MA	Pioneer Valley Transit Authority	D2012-BUSP-095	Operations & Maintenance Facility Phase II	$3,960,000
MD	Maryland Department of Transportation	D2012-BUSP-096	Kirk Bus Facility Replacement ($40,000,000); Town of Ocean City, Maryland Vehicle Replacements ($2,000,000); Alleghany County Vehicle Replacements ($528,222); Transit Asset Management Phase I ($800,000)	$43,328,222
ME	Greater Portland Transit District	D2012-BUSP-097	Vehicle Replacements	$2,000,000
ME	Maine Department of Transportation	D2012-BUSP-098	Aroostook Transportation System, Inc. (ARTS) Vehicle Replacements and Maintenance Garage Roof Replacement ($735,160); Regional Transportation Program, Inc. (RTP) Vehicle Replacements ($612,000); Waldo Community Action Partners (WCAP) Vehicle Replacements ($180,000); Western Maine Transportation Services, Inc. (WMTS) Vehicle Replacements ($388,000)	$1,915,160
MI	Harbor Transit Multi-Modal Transportation System	D2012-BUSP-099	Vehicle Replacements	$482,240
MI	Livingston County	D2012-BUSP-100	Vehicle Replacements	$877,476
MI	Mass Transportation Authority	D2012-BUSP-101	Vehicle Replacements	$4,000,000
MI	Michigan Department of Transportation	D2012-BUSP-102	Vehicle Replacements	$5,000,000
MI	Suburban Mobility Authority for Regional Transportation	D2012-BUSP-103	Joint project to revitalize southeast Michigan's fixed-route fleets (SMART, DDOT, and LETC) - Replacement Buses, On-board Security Cameras, AVL system, and Facility Renovation	$30,000,000
MN	Minnesota Department of Transportation	D2012-BUSP-104	Mankato Bus Garage/Maintenance Facility-Phase II	$1,570,165
MO	Bi-State Development Agency	D2012-BUSP-105	Vehicle Replacements	$5,000,000
MO	Kansas City Area Transportation Authority	D2012-BUSP-106	Air Handler & Variable Air Volume (VAV) Replacement ($776,000); Construct New ADA Compliant Elevator and Refurbish Existing Passenger and Freight Elevators ($648,000); Transit Asset Management System ($600,000)	$2,024,000
MO	Missouri Department of Transportation	D2012-BUSP-107	City of West Plains, Missouri - Transit Maintenance and Bus Storage Facility	$434,300
MT	Montana Department of Transportation	D2012-BUSP-108	Butte Silver Bow Transit - Vehicle Replacements	$840,000

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FY 2012 State of Good Repair Project Selections

State	Recipient	Project ID	Project Description	Allocation
NC	City of Charlotte	D2012-BUSP-109	Vehicle Replacements	$4,000,000
NC	City of Concord	D2012-BUSP-110	Vehicle Replacements	$2,000,000
NC	City of Rocky Mount	D2012-BUSP-111	Vehicle Replacements	$80,000
ND	City of Bismarck	D2012-BUSP-112	Fixed-Route Dispatch Software ($132,000); Paratransit Dispatch Software ($148,000); Radio Communication Equipment ($8,000); Shop Equipment ($39,333); Vehicle Replacements ($192,000)	$519,333
ND	City of Fargo	D2012-BUSP-113	Vehicle Replacements	$514,000
ND	North Dakota Department of Transportation	D2012-BUSP-114	Minot Busing Vehicle Replacements ($290,000); North Dakota Coordination and Asset Management System (NDCAMS) ($655,000)	$945,000
NE	Transit Authority of the City of Omaha	D2012-BUSP-115	Air Handling System Replacement	$2,200,000
NH	Cooperative Alliance for Seacoast Transportation (COAST)	D2012-BUSP-116	Vehicle Replacements	$112,050
NJ	New Jersey Transit	D2012-BUSP-117	Vehicle Replacements (Hybrid Cruisers) ($27,260,000); Vehicle Replacements (CNG) ($46,296,000)	$73,556,000
NM	City of Las Cruces	D2012-BUSP-118	Paratransit Vehicle Replacements	$278,050
NM	City of Santa Fe	D2012-BUSP-146	Santa Fe Trails Vehicle Replacements	$1,920,000
NM	New Mexico Department of Transportation	D2012-BUSP-147	Rio Metro Transit Asset Management System (TAMS) Project	$340,000
NV	Regional Transportation Commission	D2012-BUSP-148	Digital Radio System for Fixed Route and Paratransit Services	$917,800
NV	Regional Transportation Commission of Southern Nevada	D2012-BUSP-149	Vehicle Replacements	$5,000,000
NY	Broome County	D2012-BUSP-150	Vehicle Replacements	$2,240,000
NY	Central New York Regional Transportation Authority	D2012-BUSP-151	Replacement Dispatch/AVL and ITS System	$4,095,000
NY	Dutchess County	D2012-BUSP-152	Dutchess County Farebox Replacement	$220,000
NY	New York City Department of Transportation	D2012-BUSP-153	New York City Bus Rapid Transit Bus Lane Infrastructure Rehabilitation	$14,680,000
NY	NY Metropolitan Transportation Authority	D2012-BUSP-154	Replacement of New York City Transit Bus Radio System and Command Center ($24,000,000); Integrated Whole Life Asset Management Planning System for MTA NYCT Bus Rolling Stock Revenue Fleet ($5,600,000)	$29,600,000
NY	Tompkins County	D2012-BUSP-155	Ithaca Transportation Hub-Accelerating Community Access (ITHACA) Transit Enhancements	$4,500,000

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FY 2012 State of Good Repair Project Selections

State	Recipient	Project ID	Project Description	Allocation
OH	Central Ohio Transit Authority	D2012-BUSP-156	HVAC Replacement	$2,000,000
OH	Ohio Department of Transportation	D2012-BUSP-157	City of Ashland - Vehicle Replacements ($33,200); City of Bowling Green - Vehicle Replacements ($47,420); City of Lancaster - Vehicle Replacements, Bicycle Racks, and Building Equipment ($228,390); Community Action Commission of Fayette County (CAC) - Vehicle Replacements ($73,040); Greater Cleveland Regional Transit Authority (GCRTA) - Vehicle Replacements ($796,800); Greater Dayton Regional Transit Authority (GDRTA) - Vehicle Replacements ($4,000,000); Harrison County Rural Transit - Vehicle Replacements ($125,322); METRO Regional Transit Authority (Akron)- Vehicle Replacements ($1,494,000); Portage Area Regional Transportation Authority (PARTA) - Vehicle Replacements ($560,250); Seneca County Agency Transportation (SCAT) - Vehicle Replacements ($124,500); South East Area Transit (SEAT) - Vehicle Replacements, Radio Repeaters and Power Amplifiers ($104,760); Stark Area Regional Transportation Authority (SARTA) - Vehicle Replacements ($1,361,200); WSOS Community Action Commission, Inc. - Vehicle Replacements ($98,118)	$9,047,000
OH	Southwest Ohio Regional Transit Authority	D2012-BUSP-158	Vehicle Replacements	$2,500,000
OH	Greater Cleveland Regional Transit Authority	D2012-BUSP-159	Transit Asset Management System	$200,000
OK	Oklahoma Department of Transportation	D2012-BUSP-160	Big Five Community Services, Inc. Vehicle Replacements ($473,515); J.A.M.M. Transit Vehicle Replacement ($229,860)	$703,375
OR	Confederated Tribes of the Umatilla Indian Reservation	D2012-BUSP-161	CTUIR Multi-Modal Transit Center Equipment	$197,862
OR	Lane Transit District	D2012-BUSP-162	Vehicle Replacements	$2,500,000
OR	Oregon Department of Transportation,Public Transit Division	D2012-BUSP-163	Vehicle Replacements for Rural Transit Agencies	$2,000,000
OR	Salem Area Mass Transit District	D2012-BUSP-164	Paratransit Vehicle Replacements	$589,300
OR	Tri-County Metropolitan Transportation District of Oregon	D2012-BUSP-165	Vehicle Replacements	$5,000,000
PA	Centre Area Transportation Authority	D2012-BUSP-166	Centre Area Transportation Authority (CATA) - Facility Upgrade and Expansion, Phase 2	$12,333,333

Table I
FY 2012 State of Good Repair Project Selections

State	Recipient	Project ID	Project Description	Allocation
PA	Erie Metropolitan Transit Authority	D2012-BUSP-167	Vehicle Replacements	$1,660,000
PA	Mid Mon Valley Transit Authority	D2012-BUSP-168	Donora Bus Maintenance Facility - Phase II	$3,986,990
PA	Transportation & Motor Buses for Public Use Authority	D2012-BUSP-169	Rehabilitate and Re-power Vehicles	$200,000
PR	Puerto Rico Highway and Transportation Authority	D2012-BUSP-170	PRIDE Phase II Replacement of Bus Maintenance Facility	$4,000,000
RI	Rhode Island Public Transit Authority	D2012-BUSP-171	Rhode Island East Side Bus Tunnel Repairs	$820,000
SC	South Carolina Department of Transportation	D2012-BUSP-172	McCormick County Senior Center Fare Box Replacement	$18,000
SD	City of Sioux Falls	D2012-BUSP-173	City of Sioux Falls/Sioux Area Metro Vehicle Replacements (up to 4) and Bus Wash Bay	$1,463,657
SD	South Dakota Department of Transportation	D2012-BUSP-174	Arrow Transit - Lemmon Vehicle Replacements ($60,000); Brookings Area Transit - Vehicle Replacements ($180,000); Palace Transit - Mitchell-Vehicle Replacements ($240,000); Prairie Hills Transit - Spearfish - Vehicle Replacements ($240,000); Prairie Hills Transit - Spearfish-Bus Equipment and Maintenance Lifts ($70,000); River Cities Transit - Pierre-Vehicle Replacements ($1,040,000); ROCS Transit Vehicle Replacements ($152,000); Yankton Transit Vehicle Replacements ($120,000)	$2,102,000
TN	Tennessee Department of Transportation	D2012-BUSP-175	Vehicle Replacements	$10,000,000
TX	City of Lubbock/Citibus	D2012-BUSP-176	City of Lubbock/Citibus Facility Rehabilitation	$875,000
TX	Concho Valley Rural Transit District	D2012-BUSP-177	Vehicle Replacements	$860,800
TX	Corpus Christi Regional Transportation Authority	D2012-BUSP-178	Bus Wash Replacement	$160,000
TX	Dallas Area Rapid Transit	D2012-BUSP-179	Vehicle Replacements	$12,000,000
TX	Gulf Coast Center	D2012-BUSP-180	Gulf Coast Center Fare Card Technology Upgrade	$235,200
TX	Metropolitan Transit Authority of Harris County, Texas	D2012-BUSP-181	Bus Operating Facilities Rehabilitation and Equipment Replacements / Upgrades	$11,142,488
TX	Texas Department of Transportation	D2012-BUSP-182; D2012-BUSP-09001 ($8,278,465)	Capital Area Rural Transportation System (CARTS) Vehicle Maintenance and Operations Center ($1,750,000); Texas Vehicle Replacements for Rural Areas ($12,412,999)	$14,162,999

Table I
FY 2012 State of Good Repair Project Selections

State	Recipient	Project ID	Project Description	Allocation
TX	Tyler, City of	D2012-BUSP-08001	Fare Box Replacement	$38,400
TX	VIA Metropolitan Transit	D2012-BUSP-09002	Vehicle Replacements - Paratransit ($2,520,000); Asset Management System ($1,416,000)	$3,936,000
UT	St. George City	D2012-BUSP-09003	Vehicle Replacements	$624,000
UT	Utah Transit Authority	D2012-BUSP-09004	Vehicle Replacements	$1,580,000
VA	Transportation District Commission of Hampton Roads	D2012-BUSP-09005	Vehicle Replacements ($2,000,000); Transit Asset Management System ($1,000,000)	$3,000,000
VT	State of Vermont, Agency of Transportation	D2012-BUSP-09006	DVTA Maintenance and Administrative Facility	$3,084,831
WA	Central Puget Sound Regional Transit Authority	D2012-BUSP-09007	Vehicle Replacements	$5,000,000
WA	Clark County Public Transportation Benefit Area (CCPTBA)	D2012-BUSP-09008	Vehicle Replacements	$2,000,000
WA	Intercity Transit	D2012-BUSP-09009	Vehicle Replacements	$2,324,000
WA	Lummi Nation	D2012-BUSP-09010	Bus Wash Facility	$218,000
WA	Pierce County Public Transportation Benefit Area Corporation	D2012-BUSP-09011	Fare Box Replacement	$2,070,434
WA	Snohomish County Transportation Benefit Area	D2012-BUSP-09012	Roof Replacement at Kasch Park Base	$1,337,512
WA	Spokane Transit Authority	D2012-BUSP-09013	Vehicle Replacements	$1,000,000
WA	Washington State Department of Transportation	D2012-BUSP-09014 ($2,121,063); D2012-BUSP-08002 ($127,235)	Clallam Transit Vehicle Replacements ($736,000); Grays Harbor Transportation Authority Vehicle Replacements ($1,032,000); Pullman Transit Vehicle Replacements ($56,000); Twin Transit Vehicle Replacements ($297,063); Wahkiakum County Health and Human Services Vehicle Replacements ($54,785); White Pass Community Services Coalition Light-Vehicle Replacements ($72,450)	$2,248,298
WA	Whatcom Transportation Authority	D2012-BUSP-09015	Vehicle Replacements	$1,633,872
WI	City of Janesville	D2012-BUSP-09016	Janesville Transit System Operations and Maintenance Facility	$3,779,605
WI	Milwaukee County	D2012-BUSP-09017	Facility Repairs and Replacement Equipment for the Milwaukee County Transit System	$3,240,000

Table I
FY 2012 State of Good Repair Project Selections

State	Recipient	Project ID	Project Description	Allocation
WI	Wisconsin Department of Transportation	D2012-BUSP-09018 ($364,812); D2012-BUSP-08003 ($3,786,500) ; D2012-BUSP-06001 ($607,910)	City of Beloit: Vehicle Replacements ($660,000); City of Green Bay Bus Washer, Communications System and Miscellaneous Equipment ($312,722); City of Madison: Vehicle Replacements ($3,786,500)	$4,759,222
WV	Kanawha Valley Regional Transportation Authority (KVRTA)	D2012-BUSP-08005	Vehicle Replacements	$2,000,000
WV	Tri-State Transit Authority	D2012-BUSP-06003 ($316,149) D2012-BUSP-08006 ($3,851)	Administrative Facility Rehabilitation	$320,000
			Total Allocations	**$651,746,547**

Table 2

FY 2012 Bus Livability Project Selections

State	Recipient	Project ID	Project Description	Allocation
AL	City of Montgomery	D2012-BLIV-001	City of Montgomery/MATS Bus Bench and Shelter Purchase Project	$120,000
AZ	N. Arizona Intergovernmental Public Transportation Authority	D2012-BLIV-002	Hybrid Electric Buses For Service Expansion: Provide 15 -20 minute frequency on local, established bus routes.	2,573,000
CA	City of Fresno Department of Transportation/FAX	D2012-BLIV-003	Downtown BRT Station Area Improvements - Create a signalized pedestrian crossing to improve pedestrian safety and connectivity to a major BRT station in Downtown Fresno at Mariposa and Van Ness.	2,445,300
CA	City of Porterville	D2012-BLIV-004	The City of Porterville and Porterville Transit CNG Fueling Facility Expansion (Phase I): Constructing two canopies, with 10 stalls each, to increase CNG fueling capacity for Porterville Transit.	1,135,228
CA	Los Angeles County Metropolitan Transportation Authority	D2012-BLIV-055	The Metro Orange Line Bus Enhancement - Pedestrian Connector to North Hollywood Red Line Station project: Provide an intermodal link between two critical transportation lines.	10,000,000
CA	City of Santa Monica Municipal Bus Lines	D2012-BLIV-005	Replace 40-foot diesel transit vehicles with alternative fuel vehicles for fixed-route service	1,992,589
CA	Omnitrans	D2012-BLIV-006	San Bernardino Transit Center: Omnitrans Bus Facility	5,300,000
CA	San Francisco Bay Area Rapid Transit District	D2012-BLIV-007	Regional Real-Time Transit Information at Intermodal BART Stations (Project will provide up to 17 additional real time bus and rail departure and arrival information at key intermodal BART stations.)	3,168,000
CA	San Francisco Municipal Transportation Agency	D2012-BLIV-008	8X Mobility Maximization--rapid network enhancements to create a premier transit service	6,352,000

Table 2

FY 2012 Bus Livability Project Selections

State	Recipient	Project ID	Project Description	Allocation
CO	Mesa County	D2012-BLIV-009	Grand Valley Transit's West Transfer Facility	1,181,428
CO	Regional Transportation District (RTD)	D2012-BLIV-010	Bus & Bus Facilities Livability Initiative - 16th Street Mall Reconstruction Project	7,978,998
CT	City of New Britain	D2012-BLIV-011	Multimodal Connectivity Initiative, Local Bus to the BRT. The implementation of a "Complete Streets" initiative connecting the New Britain-Hartford BRT to a new, formalized, downtown bus station.	1,600,000
CT	Greater Hartford Transit District	D2012-BLIV-012	Sigourney Street Station- Connectivity Improvements Project	2,000,000
DC	Washington Metropolitan Area Transit Authority	D2012-BLIV-013	WMATA Regional Bus Stop Improvement Program - Provide improvements to bus stops in DC, MD, and VA.	1,500,000
FL	Broward County Transit	D2012-BLIV-014	Tamarac Transit Bus Shelter Project	401,440
FL	Hillsborough Area Regional Transportation Authority	D2012-BLIV-015	Replace buses (diesel) and vans (gasoline) with Compressed Natural Gas (CNG) vehicles	4,000,000
FL	Indian River County, Florida	D2012-BLIV-016	Construct New Intermodal Bus Passenger Transfer Facility in Downtown Vero Beach, Florida	1,150,000
FL	Polk County Board of County Commissioners	D2012-BLIV-017	Polk County Bus Stop Accessibility Project: bring bus stops and shelters into full ADA compliance.	200,000
GA	Georgia Department of Transportation	D2012-BLIV-018	Ensuring Better Utilization of Services (BUS) Livability for Citizens with Disabilities (Pineland vehicle replacement)	137,600
HI	Hawaii Department of Transportation	D2012-BLIV-019	County of Maui Bus Stop Shelter/Signage Program	800,000
ID	Idaho Transportation Department	D2012-BLIV-020	Downtown Ketchum Intermodal Center Customer Building ($112,000); Driggs Transit Center ($830,000)	942,000

Table 2

FY 2012 Bus Livability Project Selections

State	Recipient	Project ID	Project Description	Allocation
IL	Chicago Transit Authority	D2012-BLIV-021	95th Street Terminal Improvement Project - The Project would reduce pedestrian and bus congestion, reduce travel times and improve accessibility and safety for riders at the Terminal.	10,000,000
IN	South Bend Public Transportation Corporation	D2012-BLIV-022	TRANSPO Livability Corridor Project - Installation of bus shelters, bike and pedestrian infrastructure and improvements, and next bus arrival signs	1,290,200
KS	City of Wichita	D2012-BLIV-023	Douglas Avenue Transit Oriented Development Corridor – bus facility, pedestrian, bicycle, accessibility, streetscaping, parking, and safety improvements along Douglas Avenue in Downtown Wichita	1,080,000
KY	Kentucky Transportation Cabinet	D2012-BLIV-024	City of Glasgow Transit System – Shelters, Bus Stop Signs and Map Holders	57,776
LA	Jefferson Parish	D2012-BLIV-025	Jefferson Transit Acquisition and Deployment of a Real-Time Passenger Information System: Will improve service by providing on-time information to passengers and reduce bunching of vehicles.	320,000
LA	Lafayette Consolidated Government	D2012-BLIV-026	University of Louisiana at Lafayette (ULL) Bikeway Extension	456,291
MA	Massachusetts Department of Transportation	D2012-BLIV-027	Union Station Regional Intermodal Transportation Center (ITC)	17,600,000
MD	Maryland Department of Transportation	D2012-BLIV-028	Cherry Hill Transit Hub Accessibility Improvements	1,650,000
MI	Blue Water Area Transportation Commission	D2012-BLIV-029	St. Clair Community College (SC4) Bus Facility	79,000
MI	Capital Area Transportation Authority	D2012-BLIV-030	Capital Area Multi-Modal Gateway Project	6,282,285

Table 2

FY 2012 Bus Livability Project Selections

State	Recipient	Project ID	Project Description	Allocation
MN	White Earth Band of Chippewa	D2012-BLIV-031	White Earth Vehicle Replacement Project	402,392
MO	City Utilities of Springfield, Missouri	D2012-BLIV-032	Voice Annunciation System for Fixed Route Fleet	374,000
MT	Montana Department of Transportation	D2012-BLIV-033	MET Transit Customer focused ITS ($38,112); Eagle Transit ITS Upgrade ($74,090)	112,202
NC	City of Fayetteville	D2012-BLIV-034	Construction of Downtown Multimodal Transit Center	8,015,000
NH	New Hampshire Department of Transportation	D2012-BLIV-035	University of New Hampshire Energy & Campus Development Office for Intermodal Transit Facility Phase III Design ($36,000); Main Street West bus pullouts, path connections, construction ($94,500); Morse Circle Bicycle-Transit Hub ($40,500); Town of Hanover Replacement Curbside Transit Shelter, Bicycle Rack, Schedule Kiosk and Enclosed Waiting Area ($183,200)	354,200
NJ	New Jersey Transit Corporation	D2012-BLIV-036	South Jersey Bus Livability Improvement Project: Initial Steps to Implementing Bus Rapid Transit in Philadelphia, PA and Camden County, NJ	2,615,000
NY	County of Rockland	D2012-BLIV-037	Purchase of ITS Equipment that will greatly enhance Rockland County's public transit system	2,400,000
NY	New York City Department of Transportation	D2012-BLIV-038	Utica Avenue Bus Priority Project - Improve bus service, pedestrian and traffic safety, and busy intermodal connections on a vital transit corridor in eastern Brooklyn, New York.	3,400,000
NY	Rochester Genesee Regional Transportation Authority	D2012-BLIV-039	Saint Paul Street & Clinton Avenue Two-Way Conversion - Convert Saint Paul Street and Clinton Avenue from one-way to two-way traffic surrounding RGRTA's future Renaissance Square Transit Center.	562,500
OK	Choctaw Nation of Oklahoma	D2012-BLIV-040	2012 Choctaw Bus and Bus Facilities: Livability Innovation Project	174,400

Table 2

FY 2012 Bus Livability Project Selections

State	Recipient	Project ID	Project Description	Allocation
OK	Seminole Nation of Oklahoma	D2012-BLIV-041	Seminole Nation Public Transit Americans with Disabilities Act (ADA) Accessibility and Program Efficiency Initiative (APEI)	450,000
OR	Oregon Department of Transportation	D2012-BLIV-042	City of Woodburn Six Passenger Shelters	44,400
OR	Tri-County Metropolitan Transportation District of Oregon	D2012-BLIV-043	Ride Connection's Operations and Resource Center: A TOD model of community accessibility, sustainability and livability	2,000,000
PA	Lehigh and Northampton Transportation Authority	D2012-BLIV-044	Purchase Heavy Duty Hybrid Buses	3,000,000
PA	Southeastern Pennsylvania Transportation Authority (SEPTA)	D2012-BLIV-045	SEPTA 69th Street Transportation Center West Bus & Trolley Terminal Rehabilitation - Restoring and greening of a 105-year-old facility that will leverage reinvestment in a historic neighborhood	5,000,000
RI	Rhode Island Public Transit Authority	D2012-BLIV-046	Providence Train Station Bus Access Project: Improved Bus, Bicycle and Pedestrian Access to Key Intermodal Connection in Rhode Island's Transportation System	400,000
SC	South Carolina Department of Transportation	D2012-BLIV-047	Seneca's Livability Program: Enhancing Mobility with the Nation's First All-Electric Transit System	1,812,500
TX	City of Galveston	D2012-BLIV-048	Seawall Boulevard Transit Pedestrian Access and Beautification Plan - Construction of Bus Stop Amenities to Support New Transit Services	2,000,000
TX	Fort Worth Transportation Authority (The T)	D2012-BLIV-049	Fort Worth Livability Bike Sharing Program	941,728
WA	Ben Franklin Public Transportation Benefit Area	D2012-BLIV-050	Ben Franklin Transit Vehicle Fleet Modernization Project	1,000,000

Table 2

FY 2012 Bus Livability Project Selections

State	Recipient	Project ID	Project Description	Allocation
WA	City of Longview	D2012-BLIV-051	Biodiesel Bus Acquisition for Capacity Expansion	373,500
WA	King County Department of Transportation	D2012-BLIV-052	Bicycle Access Enhancements to King County Metro RapidRide Bus Rapid Transit ($730,000); Third Avenue Transit Corridor Improvement and RapidRide Facilities Project ($4,058,000)	4,788,000
WA	Washington State Department of Transportation	D2012-BLIV-053	Mason Transit Authority Bus Shelter Replacement	120,000
WY	Wyoming Department of Transportation	D2012-BLIV-054	Jackson Hole Transit Facility and Intermodal Connectivity Project	1,500,000
			Total Allocations	**$135,632,957**

[FR Doc. 2012–19438 Filed 8–13–12; 8:45 am]
BILLING CODE C

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

[U.S. DOT Docket No. NHTSA–2012–0094]

Reports, Forms, and Record Keeping Requirements

AGENCY: National Highway Traffic Safety Administration (NHTSA), DOT.

ACTION: Request for public comment on proposed collection of information.

SUMMARY: Before a Federal agency can collect certain information from the public, it must receive approval from the Office of Management and Budget (OMB). Under procedures established by the Paperwork Reduction Act of 1995, before seeking OMB approval, Federal agencies must solicit public comment on proposed collections of information, including extensions and reinstatements of previously approved collections.

This document describes the collection of information for which NHTSA intends to seek OMB approval.

DATES: Comments must be received on or before October 15, 2012.

ADDRESSES: You may submit comments identified by DOT Docket ID Number NHTSA–2012–0094 using any of the following methods:

Electronic submissions: Go to *http://www.regulations.gov.* Follow the on-line instructions for submitting comments.

Mail: Docket Management Facility, M–30, U.S. Department of Transportation, 1200 New Jersey Avenue SE., West Building Ground Floor, Room W12–140, Washington, DC 20590.

Hand Delivery: West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Fax: 1–202–493–2251.

Instructions: Each submission must include the Agency name and the Docket number for this Notice. Note that all comments received will be posted without change to *http://www.regulations.gov* including any personal information provided.

FOR FURTHER INFORMATION CONTACT: Mr. Alan Block, Contracting Officer's Technical Representative, Office of Behavioral Safety Research (NTI–131), National Highway Traffic Safety Administration, 1200 New Jersey Avenue SE., W46–499, Washington, DC 20590. Mr. Block's phone number is 202–366–6401 and his email address is *alan.block@dot.gov*

SUPPLEMENTARY INFORMATION: Under the Paperwork Reduction Act of 1995, before an agency submits a proposed collection of information to OMB for approval, it must publish a document in the **Federal Register** providing a 60-day comment period and otherwise consult with members of the public and affected agencies concerning each proposed collection of information. The OMB has promulgated regulations describing what must be included in such a document. Under OMB's regulations (at 5 CFR 1320.8(d)), an agency must ask for public comment on the following:

(I) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(ii) The accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(iii) How to enhance the quality, utility, and clarity of the information to be collected; and

(iv) How to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

In compliance with these requirements, NHTSA asks public comment on the following proposed collection of information:

Survey of DWI Courts

Type of Request—New information collection requirement.

OMB Clearance Number—None.

Form Number—NHTSA 1175.

Requested Expiration Date of Approval—3 years from date of approval.

Summary of the Collection of Information—The National Highway Traffic Safety Administration (NHTSA) proposes to collect information from specialized (or problem solving) courts known as DWI Courts and Hybrid DWI/Drug Courts to obtain an inventory of their current operational practices. All known operating DWI Courts and Hybrid DWI/Drug Courts will be contacted by mail and/or email and asked to go to a designated Web site to fill out the questionnaire. The most recent figures (from the National Association of Drug Court Professionals (NADCP)) show 598 Courts operating in the United States that are either designated DWI Courts (192) or else Hybrid DWI/Drug Courts (406) as of December 2010. That number is projected to increase to approximately 650 Courts by the time the survey is ready to enter the field. The survey will ask about case flow, eligibility criteria, management information systems, program staffing, treatment, testing, courtroom practices, sanctions, and other relevant program characteristics. The average amount of time for respondents to complete the survey is estimated to be 40 minutes.

The survey will be conducted on-line, with the on-line technology serving to reduce length and minimize recording errors. No information will be collected that could be used to identify any clients participating in the court programs. The information provided will either describe program practices/characteristics, or provide information aggregated across all cases.

Description of the Need for the Information and Proposed Use of the Information—NHTSA was established to reduce the number of deaths, injuries, and economic losses resulting from motor vehicle crashes on the Nation's highways. As part of this statutory mandate, NHTSA is authorized to conduct research as a foundation for the development of motor vehicle standards and traffic safety programs.

DWI Courts are a relatively new intervention to combat alcohol-impaired driving and are authorized under MAP–21, the current DOT authorization. Borrowing from the Drug Court Model, they are directed at repeat offenders and offenders having high blood alcohol concentration levels (BACs) at time of arrest. These Courts attack the source of the problem by taking a comprehensive approach to changing behavior that includes treatment. There is a body of research that now exists to show that Drug Courts are effective. However, Drug Courts and DWI Courts may treat different populations, and questions about the effectiveness of DWI Courts and their services have yet to be adequately answered. NHTSA is presently designing a program to evaluate DWI Courts to directly answer key questions pertaining to their effectiveness. But in order to do that, the agency first needs detailed information on how the DWI Courts are operating.

NHTSA will use the findings from this proposed collection of information to guide the design of an evaluation program to answer key questions regarding the effectiveness of DWI Courts.

Description of the Likely Respondents (Including Estimated Number, and Proposed Frequency of Response to the

Collection of Information)—The respondents will be people involved in the running of DWI Courts and Hybrid DWI/Drug Courts. These primarily will be Judges and Court Staff, but may include others involved in specific aspects of the DWI Court program such as treatment providers, law enforcement and probation/parole personnel. Contacted Courts will determine who is appropriate to complete the sections of the questionnaire, and may apportion different sections to different people to complete, if necessary. The projected total number of DWI Courts and Hybrid Courts at the commencement of the field period is 650. Total estimated time to complete the questionnaire is expected to average 40 minutes. All Courts will be administered the survey one time only.

Estimate of the Total Annual Reporting and Record Keeping Burden Resulting from the Collection of Information—NHTSA estimates that the Courts would require an average of 40 minutes to complete the survey or a total of 433.33 hours for the projected 650 DWI and Hybrid Courts. The survey would be fielded during a two month period in 2013. Thus the annual reporting burden would be the entire 433.33 hours. Reporting costs would entail salaried time for responding to the questionnaire. Mean hourly wages for legal occupations range from $21.56 for legal support workers to $53.34 for Judges, Magistrate Judges, and Magistrates. At 433.33 total responding hours for the survey, this would put the cost burden at a level between $9,343 and $23,114, depending on which Court personnel respond to the survey. The respondents would not incur any record keeping burden or record keeping cost from the information collection.

Authority: 44 U.S.C. Section 3506(c)(2)(A)

Issued on: August 9, 2012.

Jeffrey Michael,

Associate Administrator, Research and Program Development.

[FR Doc. 2012–19940 Filed 8–13–12; 8:45 am]

BILLING CODE 4910–59–P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Additional Designations, Foreign Narcotics Kingpin Designation Act

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The U.S. Department of the Treasury 's Office of Foreign Assets Control (''OFAC'') is publishing the names of three individuals and five entities whose property and interests in property have been blocked pursuant to the Foreign Narcotics Kingpin Designation Act (''Kingpin Act'').

DATES: The designation by the Director of OFAC of the three individuals and five entities identified in this notice pursuant to section 805(b) of the Kingpin Act is effective on August 7, 2012.

FOR FURTHER INFORMATION CONTACT: Assistant Director, Sanctions Compliance & Evaluation, Office of Foreign Assets Control, U.S. Department of the Treasury, Washington, DC 20220, Tel: (202) 622–2490.

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document and additional information concerning OFAC are available on OFAC's Web site at *http://www.treasury.gov/ofac* or via facsimile through a 24-hour fax-on-demand service at (202) 622–0077.

Background

The Kingpin Act became law on December 3, 1999. The Kingpin Act establishes a program targeting the activities of significant foreign narcotics traffickers and their organizations on a worldwide basis. It provides a statutory framework for the imposition of sanctions against significant foreign narcotics traffickers and their organizations on a worldwide basis, with the objective of denying their businesses and agents access to the U.S. financial system and the benefits of trade and transactions involving U.S. companies and individuals.

The Kingpin Act blocks all property and interests in property, subject to U.S. jurisdiction, owned or controlled by significant foreign narcotics traffickers as identified by the President. In addition, the Secretary of the Treasury, in consultation with the Attorney General, the Director of the Central Intelligence Agency, the Director of the Federal Bureau of Investigation, the Administrator of the Drug Enforcement Administration, the Secretary of Defense, the Secretary of State, and the Secretary of Homeland Security may designate and block the property and interests in property, subject to U.S. jurisdiction, of persons who are found to be: (1) Materially assisting in, or providing financial or technological support for or to, or providing goods or services in support of, the international narcotics trafficking activities of a person designated pursuant to the Kingpin Act; (2) owned, controlled, or directed by, or acting for or on behalf of, a person designated pursuant to the Kingpin Act; or (3) playing a significant role in international narcotics trafficking.

On August 7, 2012, the Director of OFAC designated the following three individuals and five entities whose property and interests in property are blocked pursuant to section 805(b) of the Kingpin Act.

Individuals

1. MORENO, Daniel (a.k.a. MORENO JR., Daniel Gonzalo), 50 6th Ave., Corozal, Belize; 651 Vista Del Mar, Ladyville, Belize; 561 Vista Del Mar, Ladyville, Belize; DOB 12 Oct 1972; POB Corozal, Belize; Passport 0291622 (Belize) (individual) [SDNTK] Linked To: D'S SUPERMARKET COMPANY LTD.
2. ZABANEH, John (a.k.a. ZABANEH, John Angel), Big Creek, Belize; 3 Magoon St., Dangriga, Belize; Long Coco Caye, Belize; Valley Rd., Stann Creek, Belize; 135 Commerce St., Stann Creek, Belize; Dangriga Town, Stann Creek, Belize; N River Side Docter, Dangriga, Belize; DOB 07 Oct 1954; alt. DOB 02 Oct 1954; POB Belize (individual) [SDNTK] Linked To: MAYAN KING LIMITED; Linked To: MID–SOUTH INVESTMENTS LIMITED; Linked To: CROWN PARADISE ENTERPRISES LTD.; Linked To: BELIZE CHEMICALS LIMITED.
3. ZABANEH, Dion (a.k.a. ZABANEH, Dion Christopher), 68 Bela Vista, Belize City, Belize; 3 Eyre St., Belize City, Belize; 5468 Seashore Dr., Belize City, Belize; DOB 12 May 1974; POB Belize (individual) [SDNTK].

Entities

1. BELIZE CHEMICALS LIMITED (a.k.a. BELIZE CHEMICALS; a.k.a. BELIZE CHEMICALS LTD.), 7292 George Price Blvd., P.O. Box 657, Belmopan, Belize; 10/12 Halfmoon Avenue, Belmopan City, Belize; Tax ID No. GST–SIG 000465 (Belize) [SDNTK].
2. CROWN PARADISE ENTERPRISES LTD. (a.k.a. CROWN PARADISE MARINA), 671 Ecumenical Drive, P.O. Box 64, Dangriga Town, Belize [SDNTK].
3. D'S SUPERMARKET COMPANY LTD. (a.k.a. D'S SUPERSTORE), College Road, Corozal Town, Belize [SDNTK].
4. MAYAN KING LIMITED (a.k.a. MAYAN KING LIMITED EXT.; a.k.a. MAYAN KING LTD.), Dangriga, Stann Creek District, Belize; 21 Mls South Stann Creek Road, Stann Creek District, P.O. Box 64, Dangriga, Belize; P.O. Box 64, Dangriga Town, Stann

Creek, Belize; Tax ID No. GST–DGA 015476 (Belize) [SDNTK].

5. MID–SOUTH INVESTMENTS LIMITED (a.k.a. MID–SOUTH INVESTMENT; a.k.a. MIDSOUTH INVESTMENT LTD; a.k.a. MIDSOUTH INVESTMENTS LTD.), 135 Commerce Street, Dangriga, Stann Creek, Belize; 6 Arandas Crescent, Dangriga Town, Belize; P.O. Box 64, Dangriga, Stann Creek, Belize; 671 Ecumenical Dr, DAN, Belize [SDNTK].

Dated: August 7, 2012.

Adam J. Szubin,

Director, Office of Foreign Assets Control.

[FR Doc. 2012–19825 Filed 8–13–12; 8:45 am]

BILLING CODE 4810–AL–P

DEPARTMENT OF VETERANS AFFAIRS

Advisory Committee on Disability Compensation, Notice of Meeting Amendment

The Department of Veterans Affairs (VA) gives notice under Public Law 92–463 (Federal Advisory Committee Act) that the Advisory Committee on Disability Compensation will meet on August 20–21, 2012, at the St. Regis Hotel, 923 16th and K Streets NW., Washington, DC, and not on August 21–22, 2012, as originally published in the **Federal Register** on August 9, 2012. The sessions will begin at 8:30 a.m. and end at 4 p.m. each day. The meeting is open to the public.

The purpose of the Committee is to advise the Secretary of Veterans Affairs on the maintenance and periodic readjustment of the VA Schedule for Rating Disabilities. The Committee is to assemble and review relevant information relating to the nature and character of disabilities arising during service in the Armed Forces, provide an ongoing assessment of the effectiveness of the rating schedule, and give advice on the most appropriate means of responding to the needs of Veterans relating to disability compensation.

The Committee will receive briefings on issues related to compensation for Veterans with service-connected disabilities and other VA benefits programs. Time will be allocated for receiving public comments in the afternoon. Public comments will be limited to three minutes each. Individuals wishing to make oral statements before the Committee will be accommodated on a first-come, first-served basis. Individuals who speak are invited to submit 1–2 page summaries of their comments at the time of the meeting for inclusion in the official meeting record.

The public may submit written statements for the Committee's review to Sarah Fusina, Esq., Designated Federal Officer, Department of Veterans Affairs, Veterans Benefits Administration, Compensation Service, Regulation Staff (211D), 810 Vermont Avenue NW., Washington, DC 20420 or email at *Sarah.Fusina@va.gov.* Any member of the public wishing to attend the meeting or seeking additional information should contact Mrs. Fusina at (202) 461–9569.

Dated: August 9, 2012.

By Direction of the Secretary.

Vivian Drake,

Committee Management Officer.

[FR Doc. 2012–19911 Filed 8–13–12; 8:45 am]

BILLING CODE P

FEDERAL REGISTER

Vol. 77 Tuesday,

No. 157 August 14, 2012

Part II

Department of Commerce

Patent and Trademark Office

37 CFR Parts 1, 42 and 90

Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions; Final Rule

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Parts 1, 42 and 90

[Docket No. PTO–P–2011–0082]

RIN 0651–AC70

Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (Office or USPTO) is revising the rules of practice to implement the provisions of the Leahy-Smith America Invents Act (''AIA'') that provide for trials before the Patent Trial and Appeal Board (Board). This final rule provides a consolidated set of rules relating to Board trial practice for *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings. This final rule also provides a consolidated set of rules to implement the provisions of the AIA related to seeking judicial review of Board decisions.

DATES: *Effective Date:* The changes in this final rule take effect on September 16, 2012.

FOR FURTHER INFORMATION CONTACT: Michael P. Tierney, Lead Administrative Patent Judge, Scott R. Boalick, Lead Administrative Patent Judge, Robert A. Clarke, Administrative Patent Judge, Joni Y. Chang, Administrative Patent Judge, Thomas L. Giannetti, Administrative Patent Judge, Board of Patent Appeals and Interferences, by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION: *Executive Summary: Purpose:* On September 16, 2011, the AIA was enacted into law (Pub. L. 112–29, 125 Stat. 284 (2011)). The purpose of the AIA and this final rule is to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs. The preamble of this notice sets forth in detail the procedures by which the Board will conduct trial proceedings. The USPTO is engaged in a transparent process to create a timely, cost-effective alternative to litigation. Moreover, the rulemaking process is designed to ensure the integrity of the trial procedures. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b). This final rule provides a consolidated set of rules relating to Board trial practice for *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b).

Summary of Major Provisions: Consistent with sections 3, 6, 7, and 18 of the AIA, this final rule sets forth: (1) The evidentiary standards, procedure, and default times for conducting trial proceedings; (2) the fees for requesting reviews; (3) the procedure for petition and motion practice; (4) the page limits for petitions, motions, oppositions, and replies; (5) the standards and procedures for discovery of relevant evidence, including the procedure for taking and compelling testimony; (6) the sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding; (7) the procedure for requesting oral hearings; (8) the procedure for requesting rehearing of decisions and filing appeals; (9) the procedure for requesting joinder; and (10) the procedure to make file records available to the public that include the procedures for motions to seal, protective orders for confidential information, and requests to treat settlement as business confidential information.

Costs and Benefits: This rulemaking is *not* economically significant, but is significant, under Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

Background: To implement the changes set forth in sections 3, 6, 7, and 18 of the AIA that are related to administrative trials and judicial review of Board decisions, the Office published the following notices of proposed rulemaking: (1) *Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR 6879 (Feb. 9, 2012), to provide a consolidated set of rules relating to Board trial practice for *inter partes* review, post-grant review, derivation proceedings, and the transitional program for covered business method patents, and judicial review of Board decisions by adding new parts 42 and 90 including a new subpart A to title 37 of the Code of Federal Regulations (RIN 0651–AC70); (2) *Changes to Implement Inter Partes Review Proceedings,* 77 FR 7041 (Feb. 10, 2012), to provide rules specific to *inter partes* review by adding a new subpart B to 37 CFR part 42 (RIN 0651–AC71); (3) *Changes to Implement Post-Grant Review Proceedings,* 77 FR 7060 (Feb. 10, 2012), to provide rules specific to post-grant review by adding a new subpart C to 37 CFR part 42 (RIN 0651–AC72); (4) *Changes to Implement Transitional Program for Covered Business Method Patents,* 77 FR 7080 (Feb. 10, 2012), to provide rules specific to the transitional program for covered business method patents by adding a new subpart D to 37 CFR part 42 (RIN 0651–AC73); (5) *Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR 7095 (Feb. 10, 2012), to add a new rule that sets forth the definition of technological invention for determining whether a patent is for a technological invention solely for purposes of the transitional program for covered business method patents (RIN 0651–AC75); and (6) *Changes to Implement Derivation Proceedings,* 77 FR 7028 (Feb. 10, 2012), to provide rules specific to derivation proceedings by adding a new subpart E to 37 CFR part 42 (RIN 0651–AC74).

Additionally, the Office published a Patent Trial Practice Guide for the proposed rules in the **Federal Register** to provide the public an opportunity to comment. *Practice Guide for Proposed Trial Rules,* 77 FR 6868 (Feb. 9, 2012) (Request for Comments) (''Practice Guide'' or ''Office Patent Trial Practice Guide''). The Office envisions publishing a revised Patent Trial Practice Guide for the final rules. The Office also hosted a series of public educational roadshows, across the country, regarding the proposed rules for the implementation of AIA.

In response to the notices of proposed rulemaking and the Office Patent Trial Practice Guide notice, the Office received 251 submissions offering written comments from intellectual property organizations, businesses, law firms, patent practitioners, and others, including a United States senator who was a principal author of section 18 of the AIA. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. The Office's responses to the comments are provided in the 228 separate responses based on the topics raised in the 251 comments in the Response to Comments section *infra.*

In light of the comments, the Office has made appropriate modifications to the proposed rules to provide clarity and to take into account the interests of the public, patent owners, patent challengers, and other interested parties, with the statutory requirements and considerations, such as the effect of the regulations on the economy, the

integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the proceedings timely. The Office has decided to proceed with several separate final rules to implement the changes set forth in sections 3, 6, 7, and 18 of the AIA that are related to administrative trials and judicial review of Board decisions. This final rule adopts the proposed changes, with modifications, set forth in the *Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions* (77 FR 6879).

Differences Between the Final Rule and the Proposed Rule

The major differences between the rules as adopted in this final rule and the proposed rules are as follows:

The final rule clarifies that the term ''Board'' also means ''a Board member or employee acting with the authority of the Board'' for petition decisions and interlocutory decisions, and it means ''a panel of the Board'' for final written decisions under 35 U.S.C. 135(d) and 318(a), as amended, and 35 U.S.C. 328(a) (§ 42.2).

With respect to the mode of service, the final rule clarifies that service may be made electronically upon agreement of the parties, or otherwise, by EXPRESS MAIL® or means at least as fast and reliable as EXPRESS MAIL® (§ 42.6(e)).

As to mandatory notices, the requirement for filing the notices as separate papers has been eliminated (§ 42.8(b)).

With respect to recognizing counsel *pro hac vice,* the final rule specifies that the Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause, subject to the condition that lead counsel be a registered practitioner and to any other conditions as the Board may impose (§ 42.10(c)). The final rule further provides an example to clarify that, where the lead counsel is a registered practitioner, a motion for appearance, *pro hac vice,* by counsel who is not a registered practitioner may be granted upon showing that counsel is an experienced litigating attorney and has an established familiarity with the subject matter at issue in the proceeding (§ 42.10(c)).

In addition, the final rule clarifies that parties and individuals involved in the proceeding, as opposed to those merely ''associated with the parties,'' have a duty of candor and good faith to the Office during the course of a proceeding (§ 42.11).

As to citations of authority, the final rule eliminates the requirements for citing decisions to the United States Reports and the West Reporter System (§ 42.13). Instead, the final rule expresses a preference for these sources.

While this final rule adopts the proposed base fees for petitions challenging 20 claims or fewer, the final rule eliminates the fee escalation in block increments of ten claims by establishing flat fees per each challenged claim in excess of 20 claims for *inter partes* reviews, post-grant reviews, and covered business method patent reviews (§ 42.15(a) and (b)). In a separate rulemaking in which the Office proposes to set and adjust fees pursuant to section 10 of the AIA, the Office is proposing a limited subsidization of the petition fees, and a staged fee structure, which would permit a refund of a portion of the petition fees in cases where a review is not instituted.

This final rule also clarifies that the excess claims fees set forth in 35 U.S.C. 41(a)(2) are required where a motion to amend presents a certain number of additional claims (§ 42.15(e) and (f)).

As to the proposed page limits, the final rule increases the proposed page limits by ten pages for petitions, patent owner preliminary responses, and patent owner responses (§ 42.24), eliminates the requirement of presenting claim charts in double spacing (§ 42.6(a)(2)(iii)), and eliminates the requirement for a statement of material facts with respect to petitions and motions (§ 42.22). These collective modifications will permit parties to have greater flexibility in presenting their cases and in responding to petitions and motions.

As to discovery provisions, the final rule clarifies that the parties may agree to additional discovery between themselves without prior authorization from the Board (§ 42.51(b)(2)). Likewise, the final rule additionally provides where the parties agree to mandatory discovery requiring initial disclosures, parties may automatically, upon the institution, take discovery of the information identified in the initial disclosures (§ 42.51(a)(1)). In this regard, the final rule also provides that where the parties fail to agree, a party may seek the mandatory discovery of the initial disclosures by motion (§ 42.51(a)(2)).

As to routine discovery, the final rule eliminates the requirement to explain the relevance of the information that is inconsistent with a position advanced by the party, and eliminates the noncumulative requirement (proposed § 42.51(b)(3)). The final rule further limits the scope to relevant information, as opposed to any noncumulative information, that is inconsistent with a position advanced by the party during the proceeding (§ 42.51(b)(1)(iii), previously proposed § 42.51(b)(3)). In that regard, the final rule also tailors the scope by stating expressly that the requirement does not make discoverable anything otherwise protected by legally recognized privileges, and the requirement only extends to inventors, corporate officers, and persons involved in the preparation or filing of the documents (§ 42.51(b)(1)(iii)). The final rule further clarifies that the party must serve, rather than file, the relevant information (§ 42.51(b)(1)(iii)).

Additionally, the final rule provides the parties the flexibility to agree on the service of exhibits (§ 42.51(b)(1)(i)). The final rule also provides a new provision for production of documents (§ 42.51(c)).

As to the taking of testimony, the final rule permits parties to agree, without prior authorization of the Board, to video recording testimony (§ 42.53(a)), and taking uncompelled deposition testimony outside the United States (§ 42.53(b)(3)). The final rule provides the default time limits for direct examination, cross-examination, and redirect examination for compelled deposition testimony, as well as cross-examination, redirect examination, and re-cross examination for uncompelled direct deposition testimony (§ 42.53(c)). In the case of direct deposition testimony, the final rule clarifies that if there is no conference with the Board, the party seeking the direct testimony must serve the required information and documents at least ten days prior to the deposition (§ 42.53(d)(3)). The final rule provides a new provision for an additional party seeking to take direct testimony of a third party witness (§ 42.53(b)(5)(iv)). As to admissibility of evidence, the final rule eliminates the provision for motions in limine (proposed § 42.64(d)).

As to protective orders governing the exchange and submission of confidential information, the final rule clarifies that either the petitioner or patent owner may file a motion to seal containing a proposed protective order, such as the default protective order set forth in the Office Patent Trial Practice Guide (§ 42.54(a)). Similarly, the final rule clarifies that confidential information in a petition may be accessed by the patent owner prior to the institution by: (1) Agreeing to the terms of the protective order requested by the petitioner, (2) agreeing to the terms of a protective order that the parties file jointly, or (3) obtaining entry of a protective order by the Board (§ 42.55).

Regarding decisions by the Board, the final rule clarifies that while decisions

on whether to institute a trial (including decisions not to institute a trial and decisions to institute a trial based on one or some of the grounds of unpatentability asserted in the petition) are final and nonappealable to the Federal courts, a party may request a rehearing before the Board (§§ 42.71(c) and (d)). The final rule also clarifies that a judgment includes a final written decision by the Board, or a termination of a proceeding (§ 42.2). Additionally, the final clarifies that a judgment, except in the case of a termination, disposes all issues that were, or by motion reasonably could have been, raised and decided (§ 42.73(a)).

As to the estoppel provisions, the final rule clarifies that a petitioner who has not settled, or the real party in interest or privy of such petitioner, is estopped in the Office from requesting or maintaining a proceeding with respect to a claim for which it has obtained a final written decision on patentability in an *inter partes* review, post-grant review, or a covered business method patent review on any ground that the petitioner raised or reasonably could have raised during the trial (§ 42.73(d)(1)). Further, the final rule tailors the provisions to provide that a patent applicant or patent owner whose claim is canceled is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent: (1) A claim that is not patentably distinct from the finally refused or cancelled claim; and (2) an amendment of a specification or drawing that was denied during the trial (§ 42.73(d)(3)). In this regard, the final rule also eliminates the provision precluding obtaining a patent for a claim that could have been filed (proposed § 42.73(d)(3)(ii)).

Discussion of Relevant Provisions of the AIA:

This final rule refers to the rules in subparts B through E of part 42 set forth in other final rules (RIN 0651–AC71, RIN 0651–AC74, and RIN 0651–AC75). Moreover, rather than repeating the statutory provisions set forth in the AIA for the implementation of *inter partes* review, post-grant review, transitional program covered business method patents, and derivation that are provided in the other final rules, the instant final rule only summarizes the provisions related to the Board and judicial review of Board decisions that are not provided in the other final rules and provides the general framework for conducting trials.

Patent Trial and Appeal Board

Section 7 of the AIA amends 35 U.S.C. 6 and provides for the constitution and duties of the Patent Trial and Appeal Board. 35 U.S.C. 6(a), as amended, provides that the Patent Trial and Appeal Board members will include the Director, Deputy Director, Commissioner for Patents, Commissioner for Trademarks, and administrative patent judges. 35 U.S.C. 6(a), as amended, further provides that ''administrative patent judges shall be persons of competent legal knowledge and scientific ability and are appointed by the Secretary, in consultation with the Director.'' 35 U.S.C. 6(b), as amended, specifies that the duties of the Patent Trial and Appeal Board are to: (1) Review adverse decisions of examiners in patent applications; (2) review appeals of reexaminations pursuant to 35 U.S.C. 134(b); (3) conduct derivation proceedings pursuant to 35 U.S.C. 135, as amended; and (4) conduct *inter partes* reviews and post-grant reviews pursuant to chapters 31 and 32 of title 35, United States Code. Further, section 7 of the AIA amends 35 U.S.C. 6 by adding paragraphs (c) and (d). New paragraph (c) of 35 U.S.C. 6 provides that each appeal, derivation proceeding, post-grant review including covered business method patent review, and *inter partes* review shall be heard by at least three members of the Board, who shall be designated by the Director.

Judicial Review of Patent Trial and Appeal Board Decisions

The AIA amends title 35, United States Code, to provide for certain changes to the provisions for judicial review of Board decisions, such as amending 35 U.S.C. 134, 141, 145, 146, and 306 to change the Board's name to ''Patent Trial and Appeal Board'' and to provide for judicial review of the final decisions of the Board in *inter partes* reviews, post-grant reviews, covered business method patent reviews, and derivation proceedings. The AIA also revises the provisions related to filing an appeal or commencing a civil action in interferences under 35 U.S.C. 141 or 146, respectively.

In particular, section 3(j) of the AIA eliminates references to interferences. Section 3(j)(1) of the AIA amends each of 35 U.S.C. 145 and 146 by striking the phrase ''Board of Patent Appeals and Interferences'' each place it appears and inserting ''Patent Trial and Appeal Board.'' Section 3(j)(2)(A) of the AIA amends 35 U.S.C. 146 by: (i) striking ''an interference'' and inserting ''a derivation proceeding''; and (ii) striking ''the interference'' and inserting ''the derivation proceeding.'' Section 3(j)(3) of the AIA amends the section heading for 35 U.S.C. 134 to read as follows: ''§ 134. Appeal to the Patent Trial and Appeal Board.'' Section 3(j)(4) of the AIA amends the section heading for 35 U.S.C. 146 to read as follows: ''§ 146. Civil action in case of derivation proceeding.'' Section 3(j)(6) of the AIA amends the item relating to 35 U.S.C. 146 in the table of sections for chapter 13 of title 35, United States Code, to read as follows: ''146. Civil action in case of derivation proceeding.''

Section 6(f)(3)(C) of the AIA provides that the authorization to appeal or have remedy from derivation proceedings in 35 U.S.C. 141(d) and 35 U.S.C. 146, as amended, and the jurisdiction to entertain appeals from derivation proceedings under 28 U.S.C. 1295(a)(4)(A), as amended, shall be deemed to extend to any final decision in an interference that is commenced before the effective date (the date that is one year after the enactment date) and that is not dismissed pursuant to section 6(f)(3)(A) of the AIA.

Section 6(h)(2)(A) of the AIA amends 35 U.S.C. 306 by striking ''145'' and inserting ''144.''

Section 7(c)(1) of the AIA amends 35 U.S.C. 141, entitled ''Appeal to Court of Appeals for the Federal Circuit.'' 35 U.S.C. 141(a), as amended, provides that an applicant who is dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under 35 U.S.C. 134(a) may appeal the Board's decision to the United States Court of Appeals for the Federal Circuit. 35 U.S.C. 141(a), as amended, further provides that, by filing an appeal to the United States Court of Appeals for the Federal Circuit, the applicant waives his or her right to proceed under 35 U.S.C. 145.

Section 7(c)(1) of the AIA amends 35 U.S.C. 141(b) to make clear that a patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the Patent Trial and Appeal Board under 35 U.S.C. 134(b) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

Section 7(c)(1) of the AIA amends 35 U.S.C. 141(c) to provide that a party to an *inter partes* review or a post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under 35 U.S.C. 318(a), as amended, or 35 U.S.C. 328(a) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

Section 7(c)(1) of the AIA amends 35 U.S.C. 141(d) to provide that a party to a derivation proceeding who is dissatisfied with the final decision of the Patent Trial and Appeal Board in the proceeding may appeal the decision to the United States Court of Appeals for the Federal Circuit, but such appeal

shall be dismissed if any adverse party to such derivation proceeding, within 20 days after the appellant has filed notice of appeal in accordance with 35 U.S.C. 142, files notice with the Director that the party elects to have all further proceedings conducted as provided in 35 U.S.C. 146, as amended. 35 U.S.C. 141(d), as amended, also provides that if the appellant does not, within 30 days after the filing of such notice by the adverse party, file a civil action under 35 U.S.C. 146, the Board's decision shall govern the further proceedings in the case.

Section 7(c)(2) of the AIA amends 28 U.S.C. 1295(a)(4)(A) to read as follows:

(A) the Patent Trial and Appeal Board of the United States Patent and Trademark Office with respect to a patent application, derivation proceeding, reexamination, post-grant review, or *inter partes* review under title 35, at the instance of a party who exercised that party's right to participate in the applicable proceeding before or appeal to the Board, except that an applicant or a party to a derivation proceeding may also have remedy by civil action pursuant to section 145 or 146 of title 35; an appeal under this subparagraph of a decision of the Board with respect to an application or derivation proceeding shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

Section 7(c)(3) of the AIA amends 35 U.S.C. 143 by striking the third sentence and inserting the following:

In an *ex parte* case, the Director shall submit to the court in writing the grounds for the decision of the Patent and Trademark Office, addressing all of the issues raised in the appeal. The Director shall have the right to intervene in an appeal from a decision entered by the Patent Trial and Appeal Board in a derivation proceeding under section 135 or in an *inter partes* or post-grant review under chapter 31 or 32.

Section 7(c)(3) of the AIA further amends 35 U.S.C. 143 by striking the last sentence.

Section 7(e) of the AIA provides that the amendments made by section 7 of the AIA shall take effect upon the expiration of the one-year period beginning on the date of the enactment of the AIA and shall apply to proceedings commenced on or after that effective date, with the following exceptions. First, the extension of jurisdiction to the United States Court of Appeals for the Federal Circuit to entertain appeals of decisions of the Patent Trial and Appeal Board in reexaminations under the amendment made by section 7(c)(2) shall be deemed to take effect on the date of the enactment of the AIA and shall extend to any decision of the Board of Patent Appeals and Interferences with respect to a reexamination that is entered before, on, or after the date of the enactment of this Act. Second, the provisions of 35 U.S.C. 6, 134, and 141, in effect on the day before the effective date of the amendments made by section 7 of the AIA shall continue to apply to *inter partes* reexaminations requested under 35 U.S.C. 311 before such effective date. Third, the Patent Trial and Appeal Board may be deemed to be the Board of Patent Appeals and Interferences for purposes of appeals of *inter partes* reexaminations requested under 35 U.S.C. 311 before the effective date of the amendments made by section 7 of the AIA. And finally, the Director's right under the fourth sentence of 35 U.S.C. 143, as amended by section 7(c)(3) of the AIA, to intervene in an appeal from a decision entered by the Patent Trial and Appeal Board shall be deemed to extend to *inter partes* reexaminations requested under 35 U.S.C. 311 before the effective date of the amendments made by section 7 of the AIA.

Section 9(a) of the AIA amends 35 U.S.C. 32, 145, 146, 154(b)(4)(A), and 293 by striking ''United States District Court for the District of Columbia'' each place that term appears and inserting ''United States District Court for the Eastern District of Virginia.'' Section 9(b) of the AIA provides that amendments made by section 9 of the AIA shall take effect on the date of the enactment of this Act and shall apply to any civil action commenced on or after that date.

Discussion of Specific Rules

This final rule provides a consolidated set of rules relating to Board trial practice for *inter partes* review, post-grant review, derivation proceedings, and the transitional program for covered business method patents by adding a new part 42 including a new subpart A to title 37 of the Code of Federal Regulations. Interference proceedings would not be covered by a new part 42 and the rules in part 41 governing contested cases and interferences would continue to remain in effect so as to not disrupt ongoing interference proceedings. Additionally, the final rule also provides a consolidated set of rules to implement the provisions of the AIA relating to filing appeals from Board decisions by adding a new part 90 to title 37 of Code of Federal Regulations.

Title 37 of the Code of Federal Regulations, Parts 42 and 90, are added as follows:

Part 42—Trial Practice Before the Patent Trial and Appeal Board

General

Section 42.1: Section 42.1 would set forth general policy considerations for part 42.

Section 42.1(a) defines the scope of the rules.

Section 42.1(b) provides a rule of construction for all the rules in part 42. The rule mandates that all the Board's rules be construed to achieve the just, speedy, and inexpensive resolution of Board proceedings. This final rule reflects considerations identified in 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b), which state that the Office is to take into account the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the proceedings timely in promulgating regulations.

Section 42.1(c) requires that decorum be exercised in Board proceedings, including dealings with opposing parties. Board officials similarly would be expected to treat parties with courtesy and decorum.

Section 42.1(d) provides that the default evidentiary standard for each issue in a Board proceeding is a preponderance of the evidence. The rule implements the statute, which directs that unpatentability issues must be proven by a preponderance of the evidence. 35 U.S.C. 316(e), as amended, and 35 U.S.C. 326(e). The rule is also consistent with 35 U.S.C. 135(b), as amended, which provides that the Director shall establish regulations requiring sufficient evidence to prove and rebut a claim of derivation. *See Price* v. *Symsek,* 988 F.2d 1187, 1193 (Fed. Cir. 1993).

Section 42.2: Section 42.2 sets forth definitions for Board proceedings under part 42.

The definition of affidavit provides that *affidavit* means affidavits or declarations under § 1.68. The definition also provides that a transcript of an *ex parte* deposition or a declaration under 28 U.S.C. 1746 may be used as an affidavit.

The definition of Board would rename ''the Board of Patent Appeals and Interferences'' to ''the Patent Trial and Appeal Board.'' The definition would also provide that *Board* means a panel of the Board or a member or employee acting with the authority of the Board, consistent with 35 U.S.C. 6(b), as amended. Further, for petition decisions and interlocutory decisions, *Board* means a Board member or employee acting with the authority of the Board. For final written decisions under 35

U.S.C. 135(d) and 318(a), as amended, and 35 U.S.C. 328(a), *Board* means a panel of the Board.

The definition of business day provides that *business day* means a day other than a Saturday, Sunday, or Federal holiday within the District of Columbia.

The definition of confidential information provides that *confidential information* means trade secret or other confidential research, development or commercial information. The definition is consistent with Federal Rule of Civil Procedure 26(c)(1)(G), which provides for protective orders for trade secret or other confidential research, development, or commercial information.

The definition of final provides that *final* means final for purposes of judicial review. The definition also provides that a decision is final only if it disposes of all necessary issues with regard to the party seeking judicial review, and does not indicate that further action is required.

The definition of hearing makes it clear that a *hearing* is a consideration of the issues involved in the trial.

The definition of involved provides that *involved* means an application, patent, or claim that is the subject of the proceeding.

The definition of judgment provides that *judgment* means a final written decision by the Board, or a termination of a proceeding. The definition is consistent with the requirement under 35 U.S.C. 318(a), as amended, and 35 U.S.C. 328(a), as amended, that the Board issue final written decisions for reviews that are instituted and not dismissed. The definition is also consistent with 35 U.S.C. 135(d), as amended, which provides for final decisions of the Board in derivation proceedings.

The definition of motion clarifies that *motions* are requests for remedies but that the term motion does not include petitions seeking to institute a trial.

The definition of Office provides that *Office* means the United States Patent and Trademark Office.

The definition of panel provides that a *panel* is at least three members of the Board. The definition is consistent with 35 U.S.C. 6(c), as amended, that each derivation proceeding, *inter partes* review, post-grant review, and covered business method patent review proceeding shall be heard by at least three members of the Board.

The definition of *party* includes at least the petitioner and the patent owner, as well as any applicant or assignee in a derivation proceeding.

The definition of petition provides that a *petition* is a request that a trial be instituted and is consistent with the requirements of 35 U.S.C. 135(a) and 311, as amended, 35 U.S.C. 321.

The definition of petitioner provides that a *petitioner* is a party requesting a trial be instituted. This definition is consistent with the requirements of 35 U.S.C. 135(a) and 311(a), as amended, and 35 U.S.C. 321(a), which provide that persons seeking the institution of a trial may do so by filing a petition.

The definition of preliminary proceeding provides that a *preliminary proceeding* begins with the filing of a petition for instituting a trial and ends with a written decision as to whether a trial will be instituted.

The definition of proceeding provides that a *proceeding* means a trial or preliminary proceeding. This definition encompasses both the portion of the proceeding that occurs prior to institution of a trial and the trial itself.

The definition of rehearing provides that *rehearing* means reconsideration.

The definition of trial provides that a *trial* is a contested case instituted by the Board based upon a petition. This definition encompasses all contested cases before the Board, except for interferences. The definition excludes interferences so that interferences will continue, without disruption, to use the rules provided in part 41. The existence of a contested case is a predicate for authorizing a subpoena under 35 U.S.C. 24. As with part 41, *inter partes* reexaminations under 35 U.S.C. 134(c) are not considered contested cases for the purposes of part 42. Similarly, written requests to make a settlement agreement available are not considered contested cases.

Section 42.3: Section 42.3 sets forth the jurisdiction of the Board in a Board proceeding.

Section 42.3(a) provides the Board with jurisdiction over applications and patents involved in a Board proceeding. This is consistent with 35 U.S.C. 6(b), as amended, which provides that the Board is to conduct derivation proceedings, *inter partes* reviews, and post-grant reviews. Additionally, the rule is consistent with the Board's role in conducting the transitional program for covered business method patent reviews pursuant to section 18 of the AIA, as covered business method patent reviews are subject to 35 U.S.C. 326(c), which provides that the Board conduct the review.

Section 42.3(b) provides that a petition to institute a trial must be filed with the Board consistent with any time period required by statute.

Section 42.4: Section 42.4 provides for notice of trial.

Section 42.4(a) specifically delegates the determination to institute a trial to the Board.

Section 42.4(b) provides that the Board will send a notice of a trial to every party to the proceeding.

Section 42.4(c) provides that the Board may authorize additional modes of notice. Note that the failure to maintain a current correspondence address may result in adverse consequences. *Ray* v. *Lehman,* 55 F.3d 606, 610 (Fed. Cir. 1995) (finding notice of maintenance fee provided by the Office to an obsolete, but not updated, address of record to have been adequate).

Section 42.5: Section 42.5 sets forth the conduct of the trial.

Sections 42.5(a) and (b) permit administrative patent judges wide latitude in administering the proceedings to balance the ideal of precise rules against the need for flexibility to achieve reasonably fast, inexpensive, and fair proceedings. The decision to waive a procedural requirement (for example, default times for taking action) is committed to the discretion of the administrative patent judge. By permitting the judges to authorize relief under parts 1, 41, and 42, the rule avoids delay and permits related issues to be resolved in the same proceeding in a uniform and efficient manner.

Section 42.5(c) provides that the Board may set times by order. The rule also provides that good cause must be shown for extensions of time and to excuse late actions. Late action will also be excused by the Board if it concludes that doing so is in the interests of justice. This requirement to show good cause to extend times and to file belated papers is consistent with the requirements of 35 U.S.C. 316(a)(11), as amended, and 35 U.S.C. 326(a)(11), which provide that the Board issue a final decision not less than one year after institution of the review, extendable for good cause shown. The rule is also consistent with 35 U.S.C. 135(b), as amended, which provides that the Director shall prescribe regulations setting forth standards for the conduct of derivation proceedings.

Section 42.5(d) prohibits *ex parte* communications about a proceeding with a Board member or Board employee actually conducting the proceeding. Under the rule, the initiation of such an *ex parte* communication may result in sanctions against the initiating party. The prohibition includes communicating with any member of a panel acting in

the proceeding or seeking supervisory review in a proceeding by contacting the judge's supervisor, without including the opposing party in the communication. In general, under these rules, it is important to avoid substantive discussions of a pending trial with a Board member or Board employee. The prohibition on *ex parte* communications does not extend to: (1) Ministerial communications with support staff (for instance, to arrange a conference call); (2) hearings in which opposing counsel declines to participate; (3) informing the Board in one proceeding of the existence or status of a related Board proceeding; or (4) reference to a pending case in support of a general proposition (for instance, citing a published opinion from a pending case or referring to a pending case to illustrate a systemic concern).

Section 42.6: Section 42.6 sets forth the procedure for filing documents, including exhibits, and service.

Section 42.6(a) provides guidance for the filing of papers. Under § 42.6(a), papers to be filed are required to meet standards similar to those required in patent prosecution, § 1.52(a), and in the filings at the Federal Circuit under Fed. R. App. P. 32. The prohibition against incorporation by reference minimizes the chance that an argument would be overlooked and eliminates abuses that arise from incorporation and combination. In *DeSilva* v. *DiLeonardi,* 181 F.3d 865, 866–67 (7th Cir. 1999), the court rejected ''adoption by reference'' as a self-help increase in the length of the brief and noted that incorporation is a pointless imposition on the court's time as it requires the judges to play archeologist with the record. The same rationale applies to Board proceedings. *Cf. Globespanvirata, Inc.* v. *Tex. Instruments, Inc.,* 2005 WL 3077915, * 1 (D. N.J. 2005) (Defendants provided cursory statements in motion and sought to make its case through incorporation of expert declaration and a claim chart. Incorporation by reference of argument not in motion was held to be a violation of local rules governing page limitations and was not permitted by the court); *S. Indus., Inc.* v. *JL Audio, Inc.,* 29 F. Supp. 2d 878, 881–82 (N.D. Ill. 1998) (Parties should not use line spacing, font size, or margins to evade page limits).

Section 42.6(b) sets electronic filing as the default manner in which documents in a proceeding are filed with the Board. The procedures for electronic filings in the rule is consistent with the procedures for submission of electronic filings set forth in § 2.126(b). Section 2.126(b) is a rule of the Trademark Trial and Appeal Board (TTAB) which provides that submissions may be made to the TTAB electronically according to parameters established by the Board and published on the Web site of the Office.

The use of electronic filing, such as that used with the Board's Interference Web Portal, facilitates public accessibility and is consistent with the requirements of 35 U.S.C. 316(a)(1), as amended, and 35 U.S.C. 326(a)(1), which state that the files of a proceeding are to be made available to the public, except for those documents filed with the intent that they be sealed. Where needed, a party may file by means other than electronic filing but a motion explaining such a need must accompany the non-electronic filing. In determining whether alternative filing methods would be authorized, the Office will consider the entity size and the ability of the party to file electronically.

Section 42.6(c) requires that exhibits be filed with the first document in which the exhibit is cited so as to allow for uniformity in citing to the record.

Section 42.6(d) prohibits the filing of duplicate documents absent Board authorization.

Section 42.6(e) requires service simultaneous with the filing of the document, as well as requiring certificates of service. Service may be made electronically upon agreement of the parties, otherwise service may be by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL®. Additional procedures to be followed when filing documents may be provided via a standing order of the Board. *See In re Sullivan,* 362 F.3d 1324 (Fed. Cir. 2004).

Section 42.7: Section 42.7 provides that the Board may vacate or hold in abeyance unauthorized papers and limits the filing of duplicate papers. The rule provides a tool for preventing abuses that can occur in filing documents and ensures that the parties and the Board are consistent in their citation to the underlying record.

Section 42.8: Section 42.8 provides for certain mandatory notices to be provided by the parties, including identification of the real parties in interest, related matters, lead and back-up counsel, and service information. The rule requires the identification of lead and back-up counsel and service information. The mandatory notices concerning real parties in interest and related matters are consistent with the requirements of 35 U.S.C. 315, as amended, and 35 U.S.C. 325. These statutes describe the relationship between the trial and other related matters and authorize, among other things, suspension of other proceedings before the Office on the same patent and lack of standing for real parties in interest that previously have filed civil actions against a patent for which a trial is requested. Mandatory notices are also needed to judge any subject matter estoppel triggered by a prior Board, district court, or U.S. International Trade Commission proceeding.

Examples of related administrative matters that will be affected by a decision in the proceeding include every application and patent that claims, or which may claim, the benefit of the priority of the filing date of the party's involved patent or application, as well as any *ex parte* and *inter partes* reexaminations for an involved patent.

The identification of the real party-in-interest helps identify potential conflicts of interest for the Office. In the case of the Board, a conflict would typically arise when an official has an investment in a company with a direct interest in a Board proceeding. Such conflicts can only be avoided if the parties promptly provide information necessary to identify potential conflicts. The identity of a real party-in-interest might also affect the credibility of evidence presented in a proceeding. The Board will consider, on a case-by-case basis, relevant case law to resolve a real party-in-interest or privy dispute that may arise during a proceeding, as discussed in further detail in the Office Patent Trial Practice Guide. Further, in *inter partes* and post-grant review proceedings before the Office, the petitioner (including any real party-in-interest or privy of the petitioner) is estopped from relitigating any ground that was or reasonably could have been raised. *See* 35 U.S.C. 315(e)(1), as amended, and 35 U.S.C. 325(e)(1). What constitutes a real party-in-interest or privy is a highly fact-dependent question. *See generally* 18A Wright & Miller Fed. Prac. & Proc. §§ 4449, 4451; *Taylor* v. *Sturgell,* 553 U.S. 880 (2008).

While many factors can lead to a determination that a petitioner was a real party-in-interest or privy in a previous proceeding, actual control or the opportunity to control the previous proceeding is an important clue that such a relationship existed. *See, e.g., Taylor,* 553 U.S. at 895; *see generally* 18A Wright & Miller § 4451. Factors for determining actual control or the opportunity to control include existence of a financially controlling interest in the petitioner.

Section 42.9: Section 42.9 permits action by an assignee to the exclusion of an inventor. Orders permitting an assignee of a partial interest to act to the exclusion of an inventor or co-assignee rarely will be granted, and such orders will typically issue only when the

partial assignee was in a proceeding against its co-assignee. *Ex parte Hinkson,* 1904 Comm'r. Dec. 342.

Section 42.10: Section 42.10(a) requires a party to designate a lead counsel and back-up counsel who can conduct business on behalf of the lead counsel as instances arise where lead counsel may be unavailable.

Section 42.10(b) provides that a power of attorney must be filed for counsel not of record in the party's involved patent or application.

Section 42.10(c) allows for *pro hac vice* representation before the Board subject to the condition that lead counsel be a registered practitioner and to any other conditions as the Board may impose. The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause. For example, where the lead counsel is a registered practitioner, a motion to appear *pro hac vice* by counsel who is not a registered practitioner may be granted upon showing that counsel is an experienced litigating attorney and has an established familiarity with the subject matter at issue in the proceeding.

Proceedings before the Office can be technically complex. For example, it is expected that amendments to a patent will be sought. Consequently, the grant of a motion to appear *pro hac vice* is a discretionary action taking into account the specifics of the proceedings. Similarly, the revocation of *pro hac vice* is a discretionary action taking into account various factors, including incompetence, unwillingness to abide by the Office's Rules of Professional Conduct, and incivility.

The rule allows for *pro hac vice* practice in the new proceedings authorized by the AIA. Individuals appearing *pro hac vice* under § 42.10(c) are subject to the USPTO Code of Professional Responsibility set forth in §§ 10.20 *et seq.* and disciplinary jurisdiction under § 11.19(a).

Section 42.10(d) provides a limited delegation to the Board under 35 U.S.C. 2(b)(2) and 32 to regulate the conduct of counsel in Board proceedings. The rule delegates to the Board the authority to conduct counsel disqualification proceedings while the Board has jurisdiction over a proceeding. The rule delegates to the Chief Administrative Patent Judge the authority to make final a decision to disqualify counsel in a proceeding before the Board for the purposes of judicial review. This delegation does not derogate from the Director the prerogative to make such decisions, nor would it prevent the Chief Administrative Patent Judge from further delegating authority to an administrative patent judge. The Board also may refer a matter to the Office of Enrollment and Discipline for investigation and, if warranted, further proceedings under §§ 11.19 *et seq.*

Section 42.10(e) provides that counsel may not withdraw from a proceeding before the Board unless the Board authorizes such withdrawal.

Section 42.11: Section 42.11 reminds parties, and individuals involved in the proceeding, of their duty of candor and good faith to the Office as honesty before the Office is essential to the integrity of the proceeding.

Section 42.12: Section 42.12 provides for sanctions in trial proceedings before the Board. 35 U.S.C. 316(a)(6), as amended, and 35 U.S.C. 326(a)(6) require that the Director prescribe sanctions for abuse of discovery, abuse of process, and any other improper use of the proceeding in *inter partes* review, post-grant review, and covered business method patent review proceedings. The rule is also consistent with 35 U.S.C. 135(b), as amended, which provides that the Director shall prescribe regulations setting standards for the conduct of derivation proceedings.

Section 42.12(a) identifies types of misconduct for which the Board may impose sanctions. The rule explicitly provides that misconduct includes failure to comply with an applicable rule, abuse of discovery, abuse of process, improper use of the proceeding and misrepresentation of a fact. An example of a failure to comply with an applicable rule includes failure to disclose a prior relevant inconsistent statement.

Section 42.12(b) recites the list of sanctions that may be imposed by the Board.

Section 42.13: Section 42.13 provides a uniform system of citation to authority. The rule codifies existing Board practice and extends it to trial proceedings. Under the rule, a citation to a single source, in the priority order set out in the rule, is sufficient, thus minimizing the citation burden on the public.

Section 42.14: Section 42.14 provides that the record of a proceeding be made available to the public, except as otherwise ordered. An exception to public availability is those documents or things accompanied by a motion to seal the document or thing. The rule reflects the provisions of 35 U.S.C. 316(a)(1), as amended, and 35 U.S.C. 326(a)(1), which require that *inter partes* review and post-grant review files be made available to the public, except that any petition or document filed with the intent that it be sealed, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion to seal.

Fees

Sections 10(d) and (e) of the AIA set out a process that must be followed when the Office is using its authority under section 10(a) to set or adjust patent fees. *See* Pub. L. 112–29, 125 Stat. at 317–18. This process would not feasibly permit adoption of fees for the services described herein to be in place by September 16, 2012 (the effective date of many of the Board procedures required by the AIA and described herein). Therefore, the Office is instead setting fees for these services pursuant to its authority under 35 U.S.C. 41(d)(2) in this rulemaking, which provides that fees for all processing, services, or materials relating to patents not specified in 35 U.S.C. 41 are to be set at amounts to recover the estimated average cost to the Office of such processing, services, or materials. *See* 35 U.S.C. 41(d)(2).

The Office is also in a separate rulemaking proposing to set or adjust patent fees subsequently under section 10 of the AIA. Consequently, the fees set in this Final Rule will be superseded by the fees ultimately set in the section 10 rulemaking.

Section 42.15: Section 42.15 sets fees for the new trial proceedings.

The cost of preparing a petition for *inter partes* review is anticipated to be the same as the cost for preparing a request for *inter partes* reexamination. The American Intellectual Property Law Association's *AIPLA Report of the Economic Survey 2011* reported that the average cost of preparing a request for *inter partes* reexamination was $46,000. Based on the work required to prepare and file such a request, the Office considers the reported cost as a reasonable estimate. Accordingly, the Office estimates that the cost of preparing a petition for *inter partes* review would be $46,000 (including expert costs).

The cost of preparing a petition for post-grant or covered business method patent review is estimated to be 33.333% higher than the cost of preparing a petition for *inter partes* review because the petition for post-grant or covered business method patent review may seek to institute a proceeding on additional grounds such as subject matter eligibility. Therefore, the Office estimates that the cost of preparing a petition for post-grant or covered business method patent review would be $61,333. It is expected that petitions for derivation would have the same complexity and cost as a petition for post-grant review because derivation

proceedings raise issues of conception and communication, which have similar complexity to the issues that can be raised in a post-grant review, *i.e.,* public use, sale and written description. Thus, the Office estimates that the cost of preparing a petition for derivation would also be $61,333.

The filing of a petition for review would also require payment by the petitioner of the appropriate petition fee to recover the aggregate cost for providing the review. The appropriate petition fee would be determined by the number of claims for which review is sought and the type of review. The fees for filing a petition for *inter partes* review are: $27,200 for requesting review of 20 or fewer claims and $600 for each claim in excess of 20 for which review is sought. The fees for filing a petition for post-grant or covered business method patent review would be: $35,800 to request review of 20 or fewer claims and $800 for each claim in excess of 20 for which review is sought.

In setting fees, the estimated information technology cost to establish the process and maintain the filing and storage system through 2017 is to be recovered by charging each petition an IT fee that has a base component of $1,705 for requests to review 20 or fewer claims. The IT component fee would increase $75 per claim in excess of 20. The remainder of the fee is to recover the cost for judges to determine whether to institute a review and conduct the review, together with a proportionate share of indirect costs, *e.g.,* rent, utilities, additional support, and administrative costs. Based on the direct and indirect costs, the fully burdened cost per hour for judges to decide a petition and conduct a review is estimated to be $258.32.

For a petition for *inter partes* review with 20 or fewer challenged claims, it is anticipated that about 100 hours of judge time would be required. An additional two hours of judge time for each claim in excess of 20 would be required.

For a petition for post-grant or covered business method patent review with 20 or fewer challenged claims, it is anticipated that about 130 hours of judge time will be required. An additional slightly under three hours of judge time for each claim in excess of 20 would be required.

Section 42.15(a) sets the fee for a petition to institute an *inter partes* review of a patent based upon the number of challenged claims, and reflects the requirements of 35 U.S.C. 311 and 312(a), as amended, that the Director set fees for the petition and that the petition be accompanied by payment of the fee established. Basing the fees on the number of claims challenged allows for ease of calculation and reduces the chance of insufficient payment. Public comments that the Board should more strictly group claims in appropriate cases have resulted in an adjustment from the proposed regulations to a final flat estimated aggregate cost of $600 per requested claim in excess of 20 for *inter partes* review and $800 per requested claim in excess of 20 claim for post-grant review.

To understand the scope of a dependent claim, the claims from which the dependent claim depends must be construed along with the dependent claim. Accordingly, for fee calculation purposes, each claim challenged will be counted as well as any claim from which a claim depends, unless the parent claim is also separately challenged. The following examples are illustrative.

Example 1: Claims 1–30 are challenged where each of claims 2–30 are dependent claims and depend only upon claim 1. There are 30 claims challenged for purposes of fee calculation.

Example 2: Claims 21–40 are challenged where each of claims 21–40 are dependent claims and depend only upon claim 1. As claims 21–40 depend from claim 1, claim 1 counts toward the total number of claims challenged. Thus, there are 21 claims challenged for fee calculation purposes.

Example 3: Claims 1, 11–20, and 31–40 are challenged. Each of claims 1 and 31–40 are independent claims. Each of claims 11–20 are dependent claims and depend upon claim 9, which in turn depends upon claim 8, which in turn depends upon claim 1. As claims 11–20 depend upon parent claims 8 and 9, claims 8 and 9 would count as challenged claims towards the total number of claims challenged. As claim 1 is separately challenged, it would not count twice towards the total number of claims challenged. Thus, there are 23 claims challenged for fee calculation purposes.

Example 4: Claims 1, 11–20, and 31–40 are challenged. Each of claims 1 and 31–40 are independent claims. Claim 11 depends upon claim 1 and claims 12–20 depend upon claim 11. As each of the challenged claims is based on a separately challenged independent claim, there are 21 challenged claims.

Section 42.15(b) sets the fee for a petition to institute a post-grant review or a covered business method patent review of a patent based upon the number of challenged claims, and would reflect the requirements of 35 U.S.C. 321, as amended, and 35 U.S.C. 322(a) that the Director set fees for the petition and that the petition be accompanied by payment of the fee established. The analysis of the number of claims challenged for fee calculation purposes would be the same as for proposed § 42.15(a).

Item (B)(5) of the Rulemaking Considerations section of this notice, *infra,* provides the Office's analysis of the cost to provide the services requested for each of the proceedings.

Section 42.15(c) sets the fee for a petition to institute a derivation proceeding in the amount of $400. Derivation proceedings concern allegations that an inventor named in an earlier application, without authorization, derived the claimed invention from an inventor named in the petition. 35 U.S.C. 135, as amended, does not require a fee be charged for a derivation proceeding. Accordingly, the fee is set to recover the treatment of the petition as a request to transfer jurisdiction from the examining corps to the Board and not the costs of instituting and performing the derivation trial.

Section 42.15(d) sets the fee for filing written requests to make a settlement agreement available in the amount of $400.

Section 42.15(e) and (f) recite the statutory fees due when a patent owner presents additional claims during a review. *See* 35 U.S.C. 41(a)(2)(A)(i) and (ii).

Petition and Motion Practice

Section 42.20: Section 42.20(a) provides that relief, other than a petition to institute a trial, must be in the form of a motion. The rule is consistent with the requirements of 35 U.S.C. 316(a)(1) and 316(d), as amended, and 35 U.S.C. 326(a)(1) and 326(d) which provide that requests to seal a document and requests to amend the patent be filed in the form of a motion.

Section 42.20(b) provides that motions will not be entered absent Board authorization, and authorization may be provided in an order of general applicability or during the proceeding. Generally, the Board expects that authorization would follow the current Board practice where a conference call would be required before an opposed motion is filed as quite often the relief requested in such motions can be granted (or denied) in a conference call with a written order reflective of the results of the call. This practice has significantly increased the speed and reduced the costs in contested cases.

Section 42.20(c) places the burden of proof on the moving party. A motion that fails to justify the relief on its face

could be dismissed or denied without regard to subsequent briefing.

Section 42.20(d) provides that the Board may order briefing on any issue appropriate for a final written determination on patentability. Specifically, 35 U.S.C. 318(a), as amended, and 35 U.S.C. 328(a) require that where a review is instituted and not dismissed, the Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added. The rule provides for Board-ordered briefing where appropriate in order to efficiently and effectively render its final decision on patentability.

Section 42.21: Section 42.21(a) provides that the Board may require a party to file a notice stating the relief it requests and the basis for that relief in Board proceedings. The rule makes clear that a notice must contain sufficient detail to serve its notice function. The rule provides an effective mechanism for administering cases efficiently and placing opponents on notice.

Section 42.21(b) states the effect of a notice. The rule makes it clear that failure to state a sufficient basis for relief would warrant a denial of the request.

Section 42.21(c) permits correction of a notice after the time set for filing the notice, but sets a high threshold for entry of the correction, *i.e.,* if the entry was in the interests of justice. The rule is consistent with 35 U.S.C. 316(a)(11), as amended, and 35 U.S.C. 326(a)(11), which require good cause be shown to extend the time for entering a final decision. In determining whether good cause is shown, the Board will be permitted to consider the ability of the Board to complete the proceeding timely should the request be granted. Hence, requests made at the outset of a proceeding will be more likely to demonstrate good cause than requests made later in the proceeding.

Section 42.22: Section 42.22 concerns the general content of motions.

Section 42.22(a) requires that each petition or motion be filed as a separate paper to reduce the chance that an argument would be overlooked and reduce the complexity of any given paper. Sections 42.22(a)(1) and (a)(2) provide for a statement of precise relief requested, and statement of the reasons for relief. Vague arguments and generic citations to the record are fundamentally unfair to an opponent and do not provide sufficient notice to an opponent and creates inefficiencies for the Board.

Section 42.22(b) requires the movant to make showings ordinarily required for the requested relief in other parts of the Office. Many actions, particularly corrective actions like changes in inventorship, filing reissue applications, and seeking a retroactive foreign filing license, are governed by other rules of the Office. By requiring the same showings, the rule keeps practice uniform throughout the Office.

Section 42.22(c) provides that a petition or motion may include a statement of facts with specific citations to the portions of the record that support a particular fact. Providing specific citations to the record gives notice to an opponent of the basis for the fact and provides the Board the information necessary for effective and efficient administration of the proceeding.

Section 42.22(d) allows the Board to order additional showings or explanations as a condition for authorizing a motion. Experience has shown that placing conditions on motions helps provide guidance to the parties as to what issues and facts are of particular importance and ensures that the parties are aware of controlling precedent that should be addressed in a particular motion.

Section 42.23: Section 42.23 provides that oppositions and replies must comply with the content requirements for a motion and that a reply may only respond to arguments raised in the corresponding opposition. Oppositions and replies may rely upon appropriate evidence to support the positions asserted. Reply evidence, however, must be responsive and not merely new evidence that could have been presented earlier to support the movant's motion.

Section 42.24: Section 42.24 provides page limits for petitions, motions, patent owner preliminary responses, patent owner responses, oppositions, and replies.

35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) provide considerations that are to be taken into account when prescribing regulations, including the integrity of the patent system, the efficient administration of the Office, and the ability to complete the trials timely. The page limits set forth in this rule are consistent with these considerations.

Federal courts routinely use page limits in managing motions practice as ''[e]ffective writing is concise writing.'' *Spaziano* v. *Singletary,* 36 F.3d 1028, 1031 n.2 (11th Cir. 1994). Many district courts restrict the number of pages that may be filed in a motion including, for example, the District of Delaware, the District of New Jersey, the Eastern District of Texas, the Northern, Central, and Southern Districts of California, and the Eastern District of Virginia.

Federal courts have found that page limits ease the burden on both the parties and the courts, and patent cases are no exception. *Eolas Techs., Inc.* v. *Adobe Sys., Inc.,* No. 6:09–CV–446, at 1 (E.D. Tex. Sept. 2, 2010) (''The Local Rules' page limits ease the burden of motion practice on both the Court and the parties.''); *Blackboard, Inc.* v. *Desire2Learn, Inc.,* 521 F. Supp. 2d 575, 576 (E.D. Tex. 2007) (The parties ''seem to share the misconception, popular in some circles, that motion practice exists to require federal judges to shovel through steaming mounds of pleonastic arguments in Herculean effort to uncover a hidden gem of logic that will ineluctably compel a favorable ruling. Nothing could be farther from the truth.''); *Broadwater* v. *Heidtman Steel Prods., Inc.,* 182 F. Supp. 2d 705, 710 (S.D. Ill. 2002) (''Counsel are strongly advised, in the future, to not ask this Court for leave to file any memoranda (supporting or opposing dispositive motions) longer than 15 pages. The Court has handled complicated patent cases and employment discrimination cases in which the parties were able to limit their briefs supporting and opposing summary judgment to 10 or 15 pages.'') (emphasis omitted).

The Board's experience with page limits in contested cases motions practice is consistent with that of the Federal courts. The Board's use of page limits has shown it to be beneficial without it being unduly restrictive for the parties. Page limits have encouraged the parties to focus on dispositive issues, easing the burden of motions practice on the parties and on the Board.

The Board's experience with page limits in contested cases practice is informed by its use of different approaches over the years. In the early 1990s, page limits were not routinely used for motions, and the practice suffered from lengthy and unacceptable delays. To reduce the burden on the parties and on the Board and thereby reduce the time to decision, the Board instituted page limits in the late 1990s for every motion. Page limit practice was found to be effective in reducing the burdens on the parties and improving decision times at the Board. In 2006, the Board revised the page limit practice and allowed unlimited findings of fact and generally limited the number of pages containing argument. Due to abuses of the system, the Board recently reverted back to page limits for the entire motion (both argument and findings of fact).

Section 42.24(a) provides specific page limits for petitions and motions.

The rule sets a limit of 60 pages for petitions requesting *inter partes* reviews and derivation proceedings, 80 pages for petitions requesting post-grant reviews and covered business method patent reviews, and 15 pages for motions.

The Board's current practice in contested cases is to limit motions for judgment on priority of invention to 50 pages, miscellaneous motions to 15 pages and other motions to 25 pages. Hence, non-priority motions for judgment of unpatentability are currently limited to 25 pages. The Board's current page limits are consistent with the 25-page limits in the Northern, Central, and Southern Districts of California, and the Middle District of Florida and exceed the limits in the District of Delaware (20), the Northern District of Illinois (15), the District of Massachusetts (20), the Eastern District of Michigan (20), the Southern District of Florida (20), and the Southern District of Illinois (20).

In a typical proceeding currently heard by the Board, a party may be authorized to file: a single motion for unpatentability based on prior art; a single motion for unpatentability based upon failure to comply with 35 U.S.C. 112, lack of written description and/or enablement; and potentially another motion for lack of compliance with 35 U.S.C. 101, although a 35 U.S.C. 101 motion may be required to be combined with the 35 U.S.C. 112 motion. Each of these motions is currently limited to 25 pages in length, unless good cause is shown that the page limits are unduly restrictive for a particular motion.

A petition requesting the institution of a trial proceeding would be similar to motions currently filed with the Board. Specifically, petitions to institute a trial seek a final written decision that the challenged claims are unpatentable, where derivation is a form of unpatentability. Accordingly, a petition to institute a trial based on prior art would under current practice be limited to 25 pages, and by consequence, a petition raising unpatentability based on prior art and unpatentability under 35 U.S.C. 101 and/or 112 would be limited to 50 pages.

Under the final rule, an *inter partes* review petition will be based upon any grounds identified in 35 U.S.C. 311(b), as amended, *i.e.,* only a ground that could be raised under 35 U.S.C. 102 or 103 and only on the basis of patents or printed publications. Generally, under current practice, a party is limited to filing single prior art motions, limited to 25 pages in length. The rule provides up to 60 pages in length for a motion requesting *inter partes* review. Thus, as the page limit more than doubles the default page limit currently set for a motion before the Board, a 60-page limit is considered sufficient in all but exceptional cases and is consistent with the considerations provided in 35 U.S.C. 316(b), as amended.

Under the final rule, a post-grant review petition would be based upon any grounds identified in 35 U.S.C. 321(b); *e.g.,* failure to comply with 35 U.S.C. 101, 102, 103, and 112 (except best mode). Under current practice, a party would be limited to filing two or three motions, each limited to 25 pages, for a maximum of 75 pages. Where there is more than one motion for unpatentability based upon different statutory grounds, the Board's experience is that the motions contain similar discussions of technology and claim constructions. Such overlap is unnecessary where a single petition for unpatentability is filed. Thus, the 80-page limit is considered sufficient in all but exceptional cases.

Covered business method patent review is similar in scope to that of post-grant review as there is substantial overlap in the statutory grounds permitted for review. Thus, the page limit for covered business method patent reviews of 80 pages is the same as that for post-grant review.

Petitions to institute derivation proceedings raise a subset of the issues that are currently raised in contested cases in a motion for judgment on priority of invention. Currently, motions for judgment on priority of invention, including issues such as conception, corroboration, and diligence, are generally limited to 50 pages in length. Thus, the 60-page limit is considered sufficient in all but exceptional cases.

The rule provides that petitions to institute a trial must comply with the stated page limits but may be accompanied by a motion that seeks to waive the page limits. The petitioner must show in the motion how a waiver of the page limits is in the interests of justice. A copy of the desired non-page limited petition must accompany the motion. Generally, the Board would decide the motion prior to deciding whether to institute the trial.

Current Board practice provides a limit of 25 pages for other motions and 15 pages for miscellaneous motions. The Board's experience is that such page limits are sufficient for the filing parties and do not unduly burden the opposing party and the Board. Petitions for instituting a trial would generally replace the current practice of filing motions for unpatentability. Most motions for relief are expected to be similar to the current contested cases miscellaneous motion practice. Accordingly, the rule provides a 15-page limit for motions as this is considered sufficient for most motions but may be adjusted where the limit is determined to be unduly restrictive for the relief requested. A party may contact the Board and arrange for a conference call to discuss the need for additional pages for a particular motion. Except for a motion to waive the page limit accompanying a petition seeking review, any motion to waive a page limit must be granted in advance of filing a motion, patent owner preliminary response, patent owner response, opposition, or reply for which the waiver is thought to be necessary.

Section 42.24(b) provides page limits for patent owner preliminary response, patent owner responses, and oppositions. Current contested cases practice provides an equal number of pages for an opposition as its corresponding motion. This is generally consistent with motions practice in Federal courts. The rule would continue the current practice.

Section 42.24(c) provides page limits for replies. Current contested cases practice provides a 15-page limit for priority motion replies, a 5-page limit for miscellaneous (procedural) motion replies, and a 10-page limit for all other motions. The rule is consistent with current contested cases practice for procedural motions. The rule provides a 15-page limit for reply to petitions requesting a trial, which the Office believes is sufficient based on current practice. Current contested cases practice has shown that such page limits do not unduly restrict the parties and, in fact, provide sufficient flexibility to parties to not only reply to the motion but also help to focus on the issues.

Section 42.25: Section 42.25 provides default times for filing oppositions and replies. The expectation, however, is that the Board would tailor times appropriate to each case as opposed to relying upon the default times set by rule.

Testimony and Production

As a summary, this final rule provides limitations for discovery and testimony. Unlike in proceedings under the Federal Rules of Civil Procedure, the burden of justifying discovery in Board proceedings would lie with the party seeking discovery.

Proceedings before the Board differ from most civil litigation in that the proponent of an argument before the Board generally has access to relevant evidence that is comparable to its opponent's access. Consequently, the expense and complications associated with much of discovery can be avoided.

For instance, since rejections are commonly based on the contents of the specification or on publicly available references, there is no reason to presume that the patent owner has better access to evidence of unpatentability on these grounds than the petitioner. Exceptions occur particularly when the ground of unpatentability arises out of conduct, particularly conduct of a purported inventor. In such cases, discovery may be necessary to prove such conduct, in which case the proponent of the evidence may move for additional discovery. The Board may impose conditions on such discovery to manage the proceeding and to prevent abuse.

Section 42.51: Section 42.51(a) provides for mandatory initial disclosures. Where parties agree to mandatory discovery requiring the initial disclosures set forth in the Office Patent Trial Practice Guide, the parties may automatically, upon the institution of the trial, take discovery of the information identified in the initial disclosures. The parties must submit the agreement by no later than the filing of the patent owner preliminary response or the expiration of the time period for filing such a response. Where the parties fail to agree to such discovery, a party may seek such discovery by motion.

Section 42.51(b) provides for limited discovery in the trial consistent with the goal of providing trials that are timely, inexpensive, and fair. The rule is consistent with 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5), which provide for discovery of relevant evidence but limit the scope of the discovery, and 35 U.S.C. 135(b), as amended, which provides that the Director shall prescribe regulations setting forth standards for the conduct of derivation proceedings.

Sections 42.51(b)(1)(i) and (ii) provide for routine discovery of exhibits cited in a paper or testimony and provide for cross examination of affidavit testimony without the need to request authorization from the Board. The rule eliminates many routine discovery requests and disputes. The rule will not require a party to create materials or to provide materials not cited.

Section 42.51(b)(1)(iii) would ensure the timeliness of the proceedings by requiring that a party to serve relevant information that is inconsistent with a position advanced by the party during the course of the proceeding, concurrent with the filing of the document or thing that contains the inconsistency. The requirement extends to inventors, corporate officers, and persons involved in the preparation or filing of documents in a proceeding.

The Office recognizes that this requirement may differ from the proposed changes to § 1.56. But, Board experience has shown that the information covered by § 42.51(b)(1)(iii) is typically sought through additional discovery and that such information leads to the production of relevant evidence. However, the practice of authorizing additional discovery for such information risks significant delay to the proceeding and increased burdens on both the parties and the Office. To avoid these issues, and to reduce costs and insure the integrity and timeliness of the proceeding, the rule makes the production of such information routine. Lastly, this requirement does not override legally recognized privileges such as attorney-client or attorney work product. The rule expressly states that requirement does not make discoverable anything otherwise protected by legally recognized privileges such as attorney client or attorney work product.

Section 42.51(b)(2) provides for additional discovery. Additional discovery increases trial costs and increases the expenditures of time by the parties and the Board. The parties may agree to additional discovery between themselves. Where the parties fail to agree, however, the rule would require a showing that the additional discovery sought in a proceeding other than a post-grant review is in the interests of justice, which would place an affirmative burden upon a party seeking the discovery to show how the proposed discovery would be productive. A separate rule (§ 42.224) governs additional discovery in post-grant review proceedings.

The interests-of-justice standard for additional discovery is consistent with considerations identified in 35 U.S.C. 316(b), as amended, including the efficient administration of the Board and the Board's ability to complete trials timely. Further, the interests-of-justice standard is consistent with 35 U.S.C. 316(a)(5), as amended, which states that discovery other than depositions of witnesses submitting affidavits and declarations be what is otherwise necessary in the interests of justice.

While the Board will employ an interests-of-justice standard in granting additional discovery in *inter partes* reviews and derivation proceedings, new subpart C will provide that a good cause standard will be employed in post-grant reviews, and by consequence, in covered business method patent reviews. 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. In contrast, the interests-of-justice standard covers considerable ground, and in using such a standard, the Board expects to consider whether the additional discovery is necessary in light of the totality of the relevant circumstances.

Section 42.51(c) provides for production of documents. Specifically, except as otherwise ordered by the Board, a party producing documents and things is required to either provide copies to the opposing party or make the documents and things available for inspection and copying at a reasonable time and location in the United States.

Section 42.52: Section 42.52 provides procedures for compelling testimony. Under 35 U.S.C. 23, the Director may establish rules for affidavit and deposition testimony. A party in a contested case may apply for a subpoena to compel testimony in the United States, but only for testimony to be used in the contested case. *See* 35 U.S.C. 24. Section 42.52(a) requires the party seeking a subpoena to first obtain authorization from the Board; otherwise, the compelled evidence would not be admitted in the proceeding. Section 42.52(b) would impose additional requirements on a party seeking testimony or production outside the United States because the use of foreign testimony generally increases the cost and complexity of the proceeding for both the parties and the Board. The Board would give weight to foreign deposition testimony to the extent warranted in view of all the circumstances, including the laws of the foreign country governing the testimony.

Section 42.53: Section § 42.53 provides for the taking of testimony. To minimize costs, direct testimony would generally be taken in the form of an affidavit. Cross-examination testimony and redirect testimony would generally come in the form of a deposition transcript. Parties may agree to video-recorded testimony, but may not submit such testimony without prior authorization of the Board. If the nature of the testimony makes direct observation of witness demeanor necessary or desirable, the Board may

authorize or even require that the testimony be presented live or be video-recorded in addition to filing of the required transcript. *Cf. Applied Research Sys. ARS Holdings N.V.* v. *Cell Genesys Inc.,* 68 USPQ2d 1863 (B.P.A.I. 2003) (non-precedential). The proponent of the witness will be responsible for the cost of producing the witness for the deposition. The parties will have latitude in choosing the time and place for the deposition, provided the location is in the United States and the time falls within a prescribed testimony period. Occasionally, the Board will require live testimony where the Board considers the demeanor of a witness critical to assessing credibility.

Section 42.53(c)(1) provides that unless stipulated by the parties or ordered by the Board, direct examination, cross-examination, and redirect examination for compelled deposition testimony will be subject to the following time limits: Seven hours for direct examination, four hours for cross-examination, and two hours for redirect examination.

Section 42.53(c)(2) provides that unless stipulated by the parties or ordered by the Board, cross-examination, redirect examination, and re-cross examination for uncompelled direct deposition testimony will be subject to the following time limits: seven hours for cross-examination, four hours for redirect examination, and two hours for re-cross examination.

Section 42.53(d)(2) provides for the time period for cross-examination and sets a norm for the conference in § 42.53(d)(1). A party seeking to move the deposition outside this period would need to show good cause.

Section 42.53(e) requires that the party calling the witness initiate a conference with the Board at least five business days before a deposition with an interpreter is taken. Based on the Board's experience, non-English language depositions can be highly complex. In order to ensure such depositions are productive and to minimize unnecessary cost and delay, prior Board authorization is required.

Section 42.53(f) provides for the manner of taking testimony.

Section 42.53(f)(1) requires that each witness, before giving deposition testimony, be duly sworn according to law by the officer before whom the deposition is to be taken. Section 42.53(f)(1) also requires that the officer be authorized to take testimony under 35 U.S.C. 23.

Section 42.53(f)(2) requires that testimony be taken with any questions and answers recorded in their regular order by the officer, or by some other disinterested person in the presence of the officer, unless the presence of the officer is waived on the record by agreement of all parties.

Section 42.53(f)(3) requires that any exhibits used during the deposition be numbered as required by § 42.63(c), and must, if not previously served, be served at the deposition. Section 42.53(f)(3) also provides that exhibits objected to be accepted pending a decision on the objection.

Section 42.53(f)(4) requires that all objections be made at the time of the deposition to the qualifications of the officer taking the deposition, the manner of taking it, the evidence presented, the conduct of any party, and that any other objection to the deposition be noted on the record by the officer.

Section 42.53(f)(5) requires the witness to read and sign (in the form of an affidavit) a transcript of the deposition after the testimony has been transcribed, unless the parties otherwise agree in writing, the parties waive reading and signature by the witness on the record at the deposition, or the witness refuses to read or sign the transcript of the deposition.

The certification of § 42.53(f)(6)(vi) provides a standard for disqualifying an officer from administering a deposition. The use of financial interest as a disqualification, however, would be broader than the employment interest currently barred. Payment for ordinary services rendered in the ordinary course of administering the deposition and preparing the transcript would not be a disqualifying financial interest. An interest acknowledged by the parties on the record without objection will not be a disqualifying interest.

Except where the parties agree otherwise, § 42.53(f)(7) requires the proponent of the testimony to file the transcript of the testimony. If the original proponent of the testimony declined to file the transcript (for instance, because that party no longer intended to rely on the testimony), but another party wishes to rely on the testimony, the party that wishes to file the testimony will become the proponent and will be permitted to file the transcript as its own exhibit.

Section 42.54: Section 42.54 provides for protective orders. 35 U.S.C. 316(a)(7), as amended, and 35 U.S.C. 326(a)(7) require that the Director prescribe rules that provide for protective orders governing the exchange and submission of confidential information. Section 42.54 provides such protective orders and follows the procedure set forth in Federal Rule of Civil Procedure 26(c)(1).

Section 42.55: Section 42.55 allows a petitioner filing confidential information to file, concurrently with the filing of the petition, a motion to seal as to the confidential information. The petitioner may serve the patent owner the confidential information and may file the information under seal. The patent owner may access the confidential information prior to institution of a trial by agreeing to the terms of the proposed protective order contained in the motion to seal. The institution of the trial will constitute a grant of the motion to seal, unless otherwise ordered by the Board. The rule seeks to streamline the process of seeking protective orders prior to the institution of the review while balancing the need to protect confidential information against an opponent's need to access information used to challenge the opponent's claims.

Section 42.56: Confidential information that is subject to a protective order ordinarily will become public 45 days after denial of a petition to institute a trial or 45 days after final judgment in a trial. Section 42.56 allows a party to file a motion to expunge from the record confidential information prior to the information becoming public. Section 42.56 reflects the considerations identified in 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b), which state that the Office is to take into account the integrity of the patent system in promulgating regulations. The rule balances the needs of the parties to submit confidential information with the public interest in maintaining a complete and understandable file history for public notice purposes. Specifically, there is an expectation that information be made public where the existence of the information is referred to in a decision to grant or deny a request to institute a review or identified in a final written decision. As such, the rule encourages parties to redact sensitive information, where possible, rather than seeking to seal entire documents.

Section 42.61: Section 42.61 provides for the admissibility of evidence. Section 42.61(a) makes the failure to comply with the rules a basis for challenging admissibility of evidence. Section 42.61(b) does not require certification as a condition for admissibility when the evidence is a record of the Office that is accessible to all parties. The rule avoids disputes on what otherwise would be technical noncompliance with the rules. Section 42.61(c) provides that the specification and drawings of a U.S. patent application or patent are admissible only to prove what the specification and

drawings describe. The rule addresses a recurring problem in which a party mistakenly relies on a specification to prove a fact other than what the specification says. The rule makes clear that a specification of an application or patent involved in a proceeding is admissible as evidence only to prove what the specification or patent describes. If there is data in the specification upon which a party intends to rely to prove the truth of the data, an affidavit by an individual having first-hand knowledge of how the data was generated (*i.e.,* the individual who performed an experiment reported as an example in the specification) must be filed. *Wojciak* v. *Nishiyama,* 61 USPQ2d 1576, 1581 (B.P.A.I. 2001).

Section 42.62: Section 42.62 adopts a modified version of the Federal Rules of Evidence. The rule adopts the more formal evidentiary rules used in district courts in view of the adversarial nature of the proceedings before the Board. The Federal Rules of Evidence embrace a well-developed body of case law and are familiar to the courts charged with reviewing Board decisions in contested cases.

Section 42.63: Section 42.63 provides that all evidence is to be submitted as an exhibit. For instance, the rule provides that an exhibit filed with the petition must include the petition's name and a unique exhibit number, for example: POE EXHIBIT 1001. For exhibits not filed with the petition, the rule requires the exhibit label to include the party's name followed by a unique exhibit number, the names of the parties, and the trial number, in the format of the following example:

OWENS EXHIBIT 2001
Poe v. Owens
Trial IPR2011OCT–00001

Section 42.64: Section 42.64 provides procedures for challenging the admissibility of evidence. In a district court trial, an opponent may object to evidence, and the proponent may have an opportunity to cure the basis of the objection. The rule offers a similar, albeit limited, process for objecting and curing in a trial at the Board.

Section 42.64(a) provides that objections to the admissibility of deposition evidence must be made during the deposition. Section 42.64(b) provides guidance as to objections and supplemental evidence for evidence other than deposition testimony. The default time for serving an objection to evidence other than testimony would be ten business days after service of the evidence for evidence in the petition and five business days for subsequent objections, and the party relying on evidence to which an objection was served timely would have ten business days after service of the objection to cure any defect in the evidence. The Board will not ordinarily address an objection, unless the objecting party filed a motion to exclude under § 42.64(c), because the objection might have been cured or might prove unimportant in light of subsequent developments.

Section 42.65: Section 42.65 provides rules for expert testimony, tests, and data.

Section 42.65(a) reminds parties that unsupported expert testimony may be given little or no weight. *Rohm & Haas Co.* v. *Brotech Corp.,* 127 F.3d 1089, 1092 (Fed. Cir. 1997). United States patent law is not an appropriate topic for expert testimony before the Board, and expert testimony pertaining thereto would not be admitted under the rule.

Section 42.65(b) provides guidance on how to present tests and data. A party should not presume that the technical competence of the trier-of-fact extends to a detailed knowledge of the test at issue.

Oral Argument, Decision and Settlement

Section 42.70: Section 42.70 provides guidance on oral argument.

Section 42.70(a) provides that a party may request oral argument on an issue raised in a paper. The time for requesting oral argument would be set by the Board.

Section 42.70(b) provides that a party serve demonstrative exhibits at least five business days before the oral argument. Experience has shown that parties are more effective in communicating their respective positions at oral argument when demonstrative exhibits have been exchanged prior to the hearing. Cumbersome exhibits, however, tend to detract from the user's argument and would be discouraged. The use of a compilation with each demonstrative exhibit separately tabbed would be encouraged, particularly when a court reporter is transcribing the oral argument, because the tabs provide a convenient way to record which exhibit is being discussed. It is helpful to provide a copy of the compilation to each member of the panel hearing the argument so that the judges may better follow the line of argument presented.

Section 42.71: Section 42.71 provides for decisions on petitions and motions.

Section 42.71(a) provides that a petition or motion may be taken up in any order so that issues may be addressed in a fair and efficient manner. This rule is consistent with 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b), which state that, among other things, that the Director shall consider the efficient administration of the Office in prescribing regulations. Further, such a practice was noted with approval in *Berman* v. *Housey,* 291 F.3d 1345, 1352 (Fed. Cir. 2002).

Section 42.71(b) provides for interlocutory decisions. The rule makes clear that a decision short of judgment is not final, but a decision by a panel would govern the trial. Experience has shown that the practice of having panel decisions bind further proceedings has eliminated much of the uncertainty and added cost that result from deferring any final decision until the end of the proceeding. Thus, a party dissatisfied with an interlocutory decision on motions should promptly seek rehearing rather than waiting for a final judgment. A panel could, when the interests of justice require it, reconsider its decision at any time in the proceeding prior to final judgment. A belated request for rehearing would rarely be granted, however, because its untimeliness would detract from the efficiencies that result from making interlocutory decisions binding.

A decision on whether to institute a trial is final and nonappealable, consistent with 35 U.S.C. 314(d), as amended, and 35 U.S.C. 324(e). However, pursuant to § 42.71(d), a party may request a rehearing of that decision.

Section 42.71(d) provides for rehearings and would set times for requesting rehearing. Since 35 U.S.C. 6(b), as amended, requires a panel decision for finality, a party should request rehearing by a panel to preserve an issue for judicial review. The panel would then apply the deferential abuse-of-discretion standard to decisions on rehearing.

Section 42.72: Section 42.72 provides for termination of a trial pursuant to 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a), which provide for termination of a trial with respect to a petitioner upon joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed.

Section 42.73: Section 42.73 provides for judgment.

Section 42.73(a) provides that a judgment, except in the case of a termination, disposes of all issues that were, or by motion reasonably could have been, raised and decided.

Section 42.73(b) provides guidance as to the conditions under which the Board would infer a request for adverse judgment.

Section 42.73(c) provides for recommendations for further action by an examiner or the Director.

Section 42.73(d) provides for estoppel.

Section 42.73(d)(1) applies to non-derivation proceeding trials and is consistent with 35 U.S.C. 315(e)(1), as amended, and 35 U.S.C. 325(e)(1), which provide for estoppel in proceedings before the Office where a final written decision was entered under 35 U.S.C. 318(a), as amended, or 35 U.S.C. 328(a).

Section 42.73(d)(2) sets forth estoppel provisions in derivation proceedings. The rule is also consistent with 35 U.S.C. 135(d), as amended, which provides for the effect of a final decision in a derivation proceeding. Section 42.73(d)(2) differs from § 42.73(d)(1) to take into account the differences in statutory language between 35 U.S.C. 135(d) and 315(e)(1), as amended, and 35 U.S.C. 325(e)(2).

Section 42.73(d)(3) applies estoppel against a party whose claim was cancelled or who requested an amendment to the specification or drawings that was denied. The rule is consistent with 35 U.S.C. 316(a)(4), as amended, and 326(a)(4), which require that the Office prescribe regulations establishing and governing the reviews and the relationship of such reviews to other proceedings under title 35.

Section 42.74: Section 42.74 provides guidance on settling proceedings before the Board. 35 U.S.C. 135(e) and 317, as amended, and 35 U.S.C. 327 will govern settlement of Board trial proceedings but do not expressly govern pre-institution settlement.

Section 42.74(a) reflects that the Board is not a party to a settlement agreement and may take any necessary action, including determination of patentability notwithstanding a settlement. The rule is consistent with 35 U.S.C. 135(e), as amended, where the Board is not required to follow the settlement agreement if it is inconsistent with the evidence. The rule is also consistent with 35 U.S.C. 317, as amended, and 35 U.S.C. 327, which provide that the Board may proceed to a final written decision even if no petitioner remains in the proceeding.

Section 42.74(b) provides that settlement agreements must be in writing and filed with the Board prior to termination of the proceeding. The rule is consistent with 35 U.S.C. 317(b), as amended, and 327(b), which require the agreement to be in writing and filed before termination of the proceeding. The rule is also consistent with 35 U.S.C. 135(e), as amended, which provides that parties may seek to terminate the derivation proceeding by filing a written statement.

Section 42.74(c) provides that a party to a settlement may request that the settlement be kept separate from an involved patent or application. The rule is consistent with the requirements of 35 U.S.C. 135(e) and 317(b), as amended, and 35 U.S.C. 327(b).

Certificate

Section 42.80: Section 42.80 provides for issuance and publication of a certificate after the Board issues a final decision and the time for appeal has expired or an appeal has terminated. The rule is consistent with 35 U.S.C. 318, as amended, and 35 U.S.C. 328.

Part 90—Judicial Review of Patent Trial and Appeal Board Decisions

The AIA amends chapter 13 of title 35, United States Code, to provide for certain changes to the provisions for judicial review of Board decisions. A new part 90 of title 37, Code of Federal Regulations, is added to permit consolidation of rules relating to court review of Board decisions and to simplify reference to such practices. The rules in part 90 also implement the provisions of the AIA associated with judicial review of agency actions addressed by the AIA.

Current §§ 1.301 through 1.304, which relate to rules of practice in patent cases, are removed from part 1 and relocated to part 90. Paraphrasing of the statute in those rules is eliminated in the new rules in favor of directing the reader to the relevant statutory provisions. This change avoids the need for the Office to amend the rules when statutory amendments are made. It also avoids undue public reliance on the Office's paraphrase of statutory text. The rules in part 90 better state the existing practice and are not intended to change the existing practice except as explicitly provided.

Section 90.1: Section 90.1 clarifies the scope of the rules in part 90. The rules in part 90 are limited to rules governing the procedure by which a party dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under 35 U.S.C. 134 may seek judicial review of the Patent Trial and Appeal Board decision pursuant to Chapter 13 of title 35, United States Code. This includes judicial review of the Patent Trial and Appeal Board decisions arising out of *ex parte* prosecution. The rules in part 90 will not apply to other avenues for judicial review of Office decisions that may be available, such as appeals from Trademark Trial and Appeal Board decisions pursuant to § 2.145, civil actions brought pursuant to the Administrative Procedure Act, or mandamus actions. The title of part 90 indicates that this part applies only to judicial review of Patent Trial and Appeal Board decisions.

Section 90.1 clarifies that the rules in effect on July 1, 2012, will continue to govern appeals from *inter partes* reexamination proceedings. Section 7(e) of the AIA maintains the statutory provisions governing *inter partes* reexaminations requested under 35 U.S.C. 311, as amended, and the review provision of 35 U.S.C. 141 for Board decisions arising out of such reexaminations, as they existed at the time the AIA was enacted. Accordingly, the Office will continue to apply the regulations as they existed when the AIA was enacted (or as subsequently modified prior to July 1, 2012) for those proceedings. Further, section 3(n)(2) of the AIA provides that the provisions of 35 U.S.C. 135 ''as in effect on the day before the effective date set forth in paragraph (1) of this subsection'' shall apply to certain applications. Thus, interference proceedings will still be available for a limited period for certain applications under the AIA. Regarding judicial review of Board decisions arising out of such interferences, section 7(c) and (e) of the AIA makes review by the Federal Circuit available under 35 U.S.C. 141 only for proceedings commenced before September 16, 2012. Similarly, section 3 of the AIA makes review of interference decisions by a district court under 35 U.S.C. 146 available only if the provisions of section 3(n)(1) of the AIA are *not* satisfied. That is because if the involved application contains a claim satisfying the terms of section 3(n)(1) of the AIA (*e.g.,* a continuation-in-part application), then section 3(j) of the AIA—changing 35 U.S.C. 146 from review of ''an interference'' to review of ''a derivation proceeding''—applies, and district court review of a decision arising out an interference proceeding under 35 U.S.C. 135 will not be available. To the extent that an interference proceeding under 35 U.S.C. 135 is available and judicial review of that decision is available, the Office will continue to apply the regulations as they existed when the AIA was enacted (or as subsequently modified prior to July 1, 2012) to those proceedings. Lastly, note that certain interferences may be deemed to be eligible for judicial review as though they were derivation proceedings. *See* section 6(f)(3) of the AIA.

Section 90.2: Section 90.2 addresses notice and service requirements associated with notices of appeal and civil actions seeking judicial review of Board decisions. The rule combines the notice and service requirements of

current §§ 1.301, 1.302, and 1.303 for proceedings addressed by those rules. Paraphrasing of the statute in those rules is eliminated in § 90.2 in favor of directing the reader to the relevant statutory provisions to streamline the rules and prevent confusion. The rule also includes references to pertinent statutory provisions or court rules that apply in such court proceedings. Section 90.2 further adds provisions associated with judicial review of Board decisions in *inter partes* reviews, post-grant reviews, covered business method patent reviews, and derivation proceedings. Section 90.2 requires parties filing a notice of appeal in such proceedings to provide sufficient information (such as a statement of the issues to be raised in the appeal) to allow the Director to determine whether to exercise the right to intervene in the appeal pursuant to 35 U.S.C. 143. The Office believes that such a requirement imposes no additional burden on the party filing the notice, other than filing a copy of its brief statement of the issues, as it must provide a brief statement of the issues to the Federal Circuit in its docketing statement (*see* Fed. Cir. Form 26) and again in its brief (*see* Fed. Cir. R. 28(a)(5)). The requirement, therefore, merely requires parties to provide similar information to the Office at a slightly earlier stage in the proceedings.

Section 90.2 requires parties filing an appeal under 35 U.S.C. 141, initiating a civil action pursuant to 35 U.S.C. 146, or electing under 35 U.S.C. 141(d) to proceed under 35 U.S.C. 146, to file a copy of the notice of appeal, complaint, or notice of election, respectively, with the Board in the appropriate manner provided in § 41.10(a), 41.10(b), or 42.6(b). The rule also requires that a complaint under 35 U.S.C. 146 be filed with the Board no later than five business days after filing the complaint in district court. These requirements ensure that the Board is aware of such proceedings and prevent further action within the Office consistent with the Board decision at issue in the appeal or civil action. Section 90.2 further requires that the complaint be filed with the Office pursuant to § 104.2 within the same five business day time period. That requirement similarly assures that the Office has adequate notice of the pending judicial review proceeding.

Section 90.3: Section 90.3 addresses the time for filing a notice of appeal under 35 U.S.C. 142 and a notice of election under 35 U.S.C. 141(d), as amended, and the commencement of a civil action.

Section 90.3(a) addresses the time for filing a notice of appeal or a civil action seeking judicial review of a Board decision. The rule extends the period for filing a notice of appeal or a civil action under § 1.304 to sixty-three (63) days. This change avoids confusion regarding that period, which was two months except when the two-month period included February 28, in which case the period was two months and one day. The sixty-three (63) day period results in the deadline for filing a notice of appeal or a civil action falling on the same day of the week as the Board decision. Thus, the rule minimizes calculations regarding extensions of time pursuant to 35 U.S.C. 21(b), which applies when the time period ends on a Saturday, Sunday, or Federal holiday in the District of Columbia, by eliminating the possibility that a Saturday or Sunday would be the final day of the period.

Section 90.3(a) also removes language regarding the time for cross-appeals from § 1.304. Instead, the rule refers to the pertinent rules in the Federal Rules of Appellate Procedure and the Rules for the United States Court of Appeals for the Federal Circuit to avoid confusion or inconsistency. The rule also adds a reference to 35 U.S.C. 141(d) for both the relevant time for filing a notice of election under that statute and the relevant time for commencing a civil action pursuant to a notice of election under that statute.

Section 90.3(b) and (c) incorporates provisions from § 1.304 addressing computation of time and extension of time.

Response to Comments

As discussed previously, the Office received 251 written submissions of comments from intellectual property organizations, businesses, law firms, patent practitioners, and others. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly.

The Office's responses to the comments that are directed to specifically *inter partes* review proceedings (77 FR 7041), post-grant review proceedings (77 FR 7060), and transitional post-grant review proceedings for covered business method patents (77 FR 7080) are provided in a separate final rule (RIN 0651–AC71). Additionally, the Office's responses to the comments that are directed to the definitions of the terms ''covered business method patent'' and ''technological invention'' are provided in another separate final rule (RIN 0651–AC75). The Office's responses to other comments that are directed to the consolidated set of rules relating to Board trial practice and judicial review of Board decisions are provided as follows:

Policy (§ 42.1)

Comment 1: One comment suggested that the rules should clarify that the burden of persuasion does not shift to the patentee.

Response: Section 42.1(d) provides that the default evidentiary standard for each issue in a Board proceeding is a preponderance of the evidence. A petitioner has the burden of proving the proposed ground of unpatentability as to the challenged patent claims by a preponderance of evidence. 35 U.S.C. 316(e), as amended, and 35 U.S.C. 326(e). In the event that a patent owner files a motion to amend the claims, the patent owner must include a statement of the precise relief requested and a full statement of the reasons for the relief requested, including a detailed explanation of the significance of the amended claims (*e.g.,* a statement that clearly points out the patentably distinct features for the proposed new or amended claims). *See* § 42.22.

Comment 2: One comment stated that the ''just, speedy, and inexpensive'' standard set forth in § 42.1(b) is inconsistent with the AIA.

Response: The Office believes that the standard for construction of the rules to secure the just, speedy, and inexpensive resolution of every proceeding as provided in § 42.1(b) is consistent with 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) which provide that ''[i]n prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.'' The Office has taken into account these considerations identified in the AIA in promulgating the rules and believes the standards and procedures set forth in this final rule will enhance efficiency of the review proceedings.

Comment 3: One comment questioned whether §§ 1.4(a)(2) and 1.25, related to signature requirements and deposit accounts, will be amended to incorporate *inter partes* review, post-grant review, covered business method review, and derivation proceedings.

Response: Section 42.1 lists several sections of part 1, including §§ 1.4(a)(2) and 1.25, and states that those sections also apply to proceedings before the Board. Further, the Office, in a separate

rulemaking, is amending § 1.4 in view of the AIA. *See Changes to Implement Miscellaneous Post Patent Provisions of the Leahy-Smith America Invents Act,* 77 FR 442 (January 5, 2012) (Notice of proposed rulemaking). However, no amendment to § 1.25 is necessary.

Definitions (§ 42.2)

Comment 4: One comment recommended that the Office should state in the rules that reexaminations are not considered as ''involved'' proceedings, and *inter partes* reexaminations are considered as ''contested'' cases.

Response: The rules of practice for reexaminations are set forth in part 1 of the CFR, rather than part 42. As stated previously in the discussion for § 42.2, *inter partes* reexaminations are not considered contested cases, unless consolidated with a contested case.

Comment 5: One comment suggested that the word ''trial'' should be replaced with the word ''proceeding.''

Response: This comment is not adopted. The definitions of ''trial'' and ''proceeding'' as set forth in § 42.2 are consistent with the AIA. As stated previously, a proceeding starts when a petitioner files a petition for instituting a trial. A trial is a part of the proceeding that starts when the Board issues a written decision to institute a review.

Comment 6: One comment suggested that the phrase ''motion means a request for relief other than by petition'' should be revised to eliminate ''other than by petition.''

Response: This comment is not adopted because a petition by definition is not a motion.

Comment 7: One comment suggested changing the definition of ''party'' to include ''assignee of any applicant.''

Response: This comment is adopted to the extent that the definition of ''party'' set forth in § 42.2, as adopted in this final rule, includes any ''assignee of the involved application.''

Comment 8: One comment requested clarification of the term ''contested case.''

Response: Inter partes review, post-grant review, covered business method review, and derivation proceedings are contested cases for the purposes of part 42.

Comment 9: One comment requested clarification on whether part 42 incorporates the requirements of part 41.

Response: Sections 1.4, 1.7, 1.14, 1.16, 1.22, 1.23, 1.25, 1.26, 1.32, 1.34, and 1.36 of Chapter 37 are incorporated by reference into part 42. The requirements of part 41, however, have not been incorporated into part 42.

Comment 10: One comment suggested changing ''rehearing'' to ''reconsideration'' in situations where the reconsideration is not by a panel.

Response: This comment is not adopted. The definition of ''rehearing'' as set forth in § 42.2 is consistent with 35 U.S.C. 6(c).

Jurisdiction (§ 42.3)

Comment 11: Several comments suggested that the phrase ''in a timely manner'' in proposed § 42.3(b) should be changed to ''consistent with any time period required by statute.''

Response: The comments are adopted.

Comment 12: A comment suggested that proposed § 42.3(a) should be deleted because the AIA does not authorize the Office to govern activities of the parties after Board decisions.

Response: Section 42.3 provides that the Board may exercise exclusive jurisdiction within the Office over every involved application and patent during the proceeding. The Office believes that § 42.3(a) is consistent with 35 U.S.C. 6(c) and 315(d), as amended, and 35 U.S.C. 325(d). Under 35 U.S.C. 6(c), the Board may grant a rehearing of a Board decision.

Comment 13: One comment suggested that the statement ''[a]ny claim or issue not included in the authorization for review is not part of the trial'' in the Office Patent Trial Practice Guide should be added to proposed § 42.3.

Response: The written decision to institute a trial will define the scope of the review in each proceeding and it is envisioned that claims and issues not identified in the written decision will not form a part of the trial.

Comment 14: One comment requested clarification of the process and procedure for handling multiple proceedings involving the same patent, specifically when the Office will stay, transfer, consolidate or terminate a reexamination or reissue application.

Response: The Office will consider whether to stay, transfer, consolidate or terminate a copending reexamination or reissue application that involves the same subject patent on a case-by-case basis depending on the particular facts of each case. Factors that may be considered include a request made by a court, a request by the first petitioner for termination of the first review in view of strength of the second petition, and whether the petitioner requesting joinder has offered to pay the patent owner's costs.

Notice of Trial (§ 42.4)

Comment 15: One comment suggested that proposed § 42.4 should be clarified to specify what address the Office will use to send a party the notice of trial and when these additional modes of notice would be used, and whether the modes are supplemental or substitutes for the notice specified in § 42.4(b).

Response: The Office will send the notice to the address of record and, when necessary, *e.g.,* when the address of record appears to be outdated, may use an additional mode of notice.

Comment 16: One comment stated that the notice of trial appears to be redundant because the decision will contain an authorization to act, obviating any notice of trial.

Response: 35 U.S.C. 314(c), as amended, and 324(d) require the Director to provide notice of the trial.

Comment 17: One comment suggested that the Board should include in the notice a statement of the claim construction applied by the Board in making the decision to institute and that it will be used by the parties during the trial and also that the Board should take cognizance of any district court and U.S. International Trade Commission claim constructions.

Response: Consistent with 35 U.S.C. 314(c), as amended, and 35 U.S.C. 324(d), the Office will provide a written determination of whether to institute a trial when deciding a petition. Where claim construction is in dispute, the Office envisions that the Board will provide an initial claim construction for the trial. Consideration of constructions applied in other proceedings will be part of the determination, but whether the same construction will be applied will be a case-by-case determination.

Conduct of the Proceeding (§ 42.5)

Comment 18: Two comments requested guidance as to how extensions of time should be requested and one suggested that proposed § 42.5 should be modified to state that such requests are made by motion, but that no opposition is allowed.

Response: The Office envisions that requests for extensions of time will be made during a conference call with the Board and the opposing party (*i.e.,* an oral motion would be made). A decision on the request will be made during the call or shortly thereafter, without the need for the parties to file any briefing on the issue.

Comment 19: One comment requested clarification of the circumstances under which the rules may be modified and whether it could be by motion or only by Board discretion and another suggested incorporation of an objective standard for when the Board would undertake this action. This comment also suggested that the proposed rule be

changed to ''a member of the Board defined in 35 U.S.C. 6(a).''

Response: This comment is not adopted. Under the rule, the Board may determine a proper course of conduct where a situation arises that is not specifically covered or may waive or suspend a rule with conditions if circumstances warrant. If a party wishes the Board to provide it relief under the rule, the party must move for the Board to do so. § 42.20(a). Whether the Board exercises its discretion is determined on a case-by-case basis.

Comment 20: One comment suggested the times exemplified in the Office Patent Trial Practice Guide times should be incorporated into this rule as default times, leaving the Board discretion to alter them if needed.

Response: Default filing times for the filing of oppositions and replies are set forth in § 42.25. Under the rule, the time for the filing of any authorized motions will be set after conferring with the parties, § 42.25(a), to allow the Board to consider what is appropriate under the particular circumstances of the proceeding. The times set out in the Office Patent Trial Practice Guide are intended to give parties a general idea of how the ordinary proceeding will be conducted.

Comment 21: One comment requested guidance as to what would be considered ''good cause'' or ''in the interests of justice,'' justifying an extension of time or a late submission to avoid inconsistent application of the rule.

Response: Whether a party has met a ''good cause'' or ''interests of justice'' standard is specific to the particular facts of the proceeding and must be made on a case-by-case basis. An example where times may be extended is where, through no fault of either party, relevant information comes to light that requires briefing that could not occur in the allotted times for taking action.

Comment 22: One comment suggested adding a provision to the rule requiring that all substantive communications with the Board are to be recorded.

Response: Under the rules, there is no prohibition on the parties providing for a record of any oral communications between the parties and the Board. Whether resources will allow for the providing of a record by the Board has not been determined at this time.

Comment 23: One comment stated that proposed § 42.5 is inconsistent with the AIA, which reserves the ''good cause'' standard to the special situations of third party access to an agreement in respect of settlement, and extension of a proceeding to up to 18 months.

Response: The comment is not adopted. The AIA does not explicitly reserve the ''good cause'' standard only for those situations mentioned in the statute.

Comment 24: One comment suggested that proposed § 42.5 be modified to deal with a situation where, if an electronic filing problem arises and if the due date is not extendable by the parties, and if a Board member cannot be reached that day, the party that encounters the problem may notify opposing counsel that it will not be filing that day but will be filing the next day and will schedule a conference call the next morning to obtain a one-day extension for both parties. Another comment suggested that the Board have staff available after hours to rule on extension requests when the Office electronic filing system malfunctions.

Response: Under the appropriate circumstances, a party may file in paper. § 42.6(b)(2)(i). In the Board's experience, an administrative patent judge will be available during business hours to consider whether to grant an extension in these circumstances. In the unlikely event that an administrative patent judge is not available to rule on the extension, the rules allow for the granting of an extension the day after the paper is due, which includes situations where electronic filing problems are shown to have occurred.

Filing of Documents, Including Exhibits; Service (§ 42.6)

Comment 25: Some comments suggested that proposed § 42.6(a) should be made consistent with current § 41.106 on font size and spacing requirements. One comment also suggested limiting content of papers based on word count.

Response: The Office adopts proposed § 42.6(a) in this final rule without any modifications. Both current §§ 41.106 and 42.6(a) require double spacing and therefore do not appear to be inconsistent. The rule regarding font size is based on readability considerations. The requirement is also consistent with Rule 32(a)(5) of the Federal Rules of Appellate Procedure. The Office considered a word count limit, but determined that the best practice, based on fee setting and IT considerations, is a page limit. Use of a word count is more difficult and complex to administer than use of a page limit. Therefore, the suggested change to limit content of papers based on word count is not adopted.

Comment 26: One comment suggested that proposed § 42.6(a)(4) is confusing regarding signature requirements, since §§ 1.33 and 11.18(a), to which the rule refers, do not contain information regarding signature requirements. The comment suggested amending the rule to provide for S-signatures in addition to ink signatures.

Response: The Office adopts proposed § 42.6(a)(4) in this final rule without any modifications. Section 42.6(a)(4) refers to §§ 1.33 and 11.18(a), which in turn do specify signature requirements, including S-signatures. *See* § 11.18(a) (referencing § 1.4(d)(1)). Therefore, no change has been made.

Comment 27: One comment suggested that proposed § 42.6(d) should provide for exceptions and that the rule should be rewritten such that pleadings may be identified as exhibits.

Response: The rule prevents the parties from filing multiple copies of the same papers and labeling the same papers with different numbers. The Office's experience is that the rule will aid in avoiding confusion and maintaining an efficient record. The Office, therefore, adopts proposed § 42.6(d) in this final rule without any modifications.

Comment 28: Some comments suggested that the proposed rule be amended to specify the types of acceptable service. One comment suggested that service should be by electronic mail. One comment sought clarification on what is meant by simultaneous service.

Response: The Office has made modifications to § 42.6(e) to provide that upon the agreement of the parties, service may be made electronically. The Office anticipates that, in most situations, papers will be filed electronically. § 42.6(b)(1). Clarification on filing and electronic service of documents will be provided according to parameters established by the Board and published on the Web site of the Office.

Comment 29: One comment suggested that it is not clear whether ''filed separately'' in § 42.6(e)(3)(ii) refers to uploaded as a separate file in the electronic filing system, filed as a separate electronic transaction, or filed on a different day or in a different context.

Response: Filed separately means apart from a document. *See* § 42.6(e)(4)(ii). The two documents may be filed on the same day and in the same electronic submission.

Management of the Record (§ 42.7)

Comment 30: Several comments requested clarification on whether proposed § 42.7(b) includes actions in reexaminations and reissue applications when the subject patent is concurrently under the Board's jurisdiction in an

inter partes review, post-grant review, or derivation proceeding. One comment expressed concern that the proposed rule may be inconsistent with 35 U.S.C. 305 which requires that all *ex parte* reexamination proceedings be conducted with special dispatch. Another comment was in favor of the proposed rules with respect to jurisdiction and management of the record.

Response: The Office envisions that the Board will consider the statutory provisions governing the various proceedings and reconcile them in an appropriate manner when exercising its discretion to vacate or hold in abeyance a non-Board action. As to the issue of whether the proposed rule is inconsistent with the AIA, 35 U.S.C. 315(d), as amended, provides that

> [n]otwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an *inter partes* review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the *inter partes* review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

Likewise, 35 U.S.C. 325(d) provides the same authority for post-grant review and covered business method patent review. It is important to note that the Board may exercise the authority under 35 U.S.C. 315(d), as amended, or 35 U.S.C. 325(d) notwithstanding chapter 30 of U.S.C. title 35, including the special dispatch provision of 35 U.S.C. 305. Therefore, § 42.7(b) is consistent with 35 U.S.C. 315(d), as amended, and 35 U.S.C. 325(d), and is not in conflict with 35 U.S.C. 305. The Board will take the special dispatch requirement into consideration before vacating or holding in abeyance any non-Board action directed to a reexamination proceeding.

Mandatory Notices (§ 42.8)

Comment 31: One comment objected to the separate paper requirement in proposed § 42.8(b).

Response: This comment has been adopted. The requirement for filing the mandatory notices on separate papers has been eliminated in this final rule.

Comment 32: One comment noted that proposed § 42.8(b)(3) is inconsistent with proposed § 42.10(a) as one is mandatory and the other is permissive.

Response: Section 42.10(a), as adopted in this final rule, contains the mandatory language so that it is consistent with § 42.8(b)(3).

Comment 33: One comment requested clarification on whether service must be effected by the service information provided in the mandatory notice under proposed § 42.8(b)(4).

Response: If service is required (*e.g.,* § 42.21), service must be effected by the service information provided in the mandatory notice under § 42.8(b)(4), unless otherwise ordered by the Board or agreed upon by the parties.

Comment 34: One comment suggested that the Office should provide examples or more information on the ''related matters'' provision of § 42.8, specifically whether the requirement encompasses non-U.S. matters.

Response: Similar to current § 41.37(c)(1)(ii) for *ex parte* appeals, § 42.8(b)(2) requires each party to identify any other judicial or administrative matter that would affect, or be affected by, a decision in the proceeding. Thus, any statement that complies with current § 41.37(c)(1)(ii) most likely would also comply with § 42.8(b)(2). As stated in the Office Patent Trial Practice Guide, judicial matters include actions involving the patent in federal court. Administrative matters that would be affected by a decision in the proceeding may include every application and patent claiming the benefit of the filing date of the party's involved patent or application, as well as any reexaminations for an involved patent. Further, such matters may also include any prior-filed domestic or foreign application for which priority is claimed by the party's involved patent or application.

Comment 35: One comment suggested that the 21-day time period set forth in proposed § 42.8(a)(3) for updating the mandatory notices should be shortened to seven days.

Response: This comment is not adopted. The Office encourages the parties to notify the Office and other parties of any changes as soon as possible, especially address and counsel changes, so that papers will be delivered to the correct address and person. The Office, however, believes that the 21-day time periods will provide sufficient time for the parties to take appropriate action.

Action by Patent Owner (§ 42.9)

Comment 36: One comment suggested that the term ''subject'' as opposed to ''involved'' should be used throughout proposed § 42.9.

Response: This comment is not adopted. The term ''involved'' is clearly defined in § 42.2 as ''an application, patent, or claim that is the subject of the proceeding.'' Therefore, it is not necessary to replace ''involved'' with ''subject.''

Comment 37: One comment suggested that the word ''inventor'' in proposed § 42.9(b) should be deleted because if an inventor is not a part owner, the part owner should be able to act to the exclusion of that inventor as in proposed § 42.9(a).

Response: This comment is not adopted. The word ''inventor'' in § 42.9(b) is necessary because § 42.9(a) provides only for an owner of the entire interest acting to the exclusion of the inventor, as opposed to an owner of a part interest.

Counsel (§ 42.10)

Comment 38: There were a number of comments on the *pro hac vice* provision of § 42.10(c). Several comments suggested limiting representation to registered practitioners in view of the technically, legally and procedurally complex nature of the proceedings. Other comments suggested that *pro hac vice* representation be permitted, but only in very limited circumstances. Several comments also suggested that the rule should require that the lead counsel be a registered practitioner, or that a registered practitioner be involved in the proceeding. Another comment suggested that the burden to both parties be considered before permitting *pro hac vice* representation. Another comment suggested that any party admitted *pro hac vice* should expressly agree to be bound by part 10 of the Office's regulations, to certify that they had read and are familiar with the relevant statutes, rules of practice, standing order, and *inter partes* rules, and that they are personally able to represent the client competently in the proceeding under Rule 10.76.

Response: The Office agrees that a motion to appear *pro hac vice* by counsel who is not a registered practitioner will be granted in limited circumstances, *e.g.,* where a practitioner is an experienced litigator who is familiar with the subject matter involved in the proceeding. Although the Board may authorize a person other than a registered practitioner who possesses appropriate qualifications to appear as counsel in a proceeding, § 42.10(c), as adopted in this final rule, provides that the lead counsel in such a proceeding must be a registered practitioner. The admission of a party *pro hac vice* may be made subject to conditions as suggested by the comment in appropriate circumstances. Compliance with all of the suggested conditions in all cases, however, would not be appropriate such as when the party requesting admission had previously been admitted in another proceeding and had demonstrated a high degree of competence.

Comment 39: Several comments were directed to clarifying the roles of lead and back-up counsel. One comment contained a proposal for multiple back-up counsel or that additional attorneys receive access to communications.

Response: The comment suggesting multiple back-up counsel is not adopted. Based on the experience of the Office in contested cases, designating one lead counsel and one back-up counsel by each party should result in more efficient and effective case management. The Office expects that lead counsel will, and back-up counsel may, participate in all hearings and conference calls with the Board and will sign all papers submitted in the proceeding. In addition, the role of back-up counsel is to conduct business with the Office on behalf of lead counsel when lead counsel is not available. Actions not conducted before the Office (*e.g.,* taking of depositions) may be conducted by lead or back-up counsel. In response to one comment, for efficiency, it is expected that all communications from the Office will be directed to lead counsel only, unless informed in advance that lead counsel is not available, in which case communications will be with back-up counsel. The Office envisions that lead and back-up counsel may provide access to the electronic records to other practitioners representing their client. It is also envisioned that the access granted to the other practitioners by the lead or back-up counsel may also be rescinded by the lead or back-up counsel without consultation with the Board.

Comment 40: Several comments were directed to disqualifications and withdrawals under § 42.10(d) and (e), and sought clarification of those provisions in the rules.

Response: The comment is noted, but not adopted. It is important in contested proceedings that the public record reflect who is acting as counsel for the parties. Thus, under § 42.10(b) a power of attorney must be filed designating counsel not already of record in the prosecution. The withdrawal provision is applicable to lead counsel, back-up counsel, and all other counsel of record. The Office understands the concerns of one comment regarding the impact of disqualification on the proceedings. Motions to disqualify opposing counsel are disfavored because they cause delay and are sometimes abused. However, should disqualification of a party's counsel be necessary, it is expected that the Board will adopt reasonable measures to protect the party during the transition to new counsel.

Comment 41: One comment requested that situations where counsel would be disqualified pursuant to § 42.10(d) be provided in the MPEP or other material.

Response: The determination whether to disqualify counsel is based on the facts and circumstances of the case, including any response by counsel to the allegation. Some situations, however, are likely to trigger consideration of whether to disqualify a counsel, *e.g.,* egregious misconduct.

Comment 42: One comment suggested that § 42.10(e) requires an attorney to invent circumstances requiring disqualification in order to be permitted to withdraw from representation.

Response: Section 42.10(e) does not require that an attorney be disqualified by the Board in order for the Board to authorize withdrawal. Authorization of attorney withdrawal under § 42.10 would be based on the facts in the case including the time remaining for a response, the ability of new counsel to complete the proceeding competently and timely, and desire of the real party in interest to be represented by new counsel.

Duty of Candor (§ 42.11)

Comment 43: Several comments expressed concern about the scope of the proposed rule in comparison to § 1.56 and §§ 1.555 and 1.933. Specifically, the lack of nexus between the proceeding and individuals with a duty of candor and good faith was questioned.

Response: The comment is adopted. Section 42.11, as adopted, imposes a duty of candor and good faith only if an individual is involved in the proceeding. The scope of the duty is comparable to the obligations toward the tribunal imposed by Rule 11 of the Federal Rules of Civil Procedure.

Comment 44: One comment suggested that it was unclear how violations of the duty by the petitioner would be enforced, particularly when the violation is discovered after the proceeding has terminated.

Response: During the proceeding, an appropriate sanction under § 42.12 may be sought and at any time, including after the final written decision, the matter may be submitted to the Office of Enrollment and Discipline, or an appropriate sanction under § 42.12 may be sought as the Board has both statutory and inherent authority to enforce its protective order. 35 U.S.C. 316(a)(6), as amended, and 35 U.S.C. 326(a)(6).

Sanctions (§ 42.12)

Comment 45: One comment expressed agreement with the Board's using its sanction authority when necessary to curb abuses in proceedings.

Response: The rule provides that the Board may impose a sanction on a party for abusing the proceeding. The Office hopes that such a sanction is rarely needed.

Comment 46: One comment asked for guidance regarding sanctions including how the sanctioned party can appeal such a sanction, the basis for the Office's authority to take patent term from a patent owner (either through a mandatory disclaimer or a judgment) absent a decision on the merits of a petition, the basis for the Office's authority to cause estoppel to attach to a petitioner absent a decision on the merits of a petition, and under what circumstances the Office will impose sanctions. The comment suggested that the Office consider additional sanctions directed to an attorney and/or firm responsible for the misconduct.

Response: Section 42.12 identifies types of misconduct and sanctions for misconduct. Sections 90.1, 90.2 and 90.3 provide for judicial review of decisions by the Patent Trial and Appeal Board. If appropriate, the misconduct may be reported to the Office of Enrollment and Discipline for consideration of a sanction directed to the attorney or firm. Based on past experience, the Board expects such instances to be rare. Authority for the Board's sanctions include 35 U.S.C. 316(a)(6), as amended, and 35 U.S.C. 326(a)(6).

Citation of Authority (§ 42.13)

Comment 47: Several comments were critical of the requirements of citing decisions to the United States Reports and West Reporter System, and suggested that proposed §§ 42.13(a) and (b) be modified as a preference.

Response: The comment is adopted.

Comment 48: A few comments recommended that the requirement for a copy of the cited non-binding authority be eliminated because it is a burden and such an authority is electronically accessible.

Response: This comment is not adopted. Non-binding authority should be used sparingly. The Office cannot assume that a cited non-binding authority is readily accessible electronically. A party who wishes to cite a non-binding authority would already have a copy, and therefore providing the Office with a copy should not be a burden.

Public Availability (§ 42.14)

Comment 49: The comments generally supported proposed § 42.14. One comment, however, suggested special

procedures for handling invention dates in derivation proceedings. Another suggested the simultaneous filing of confidential and non-confidential/redacted versions of material for which confidentiality is sought. Another suggested additional procedures to retain confidentiality after a motion to strike is denied.

Response: The comments are noted, but not adopted. The rule reflects the Congressional mandate of an open record expressed in the provisions of the AIA amending 35 U.S.C. 316(a) and adding 35 U.S.C. 326(a). Those provisions require that the Director prescribe regulations providing that *inter partes* review and post-grant review files ''shall be made available to the public,'' except that any petition or document filed with the intent that it be sealed, if accompanied by a motion to seal, will be treated as sealed pending the outcome of the ruling on the motion. The Office anticipates that, in any particular proceeding, the need for procedures for sealing certain types of confidential information or certain documents, beyond those mandated by the statute, will be addressed by a motion to the Board under § 42.54. It is also envisioned that a motion to seal could be accompanied by both a request to return the material should the motion to seal be denied as well as a redacted version of the material accompanied with a contingent motion to rely on the material as redacted should the motion to seal be denied.

Fees (§ 42.15)

Comment 50: Several comments supported the fee structure and fee amounts proposed.

Response: The Office adopts the proposed fee structure and base fee amounts in this final rule, with modifications to the fees for challenged claims in excess of 20 claims.

Comment 51: Several comments suggested that the Office return or refund part of the trial proceeding fees paid to recover the cost of trial after institution in the proceedings if the Director does not institute a trial or to charge a fee only if a trial progresses to the point that additional effort is required of the Board.

Response: The comment has been adopted in part in that the Office is proposing a staged fee structure for trial proceedings in a separate rulemaking implementing section 10 of the AIA. The Office, however, cannot adopt the proposal in this final rule. The fees set in this notice are being set to recover the aggregate cost of conducting the proceedings using the authority provided in 35 U.S.C. 41(d)(2). Moreover, unlike 35 U.S.C. 312(c) in effect on September 15, 2012, there is no additional authority provided in 35 U.S.C. 311–319 in effect on September 16, 2012, to refund fees paid should review not be instituted. The Director's authority to refund fees under 35 U.S.C. 42 is limited to fees that were paid by mistake or in excess of that owed. Moreover, in contrast to 35 U.S.C. 311(b) and 312(c) in effect on September 15, 2012, the AIA does not provide for refund of any part of the fee when the Director determines that a review should not be initiated.

Comment 52: Several comments suggested that the Board underestimated the number of claims that will stand or fall together and should consider adopting processes for greater efficiency where large numbers of claims are presented in a petition. One of the comments suggested charging on a claim-by-claim basis because the proposed blocks of claims may result in more claims being requested after a block of claims is breached.

Response: The comments have been adopted. Section 42.15, as adopted in this final rule, provides a flat fee of $600 for *inter partes* review, and $800 for post-grant review or a covered business method patent review, for each claim in excess of 20 claims. The modification to the proposed rule is based on public input that the Office should expect more claims to stand or fall together. The Office will continue to monitor the costs associated with a large number of claims to determine if the fee needs to be reset or if other procedures need to be adopted.

Comment 53: Several comments suggested that the process be revised to control costs to the Office by limiting the process before the Board to considering the initial petition, conducting an oral hearing and issuing a final decision or by minimizing actions by the Board beyond those actions.

Response: The final rules have adopted many cost saving features. The AIA, however, explicitly provides for motion-based proceedings and requires that the effect on economy rather than merely the Board be considered in prescribing regulations. 35 U.S.C. 316(d), as amended, and 35 U.S.C. 326(d) provide for a motions practice before the Board during the trial, which is inconsistent with the suggestion. 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) require that the effect of any regulation on the economy be considered, which includes limiting discovery where appropriate.

Comment 54: Several comments suggested that patent applicant will likely file a large number of claims to increase the filing fee for the new trial proceedings.

Response: This comment has been adopted in part. The Office has reduced the fee for petitions challenging more than 20 claims.

Comment 55: Several comments suggested that the fee for the new trial proceedings be set at a low level and that no additional fees be charged for seeking review of more than 20 claims.

Response: The Director's authority to set fees for service under 35 U.S.C. 41(d)(2) does not provide for setting fees below cost. Setting a single fee regardless of the cost to process a petition is inconsistent with the requirement of 35 U.S.C. 311(a), as amended, and 35 U.S.C. 321(a) to set more than one fee for each petition, and the requirement of 35 U.S.C. 312(a)(1), as amended, and 35 U.S.C. 322(a)(1) that the fee be provided with the petition. The Office is proposing a limited subsidization of the review proceeding fees in a separate rulemaking implementing section 10 of the AIA.

Comment 56: A comment suggested that single-claim challenges are likely based on the statutory estoppel provisions and the fee setting in order to avoid the escalating fees for additional claims.

Response: The comment directed to the statutory estoppel provisions is not germane to this notice, which does not concern those provisions. Further, to the extent the comment was directed to the fee setting, the suggestion is inconsistent with both the proposed and final regulation as both impose a single fee for challenging the first 20 claims in a patent.

Comment 57: Several comments suggested that the fee charged be based on the number of grounds asserted in a petition rather than the number of claims challenged.

Response: The comments were not adopted. Determining how many grounds of unpatentability actually are asserted in a petition cannot always be determined with certainty, while determining the number of claims being challenged can be determined definitely. Using an uncertain process to determine the fee due on filing a petition for review likely will increase costs and uncertainty for the petitioner, patent owner and the Office.

Comment 58: One comment questioned how claims should be counted if review of a dependent claim is requested and if review of its parent claim(s) is not requested, and how a challenged multiple dependent claim would be counted.

Response: The number of claims for which review is requested is increased by the number of claims from which a claim depends if the petition seeks review of a dependent claim, but not all of the claims from which it depends. For example, where patent claim 4 depends from claim 3, claim 3 depends from claim 2, and claim 2 depends from independent claim 1, and the petition requests only review of claims 1 and 4, the proper claim count would be 4. Any multiple dependent claim will be counted as a single claim.

Comment 59: Several comments suggested the Office apply the small entity discount to the petition fees.

Response: The suggestion is not adopted. The Office's authority to apply a small entity discount to fees authorized by 35 U.S.C. 41 is provided in 35 U.S.C. 41(h). This authority does not permit the Office to provide a small entity discount on fees set under 35 U.S.C. 41(d)(2).

Comment 60: One comment suggested that the fee for filing a petition for review be discounted if the petition seeks review of claims that are not separately patentable.

Response: The comment is not adopted. While a patent owner may effectively waive any argument that a claim is separately patentable, the petitioner's determination as to which claims stand or fall together is not binding on the patent owner. For example, a petitioner's determination that species specific claims 2–10 should stand or fall with genus claim 1 for purposes of the prior art, and the same claims which stand or fall with specific claim 10 for purposes of written description or enablement, may not be credited.

Moreover, even the patent owner's argument that claims stand or fall with claim 1 may be ineffective where the additional claims have a later effective filing date. In this situation, it may be appropriate to find claim 1 patentable, while holding the additional claims unpatentable.

Petition and Motion Practice, Generally (§ 42.20)

Comment 61: One comment suggested that careful and active management of post-grant proceedings by the Board, particularly in connection with discovery and management of the amendment process, will result in early focusing of the issues and prevent the waste of time and harassment that might otherwise result from the party-managed discovery common in the Federal courts.

Response: The rules provide for an efficient and controlled procedure to secure the just, speedy, and inexpensive resolution of every proceeding coming before the Board. § 42.1(a).

Comment 62: One comment suggested that prior to the first conference call with the Board contemplated under § 42.20, the petitioner and the patentee should be required to meet to try to resolve issues such as claim interpretation, level of skill, whether the alleged prior art identified is in fact prior art, and what factual issues the patentee intends to raise to reduce issues that must be decided within the proceeding.

Response: Under the rules, the parties may agree to meet and resolve issues among themselves prior to the conference call, where appropriate, the Board may require the parties to meet and confer prior to the initial conference call. It has been the Board's experience that parties' willingness to resolve issues among themselves often results in a less expensive, faster resolution of the proceeding.

Comment 63: One comment expressed support for active management of the proceedings, consistent with the statutory purpose of the AIA to create a mechanism for resolving patentability disputes that is more efficient and cost-effective than district court litigation.

Response: The rules provide for an efficient and controlled procedure to secure the just, speedy, and inexpensive resolution of every proceeding coming before the Board. § 42.1(a).

Comment 64: One comment suggested expanding subsection (b) of the rule to indicate when authorization is not required, *e.g.,* motions for rehearing, motions to seal, motions to extend page limits, and when authorization is required.

Response: The comment is not adopted. Authorization is required for the filing of each motion either through Board order or as specified by rule, *e.g.,* a motion to seal (§ 42.54(a)) and a motion to expunge confidential information (§ 42.56). As contemplated under the rules, once a proceeding is initiated, the Board may provide blanket authorization to file certain types of motions depending on the particular circumstances of the proceeding. § 42.20(b).

Comment 65: One comment suggested that authorization not be required for the single motion to amend as permitted by statute.

Response: Under the rules, authorization is not required to file the single motion to amend the claims permitted by statute. §§ 42.121(a) and 42.221(a). The rules instead require that the patent owner confer with the Board prior to the filing of the motion to discuss compliance with the statutory requirement that a reasonable number of substitute claims be proposed. 35 U.S.C. 316(a)(9), as amended, and 35 U.S.C. 326(a)(9).

Comment 66: One comment suggested that proposed § 42.20 be modified to state that ''Relief must be requested in the form of a motion'' and ''A motion, other than a petition to institute a proceeding, will not be entered without Board authorization.''

Response: The comment is not adopted. Under the rules, relief, other than a petition, must be requested by a motion. A petition is not considered a motion since it has distinct requirements.

Comment 67: One comment suggested that proposed § 42.20 not be adopted in view of estoppel that accompanies the review proceedings and the briefing included in § 42.20(d) that may unnecessarily burden participants with redundant briefing issues and that may allow parties to present new arguments and otherwise add expense to the participants.

Response: This comment is not adopted. Under the rules, additional briefing ordered by the Board will take into account securing the just, speedy, and inexpensive resolution of the proceeding. § 42.1(b).

Comment 68: One comment suggests that the Office adopt the practice under current interference practice where observations and replies are simply papers authorized by the Standing Order, noting that certain requirements of the rule, *e.g.,* statement of material facts, would not seem to be necessary for observations.

Response: The Office envisions that the Scheduling Order will authorize certain types of papers, including observations. Material facts are no longer required to be part of a motion. §§ 42.22(a)(2) and 42.22(c).

Comment 69: One comment suggests that the rules should specify the content requirements of a joinder request and set a time period for the patent owner to file a preliminary response to a joinder request and that the Office Patent Trial Practice Guide should list exemplary factors that the Board will consider when exercising its discretion under 35 U.S.C. 315(c), as amended, and 35 U.S.C. 325(c).

Response: This comment is not adopted. Under the rules, a request for joinder must be made by way of authorized motion and the final rules provide for such motions. § 42.122(b). The requirements for a motion are found in § 42.22. Factors that may be considered in entertaining a motion for joinder include a request made by a

court, a request by the first petitioner for termination of the first review in view of the strength of the second petition, and whether the petitioner requesting joinder has offered to pay the patent owner's costs.

Notice of Basis for Relief (§ 42.21)

Comment 70: Several comments suggested that the Board should clarify, in either the preamble or the Office Patent Trial Practice Guide, that a purpose of requiring a notice of basis for relief under § 42.21 is to help the Board decide whether it should authorize the filing of the underlying motion.

Response: The notice serves to provide notice to an opponent and the Board of the relief a party is seeking. The notice allows the Board to consider whether the filing of a motion should be authorized and an opponent to consider whether it would oppose such a filing.

Comment 71: One comment suggested that the Board should be liberal in its application of § 42.21(c), so as not to elevate formalities over substance such that so long as the motion is reasonably within the scope of the notice, the Board will address the motion on its merits.

Response: Under the rule, a notice must include sufficient detail to place the Board and each party on notice of the precise relief requested. In the Board's experience, the greater detail provided in the notice the more likely it is the party will be authorized to file a motion seeking the relief requested. If a party wishes to file a motion and is uncertain as to whether it is within the scope of a motion listed on its notice and authorized to be filed, it should seek clarification from the Board in the form of a conference call prior to filing the motion.

Comment 72: Several comments suggested that notice of motions should be deleted as unnecessary. Section 42.20 already provides that the motion may not be filed without prior authorization.

Response: The comments are not adopted. The notice provision aids the Board and an opponent and works in tandem with § 42.20. In the Board's experience, the notice has been a useful tool for preparation of conference calls for both the parties and the Board. The notice provides a written record of the relief requested from the perspective of the requesting party and allows for a more productive conference call as the administering judge and the opposing party can consider the relief that is being requested prior to any call. The notice allows parties to confer prior to the conference call and perhaps resolve issues preemptively.

Comment 73: One comment suggested that the rule be revised to remove the ''interests of justice'' standard at § 42.21(d).

Response: This comment is not adopted. The rule is designed to discourage a party from withholding notice to the Board or to another party, either intentionally or inadvertently, such that it is able to gain an unfair advantage.

Content of Petitions and Motions (§ 42.22)

Comment 74: Several comments suggested that a statement of material facts should not be required.

Response: The comment has been adopted. The Office has made modifications to the rule regarding a statement of material facts in petitions and motions. In particular, the rule has been clarified to state that a petition or motion may, but is not required to, include a statement of material facts.

Comment 75: One comment suggested that the rule should be revised to provide that material facts are presented in an appendix rather than in a brief.

Response: The comment is not adopted. However, the Office understands the concerns expressed and has made modifications to the rule regarding a statement of material facts in petitions and motions. In particular, the rule has been clarified to state that a petition or motion may, but is not required to, include a statement of material facts. Rather than requiring a statement of material facts to be presented in petitions or motions, whether in the main body or in an appendix, the submission of a statement of material facts has been made optional. The Office believes this change gives greater flexibility to the parties than requiring the statement of material facts to appear in an appendix.

Comment 76: One comment suggested that all issues relating to admissibility of evidence should be raised in the petitioner's and patentee's responses and replies, rather than through later motion practice.

Response: Issues relating to credibility and the weight of the evidence may be raised in responses and replies. To the extent a party seeks to exclude the evidence in dispute, a party is to raise the issue in a motion to exclude. Motions to exclude help identify and focus the admissibility issue in dispute and are best handled later in the proceeding as many issues that arise early in the proceeding are no longer relevant at the time the motion to exclude is filed.

Oppositions and Replies (§ 42.23)

Comment 77: Several comments supported the proposed rule. One comment stated that proposed § 42.23 should be adopted.

Response: The proposed rule has been adopted in this final rule.

Comment 78: One comment suggested that if the Office retains the requirement that all papers contain a statement of material facts, § 42.23 should be revised to clarify which material facts are to be addressed in oppositions and replies and that § 42.23 be revised to provide that material facts are to be presented in an appendix rather than in the body of a brief.

Response: The comment is not adopted because the Office has not retained the requirement that all papers contain a statement of material facts. The Office has made modifications to the rule regarding a statement of material facts in petitions and motions. In particular, the rule has been clarified to state that a petition or motion may, but is not required to, include a statement of material facts. Rather than requiring a statement of material facts to be presented in petitions or motions, whether in the main body or in an appendix, the submission of a statement of material facts has been made optional. The Office believes this change gives greater flexibility to the parties than requiring the statement of material facts to appear in an appendix.

Comment 79: One comment suggested that the rule should affirmatively state that a party has the right to file an opposition to a motion and that the movant has the right to file a reply to an opposition unless otherwise directed by the Board or the rules.

Response: The comment is not adopted. Section 42.23 permits oppositions and replies.

Comment 80: One comment suggested modifying § 42.23 to state that oppositions and replies must include a statement responding to each material fact.

Response: Section 42.23 provides that oppositions and replies must include a statement identifying material facts in dispute where the underlying motion contains such a statement. The Office believes that it is not necessary to respond to those that are not in dispute. Thus, section 42.23 also provides that any material fact not specifically denied may be considered admitted. The Office believes that this approach is more efficient for parties in identifying disputes of material fact.

Page Limits for Petitions, Motions, Oppositions, and Replies (§ 42.24)

Comment 81: Several comments supported the page limit structure and the page limits proposed. One comment specifically urged adoption of § 42.24(c).

Another comment stated that the precise number of pages is not critical, except that a reasonable limit needs to be imposed. One comment stated that the page limits are reasonable. Another comment stated that a major problem with *inter partes* reexamination is that there is no page limit on the size of the request which frustrates the Office's ability to do its job well and handicaps the patent owner who must then respond. One comment recognized that certain rules, even if unpopular, are necessary to contain the costs of litigating the new trial procedures.

Response: The proposed page-limit structure has been adopted, and § 42.24, as adopted in this final rule, permits higher page limit amounts. Not only have certain page limits been increased, but also the amount of space available for claim charts has been doubled and the requirement for a statement of material facts has been eliminated. These collective changes will permit a party to have a great deal of flexibility in presenting its case and in responding to the opposing party. Together, these changes are far more effective than a mere increase of page limits standing alone. In particular, the page limits are increased to 60 pages for a petition requesting *inter partes* review or derivation (a 20% increase) and 80 pages for a petition requesting post-grant review or covered business method patent review (a 14% increase). Likewise, because § 42.24(b) provides that page limits for oppositions are the same as those for corresponding petitions, the page limits are increased to 60 pages for an opposition to a petition requesting *inter partes* review (a 20% increase) and 80 pages for an opposition to a petition requesting post-grant review (a 14% increase). As discussed with respect to § 42.6, single spacing may be used for claim charts rather than double spacing—which results in a doubling of the space available to present claim charts. In addition, as discussed with respect to § 42.22, a statement of material facts no longer is required in petitions or motions.

Comment 82: Several comments suggested that the page limits should be increased. One comment suggested that the page limits be increased to approximately 85 pages for *inter partes* review petitions and 120 pages for post-grant review petitions. Some comments suggested the Office adopt the page limits of, and one comment suggested the Office adopt the formatting requirements of, *inter partes* reexamination.

Response: The comment has been adopted in part. The Office has made modifications to the proposed page limits. In particular, the page limits are increased to 60 pages for a petition requesting *inter partes* review and 80 pages for a petition requesting post-grant review. As discussed with respect to § 42.6, single spacing may be used for claim charts rather than double spacing. In addition, as discussed with respect to § 42.22, a statement of material facts is no longer required. These collective changes will permit a party to have a great deal of flexibility in presenting its case and in responding to the opposing party. Together, these changes are far more effective than a mere increase of page limits standing alone.

Comment 83: Several comments suggested that the page limits should apply equally to petitioner and patent owner. One comment noted that § 42.204(b)(3) requires the petitioner to state how the challenged claim is to be construed and suggests that § 42.207 should provide the patent owner with a corresponding opportunity to rebut the petitioner's proffered construction. Another comment stated that the patent owner should be able to use the full number of pages within the limit even if the petitioner uses fewer than the allowed number of pages. One comment stated that, because the patent owner is permitted to have a preliminary response and a response after institution, patent owner will have twice the number of pages to address the issues. The comment further stated that the ability of the patent owner to present a motion to amend will further increase the number of pages for the patent owner to present its case.

Response: The proposed rules implicitly provided petitioner and patent owner equal page limits because a patent owner's preliminary response would have been filed as an opposition, which has the same page limit as those for corresponding petition. In view of the comments, § 42.24(b), as adopted in this final rule, adds new provisions that expressly provide that the page limits for a patent owner's preliminary response and a patent owner's response are the same as the page limits for the petition. Section 42.24 does not limit a party to a page limit based upon the number of pages used by another party. Also, a patent owner's preliminary response and a patent owner's response are not ordinarily expected to address the exact same issues. A patent owner's preliminary response is limited to setting forth the reasons why no review should be instituted. In the patent owner's response, any ground for unpatentability not already denied may be addressed. Under § 42.24(b), a petitioner will be provided with an equal number of pages to oppose a motion to amend as the patent owner is provided in making the motion to amend.

Comment 84: One comment suggested that § 42.24 be modified to address expressly and set forth a page limit for patent owner responses.

Response: This comment has been adopted. The Office modified the rule to expressly provide that the page limits for a patent owner's preliminary response, or response, to a petition are the same as the page limits for the petition.

Comment 85: Several comments noted that page limits impact the rights of the parties and the ability of the parties to fully present arguments, especially in view of the estoppel provisions of 35 U.S.C. 315(e), as amended, and 35 U.S.C. 325(e). One comment stated that page limits will increase inefficiency and costs by forcing a petitioner to file multiple co-pending reviews if a petitioner only is able to effectively address a small subset of claims within the page limits. Several comments suggested that practitioners will move away from the proceedings if the page limits are too restrictive.

Response: The Office has made modifications to the proposed rules regarding page limits. In addition, the Office has made modifications to the proposed rules regarding the line spacing of claim charts to permit single spacing rather than double spacing and has eliminated the requirement for a statement of material facts. These collective changes will permit a party to have a great deal of flexibility in presenting its case and in responding to the opposing party. Together, these changes are far more effective than a mere increase of page limits standing alone. Furthermore, petitioners and patent owners may seek waiver of the page limits in appropriate circumstances.

Comment 86: Several comments suggested that the page limits should be removed. One comment suggested that page limits for claim charts should be removed. Several comments stated that there should be no page limit for petitions, noting that there are no page limits for requests for *inter partes* reexamination.

Response: The comment is not adopted. In promulgating the rules, the Office is to consider the integrity of the proceedings, the efficient operation of the Office, and ability to complete the proceedings timely. Allowing petitioners to file petitions and/or claim charts without page limits places a severe burden upon both the patent owner and the Board, and will affect

adversely the patent owner's ability to respond effectively to the patentability challenges and the Board's ability to complete the proceeding timely. Page limits assist the Board in effectively managing the proceeding without being unduly restrictive of the parties. The Office has made modifications to the proposed rules regarding page limits. In addition, the Office has made modifications to the proposed rules regarding the line spacing of claim charts to permit single spacing rather than double spacing and has eliminated the requirement for a statement of material facts.

Comment 87: Several comments suggested that certain components of petitions, motions, oppositions, and replies should either be excluded from the page limits or counted separately. One comment suggested that required portions should not be counted toward the page limits. Several comments suggested that separate page limits should apply for claim charts, claim construction arguments, and statement of material facts. One comment suggested the Office promulgate a rule that claim charts not include attorney argument or introduce new evidence.

Response: In promulgating the rules, the Office is to consider the integrity of the proceedings, the efficient operation of the Office, and ability to complete the proceedings timely. Although the Office understands the concerns expressed, allowing petitioners to file petitions where certain portions are exempt from page limits places a severe burden upon both the patent owner and the Board, and will affect adversely the patent owner's ability to effectively respond to the patentability challenges and the Board's ability to complete the proceeding timely. Page limits assist the Board in effectively managing the proceeding without being unduly restrictive of the parties. A rule prohibiting attorney argument or new evidence in claim charts would be difficult to enforce without inordinate expenditure of Board resources. The Office has made modifications to the proposed rules regarding page limits. In addition, the Office has made modifications to the proposed rules regarding the line spacing of claim charts to permit single spacing rather than double spacing and has eliminated the requirement for a statement of material facts.

Comment 88: Several comments suggested that a word count should be used in place of a page limit.

Response: The comment is not adopted. A word count is more difficult and complex to administer than a page limit.

Comment 89: One comment suggested that a substantial fee should be charged for submissions exceeding the page limit in order to encourage brevity without adopting a prescriptive rule.

Response: The comment is not adopted. Because the fee amounts for exceeding page limits in post-institution submissions cannot be known at the filing of the petition, the proposed fee is inconsistent with the requirement of 35 USC 312(a)(1) and 322(a)(1) that the fee be provided with the petition by the petitioner. It is noted that § 42.24(a)(2) provides that the petitioner may seek waiver of the petition page limits in appropriate circumstances.

Comment 90: Several comments suggested modification be made to the page limit waiver process. Some comments suggested that, because petitioner may lose the right to file a petition due to the passing of a statutory deadline if a motion to waive page limits is denied, the Office should implement a rule allowing the filing of a page limit compliant petition within a designated period of time after a motion to waive page limits is denied. One comment suggested that exceptions to the page limits should be allowed when numerous claims need to be addressed. One comment stated that there is no meaningful opportunity to seek a waiver of page limits in advance of the petition filing. One comment suggested that ''the interests of justice'' standard for page limit waivers should be lowered to ''good cause,'' and also suggested that ''good cause'' should be presumed to exist when there is a payment of a fee for the review of extra claims.

Response: Section 42.24(a)(2) provides that petitions to institute a trial must comply with the stated page limits but may be accompanied by a motion that seeks to waive the page limits. The petitioner must show how a waiver of the page limits is in the interests of justice. A copy of the desired non-page limited petition must accompany the motion to waive the page limits. Generally, the Board would decide the motion to waive page limits prior to deciding whether to institute the trial. The Office understands the concerns expressed, however, because both the page-limited petition and non-page limited petition must accompany the motion to waive page limits, there is no need for a rule regarding the filing date of later-filed page limit compliant petitions. Section 42.24(a)(2) provides that any other motion to waive page limits must be granted in advance of filing the motion, opposition, or reply for which the waiver is sought. Each motion to waive page limits will be decided on the particular facts presented on a case-by-case basis. However, exceptions to the page limits are not anticipated to be granted commonly. Lowering the standard from ''the interests of justice'' to ''good cause'' likely would result in a large increase in the number of page limit waivers granted, with corresponding adverse impact on the ability of the Board to complete the proceeding effectively and timely.

Comment 91: Several comments suggested that the page limits should be based on the complexity of the proceeding. Several comments suggested that the page limits should be based, in whole or in part, on the number of claims challenged and consequently the fees paid. Several comments suggested that the page limits be based, in whole or in part, on the number of grounds raised or number of proposed rejections in a petition. One comment suggested that, to the extent that determining the number of grounds raised can be subjective, a rule adopting such an approach should include clear examples of what constitutes a separate ground of unpatentability. One comment suggested that the Office require a table of contents identifying each separate ground of unpatentability with corresponding headings in the body of the petition. One comment suggested the Office encourage practitioners to present different grounds of unpatentability in the order in which they most easily satisfy the threshold.

Response: These comments are not adopted. Providing for additional pages merely because additional claims are added to a petition where the pages are used on the primary target claims would reduce the page limit rule effect in many proceedings and reduce the ability of the Office to conclude proceedings timely. Where a petitioner can demonstrate how a waiver of the page limit is in the interests of justice, a motion to waive the page limit should be considered. Alternatively, the filing of multiple petitions directed to subsets of related claims should be considered.

In addition, determining how many grounds of unpatentability actually are asserted in a petition cannot always be done with certainty, while a fixed number of pages can be determined with certainty. Using an uncertain process to determine the page limit for filing a petition for review or other submission will be difficult to administer and likely will increase costs and uncertainty for the petitioner, patent owner and the Office.

However, the Office has made modifications to the proposed rules regarding page limits. In addition, the

Office has made modifications to the proposed rules regarding the line spacing of claim charts to permit single spacing rather than double spacing and has eliminated the requirement for a statement of material facts.

Comment 92: Several comments noted that district court litigation is not analogous to a trial under the AIA. One comment suggested that interferences are not analogous to trials under the AIA. Some comments noted that in Federal courts issues are often broken across multiple briefs and negotiations. Some comments noted that Federal courts often do not impose limits on claim charts. Another comment noted that petitions under the AIA seem more analogous to complaints, for which page limits are rarely, if ever, applied by Federal courts.

Response: The Office recognizes that differences exist between trials under the AIA and Federal District Court litigation, as well as interferences. Among other things, Congress intended that trials under the AIA proceed more rapidly and at lower cost than Federal District Court litigation. However, the Office believes that the use of page limits in Federal courts and in contested cases is instructive when looking to trials under the AIA. The Office does not intend a one-to-one correspondence with either Federal District Court litigation practice or contested cases practice. However, page limits have assisted tribunals in effectively managing proceedings without being unduly restrictive of the parties.

Comment 93: A comment asked whether pages in an affidavit filed with a petition, motion, opposition, or reply would be counted toward the applicable page limit and whether the Office would place page limits on supporting affidavits.

Response: Section 42.24(a) provides that the page limits for petitions and motions do not include an appendix of exhibits. Section 42.24(b) provides that the page limits for oppositions are the same as those for corresponding petitions or motions. Section 42.24(c) provides that the page limits for replies do not include an appendix of exhibits. Accordingly, an affidavit filed in an appendix of exhibits to a petition, motion, opposition, or reply would not be counted toward the applicable page limits.

Default Filing Times (§ 42.25)

Comment 94: One comment recommended that the patent owner should be permitted to extend the time for response on a very low showing of good cause because the petitioner would have ample time to build its case. However, a few comments noted that the example in the Practice Guide for Proposed Trial Rules provides a nine-month time frame for the patent owner to prepare its response with a four-month time period to take discovery, whereas the petitioner has only two months to reply to the patent owner's response that may include amended claims, secondary considerations of nonobviousness, and other evidence. One comment requested a longer time period for a party who is located outside the United States. In addition, one comment suggested that the Scheduling Order be issued after the initial conference, where the administrative patent judge has reviewed and made a determination on what motions will be authorized, and the parties would work out an acceptable schedule. One comment suggested that the reviews should be structured to minimize the number of miscellaneous motions.

Response: At the time of institution, the Board will enter a Scheduling Order that sets due dates for the proceeding. About one month from the date of institution, an initial conference call will be held to discuss the motions that the parties intend to file and to determine whether any adjustment to the Scheduling Order is needed. The Scheduling Order may be adjusted depending on the particular facts of each case, such as whether the patent owner will be filing a motion to amend or any secondary considerations of nonobviousness, and whether the petitioner would need additional time for taking discovery or filing a reply. The Board will conduct the proceeding in a streamlined manner taking into account the complexity of the proceeding and ensuring that the trial is completed within one year of institution, including minimizing any unnecessary miscellaneous motions.

Comment 95: One comment suggested that the oral hearing should not be scheduled sooner than 45 days from the last reply to provide the parties sufficient time to prepare.

Response: When a party requests an oral hearing, the party may recommend a date for the oral hearing. The Board will take into consideration the party's availability and whether sufficient time is provided.

Comment 96: One comment suggested that the Office should not take the full three-month time period to determine whether to institute a review.

Response: The Office will attempt to decide petitions to institute a review as quickly as practical before the expiration of the three-month statutory period.

Discovery (§ 42.51)

Comment 97: Several comments expressed concern that the proposed rules for discovery do not provide sufficient default limits on the scope and procedures for discovery. Further, several comments expressed concern that the scope of discovery and procedures would be decided on a case-by-case basis by the Board and that the Office should eliminate the need for discovery motions where the parties agreed to the additional discovery.

Response: The comments are adopted in part. The Office's rules provide for routine discovery and additional discovery. Routine discovery is designed to place the parties on a level playing field and to streamline the process. Additional discovery is that discovery that goes beyond the routine and, unless the parties agree to the additional discovery, would require a joint conference call with the Board to discuss a party's request for the additional discovery.

The Office adopts the suggestions to provide further detail on routine and additional discovery, including providing default time limits on the duration of depositions, providing for mandatory initial disclosures and eliminating discovery requests where the parties are in agreement. Discovery issues, however, will be decided on a case-by-case basis where there is a disagreement amongst the parties.

The AIA requires the Director of the USPTO to consider the effect of the regulations on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability to complete *inter partes* and post-grant review timely in promulgating regulations. Moreover, 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5) limit the authority of the Director to authorize discovery. In particular, 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5) limit the authority of the Director to promulgate regulations authorizing discovery. 35 U.S.C. 316(a)(5), as amended, states that discovery shall be limited to depositions of witnesses submitting affidavits and declarations and what is otherwise necessary in the interests of justice. 35 U.S.C. 326(a)(5) similarly limits the Director's authority to provide for discovery only if it is limited to evidence directly related to factual assertions advanced by either party. The legislative history for these provisions provides that additional discovery be restricted to particular limited situations justified by the special circumstances of the case. The legislative history further states that it

was anticipated that the Office would be conservative in its grants of discovery due to the time deadline constraints on the proceedings. 154 CONGRESSIONAL RECORD S9988–9, (daily ed. Sept. 27, 2008) (statement of Sen. Kyl); see also 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (incorporating prior 2008 statement). Consistent with the statutory provisions and the legislative history, the Office's rules provide that additional discovery will be ascertained on a case-by-case basis taking into account the special circumstances of the proceeding.

Comment 98: Several comments expressed support for the limited discovery provided for in the proposed rules to avoid the time-consuming and costly discovery battles that are typical of district court litigation. Other comments suggested that discovery was too limited and that a limited number of automatic discovery mechanisms should be put forth in the rules.

Response: The comments are adopted in part. The Office has considered the comments favoring additional automatic discovery against those cautioning against the increased costs and delays associated with broader discovery. 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5) require the Office to promulgate standards and procedures for the limited discovery of relevant evidence. 35 U.S.C. 316(a)(6), as amended, and 35 U.S.C. 326(a)(6) require sanctions will be provided for abuse of discovery, which cautions against overly broad discovery. Further, the legislative history states that the Office is anticipated to be conservative in its grants of discovery due to time constraints on the proceedings. On balance, the Office believes that the rules provide the proper standards for discovery where the parties fail to agree amongst themselves as to additional discovery but the Office acknowledges the benefits to providing additional discovery where the parties are in agreement. Accordingly, although the Office does not adopt a specific number of automatic interrogatories, production requests and depositions due to concerns over imposing costs and potential delays upon a party desiring a quicker, lower cost alternative to district court litigation, the Office has rewritten the rules to provide for mandatory initial disclosures and additional discovery where the parties agree to such discovery. Further, additional discovery will be available even in the event that the parties do not agree to the scope of the additional discovery, but such requests will be handled on a case-by-case basis taking into account the specific facts presented.

Comment 99: One comment suggested that the Office promulgate a rule that parties may use conference calls with the Board to resolve disputes regarding their discovery obligations in a timely way.

Response: The comment is adopted in part. A party seeking relief other than by petition is to request relief via a ''motion,'' which can be as simple as arranging a conference call with the Board. § 42.20. The Board envisions handling joint conference calls in an expeditious manner, especially for discovery disputes where the parties need resolution in order to continue development of their respective cases. In particular, the Board expects to resolve many issues via conference calls so as to ensure the timely resolution of the proceeding in a cost-effective manner.

Comment 100: One comment asked for clarification that the Board will uphold all recognized privileges and immunities against disclosure of otherwise discoverable information.

Response: The comment is adopted, although no change to the rule is required. The Board intends to recognize privileges and immunities normally available under the Federal Rules of Evidence. *See* § 42.62.

Comment 101: Several comments requested that patent owners be assured of at least three months of discovery once review is instituted.

Response: The comments are adopted. The rules of practice for *inter partes* review and post-grant review have been modified to provide patent owners with a default time of three months after institution to file a patent owner response. §§ 42.120(b) and 42.220(b). The Office envisions patent owners taking discovery during the three months after institution so that they may prepare and file their patent owner response.

Comment 102: Several comments requested that discovery commence immediately upon institution of the proceedings.

Response: The comments are adopted in part. The Office envisions that a Scheduling Order will be entered concurrent with a decision to institute a proceeding. The Scheduling Order will set due dates for the proceeding taking into account the complexity of the proceeding, but ensuring that the trial is completed within one year of institution. The Office envisions that the Scheduling Order will authorize the patent owner to begin taking routine discovery immediately of the petitioner's witnesses submitting affidavits or declarations. The Office, however, does not incorporate a specific time for the commencement of discovery as there may be certain cases where discovery would be taken prior to commencement, *e.g.,* additional discovery may be authorized prior to institution, where patent owner raises sufficient concerns regarding the petitioner's certification of standing.

Comment 103: Several comments were directed to the sequencing of discovery as between the petitioner and the patent owner. Certain comments spoke favorably of sequencing, whereas another comment opposed sequencing expressing the view that sequencing would unnecessarily complicate proceedings by requiring the Board to police multiple discovery deadlines.

Response: The comments favoring sequencing are adopted in part. The Office Patent Trial Practice Guide contains a proposed Scheduling Order that utilizes sequenced discovery whereby parties can conduct meaningful discovery before they are required to submit their respective motions and oppositions. In choosing to provide sequenced discovery in the proposed Scheduling Order, the Office took into account public commentary identifying the benefits associated with such a procedure. In particular, sequenced discovery allows for convergence of the issues as the trial progresses, and therefore, reduces the burdens on the parties and the Board. Rather than including this in the rules, however, the Office has elected to provide for sequencing in the Scheduling Order so that the parties may, where appropriate, agree to another schedule for discovery.

Comment 104: Several comments suggested that certain information appearing in the Practice Guide for Proposed Trial Rules be incorporated into the rules. Examples of this are the use of conference calls and the concept of sequenced discovery.

Response: The Office Patent Trial Practice Guide is intended to advise the public on the general framework of the regulations. The guide will be updated to reflect the final rules. Providing general guidance in a practice guide, as opposed to the rules themselves, allows for flexibility for efficient case management and is consistent with the considerations identified in 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) that the rules take into account the efficient operation of the Office and the ability to complete the proceedings in a timely manner. The Office expects that the Board will make liberal use of joint conference calls coupled with expeditious decision making on procedural issues to ensure the timely completion of the proceedings.

Comment 105: A comment asked for clarification whether § 1.56 applied during a proceeding.

Response: Proceedings, not being applications for patents, are not subject to § 1.56.

Comment 106: Several comments addressed the interplay between the Office's discovery rules and the statutory estoppel for the proceedings. One comment asked for guidance in the rules as to how such provisions would apply where a party was unable to discover evidence or bring a claim because discovery was limited by the Board or the applicable rules.

Response: 35 U.S.C. 315(e)(1), as amended, and 35 U.S.C. 325(e)(1) provide for petitioner estoppel on issues raised or those that reasonably could have been raised during the proceeding. Where an issue reasonably could not have been raised during a proceeding, no estoppel would occur.

Comment 107: One comment stated that live testimony on inequitable conduct is not to be considered in a trial.

Response: This comment is adopted in part. Inequitable conduct is not a basis for seeking the institution of a trial before the Board. However, 35 U.S.C. 316(a)(6), as amended, and 35 U.S.C. 326(a)(6) provide that the Office may determine and is allowed to prescribe sanctions for misconduct, such as abuse of process, or any other improper use of the proceeding, such as to harass or cause unnecessary delay or an unnecessary increase in the cost of the proceeding.

Comment 108: Several comments requested that the Office provide for the presentation of rebuttal evidence at the oral hearing and provide guidance with respect to the interplay between the rebuttal evidence and hearing under the Administrative Procedures Act.

Response: Generally, rebuttal evidence will be submitted prior to the hearing such that an opponent will have sufficient time to identify and brief admissibility challenges to the rebuttal evidence. As such, hearings typically will reflect an oral argument explaining arguments already made and supported in the existing record. Occasionally, where requested, the Board may order live witness testimony before an administrative patent judge, when it is necessary to resolve discovery disputes or where witness demeanor is particularly important, but it is envisioned that such live testimony will occur prior to the hearing, rather than during the hearing. In an appropriate case, however, where an appropriate showing has been made, live testimony would be taken at a hearing before the Board.

Comment 109: Several comments recommended setting discovery limits by way of rule or in a Standing Order.

Response: The comments are adopted in part. The Office has modified several discovery rules to provide additional default limits on discovery. Further, the Office envisions providing guidance on discovery in the Office's Scheduling Order, which would accompany a decision to institute a proceeding.

Comment 110: Several comments expressed concern that the mechanism for obtaining additional discovery was too cumbersome, requiring authorization from the Board.

Response: The comments are adopted in part. The Office has modified the proposed rule. Section 42.51, as adopted in this final rule, permits parties to agree to certain mandatory initial disclosures, from which the parties would then automatically take discovery of the information identified in the initial disclosures. Additionally, § 42.51, as adopted, allows parties to agree to additional discovery between themselves at any time. By allowing the parties to agree to certain mandatory initial disclosures and additional discovery, the final rule seeks to streamline the discovery process and reduces the need for Board involvement on issues where the parties are in agreement.

Comment 111: Several comments suggested that certain discovery procedures under the Federal Rules of Civil Procedure should be available in the new procedures. In particular, several comments specifically identified Rule 30(b)(6) of the Federal Rules of Civil Procedure.

Response: The comments are adopted in part. Additional discover under § 42.51 which is consistent with 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5), is limited. As discussed previously, § 42.51, as adopted in this final rule, allows parties to agree to mandatory initial disclosures and additional discovery, thereby allowing the parties flexibility in their approach to discovery.

Comment 112: Several comments urged the adoption of mandatory initial disclosures, and automatic discovery mechanisms without having to receive authorization from the Board. Other comments however, urged the Office to avoid the use of automatic disclosures as it would complicate the Office's ability to complete the proceedings within one year.

Response: The comments are adopted in part. Additional disclosure under § 42.51 which is consistent with 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5), is limited. Accordingly, providing for mandatory initial disclosures in all cases, including those where the parties do not consent to such disclosures, is not consistent with the statute, or with legislative intent in enacting the AIA as a less expensive and more efficient alternative to infringement litigation in Federal court. In any event, § 42.51, as adopted in this final rule, provides a new provision in paragraph (a), which permits mandatory initial disclosures by agreement of the parties. Furthermore, under the revised rule, the parties may agree to additional discovery at any time. Additionally, where only one party seeks mandatory initial disclosure, the party may file a motion requesting such initial disclosures upon a showing that such disclosures are in the interests of justice for *inter partes* review and for good cause in post-grant review. *See* 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5).

Comment 113: Several comments expressed concern that in cases involving public use and on-sale issues or objective evidence of non-obviousness, it might be appropriate to require initial disclosures of all relevant documents and all persons with knowledge of the facts and other special discovery procedures.

Response: The comment is adopted in part. The final rule provides a new provision in § 42.51(a), which permits mandatory initial disclosures by agreement of the parties. Section 42.51(a), as adopted in this final rule, further provides that where the parties fail to agree to mandatory initial disclosures, a party may seek such disclosures by motion. The party would first arrange for a conference call with the Board to have the issue resolved in an expeditious manner. A party seeking such initial disclosures would be required to identify the sought-after discovery and explain the need for the disclosures, *e.g.,* why the disclosures were necessary in the interests of justice or good cause, as appropriate, and the party opposing the request would be provided an opportunity to respond. When determining whether to grant such a motion, the Office will take into account the nature of the specific disclosures requested (*e.g.,* public use, on sale, and objective evidence of non-obviousness), as well as the party's access to the information sought (*e.g.,* public versus non-public information). While the Office declines to adopt a *per se* rule regarding disclosures of specific categories of information, as fact patterns will vary from case-to-case, the Office does require the disclosure of

information concerning inconsistent statements. Specifically, the Office requires the disclosure under § 42.51(b)(1)(iii) of non-privileged evidence that is inconsistent with a position advanced during the proceeding, such that relevant evidence is brought forward in a timely manner to ensure the orderly development of the issues and minimize the likelihood of later disputes.

Comment 114: One comment suggested rewriting proposed § 42.51(b) stating that section (b) is grammatically ambiguous as subsection (3) begins with a partial sentence whereas subsections (1) and (2) begin with complete sentences.

Response: The comment is adopted. Sections 42.51(b) (1) and (2), as adopted in this final rule, are internally consistent and begin with incomplete sentences, ''(1) Routine discovery'' and ''(2) Additional discovery.''

Comment 115: One comment states that Section 42.51(b)(1) should be clarified to allow exhibits cited by an affiant under cross-examination to be served within a period of time after the cross-examination.

Response: Section 42.51(b)(1), as adopted in this final rule, provides that unless previously served or otherwise by agreement of the parties, exhibits must be served with the citing paper or testimony.

Comment 116: One comment suggested that § 42.51(b)(1) should be deleted and replaced with a requirement that all exhibits be served.

Response: The provision in proposed § 41.51(b)(1) provides that exhibits cited in a paper or in testimony must be served with the citing paper or testimony unless previously served. The Office adopts the proposed provision without any modification in § 41.51(b)(1)(i) of the final rule, as the suggested modification by the comment would not require parties to serve concurrent with the citing paper or testimony.

Comment 117: One comment suggested that cross-examination of witnesses in proposed § 42.51(b) should not be identified as discovery.

Response: Under 35 U.S.C. 316(a)(5), as amended, the Office is required to promulgate standards and procedures for discovery including the deposition of witnesses submitting affidavits or declarations. Consistent with the statutory requirement, cross-examination of witnesses is considered discovery for purposes of the proceedings before the Board.

Comment 118: Several comments recommended discovery obligations, such as those provided in proposed § 42.51(b)(3) (which has been redesignated as § 42.51(b)(1)(iii) in this final rule), be targeted to the need to disclose information known to the propounding party that is inconsistent with, or which may tend to rebut positions being taken by that party. Several comments suggested specific language to help calibrate the proposed rule so as to avoid overbreadth. Additionally, other comments suggested eliminating the proposed rule as counterproductive to the efficiency of the proceeding.

Response: The Office appreciates the thoughtful comments and has carefully considered those comments that suggested that the rule should be eliminated as well as those that suggested that the rule should be modified to better target its scope. To ensure the orderly development of the issues, and further the efficient resolution of the proceeding, § 42.51(b)(1)(iii), as adopted in the final rule, requires a party to provide relevant information that is inconsistent with a position advanced by the party during the proceeding. The Office, however, understands the concerns expressed in the comments regarding the broad scope of the requirement in the proposed rule. Accordingly, § 42.51(b)(1)(iii), as adopted, limits the scope by: (1) Excluding anything otherwise protected by legally recognized privileges, (2) eliminating the use of the word ''noncumulative,'' (3) eliminating the requirement that a party specify the relevance of the information, and (4) limiting the rule to only inventors, corporate officers, and persons involved in the preparation of filing of documents in a proceeding.

The following situations exemplify instances where disclosures are to be made. Example 1: Where a petitioner relies upon an expert affidavit alleging that a method described in a patent cannot be carried out, the petitioner would be required to provide any non-privileged work undertaken by, or on behalf of, the petitioner that is inconsistent with the contentions in the expert's affidavit. Example 2: where a patent owner relies upon surprising and unexpected results to rebut an allegation of obviousness, the patent owner should provide the petitioner with non-privileged evidence that is inconsistent with the contention of unexpected properties.

Comment 119: Several comments expressed a concern that a party under proposed § 42.51(b)(3) (redesignated as § 42.51(b)(1)(iii)) would have an affirmative duty to characterize the information disclosed.

Response: The Office understands the concern. Therefore, § 42.51(b)(1)(iii), as adopted in this final rule, does not contain the proposed requirement that the party specifies the relevance of the information.

Comment 120: Several comments expressed concern that proposed § 42.51(b)(3) (redesignated as § 42.51(b)(1)(iii)) regarding routine discovery of information on inconsistent statements did not require disclosure until after a proceeding had been instituted.

Response: The comments have been adopted. Section 42.51(b)(1)(iii), as adopted in this final rule, provides that relevant information under the rule is to be served concurrent with the document or thing that contains the inconsistency.

Comment 121: Several comments indicated that proposed § 42.51(b)(3) (redesignated as § 42.51(b)(1)(iii)) may discourage the use of the review proceedings and that disputes might arise as to whether information was cumulative or inconsistent.

Response: The comments have been adopted in part. Section 42.51(b)(1)(iii), as adopted in this final rule, limits the scope and the individuals subject to the requirement. For example, the term ''cumulative'' has been removed from the proposed rule. The Office, however, did not adopt the suggestion to remove the term ''inconsistent statement'' from the rule. The term ''inconsistent statement'' is one that is well recognized in the field, as it appears in the Federal Rules of Evidence, which will have general applicability to the proceedings (*see* § 42.62). For example, FRE 613 and 806 permit courts to admit evidence of a ''declarant's inconsistent statement or conduct.''

Comment 122: Several comments suggested that the petitioner should be required to make disclosures of all evidence of which it is aware that may bear on the resolution of the issues raised in the petition. In contrast, other comments suggested that the Office should not require any duty to disclose information beyond § 1.56, while others suggested that the Office should limit the information to only that which is material under *Therasense.* Additionally, other comments suggested that the information sought could be obtained by employing a more liberal standard for routine additional discovery.

Response: The Office appreciates the varying points of view on what, if any, information the Office should require a party to disclose. Consistent with 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b), the Office seeks to ensure that the information sought is suitably

targeted to ensure the orderly development of the issues, and further the efficient resolution of the proceeding. The information sought by the final rule typically is sought through discovery, which risks significant delay to the proceeding and increased burdens on both parties. To avoid these issues, and to reduce costs and ensure the integrity and timeliness of the proceeding, the production of the targeted information is made routine. § 42.51(b)(1)(iii).

In promulgating the rule, the Office has considered the various standards proposed in the comments, *e.g.,* § 1.56, *Therasense,* all information relating to secondary considerations, etc. The Federal Rules of Evidence (FRE) provide for the treatment of inconsistent statements, *e.g.,* FRE 613 and FRE 806. The Office has generally adopted the FRE as applying to the proceedings before the Board. The Office elects to employ the ''inconsistent statement'' standard for the routine discovery of information, as such terminology is already employed in the Office's rules of evidence.

Comment 123: One comment requested clarification as to how proposed § 42.51(b)(3) (redesignated as § 42.51(b)(1)(iii)) would be policed during the proceeding.

Response: Section 42.51(b)(1)(iii) is a discovery provision. 35 U.S.C. 316(a)(6), as amended, and 35 U.S.C. 326(a)(6) require that the Office promulgate rules that prescribe sanctions for abuse of discovery. Section 42.12(a)(5) provides that the Board may impose sanctions against a party for abuse of discovery.

Comment 124: One comment stated that the relevant statutes, 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5) do not permit discovery of information that typically leads to the production of relevant evidence.

Response: Section 42.51(b)(1)(iii), as adopted in this final rule, limits the information that must be served to relevant information that is inconsistent with a position advanced by the party during the proceeding.

As to the statutory basis, 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5) provide that the Office is to set forth the standards and procedures for discovery of relevant evidence. Further, 35 U.S.C. 316(a)(5), as amended, does limit additional discovery to that which is necessary in the interests of justice, but the Office believes that it is necessary in the interests of justice that a party provide its opponent with information inconsistent with a position the party has taken. For example, absent § 42.51(b)(1)(iii), a petitioner could allege that the claims are unpatentable based upon an intervening prior art where 35 U.S.C. 120 benefit is allegedly lacking due to an enablement problem based on selected petitioner test data showing a lack of enablement. While a patent owner could obtain evidence of a petitioner's contrary test data through additional discovery once the trial is instituted, the Office believes that the better course of action is to have the petitioner provide any inconsistent test data earlier in the process, such that the patent owner could potentially address the inconsistency in its preliminary patent owner response.

Additionally, even if 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5) did not permit the Office to set a standard for discovery of inconsistent information, 35 U.S.C. 316(a)(4), as amended, and 35 U.S.C. 326(a)(4) provide that the Office is to prescribe regulations establishing and governing the proceedings. Further, 35 U.S.C. 316(a)(6), as amended, and 35 U.S.C. 326(a)(6) require the Office to prescribe sanctions for abuse of process, including causing unnecessary delay or an unnecessary increase in the cost of the proceeding.

Comment 125: One comment requested clarification as to whether proposed § 42.51(b)(3) (redesignated as § 42.51(b)(1)(iii)) would extend to information that is not otherwise admissible, such as test data published in a U.S. patent.

Response: Section 42.51(b)(1)(iii), as adopted in this final rule, specifies the relevant information is to be served, but not filed. The admissibility of the information served would not be an issue in the proceeding unless, and until, a party seeks to rely upon the information served.

Comment 126: One comment suggested modifying the language in proposed § 42.51(b)(3) (redesignated as § 42.51(b)(1)(iii)) to state that the information be ''directly related to a position advanced.''

Response: The comment has been adopted in part. Section 42.51(b)(1)(iii), as adopted in this final rule, limits the scope of the requirement to relevant information that is inconsistent with a position advanced by the party during the proceeding.

Comment 127: One comment suggested that proposed § 42.51(b)(3) (redesignated as § 42.51(b)(1)(iii)) would cause parties to submit far more information than the Board would find useful and could be used to circumvent page limits. Another comment suggested that the information be served on the opposing party and have the receiving party determine whether the document should be relied upon in the proceeding.

Response: The Office agrees with the insights provided in the comments. Section 42.51(b)(1)(iii), as adopted in this final rule, provides that the information is to be served, as opposed to filed.

Comment 128: One comment suggested that proposed § 42.51(b)(3) (redesignated as § 42.51(b)(1)(iii)) would require information not reasonably calculated to lead to relevant information. Examples include, arguing in the alternative, having a change in strategy due to information received during the proceeding or taking action inconsistent with the prosecution history.

Response: Section 42.51(b)(1)(iii), as adopted, does not preclude a party from arguing in the alternative or changing strategy based upon new information received, but requires that a prior inconsistent statement be served on the opponent. It is suggested, however, that a party seeking to change its strategy, or take action inconsistent with its prior statements, provide the Office with an explanation for the change in position, as the fact that a party's position has changed may be relevant to a disposition of the issues.

Comment 129: Several comments suggested that additional discovery standards, interests-of-justice and good cause, be made clearer. For example, one comment suggested that the language of the rule more closely track the explanations used in the comments accompanying the proposed rules.

Response: The interests-of-justice standard for additional discovery is required under 35 U.S.C. 316(a)(5), as amended. The good cause standard is a slightly lower standard than the interests-of-justice standard and was selected to reflect the increased need for discovery given the broader range of issues presented in post-grant reviews. The good cause standard commonly is used in the discovery context. For example, Federal Rules of Civil Procedure, Rule 26(b)(1), provides that for good cause, a court may order discovery of any matter relevant to the subject matter involved in the action. Accordingly, the Office chooses not to modify the language of the rule, as the interests-of-justice terminology is a statutory requirement and the good cause terminology represents a recognized civil procedure standard for discovery.

Comment 130: One comment suggested that additional discovery be permitted when it was needed to respond to a new issue raised by an opponent.

Response: The comment is adopted in part. The Board will evaluate whether additional discovery is needed on a case-by-case basis, which would include considering whether the additional discovery was necessary to respond to a new issue raised.

Comment 131: One comment suggested that proposed § 42.51 be revised to provide that the interests of justice include a showing that the evidence requested is not available to the movant after diligent inquiry, a showing as to why the evidence is necessary to establish a *prima facie* case for relief, and that there would be no undue burden to the non-moving party.

Response: The comment is adopted in part. The interests-of-justice standard is required by 35 U.S.C. 316(a)(5), as amended. The Board will evaluate whether additional discovery is necessary in the interests of justice on a case-by-case basis, which would include consideration of the factors identified in the comment.

Comment 132: Several comments sought further clarification of the ''interests-of-justice'' standard for obtaining additional discovery in *inter partes* review and derivation proceedings under proposed § 42.51(c) (redesignated as § 42.51(b)(2)) and the ''good cause'' standard applicable to post-grant review proceedings under § 42.224.

Response: The interests-of-justice and good cause standards were set by Congress. Good cause and interests-of-justice standards 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. In contrast, the interests-of-justice standard covers considerable ground, and in using such a standard, the Board expects to consider whether the additional discovery is necessary in light of the totality of the relevant circumstances.

Comment 133: One comment suggested that the phrase ''[e]xcept in post grant reviews'' in proposed § 42.51(c)(1) (redesignated as § 42.51(b)(2)) is unclear and provided a specific edit.

Response: The comment has been adopted in part. Section 42.51(b)(2)(i), as adopted, contains the specific language suggested in the comment, placed at the end of the sentence, as opposed to the beginning of the sentence.

Comment 134: One comment suggested that the Board should permit additional discovery on issues where one party had the luxury of time to develop fully its position while the other party has not. The comment also suggested that in evaluating discovery requests the Board take into account whether the patent owner is opposing a no-document prior art challenge.

Response: The comments are adopted. The final rule provides that additional discovery, where the parties cannot agree, will be decided on a case-by-case basis taking into account the particular facts of the case. A party may bring the facts identified in the comment to the Board's attention in requesting the additional discovery, as facts that weigh in favor of granting a particular request.

Comment 135: One comment suggested rewording proposed § 42.51(c)(2) (redesignated as § 42.51(b)(2)(ii)) to allow production of documents and things referred to during cross-examination.

Response: Section 42.51(b)(2)(ii), as adopted in this final rule, allows a party taking cross-examination to obtain production of documents and things of an opponent's witness, or during authorized compelled testimony, should the witness have the document or thing at the cross-examination. The production of documents and things referred to during cross-examination is considered additional discovery that a party may request, with the requests handled on a case-by-case basis, taking into account the various factors, including whether a specific document was identified, or a broad category of documents was referred to during cross-examination.

Comment 136: One comment requested clarification as to whether the discovery in proposed § 42.51(c)(2) (redesignated as § 42.51(b)(2)(ii)) was additional discovery subject to the interests-of-justice or good cause standards.

Response: Section 42.51(b)(2)(ii) provides for additional discovery, as it is discovery that is in addition to the routine discovery that a party would normally be able to obtain. Additional discovery is subject to the interests-of-justice and good cause standards. Yet, where a party's witness has a non-privileged document or thing and has referred to it during their testimony, the interests-of-justice and good cause standards would generally weigh in favor of producing the document or thing to the opponent taking the cross-examination.

Compelling Testimony and Production (§ 42.52)

Comment 137: Several comments were directed to discovery of witnesses and documents in foreign countries. Some comments urged that foreign witnesses and documents be required to be made available in the United States, whereas others comments suggested that the Office should refrain from specifying a site. Others commented that because the AIA extends the scope of prior art to activities in foreign countries, the additional requirements for compelling foreign testimony or document production, as well as any restrictions on the time or location of taking testimony outside the United States, should be removed.

Response: The comments are adopted to the extent that they are directed to requiring foreign witnesses to appear and foreign documents to be produced in the United States, except where the parties agree otherwise. Specifically, § 42.53(b)(3), as adopted, provides that uncompelled deposition testimony outside the United States may be taken by joint agreement of the parties or as the Board specifically directs. The new provision in § 42.51(c) provides that all document production will be in the United States, unless otherwise ordered by the Board.

Foreign discovery is costly and increases the complexity of proceedings for the parties as well as the Board. Therefore, notwithstanding the fact that foreign discovery may, in certain cases, be necessary to develop prior art or other issues in the proceeding, it should not be routine. Accordingly, the requirement in § 42.52 that there be a greater showing to compel the production of foreign witnesses and documents is considered appropriate.

Comment 138: One comment requested that the Office confirm that where a motion contains the necessary information and the request for discovery otherwise satisfies the relevant discovery requirements under proposed § 42.51 and, if applicable, proposed § 42.224, the motion will be granted.

Response: The Office envisions that a timely request filed under § 42.52 containing the necessary information and meeting the requirements for additional discovery will be granted.

Comment 139: One comment sought clarification that the procedures to compel discovery apply only to discovery from parties to the trial or

party-controlled witnesses or documents.

Response: The procedures of § 42.52 apply to non-parties. *See* 35 U.S.C. 23–24 (authorizing compelled testimony in contested cases in the USPTO).

Comment 140: Several comments suggested that foreign witnesses and documents not made available in the United States be inadmissible.

Response: The comment is adopted in part. Foreign discovery, although important in some cases, may be costly and burdensome, but an exception is appropriate for those cases where the parties agree to uncompelled testimony. As to foreign witnesses that are presumably under the control of a party (*e.g.,* employees, consultants, and experts), it is reasonable to require that party to produce them in the United States for cross-examination. As for third-party witnesses whose testimony is proffered by a party, the proffering party should be expected to make every effort to produce the witness in the United States, or at least be willing to bear the expenses of conducting a foreign deposition. While the failure to make documents and witnesses available in the United States is a factor in determining whether or not to exclude the evidence, no such *per se* rule of inadmissibility is adopted.

Taking Testimony (§ 42.53)

Comment 141: Several comments suggested that the Office set a default location for testimony in the United States, whereas others urged the Office to refrain from specifying a site.

Response: The final rule does not set a default location for testimony other than to provide the default that testimony is to occur within the United States. The Office weighed the benefits of selecting a specific default location, but determined that such a selection could potentially benefit a particular region of the country to the detriment of others.

Comment 142: Several comments favored setting time limits on deposition testimony in the rules.

Response: The comments are adopted. In general, in situations where direct testimony of a witness is being taken by deposition, the Office believes based on the public's input and the Board's experience in other proceedings that seven hours is a reasonable default time limit for the completion of the direct testimony, with four hours for cross-examination and two for redirect. § 42.53(c). Where direct testimony is submitted by affidavit, a seven-hour default limit on cross-examination and four hours for redirect would normally be appropriate, with an additional two hours for re-cross if necessary. *Id.*

Comment 143: Several comments suggested that the parties should be able to take and submit video-recorded testimony without prior authorization of the Board.

Response: The comment is adopted in part. Section 42.53(a), as adopted, allows testimony to be video-recorded where the parties agree to such. The submission of the video-recorded testimony, however, remains subject to Board approval, as the submission of potentially long, unedited video evidence in Office proceedings would be contrary to the considerations identified in 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) including the efficient operation of the Office and the timely completion of the proceedings.

Comment 144: One comment requested that proposed § 42.53 provide for the submission of errata sheets and provide guidance on what is and is not acceptable in an errata sheet.

Response: The Board's experience with errata sheets is that parties tend to disagree on what is and is not considered an errata sheet. For example, there have been instances where a party has attempted to change a deponent's answer from ''yes'' to ''no'' over the objection of the opponent. Accordingly, the final rules do not provide for the submission of errata sheets, however, where a party believes that the submission of an errata sheet is necessary to the proceeding, the party may arrange for a conference call with the Board to discuss the matter.

Comment 145: Several comments suggested that proposed § 42.53(c)(5) (redesignated as § 42.53(d)(5)) should allow a party seeking to take testimony outside of the scope of direct for third party witnesses to provide a counter notice.

Response: The comment is adopted. Section 42.53(d)(5), as adopted, provides a new provision that allows additional parties to a deposition to provide a counter notice.

Comment 146: One comment suggested that proposed §§ 42.53(c)(3)–(5) be replaced by provisions similar to Rule 30 of the Federal Rules of Civil Procedure.

Response: In promulgating the rules, the Office has considered the Federal Rules of Civil Procedure, which pertain to Federal courts. Rule 30 of the Federal Rules of Civil Procedure governs depositions by oral examination and identifies, among other things, when a deposition may be taken without leave. Further, 35 U.S.C. 316(a)(5), as amended, and 35 U.S.C. 326(a)(5) provide for discovery before the Office and differ from that of Federal courts. For example, 35 U.S.C. 316(a)(5), as amended, provides that depositions, other than for those of affiants and declarants, must be necessary in the interests of justice. Additionally, unlike district courts, direct testimony before the Office is typically in the form of an affidavit or declaration. The Office chooses not to adopt the Federal Rules of Civil Procedure on discovery given the different standards for discovery between the Office and Federal courts, and the goal of providing a quicker, less costly alternative to Federal District Court litigation. The Office has, however, considered the Federal Rules of Civil Procedure and adopted those portions that aid in streamlining and converging the issues for resolution.

Comment 147: One comment suggested that proposed §§ 42.53(c)(1) and (c)(3) (redesignated as §§ 42.53(d)(1) and (d)(3) in this final rule), when read together, leave the due date in § 42.53(c)(3) undefined. Another comment suggested that the party seeking the deposition should be required to serve a notice of the deposition at least ten business days before the deposition.

Response: Section 42.53(d)(4), as adopted in this final rule, provides that a party seeking a deposition must file a notice of deposition at least ten business days before a deposition.

Comment 148: One comment suggested that to avoid filing motions to exclude testimony upon which neither party will rely, the time for filing motions to exclude should generally be set after the parties' substantive papers have been filed with the Board.

Response: The Office agrees that the time to file a motion to exclude should be set after the substantive papers have been filed.

Comment 149: One comment requests clarification as to the meaning of the phrase ''supplemental evidence relating to the direct testimony'' in proposed § 42.53(c)(2) (redesignated as § 42.53(d)(2) in this final rule).

Response: The term supplemental evidence refers to additional proofs relating to the direct testimony.

Comment 150: One comment requests clarification as to whether exhibits are to be served along with the list of exhibits in proposed § 42.53(c)(5)(i)(C).

Response: Section 42.53(d)(3)(i) (previously proposed § 42.53(c)(3)(i)) requires that a list and copy of each document be served.

Comment 151: One comment requests clarification as to whether the conference identified in proposed § 42.53(d) (redesignated as § 42.53(e) in

this final rule) must be initiated at least five business days before the deposition or whether the conference call must merely occur at least five business days before the deposition.

Response: Section 42.53(e) requires that the request for the conference call must be made at least five business days before the deposition.

Comment 152: One comment suggested that proposed § 42.53(e)(7) be modified such that the parties are not required to pay for transcripts if they do not want them.

Response: Section 42.53(f)(7) (previously proposed § 42.53(e)(7)) provides that a copy of the transcript will be made available to all parties. Section 42.53(g) (previously proposed § 42.53(f)) provides that the proponent of the direct testimony will bear the costs associated with the testimony, such as the costs associated with providing a transcript. The rule is designed to provide a default that avoids issues that may arise where one party consistently refuses to pay for transcripts of its witnesses.

Comment 153: One comment suggested that proposed §§ 42.53(e)(4) and 42.53(e)(8) (redesignated as §§ 42.53(f)(4) and (f)(8) in this final rule) should be consolidated.

Response: Sections 42.53(f)(1) through (f)(8) provide a chronological order to the manner of taking deposition testimony beginning with (f)(1) and ending with (f)(8) and consolidation of the rules would be contrary to the chronology of the rules.

Comment 154: One comment seeks confirmation that proposed § 42.53(f) (redesignated as § 42.53(g)) does not include attorney fees.

Response: Section 42.53(g) requires that the proponent of the direct testimony pays the costs associated with the testimony for cross-examination but does not include attorney fees.

Comment 155: One comment suggested that the term ''interrogatories'' as used in proposed § 42.53(e)(2), now final § 42.53(f)(2), be replaced with the term ''questions.''

Response: The comment is adopted in part. To avoid any possible confusion, the term interrogatories is removed from the rule.

Comment 156: One comment suggested revising proposed § 42.53(e)(6)(v) (redesignated as § 42.53(f)(6)(v)) to state ''where the office recorded the deposition and day and hour at the location of the officer, when the deposition began and ended.''

Response: Section 42.53(f)(6)(v), as adopted, provides that the officer shall prepare a certificate identifying where the deposition was taken and the day and hour when the deposition began and ended. The location is the location of the witness.

Comment 157: One comment suggested that proposed § 42.53(e)(7) (redesignated as § 42.53(f)(7)) be rewritten to allow the parties to agree that copies of the transcript need not be provided to all parties.

Response: The comment is adopted. Section 42.53(f)(7), as adopted, adds ''Except where the parties agree otherwise.''

Comment 158: One comment requested that the Office make a ministerial change to point to the exhibit number provision of § 42.63(c) instead of proposed § 42.63(b), which concerns translations.

Response: The comment is adopted. Section 42.53(f)(3), previously proposed § 42.53(e)(3), now points to § 42.63(c).

Comment 159: One comment requested clarification as to how expert testimony was to be submitted into the record and if the expert's qualifications would be subject to challenge.

Response: Expert testimony will be submitted into the record in the form of an exhibit. Generally, where a party seeks to rely upon an expert, the direct testimony will be by declaration with cross-examination of the expert taken by an opponent. A party challenging an expert's qualifications may question the expert's qualifications during cross-examination and can raise the challenges in its oppositions and, where appropriate, in a motion to exclude evidence.

Comment 160: One comment requested clarification as to whether the Board would appoint neutral experts as under the Federal Rules of Evidence 706.

Response: The Office does not envision appointing neutral expert witnesses and notes that all Board members are required to have both competent legal knowledge and scientific ability. 35 U.S.C. 6.

Comment 161: Several comments expressed concern about who should bear the burden and expense of producing witnesses for direct or cross-examination. The comments related both to domestic and foreign witnesses.

Response: These comments generally are adopted. The Office recognizes that deposition testimony is relatively expensive. To minimize costs, the rules provide that uncompelled direct testimony is by affidavit. All other testimony (including cross-examination and redirect) is by deposition. The burden and expense of producing a witness for redirect or cross-examination should normally fall on the party presenting the witness. Thus, a party presenting a witness's testimony by affidavit should arrange to make the witness available for cross-examination. This would apply to witnesses employed by a party as well as experts and non-party witnesses. If there are associated expenses such as expert witness fees or travel, those should be borne by the party presenting the testimony. Should the witness's testimony be presented by deposition, the same rules would apply, and the witness fees and expenses should be borne by the producing party.

Protective Order (§ 42.54)

Comment 162: There were numerous comments on the proposed protective order guidelines and rules. Several comments were directed to the use of confidential information in other proceedings including other proceedings in the Office and in the district courts. Several comments also suggested that the rule should be modified to be more consistent with the Practice Guide for Proposed Trial Rules.

Response: In view of the comments, the Office has modified the proposed provision to clarify that a party including a patent owner may file confidential information by filing a motion to seal containing a proposed protective order, such as the default protective order set forth in the Office Patent Trial Practice Guide. Section 42.54, as adopted, is no longer limited to confidential information sought by discovery.

The comments seeking to permit the use of confidential information in other proceedings are not adopted. The Office expects that, unlike actions for patent infringement in Federal court, the great majority of evidence in these contested proceedings will be non-confidential. In proposing a default protective order, therefore, the Office attempted to strike the proper balance between protecting the discloser's confidential information in the relatively few number of cases, and the rights of others to use that information. Thus, the acknowledgment under the default protective order in the Office Patent Trial Practice Guide requires an undertaking that a person receiving confidential information in connection with a proceeding will use the information only in connection with that proceeding. Section (h) of the guidelines makes it clear, however, that counsel for a party who receives confidential information will not be restricted from representing that party in any other proceeding before the Office. However, confidential information received in a proceeding may not be used in any other USPTO proceeding in which the providing party

is *not* also a party. This is believed to be adequate protection of the discloser's rights. Should more or less disclosure be desired the available remedy is a motion to the Board to amend the standard protective order. To further protect confidentiality, once entered a protective order remains in effect unless and until modified by the Board.

Comment 163: Several comments suggested that a petitioner may gain an unfair advantage over a patent owner by unilaterally limiting a patent owner's ability to seek advice and counsel in preparing a patent owner's preliminary response by drafting an onerous protective order.

Response: Where the parties cannot agree to a protective order, a conference call with the Board may be arranged to guide the parties. Moreover, the default time period to provide a preliminary response has been revised to a three-month period in this notice, which should provide patent owners with sufficient time to seek modification of the order and prepare a response.

Comment 164: Several comments proposed additions to the default order, such as special provisions for software, provisions governing use of confidential information at depositions, ''claw back'' provisions for inadvertently produced privileged information, and additional categories of protection for highly confidential information.

Response: The Office appreciates the comments for additions to the protective order, but believes that they are more appropriate to district court patent infringement litigation. The Office does not expect these situations to arise frequently in these contested proceedings. But should the parties desire more or less protection than that provided by the default order, the parties are always free to stipulate to other protective order terms to the extent provided by law. The purpose of the default order is to encourage the parties to reach such agreements promptly, as lengthy disputes over complex protective order provisions are inconsistent with the legislative goal of providing a more efficient, less costly alternative.

Comment 165: One comment suggested that the signed acknowledgments under the default order be served on opposing counsel.

Response: While it might be useful to a party to know who has access to its confidential information, the usual practice is not to serve such acknowledgments except in the case of experts. The rationale is to protect the confidentiality of those working on the case.

Comment 166: One comment suggested that it was not clear that paragraph 2(A) of the proposed order applies to corporations.

Response: The comment is noted. The cited paragraph refers to ''[p]ersons who are owners of a patent.'' This would include corporations.

Comment 167: One comment suggested that each party should serve on the other party a copy of the signed acknowledgment from each party who obtains access to confidential information.

Response: Barring evidence that the cost to the parties of providing a copy of the acknowledgment would be outweighed by its benefit, the Office will not add this requirement. Parties, however, may agree to a modified protective order including this requirement.

Comment 168: One comment suggested providing an additional category of protection for highly confidential information that is accessible by outside counsel. The suggestion added that broader access to this information should only be grantable after a hearing.

Response: The Board may, for good cause, issue an order that information only be accessible by outside counsel. *See* § 42.54(a)(7).

Confidential Information in a Petition (§ 42.55)

Comment 169: Several comments were directed to the stated procedures for handling a motion to seal accompanied by a proposed protective order filed with the petition. These comments expressed concern that such motions could give an unfair advantage to the petitioner because the patent owner would have to agree to the terms of the proposed order to get access to the sealed information. Several comments suggested that serving the confidential disclosures by the petitioner be delayed while protective order issues are resolved.

Response: The comments are adopted in part. The Office has modified the proposed rule such that the petitioner must file, but need not serve, the confidential information under seal. Further, the final rule does not require that the patent owner agree to the terms of the petitioner's proposed protective order to get access to the sealed information. Rather, where the petitioner requests entry of a protective order other than the default protective order in the Office Patent Trial Practice Guide, the patent owner may access the information where the patent owner (1) agrees to the terms of the protective order requested by the petitioner; (2) agrees to the terms of a protective order that the parties file jointly; or (3) obtains entry of a protective order (*e.g.,* the default protective order).

Comment 170: One comment suggested that a petitioner should be permitted to file confidential information in a petition with a proviso that if the accompanying motion to seal be denied, the confidential material would be returned and would not be admitted in the proceeding.

Response: A petition may be accompanied with a motion to seal and a contingent motion to supplement the petition with the confidential information with the proviso that the material in the contingent motion to supplement be returned if the motion to seal be denied.

Comment 171: One comment suggested that proposed § 42.55 did not set forth the manner or procedure for effectuating service under seal nor indicate how the petitioner would be protected from intentional or unintentional disclosure. The comment suggested that the patent owner agreement to the protective order should occur prior to service.

Response: The suggestion is adopted. Section 42.55, as adopted, requires filing, but not service, of the confidential material accompanying a motion to seal and a proposed protective order.

Expungement of Confidential Information (§ 42.56)

Comment 172: One comment suggested that the default process should be that confidential information submitted in a proceeding and decisions by the Office should be confidential. The comment also suggested that any confidential material should be destroyed following the trial unless a petition to unseal is filed within 45 days of decision by the Office, or that at a minimum that petitions to expunge should be granted in all but extraordinary circumstances.

Response: 35 U.S.C. 316(a)(1), as amended, and 35 U.S.C. 326 (a)(1) mandate that the Director in prescribing regulations shall provide that the file ''shall be made available to the public. * * *'' Section 42.56 allows a party to file a motion to expunge confidential information, either after denial of a petition to institute a trial or after a final judgment in a trial. If no motion is filed, or if the motion is denied, however, the information becomes available to the public. The rule balances the parties' interest in maintaining confidentiality with the public's interest in maintaining a complete and open record of the proceedings and the basis for Board

decisions. The final rule encourages parties to seek to redact sensitive information, where possible, rather than seeking to seal entire documents.

Comment 173: One comment expressed concern that confidential information subject to a protective order submitted in a proceeding may become public while a motion to expunge is pending as an opposition may be filed 30 days after service of a motion to expunge.

Response: The Office believes this situation would not to lead to disclosure of material that would appropriately be expunged. Normally, all such information would be made public 45 days after denial of a petition to institute a trial or 45 days after final judgment in a trial. Should a motion to expunge be pending as the deadline approaches, the moving party should immediately bring this to the attention of the Board and seek to expedite the motion or to notice the public that access to one or more papers will be delayed.

Admissibility (§ 42.61)

Comment 174: One comment suggested that proposed § 42.61(c) was misleading and difficult to apply as the rule provides that specifications of U.S. patents and applications are considered hearsay where a party intends to rely upon the data or drawings to prove the truth of the data.

Response: United States patents present hearsay issues when offered to prove the truth of the matters they disclose. As an example, the disclosure of test data in a patent is hearsay when offered in a trial to prove what was tested and what the results were. To make this distinction clear, the rule states that the specification and drawings of a United States patent or patent application are admissible evidence *only* to prove what they describe. As further explained in § 42.61(c), ''[i]f there is data in the specification or the drawing upon which a party intends to rely to prove the truth of the data, an affidavit of a person having first-hand knowledge of how the data was generated must be filed.'' As with any evidentiary matter, the precise application of the rule in a particular proceeding will be handled based upon the facts presented.

Applicability of Federal Rules of Evidence (§ 42.62)

Comment 175: One comment suggested that the evidentiary rules of other agencies be considered before adopting the Federal Rules of Evidence.

Response: The Office has considered the various options available and decided that the Federal Rules of Evidence are the appropriate evidentiary rules for the proceedings. The Federal Rules of Evidence provide a well-developed body of recognized case law that is reasonable for the Office to draw upon in administering these trial rules. Moreover, the courts charged with reviewing Board decisions are familiar with those rules.

Comment 176: One comment suggested that the Office remove the first definition of the term ''hearing'' from § 42.62(c).

Response: The Office appreciates that the situation identified in the comment, the need to define the term ''hearing'' under Federal Rule of Evidence 804(a)(5) will not arise often. The Office, however, declines to adopt the suggestion to remove the reference to ''hearing,'' as there will be situations, albeit infrequent, that would implicate FRE 804(a)(5).

Comment 177: One comment suggested that the Office should define what sections of the Federal Rules of Evidence, which encompasses both civil and criminal matters, would not be appropriate for the proceedings under proposed § 42.62(b).

Response: The comment is not adopted. Based on the Board's experience, patent practitioners generally have known which portions of the Federal Rules of Evidence are related to patent proceedings. It would not be helpful, nor necessary, to list expressly all of the non-relevant evidence rules in the patent rules of practice.

Comment 178: One comment suggested revising proposed § 42.62 to clarify that the terms ''civil action,'' ''civil proceeding'' and ''action'' in the Federal Rules of Evidence would include both pre- and post-institution actions.

Response: Section 42.62, as adopted in this final rule, provides that a reference in the Federal Rules of Evidence to a ''civil action,'' ''civil proceeding'' and ''action'' means a proceeding before the Board under part 42 of the rules.

Form of Evidence (§ 42.63)

Comment 179: One comment requested guidance on the use of evidence from other proceedings, including affidavits, deposition, and trial testimony from administrative and other USPTO proceedings.

Response: Issues involving the use of prior testimony and other evidence from prior or parallel proceedings are highly fact specific. There are evidentiary issues governed by the Federal Rules of Evidence. *See, e.g.,* Fed. R. Evid. 804(b)(1), ''Former Testimony.'' There may also be confidentiality issues if the information is subject to a protective order limiting the use of the information. Accordingly, the Office declines to adopt a *per se* rule regarding the treatment of evidence in parallel proceedings.

Comment 180: One comment noted that proposed § 42.63 defines evidence as including affidavits and transcripts of depositions, but transcripts of *ex parte* depositions already are included in the definition of affidavits.

Response: The Office agrees that the term ''affidavits'' and transcripts of depositions overlap with respect to *ex parte* depositions. The Office believes, however, that the majority of deposition transcripts will be *inter partes.* Accordingly, the Office adopts the proposed provision without any modification.

Comment 181: One comment agreed with proposed § 42.63(b), which provides that where a party relies upon a document or is required to produce a document in a language other than English, a translation will be provided. Another comment, however, suggested that the burden of translation should be placed on the party that is requesting or relying on the information in the foreign language.

Response: All proceedings before the Board will be conducted in English; thus, unless accompanied by an English language translation, documents in a non-English language will not be considered by the Board. The intent, however, is not to require a translation into English language of every document produced under § 42.52, but translations must be provided for (1) those documents produced in discovery under § 42.51; and (2) all documents relied on, or otherwise used, during the proceedings.

Comment 182: Several comments also expressed concern with the applicability of § 42.6 to exhibits that are pre-existing documents such as United States patents and to aspects of the exhibit list.

Response: The rules provide that the spacing and type font requirements of § 42.6 apply only to documents ''created for the proceeding.''

Comment 183: One comment suggested revising proposed § 42.63(e) to provide that the exhibit list should note any gaps in the numbering of actually filed exhibits.

Response: Section 42.63(e) provides that each party will maintain an exhibit list. The exhibit list will note where an exhibit is not filed. The Office believes that the rule provides the relief requested in the comment as the

notations for exhibit numbers that were created, but no exhibit filed, will identify any gaps in exhibit numbering.

Comment 184: One comment noted that the rules do not specify that the exhibit list is submitted or exchanged with the other parties to the proceeding.

Response: The comment is adopted. Section 42.63(e), as adopted in this final rule, provides that a current exhibit list is to be served whenever evidence is served and the current exhibit list is to be filed when filing exhibits.

Objection; Motion To Exclude (§ 42.64)

Comment 185: One comment requested that proposed § 42.64(b)(2), which provides for the submission of supplemental evidence, allow a party to submit substitute declarations bearing the same exhibit number but clearly marked as substitutes and that the list of exhibits simply list the substitute exhibit.

Response: The comment is adopted, although no modification to the proposed rule is required. Section 42.64(b)(2) allows parties to submit substitute declarations as supplemental evidence in the manner identified in the comment.

Comment 186: Several comments request that the Office provide additional guidance in the Office Patent Trial Practice Guide as to how motions to exclude are to be used, and on the procedure for obtaining additional discovery.

Response: The Office will provide additional guidance on motions to exclude and the procedure for obtaining additional discovery in the update to the Office Patent Trial Practice Guide.

Comment 187: Several comments requested clarification as to the distinction between a motion to exclude evidence and a motion in limine.

Response: The Office appreciates the comments and § 42.64, as adopted in this final rule, refers only to motions to exclude.

Comment 188: One comment requests that, to avoid witness coaching, the Office limit attorney objections during cross-examination to only ''objection, form'' or ''objection, leading.'' Objections other than the two identified objections would be deemed waived.

Response: The Office expects to publish guidance on cross-examination practices in the Office Patent Trial Practice Guide. As noted in the comment, cross-examination should be question-and-answer process between the examining lawyer and the witness and not between the examining and defending lawyers. It is the witness, and not the lawyer, who is testifying.

Comment 189: One comment noted that the title for proposed § 42.64(a) appeared to exclude objections to direct deposition testimony.

Response: The Office has modified the proposed rule. Section 42.64(a), as adopted in this final rule, recites deposition evidence as its title, which includes both direct and cross-examination testimony.

Comment 190: One comment stated that the ten-business day deadline in § 42.64(b) for objections to evidence submitted during a preliminary proceeding was too short a period of time.

Response: It is important to note that 35 U.S.C. 316(a)(11), as amended, and 326(a)(11) require the Office to promulgate regulations ensuring that final determinations are to be issued not more than one year after institution of the review, except for good cause. Further, 35 U.S.C. 316(b), as amended, and 326(b) identify considerations that are to be taken into account in promulgating the rules including the efficient operation of the Office and the ability of the Office to complete the proceedings timely. The Office has set a ten-business day limitation for objections after institution to ensure the timeliness of the proceeding as a party may submit supplemental evidence within ten business days of timely served objections. The Office expects to have an initial conference call with the parties one month after the trial has been instituted to discuss the motions that the parties intend to file and determine if any adjustment needs to be made to the Scheduling Order. Based upon the time deadlines for completing the proceedings, the Office retains the ten-business day requirement.

Oral Argument (§ 42.70)

Comment 191: One comment generally supported proposed § 42.70.

Response: Proposed § 42.70 is adopted.

Comment 192: One comment suggested that, prior to oral argument, each party should be required to submit a summary of the issues, facts, and law to the Board similar to a pre-trial brief in Federal District Court.

Response: Section 42.70 requires that a request for oral argument specify the issues to be argued. On a case-by-case basis, the Board may determine that the additional briefing discussed in the comment is desired. However, such briefing may not be required in every case depending upon the particular facts and issues presented. Accordingly, the suggested pre-argument briefing is not made mandatory and will remain within the discretion of the Board to order depending on the particular facts and issues presented in each case.

Comment 193: Several comments stated that it was unclear when oral argument would be held and suggested that the rule specify when oral argument would occur. One comment suggested the rule specify when oral argument would occur in relation to the request. Another comment suggested that parties be assured that oral argument will not be scheduled sooner than 45 days following the last reply to be filed in the proceedings.

Response: Section 42.70 provides that oral argument will be at a time set by the Board. Once requested, oral argument will be scheduled by the Board on a case-by-case basis. Generally, it is anticipated that oral argument will be scheduled at a time after discovery and amendment motions are completed. Oral argument ordinarily will be scheduled so as to give the parties ample time to prepare. When a party requests an oral argument, the party may recommend a date for the oral argument and may provide additional reasons in support of the recommendation. The Board will take into consideration the party's availability and whether sufficient time is provided when scheduling oral argument.

Comment 194: One comment stated that the term oral argument as used in § 42.70 is more limited than the term oral hearing as used in the statute, and that a limitation or restriction on the presentation of live testimony is contrary to the statute which requires that either party be provided with the right to a hearing. The comment stated that the Office should explicitly permit and provide adequate time for a party to present witnesses and allow for cross-examination during the hearing.

Response: Section 42.70 does not exclude live testimony. The Office, however, does not expect live testimony to be presented ordinarily at oral argument. Whether live testimony will be allowed at the oral argument will be determined by the Board on a case-by-case basis according to the individual circumstances of the case.

Comment 195: One comment stated that the Office must provide adequate time for each side to present its issues during the oral argument. The comment stated that several hours or several days is more consistent with Congressional intent rather than the Federal Circuit appellate review model the Office appears to have adopted. Another comment stated that the short length of oral argument is a serious problem for parties.

Response: Section 42.70 does not set a time for oral argument. The time allocated for oral argument will be set by the Board on a case-by-case basis according to the individual circumstances of the case. When a party requests an oral argument, the party may recommend a time to be allocated for the oral argument and may provide additional reasons in support of the recommendation. The Board will take recommendations into consideration when setting the time allocated for oral argument.

Decision on Petitions or Motions (§ 42.71)

Comment 196: A few comments suggested that proposed § 42.2 or 42.71 should be revised to indicate that a panel, rather than a single Board member, has the authority to decide petitions and motions because 35 U.S.C. 6(c) requires that each *inter partes* review and post-grant review be heard by at least three members of the Board.

Response: The Office agrees that final written decisions under 35 U.S.C. 135(d) and 318(a), as amended and 35 U.S.C. 328(a) will be entered by a panel. For clarification, § 42.2, as adopted in this final rule, provides that, for final written decisions under 35 U.S.C. 135(d) and 318(a), as amended, and 35 U.S.C. 328(a), ''Board'' means a panel of the Board. As to other decisions in a trial proceeding, however, the AIA does not require a panel to decide petitions to institute a trial or motions. Further, 35 U.S.C. 135(a) and 314, as amended, and 35 U.S.C. 324 provide that the Director shall determine whether to institute a derivation proceeding, *inter partes* review, and post-grant review, respectively. Additionally, 35 U.S.C. 6(b)(3) and (4) provide that the Board shall conduct derivation proceedings, *inter partes* reviews, and post-grant reviews. The authorities to determine whether to institute a trial and conduct a trial have been delegated to a Board member or employee acting with the authority of the Board. As such, § 42.2, as adopted in this final rule, also provides that, for petition decisions and interlocutory decisions, ''Board'' means a Board member or employee acting with the authority of the Board.

Comment 197: One comment suggested that the standard of review for a rehearing of a non-panel decision should be *de novo* because 35 U.S.C. 6(c) requires that each *inter partes* review and post-grant review be heard by at least three members of the Board, and thereby no deference should be accorded. But, several other comments were in favor of the standard of review set forth in proposed § 42.71(c).

Response: As discussed previously, the AIA does not require a panel to decide petitions to institute a trial or motions. The authorities to determine whether to institute a trial and conduct a trial have been delegated to a Board member or employee acting with the authority of the Board. Moreover, 35 U.S.C. 135(a) and 314(d), as amended, and 35 U.S.C. 324(e) provide that the determination by the Director whether to institute a derivation proceeding, *inter partes* review, or post-grant review shall be final and nonappealable. Further, 35 U.S.C. 6(c) provides that only the Board may grant rehearings. Therefore, the *de novo* standard for rehearing a non-panel decision in a trial before the Office is not required.

Comment 198: A few comments requested clarification on requests for rehearing of a decision not to institute a review, and suggested that a rehearing of such a decision should be decided by a different administrative patent judge or panel that includes at least the Chief Administrative Patent Judge. One comment requested clarification on requests for rehearing of a decision to institute a review on some of the proposed grounds of unpatentability, but not all, and suggested a rule that would provide for rehearings and appeals of such a decision. Another comment requested clarification on whether a decision not to institute is a final and non-appealable decision.

Response: In view of the comments, the Office added a paragraph to the rule for petition decisions to clarify that a party may request a rehearing of a petition decision, but the decision is nonappealable. § 42.71(c) and (d). A decision to institute (including a decision that denies a ground of unpatentability) is a nonfinal decision. A request for rehearing a decision to institute, thus, must be filed within 14 days of the entry of the decision. In contrast, a decision not to institute is a final decision, and therefore a request for rehearing such a decision must be filed within 30 days of the decision. When rehearing a petition decision, the Office envisions that the decision will typically be reviewed by a panel of at least three administrative patent judges that may include the Chief Administrative Patent Judge. Under 35 U.S.C. 135(a) and 314(d), as amended, and 35 U.S.C. 324(e), a determination of whether to institute a review is final and nonappealable to the Federal Courts.

Comment 199: Two comments suggested that a request for rehearing of a panel decision should be decided by a panel having at least one member not on the original panel that rendered the decision. One comment requested clarification whether a request for rehearing is required. Other comments were in support of the rehearing practice.

Response: A request for rehearing of a panel decision may be decided by the same panel that entered the original decision. The Office envisions that the Board's rehearing practice for proceedings under part 42 will be consistent with the current Board practice used for appeals arising from original patent applications, reissue applications, *ex parte* reexamination, *inter partes* reexamination, as well as rehearing practice used in interference proceedings, and other contested cases.

Comment 200: One comment stated that the Office should set time frames for decisions on motions.

Response: Sections 42.100(c) and 42.200(c) provide that an *inter partes* review, post-grant review, or covered business method review shall be administered such that pendency before the Board after institution is normally no more than one year. The time can be extended by up to six months for good cause by the Chief Administrative Patent Judge. As such, the Board will decide motions filed in an *inter partes* review, post-grant review, or covered business method review and provide a final written decision consistent with the time periods set forth in §§ 42.100(c) and 42.200(c).

Comment 201: One comment suggested that interlocutory decisions of an individual administrative patent judge should be merged automatically into the final decision and judgment of the panel.

Response: Interlocutory decisions generally are related to procedural matters (*e.g.,* whether to recognize counsel *pro hac vice*), and thereby should not necessarily be included in a final written decision on the patentability of the involved claims. In appropriate situations, the Board may incorporate an interlocutory decision into a final written decision.

Comment 202: One comment recommended that a section on the ''final written decision'' be added to the rules.

Response: Judgment is defined as a final written decision by the Board or a termination of a proceeding (§ 42.2) and is provided for in § 42.73.

Comment 203: One comment strongly agreed that the Board's decision not to institute a review should include a statement as to why the requirements were not met.

Response: The Office appreciates the comment. The Office envisions that decisions not to institute a review will

typically provide sufficient notice to the parties.

Termination of Trial (§ 42.72)

Comment 204: One comment suggested that proposed § 42.72 should enumerate the limited circumstances provided by statute under which a proceeding may be terminated without rendering a judgment, and stated that consolidation and appropriateness should not be grounds for termination.

Response: As amended, 35 U.S.C. 318(a) and 35 U.S.C. 328(a) provide that if an *inter partes* review or post-grant review is instituted and not dismissed, the Board shall issue a final written decision. The Office recognizes that the AIA expressly provides a few situations where a review may be terminated (*e.g.,* 35 U.S.C. 317(a), as amended, and 35 U.S.C. 328(a)). However, the AIA does not expressly provide all of the situations in which a review may be terminated or dismissed. For instance, in the rare situation where the issue of whether the petitioner has standing is raised after institution, the Board would need the flexibility to terminate or dismiss the review, if appropriate. Moreover, 35 U.S.C. 315(d), as amended, and 35 U.S.C. 325(d) provide that if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding. For instance, when the Board is consolidating two proceedings, the Board may terminate one of the proceedings and proceed to a final written decision in the other proceeding. Therefore, § 42.72 is consistent with the AIA, providing the Board the flexibility to terminate a trial in appropriate situations.

Comment 205: One comment recommended that the Board should be required to terminate the trial upon the filing of a settlement agreement of the parties and, if necessary, institute a new *ex parte* proceeding to address any substantial new question, so that the parties could avoid the potential risk of an unpatentability decision and estoppel.

Response: 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a) provide that if no petitioner remains in the *inter partes* review or post-grant review, the Office may terminate the review or proceed to a final written decision. The rule is consistent with the AIA to provide the Board with the flexibility to terminate the review or proceed to a final written decision depending on the particular facts of each proceeding.

Judgment (§ 42.73)

Comment 206: One comment suggested that the phrase ''could have properly been, raised and decided'' in proposed § 42.73(a) should be revised to include the word ''reasonably.''

Response: This comment is adopted. Section 42.73(a), as adopted in this final rule, provides that ''[a] judgment, except in the case of a termination, disposes of all issues that were, or by motion reasonably could have been, raised and decided.''

Comment 207: A few comments requested additional guidance on the circumstances when the Board would proceed to a final written decision if no petitioner remains in the review to facilitate more effective negotiation for settlement agreements.

Response: The Board will consider the particular facts of each case. For instance, if the records clearly show that the challenged claims are unpatentable and the patent owner has not yet filed a patent owner response and/or amendment, the Board may continue the proceeding to allow the patent owner an opportunity to file its patent owner response and/or amendment.

Comment 208: One comment urged the Office to eliminate the concept of judgment and replace it with certificates and requested clarification as to the relationships between a judgment, the final written decision, and certificates.

Response: The comment is not adopted. The concepts of judgment and certificates are fundamentally different. The term ''judgment'' is defined as a final written decision by the Board (§ 42.2) and a judgment disposes of all issues that were, or by motion reasonably could have been, raised and decided (§ 42.73). Consistent with 35 U.S.C. 318(b), as amended, and 35 U.S.C. 328(b), § 42.80 provides that the Office will issue and publish a certificate after the Board issues a final written decision in a proceeding, and the time for appeal has expired or any appeal has terminated. Therefore, the concept of judgment should not be replaced by certificates.

Comment 209: A few comments questioned whether proposed § 42.73(d)(1) exceeds statutory authority, and suggested that the rule be revised to reflect accurately the limited statutory scope of estoppel. However, one comment was in support of the proposed rule regarding petitioner estoppel.

Response: In view of the comments, the Office has modified the proposed provision of § 42.73(d)(1) to reflect the statutory language more closely.

Comment 210: One comment stated that the Office is not precluded from instituting a covered business method review of a patent that previously was reviewed by a district court or by the Office in a reexamination.

Response: The comment is consistent with the public law and codified statutory provisions relating to covered business method reviews.

Comment 211: A few comments requested the Office provide guidance on the meaning of ''that the petitioner raised or reasonably could have raised.'' Another comment suggested that if a party was not able to obtain adequate discovery on an issue or if the Board does not decide on the issue during the proceeding, such an issue should not be considered as an issue that reasonably could have been raised.

Response: The Office will interpret the phrase consistent with the legislative intent and relevant case law. As noted in the legislative history, the estoppel provisions in 35 U.S.C. 315(e), as amended, and 35 U.S.C. 325(e) are to prevent abusive serial challenges to patents. The statutory language ''any ground that the petitioner raised or reasonably could have raised during that *inter partes* review'' provided in 35 U.S.C. 315(e), as amended, is similar to the pre-AIA language in 35 U.S.C. 315(c). In the context of *inter partes* reexamination, where the examiner made a final determination not to adopt the grounds of rejection proposed by a third party requester in the reexamination, the third party requester may be estopped from asserting the same references in the district court to establish invalidity of the patent claims. *See, e.g., Bettcher Indus., Inc.* v. *Bunzl USA, Inc.,* 661 F.3d 629, 636 (Fed. Cir. 2011). In addition, the legislative history of the AIA shows why Congress added the modifier ''reasonably'':

> The present bill also softens the could-have-raised estoppel that is applied by inter partes review against subsequent civil litigation by adding the modifier ''reasonably.'' It is possible that courts would have read this limitation into current law's estoppel. Current law, however, is also amenable to the interpretation that litigants are estopped from raising any issue that it would have been physically possible to raise in the inter partes reexamination, even if only a scorched-earth search around the world would have uncovered the prior art in question. *Adding the modifier ''reasonably'' ensures that could-have-raised estoppel extends only to that prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover.*

157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added).

Comment 212: One comment suggested that the Office Patent Trial

Practice Guide or rules should expand upon the claim-by-claim application of both proposed grounds of rejection and impact of estoppel, and the Office should consider the effect of estoppel on *ex parte* reexaminations as they are based on prior art, not claims.

Response: The Office will provide additional information in the next revision of the Office Patent Trial Practice Guide, which the Office plans to update in view of the final rules. As to *ex parte* reexaminations, the Office will apply the estoppel in accordance with 35 U.S.C. 315(e), as amended, and 35 U.S.C. 325(e).

Comment 213: A number of comments questioned whether there is statutory basis for the patent owner estoppel provisions set forth in proposed § 42.73(d)(3). Several comments specifically stated that proposed § 42.73(d)(3)(ii) is inconsistent with the AIA and other statutory provisions, and exceeds the scope of the common law doctrines of claim preclusion and issue preclusion. Several comments suggested alternative language for the rule. For instance, two comments suggested that the proposed rule should be revised to be limited to claims that are not patentably distinct from the claims held to be unpatentable in the proceeding. On the other hand, several other comments were in favor of proposed § 42.73(d)(3). According to those comments, it is reasonable for the Office to limit recapture of substantially similar claim limitations, and the estoppel provision is consistent with the interference estoppel.

Response: In view of the comments, the Office modified the proposed rule. As adopted in this final rule, § 42.73(d)(3) does not contain the provision that a patent applicant or owner may not obtain in a patent ''[a] claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim.'' Additionally, the Office modified the provision that was proposed in § 42.73(d)(3)(i) to ''[a] claim that is not patentably distinct from the finally refused or cancelled claim.''

Under 35 U.S.C. 316(a)(4), as amended, and 35 U.S.C. 326(a)(4), the Office is required to prescribe regulations setting forth the relationship between the review and other proceedings in the Office (*e.g.,* examination). Section 42.73(d)(3)(i), as adopted in this final rule, merely provides estoppel against claims that are patentably indistinct from those claims that were lost, and claim amendments that were presented and denied, during a trial. In other words, the patent owner may subsequently present in a continuing or reissue application claims that are patentably distinct from such claims. As such, § 42.73(d)(3) set forth in this final rule is consistent with the AIA, other statutory provisions, the common law related to estoppel, and the common law related to the recapture rule. *See, e.g., In re Deckler,* 977 F.2d 1449, 1452 (Fed. Cir. 1992); *In re Clement,* 131 F.3d 1464, 1468 (Fed. Cir. 1997) (the recapture rule prevents a patentee from regaining through reissue the subject matter that the patentee surrendered in an effort to obtain allowance of the claim).

Comment 214: One comment requested clarification on whether proposed § 42.73(d)(3) applies to derivation proceedings.

Response: Paragraph (d)(3) of § 42.73 applies to derivation proceedings, *inter partes* review, post-grant review, and covered business method review.

Comment 215: A few comments suggested that the Office should examine the claim on the merits in the subsequent proceeding, rather than applying the patent owner estoppel.

Response: The Office will examine a claim presented in a subsequent proceeding on the merits and apply the estoppel if the claim is not patentably distinct from the finally refused or cancelled claim, similar to a ground of rejection based on *res judicata* (*see, e.g.,* MPEP § 706.03(w)).

Settlement (§ 42.74)

Comment 216: Several comments suggested that a standard higher than a good cause standard be set for a member of the public to obtain access to a settlement agreement particularly for the settlements in *inter partes* review, or post-grant review, or that the good cause standard should be interpreted to rarely permit access to a settlement that includes confidential material.

Response: Under 35 U.S.C. 135(e) and 317(b), as amended, and 35 U.S.C. 327(b), the Office is required to make the settlement agreement available upon a showing of good cause, and therefore, the comments cannot be adopted.

Comment 217: Several comments suggested that the regulations should require or set a presumption that the proceeding would be terminated by the Board if all petitioners in a proceeding have settled.

Response: The comments have not been adopted because 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a) provide that if no petitioner remains in the review as a result of a settlement, the Office may terminate or proceed to rendering final written decision. Further, 35 U.S.C. 135(e) and (f), as amended, provide some discretion to continue aspects of a proceeding. The statutory language for *inter partes* and post-grant review confers discretion to the Office in determining based on the facts in a particular review whether to terminate or proceed to final written decision. In certain circumstances, conditioning termination on the filing of a related paper may be appropriate. For example, where the patent owner has agreed that the claims in dispute are unpatentable, termination appropriately may be conditioned on the submission of a disclaimer of the claims in dispute.

Comment 218: One comment suggested that the patentability of a patent should not be subject to settlement.

Response: As provided in 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a), if no petitioner remains in the review as a result of a settlement, the Office may terminate or proceed to rendering final written decision. The statutory language confers discretion to the Office in determining based on the facts in a particular review whether to terminate or proceed to final written decision. Therefore, patentability is not subject to settlement. Moreover, the termination of a review because of a settlement has no statutory estoppel effect. *See* 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a). Similarly, 35 U.S.C. 135(e) and (f), as amended, specifically provide discretion to consider patentability after an agreement.

Comment 219: One comment suggested that the statutory requirement to show good cause to provide access to a settlement be defined in the regulations as met only by compliance with a valid court or agency order requiring production of the particular agreement or production in response to an appropriate Freedom of Information Act request.

Response: The comment is not adopted. Under 35 U.S.C. 317(b), as amended, and 35 U.S.C. 328(b), the Office is required to provide access to another Federal agency on request; thus, the proposal to require an order by the other agency is not adopted. The proposal to provide access when an appropriate Freedom of Information Act request is made by other than a Federal agency without a showing of good cause, is inconsistent with 35 U.S.C. 317(b), as amended, and 327(b).

Comment 220: One comment suggested that a settlement must always be entered by the Office without further conditions or consideration by the Office. The comment also suggested that proposed § 42.74(a) was inconsistent with the requirement to enter settlements.

Response: The suggestion to revise § 42.74(a) is not adopted. It is agreed that any settlement agreement that is consistent with the statutory requirements must be entered by the Office. However, 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a) specifically provide that the Office may proceed to a final written opinion even where no petitioner remains in the review. Accordingly, providing that the Board may independently determine any question of jurisdiction, patentability, or Office practice is consistent with the Office's statutory authority to continue a review in the absence of any petitioner following entry of a settlement.

Comment 221: One comment suggested that the costs of the proceeding after settlement by all petitioners should not be recovered from the fee paid by the petitioner.

Response: 35 U.S.C. 311(a) and 321(a) require that the fee set be reasonable in view of the aggregate costs of the review. Where the Office determines that the review should continue to a final written decision after the last petitioner is removed from the review as a result of a settlement, the Office continues to be engaged in a review. Accordingly the fee paid by the petitioner must be set based on the aggregate costs regardless of any settlement as the Office may continue the review.

Comment 222: Two comments suggested that parties should be permitted to file redacted copies of the settlement agreement and that the copy as redacted would be accessible to the public.

Response: 35 U.S.C. 317(b), as amended, and 35 U.S.C. 327(b) require that a true copy of the agreement be filed in the Office and that the agreement would be available to other Federal agencies on written request or to any person on a showing of good cause. It is required by 35 U.S.C. 135(e), as amended, that a copy of any agreement be provided on such request, and similarly provides that the agreement would be available to other Federal agencies on written request or to any person on a showing of good cause.

Certificate (§ 42.80)

Comment 223: One comment suggested that the Office should modify the rule to refer to the ''final determination'' rather than a ''final written decision.''

Response: 35 U.S.C. 318(b), as amended, and 35 U.S.C. 328(b) require the Office to issue a certificate when the Board issues a final written decision. Therefore, § 42.80 is consistent with the statutory provision.

Comment 224: One comment suggested that the Office should deem the final written decision as the certificate.

Response: The comment is not adopted. 35 U.S.C. 318(b), as amended, and 35 U.S.C. 328(b) require the Office to issue a certificate when the Board issues a final written decision. Therefore, § 42.80 is consistent with the statutory provision.

Comment 225: One comment requested clarification whether the Office will *sua sponte* incorporate limitations of base claim and intervening claims where a dependent claim has been allowed, and if not, provide an opportunity to the patent owner to rewrite the claim in proper form for issuance in the certificate.

Response: The Office will not *sua sponte* rewrite claims. Dependent patent claims that are determined to be patentable need not be rewritten even if the parent claim was canceled.

Judicial Review of Board Decision (§ 90.1)

Comment 226: One comment suggested that the Office has no authority to decline to conduct interferences based on 35 U.S.C. 141 and 146.

Response: The Office agrees with the comment that suggested that the Office does not have ''authority to decline to conduct interferences, on the basis that Congress has not provided judicial review to correct the Board's errors under existing 35 U.S.C. 141 and 146.'' The discussion cited by the comment relates solely to part 90 of the regulations, which governs only the judicial review of interferences. Thus, the discussion does not purport to address when the Director will declare an interference or what regulations will govern the conduct of such an interference. As explained in the notice of proposed rulemaking (77 FR 6879, 6882), the Office will continue to apply the pertinent regulations in part 41 governing the declaration and conduct of interferences in effect on July 1, 2012.

Rulemaking Considerations

The rulemaking considerations for the series of final rules for implementing the administrative patent trials as required by the AIA have been considered together and are based upon the same assumptions, except where differences between the regulations and proceedings that they implement require additional or different information. Notably, this final rule is directed to generally procedures for administrative patent trials including *inter partes* review, post-grant review, covered business method patent review, and derivations.

A. Administrative Procedure Act (APA): This final rule revises the rules of practice concerning the procedure for requesting an *inter partes* review, post-grant review, covered business method patent review, or a derivation, and the trial process after initiation of such a review or derivation proceeding. This final rule also revises the rules of practice to consolidate the procedure for appeal of a decision by the Board and to require that a copy of the notice of appeal, notice of election, and complaint be provided to the Board. The changes being adopted in this notice do not change the substantive criteria of patentability. These changes involve rules of agency practice, standards and procedure and/or interpretive rules. *See Bachow Commc'ns Inc.* v. *FCC,* 237 F.3d 683, 690 (DC Cir. 2001) (rules governing an application process are procedural under the Administrative Procedure Act); *Inova Alexandria Hosp.* v. *Shalala,* 244 F.3d 342, 350 (4th Cir. 2001) (rules for handling appeals were procedural where they did not change the substantive standard for reviewing claims); *Nat'l Org. of Veterans' Advocates* v. *Sec'y of Veterans Affairs,* 260 F.3d 1365, 1375 (Fed. Cir. 2001) (rule that clarifies interpretation of a statute is interpretive); *JEM Broad. Co.* v. *F.C.C.,* 22 F.3d 320, 328 (DC Cir. 1994 (The rules are not legislative because they do not ''foreclose effective opportunity to make one's case on the merits''). Moreover, sections 6 and 18 of the AIA require the Director to prescribe regulations for implementing the new trials.

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law), and thirty-day advance publication is not required pursuant to 5 U.S.C. 553(d) (or any other law). *See Cooper Techs. Co.* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), does not require notice and comment rule making for ''interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice'') (quoting 5 U.S.C. 553(b)(A)). The Office, however, published these changes for comment as it seeks the benefit of the public's views on the Office's proposed implementation of these provisions of the AIA. *See Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77

FR 6879 (Feb. 09, 2012) (notice of proposed rulemaking).

The Office received one written submission of comments from the public regarding the Administrative Procedure Act. Each component of that comment directed to the APA is addressed below.

Comment 227: One comment suggested that almost all of the proposed regulations were legislative and not interpretive rules. That, in turn, leads the USPTO to omit required steps in the rulemaking process.

Response: At the outset, it should be noted that the Office did not omit any steps in the rulemaking process. Even though not legally required, the Office published notices of proposed rulemaking in the **Federal Register**, solicited public comment, and fully considered and responded to comments received. Although the Office sought the benefit of public comment, these rules are procedural and/or interpretive. *Stevens* v. *Tamai,* 366 F3d. 1325, 1333–34 (Fed. Cir. 2004) (upholding the Office's rules governing the procedure in patent interferences). The final written decisions on patentability which conclude the reviews will not be impacted by the regulations, adopted in this final rule, as the decisions will be based on statutory patentability requirements, *e.g.,* 35 U.S.C. 101 and 102.

Comment 228: One comment suggested that even if the rules are merely procedural, that reliance on *Cooper Tech* v. *Dudas* was not appropriate and therefore notice and comment was required.

Response: These rules are consistent with the AIA requirements to prescribe regulations to set forth standards and procedures. The rules are procedural and/or interpretative. *Stevens* v. *Tamai,* 366 F3d. 1325, 1333–34 (Fed. Cir. 2004) (upholding the Office's rules governing the procedure in patent interferences). The Office nevertheless published notices of proposed rulemaking in the **Federal Register**, solicited public comment, and fully considered and responded to comments received. In both the notice of proposed rulemaking and this final rule, the Office cites *Cooper Techs. Co* v. *Dudas,* 536 F.3d 1330, 1336, 37 (Fed. Cir. 2008), for the proposition that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), does not require notice and comment rulemaking for ''interpretive rules, general statement of policy, or rules of agency organization, procedure or practice.'' The Office's reliance on *Cooper Technologies* is appropriate and remains an accurate statement of administrative law. In any event, the Office sought the benefit of public comment on the proposed rules and has fully considered and responded to the comments received.

B. Final Regulatory Flexibility Act Analysis: The Office estimates that 420 petitions for *inter partes* review, 50 petitions for post-grant review and covered business method patent review combined, and 50 petitions for seeking institution of a derivation (derivation petitions) will be filed in fiscal year 2013. In fiscal year 2014, it is estimated that 450 *inter partes* review, 60 petitions for post-grant review and covered business method patent review combined, and 50 derivation petitions will be filed. In fiscal year 2015, it is estimated that 500 *inter partes* review, 110 petitions for post-grant review and covered business method patent review combined, and 50 derivation petitions will be filed.

The estimate for *inter partes* review petitions is based partially on the number of *inter partes* reexamination requests under 37 CFR 1.915 that have been filed in fiscal years 2010, 2011 and the first half of fiscal year 2012. The rate of growth of *inter partes* reexamination filing has slowed considerably in 2012 to roughly 2.6% (374 filings in FY 2011, 192 filings in the first half of FY 2012). Assuming some increase in growth rate had the AIA not been enacted, it is reasonable to now estimate that no more than 420 *inter partes* reexamination requests would have been filed and that a similar number of *inter partes* review will be filed in FY 2013.

The Office received 281 requests for *inter partes* reexamination in fiscal year 2010. *See* Table 13B of the United States Patent and Trademark Office Performance and Accountability Report for Fiscal Year 2010, *available at http://www.uspto.gov/about/stratplan/ar/2010/USPTOFY2010PAR.pdf.*

The Office received 374 requests for *inter partes* reexamination in fiscal year 2011. *See* Table 14B of the United States Patent and Trademark Office Performance and Accountability Report for Fiscal Year 2011, available at *http://www.uspto.gov/about/stratplan/ar/2011/USPTOFY2011PAR.pdf.*

The Office received 192 requests for *inter partes* reexamination in the first half of fiscal year 2012.

See http://www.uspto.gov/patents/stats/reexam_operational_statistics_FY12Q2.pdf.

Additionally, the Office takes into consideration the recent moderate growth rate in the number of requests for *inter partes* reexamination, the projected growth due to an expansion in the number of eligible patents under the *inter partes* review provisions of section 6(c) of the AIA, and the more restrictive filing time period in 35 U.S.C. 315(b), as amended by the AIA.

In fiscal year 2013, it is expected that no post-grant review petitions will be received, other than those filed under the transitional program for covered business method patents. Thus, the estimated number of post-grant review petitions including covered business method patent review petitions is based on the number of *inter partes* reexamination requests filed in fiscal year 2011 for patents having an original classification in class 705 of the United States Patent Classification System. Class 705 is the classification for patents directed to data processing in the following areas: financial, business practice, management, or cost/price determination. *See http://www.uspto.gov/web/patents/classification/uspc705/sched705.pdf.*

The following is the class definition and description for Class 705:

This is the generic class for apparatus and corresponding methods for performing *data processing* operations, in which there is a significant change in the data or for performing *calculation operations* wherein the apparatus or method is uniquely designed for or utilized in the *practice,* administration, or management of an *enterprise,* or in the processing of financial data.

This class also provides for apparatus and corresponding methods for performing *data processing* or *calculating operations* in which a charge for goods or services is determined.

This class additionally provides for subject matter described in the two paragraphs above in combination with cryptographic apparatus or method.

Subclasses 705/300–348 were established prior to complete reclassification of all project documents. Documents that have not yet been reclassified have been placed in 705/1.1. Until reclassification is finished a complete search of 705/300–348 should include a search of 705/1.1. Once the project documents in 705/1.1 have been reclassified they will be moved to the appropriate subclasses and this note will be removed.

Scope of the Class

1. The *arrangements* in this class are generally used for problems relating to administration of an organization, commodities or financial transactions.

2. Mere designation of an arrangement as a ''business machine'' or a document as a ''business form'' or ''business chart'' without any particular business function will not cause classification in this class or its subclasses.

3. For classification herein, there must be significant claim recitation of the data processing system or calculating computer and only nominal claim recitation of any external art environment. Significantly claimed apparatus external to this class, claimed in combination with apparatus under the class definition, which perform data processing or calculation operations are

classified in the class appropriate to the external device unless specifically excluded therefrom.

4. Nominally claimed apparatus external to this class in combination with apparatus under the class definition is classified in this class unless provided for in the appropriate external class.

5. In view of the nature of the subject matter included herein, consideration of the classification schedule for the diverse art or environment is necessary for proper search.

See Classification Definitions (Jan. 2012) *available at http://www.uspto.gov/web/patents/classification/uspc705/defs705.htm.*

Accordingly, patents subject to covered business method patent review are anticipated to be typically classifiable in Class 705. It is anticipated that the number of patents in Class 705 that do not qualify as covered business method patents would approximate the number of patents classified in other classes that do qualify.

The Office received 20 requests for *inter partes* reexamination of patents classified in Class 705 in fiscal year 2011. The Office in estimating the number of petitions for covered business method patent review to be higher than 20 requests due to an expansion of grounds for which review may be requested including subject matter eligibility grounds, the greater coordination with litigation, and the provision that patents will be eligible for the proceeding regardless of filing date of the application which resulted in the patent. The Office estimates zero growth in the number of petitions for covered business method review in fiscal year 2014 and 2015.

It is not anticipated that any post-grant review petitions will be received in fiscal year 2013 as only patents issuing based on certain applications filed on or after March 16, 2013, or certain applications involved in an interference proceeding commenced before September 16, 2012, are eligible for post-grant review. *See* Public Law 112–29, § 6(f), 125 Stat. 284, 311 (2011). It is estimated that 10 petitions for post-grant review will be filed in fiscal year 2014 and 60 petitions will be filed in fiscal year 2015.

The Office expects the number of newly declared interferences to decrease as some parties file *inter partes* review petitions rather than file reissue applications of their own earlier filed patents. Parties filing such reissue applications may seek a review of another party's issued patent in an interference proceeding. The Office estimates that no more than 50 derivation petitions will be filed annually during FY 2013–2015.

The Office has updated its review of the entity status of patents for which *inter partes* reexamination was requested from October 1, 2000, to May 18, 2012. This data only includes filings granted a filing date rather than filings in which a request was received. The first *inter partes* reexamination was filed on July 27, 2001. A summary of that review is provided in Table 1 below. As shown by Table 1, patents known to be owned by a small entity represented 32.09% of patents for which *inter partes* reexamination was requested. Based on an assumption that the same percentage of patents owned by small entities will be subject to *inter partes* review, it is estimated that 146 petitions to *inter partes* review would be filed to seek review of patents owned by a small entity annually in fiscal years 2013–2015. Based on an assumption that the same percentage of patents owned by small entities will be subject to post-grant or covered business method patent review, it is estimated that 24 petitions for covered business method patent review would be filed to seek review of patents owned by a small entity annually in fiscal years 2013–2015.

For derivation proceedings, the Office has reviewed the percentage of applications and patents for which an interference was declared in fiscal year 2010. Applications and patents known to be owned by a small entity represent 19.62% of applications and patents for which interference was declared in FY 2010. Based on the assumption that the same percentage of applications and patents owned by small entities will be involved in a derivation proceeding, 20 small entity owned applications or patents would be affected by derivation proceeding annually during fiscal years 2013–2015.

TABLE 1—INTER PARTES REEXAMINATION REQUESTS FILED WITH PARENT ENTITY TYPE *

Fiscal Year	*Inter partes* reexamination requests filed	Number filed where parent patent is small entity type	Percentage of small entity-type of total
2012	226	85	37.61
2011	369	135	36.59
2010	255	89	34.9
2009	237	61	25.74
2008	155	51	32.9
2007	127	32	25.2
2006	61	16	26.23
2005	59	20	33.9
2004	26	5	19.23%
2003	21	12	57.14%
2002	4	1	25.00%
2001	1	0	0.00%
	1,315	422	32.09

* Small entity status determined by reviewing preexamination small entity indicator for the parent patent.

Based on the number of patents issued during fiscal years 1995 through 1999 that paid the small entity third stage maintenance fee, the number of patents issued during fiscal years 2000 through 2003 that paid the small entity second stage maintenance fee, the number of patents issued during fiscal years 2004 through 2007 that paid the small entity first-stage maintenance fee, and the number of patents issued during fiscal years 2008 through 2011 that paid a small entity issue fee, there are approximately 375,000 patents owned by small entities in force as of October 1, 2011.

Furthermore, the Office recognizes that there would be an offset to this number for patents that expire earlier than 20 years from their filing date due to a benefit claim to an earlier application or due to a filing of a terminal disclaimer. The Office likewise recognizes that there would be an offset

in the opposite manner due to the accrual of patent term extension and adjustment. The Office, however, does not maintain data on the date of expiration by operation of a terminal disclaimer. Therefore, the Office has not adjusted the estimate of 375,000 patents owned by small entities in force as of October 1, 2011. While the Office maintains information regarding patent term extension and adjustment accrued by each patent, the Office does not collect data on the expiration date of patents that are subject to a terminal disclaimer. As such, the Office has not adjusted the estimated of 375,000 patents owned by small entities in force as of October 1, 2011, for accrual of patent term extension and adjustment, because in view of the incomplete terminal disclaimer data issue, would be incomplete and any estimate adjustment would be administratively burdensome. Thus, it is estimated that the number of small entity patents in force in fiscal year 2013 will be approximately 375,000.

Based on the estimated number of patents in force, the number of small entity-owned patents impacted by *inter partes* review in fiscal year 2013 (135 patents) would be less than 0.05% (135/375,000) of all patents in force that are owned by small entities. Moreover, post-grant and covered business method patent review and derivation would have an even smaller impact.

1. Description of the Reasons that Action by the Office is Being Considered: The Office is revising the rules of practice to implement *inter partes,* post-grant, transitional program for covered business method patent review and derivation provisions of the AIA, which take effect September 16, 2012, and March 16, 2013. Public Law 112–29, §§ 3(n) and 6(c) and (f), 125 Stat. 284, 293, 304 and 311 (2011). The AIA requires the Office to issue regulations to implement the new administrative trials.

2. Statement of the Objectives of, and Legal Basis for, the Final Rules: The final rule is part of a series of rules that implement the new administrative trials authorized by the AIA. Specifically, this final rules implement *inter partes* review, post-grant review, the transitional program for covered business method patents, and some of the aspects of derivation proceedings as authorized by the AIA. The AIA requires that the Director prescribe rules for the *inter partes,* post-grant, and covered business method patent reviews that result in a final determination not later than one year after the date on which the Director notices the institution of a proceeding. The one-year period may be extended for not more than six months if good cause is shown. *See* 35 U.S.C. 316(a)(11), as amended, and 35 U.S.C. 326(a)(11). The AIA also requires that the Director, in prescribing rules for *inter partes,* post-grant, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b). Consistent with the time periods provided in 35 U.S.C. 316(a)(11), as amended, and 35 U.S.C. 326(a)(11), the rules are designed to result in a final determination by the Patent Trial and Appeal Board within one year of the notice of initiation of the review, except where good cause is shown to exist. This one-year review will enhance the economy, and improve the integrity of the patent system and the efficient administration of the Office.

3. Statement of significant issues raised by the public comments in response to the IRFA and the Office's response to such issues: The Office published an IRFA analysis to consider the economic impact of the proposed rules on small entities. *See Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR 6879, 6893–96 (Feb. 9, 2012). The Office received two written submissions of comments from the public concerning the Regulatory Flexibility Act. Each component of those comment directed to the Regulatory Flexibility Act is addressed below.

Comment 229: One comment argued that non-office costs and burden should include the burden on small entity patent owners, petitioners, and licensees, as well as settlement burdens, disruption of businesses, or effects on investment, business formation or employment. The comment further argued that prophylactic application steps (*e.g.,* filing of reissue applications) were not considered and that the offsets for *inter partes* reexamination's elimination were not appropriate.

Response: As explained in the notice of proposed rulemaking, the Office notes that *inter partes* reexamination is the appropriate baseline for estimating economic impacts because the use or outcome of the prior reexamination process and the new trial are largely the same. *See* OMB Circular A4, (e)(3). The Office estimated that the same number of patents would be subject to *inter partes* review as would have been subject to *inter partes* reexamination. The comment did not argue that this estimate was unreasonable or provide an alternative estimate. Considering the similarities in the grounds of review and the number of patents subject to the proceedings, it is anticipated that the existing *inter partes* reexamination process, if not eliminated for new filings, would have had similar impact on the economy as the new review proceedings and therefore the impacts noted in the comment would simply replace existing analogous impacts and effects in *inter partes* reexamination. The comment argues that no offset for the replaced process should be considered although OMB guidance provides otherwise. *See* OMB Circular A4. Additionally, although the comment argues that the new proceedings may result in patent owners taking additional prophylactic measures that would have their own burdens for small businesses, any patent owner motivated by the regulations adopted in this final rule to take prophylactic application steps would similarly have been motivated to take those steps under the former *inter partes* reexamination regime. Thus, the burdens on small entity patent owners, petitioners, and licensees, as well as settlement burdens, disruption of businesses, or effects on investment, business formation or employment that are caused by the final rules would have been similarly caused by the former *inter partes* reexamination proceedings as the same effects and impacts are caused by the two types of proceedings.

Additionally, the Office's estimates of the burden on small entities are likely overstated. As noted in the notice of proposed rulemaking, it is anticipated that the current significant overlap between district court litigation and *inter partes* reexamination may be reduced by improvement in the coordination between the two processes. *See Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR at 6903. Similarly, it is anticipated that the public burden will be reduced because the longer duration of the *inter partes* reexamination process will be reduced owing to the anticipated shorter duration of the new procedure. *Id.*

Comment 230: Two comments indicated that the underlying data for the 98.7 hours of judge time for an *inter partes* review proceeding was not provided.

Response: Based on the Office's experience involving similar proceedings, the Office estimates that, on average, an *inter partes* review

proceeding will require 35 hours of judge time to make a decision on institution, 20 hours of judge time to prepare for and conduct hearings, 60 hours of judge time to prepare and issue a final decision, and 15 hours of judge time to prepare and issue miscellaneous interlocutory decisions. It is also estimated that 2.5% of proceedings will settle before a decision of whether to institute is made and another 2.5% of proceedings will terminate by patent owners filing a default judgment motion after institution. The Office estimates that 10% of proceedings will not be instituted and another 20% of proceedings will settle after institution. In settled cases it is estimated that 50% of the anticipated motions would not be filed. It should be appreciated that cases that terminate prior to the need to render a decision on institution, that do request an oral hearing or do not require a final decision because of an earlier termination result in an average judge time per proceeding which is less than the time needed to perform all possible steps in a proceeding.

4. Description and Estimate of the Number of Affected Small Entities:

A. *Size Standard and Description of Entities Affected.* The Small Business Administration's (SBA) small business size standards applicable to most analyses conducted to comply with the Regulatory Flexibility Act are set forth in 13 CFR 121.201. These regulations generally define small businesses as those with fewer than a specified maximum number of employees or less than a specified level of annual receipts for the entity's industrial sector or North American Industry Classification System (NAICS) code. As provided by the Regulatory Flexibility Act, and after consultation with the Small Business Administration, the Office formally adopted an alternate size standard as the size standard for the purpose of conducting an analysis or making a certification under the Regulatory Flexibility Act for patent-related regulations. *See Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations,* 71 FR at 67112 (Nov 20, 2006), 1313 *Off. Gaz. Pat. Office* at 63 (Dec. 12, 2006). This alternate small business size standard is SBA's previously established size standard that identifies the criteria entities must meet to be entitled to pay reduced patent fees. *See* 13 CFR 121.802. If patent applicants identify themselves on a patent application as qualifying for reduced patent fees, the Office captures this data in the Patent Application Location and Monitoring (PALM) database system, which tracks information on each patent application submitted to the Office.

Unlike the SBA small business size standards set forth in 13 CFR 121.201, the size standard for USPTO is not industry-specific. Specifically, the Office's definition of small business concern for Regulatory Flexibility Act purposes is a business or other concern that: (1) Meets the SBA's definition of a ''business concern or concern'' set forth in 13 CFR 121.105; and (2) meets the size standards set forth in 13 CFR 121.802 for the purpose of paying reduced patent fees, namely, an entity: (a) whose number of employees, including affiliates, does not exceed 500 persons; and (b) which has not assigned, granted, conveyed, or licensed (and is under no obligation to do so) any rights in the invention to any person who made it and could not be classified as an independent inventor, or to any concern which would not qualify as a non-profit organization or a small business concern under this definition. *See Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations,* 71 FR at 67112 (Nov 20, 2006), 1313 *Off. Gaz. Pat. Office* at 63 (Dec. 12, 2006).

B. *Overview of Estimates of Number of Entities Affected.* The rules will apply to any small entity that either files a petition for *inter partes* review, post-grant review, covered business method patent review, or derivation proceeding, or owns a patent application or patent subject to such review. As discussed above (which is incorporated here), it is anticipated that 420 petitions for *inter partes* review, 50 petitions for post-grant review and covered business method patent review combined, and 50 petitions for derivation proceedings will be filed in fiscal year 2013. In fiscal year 2014, it is estimated that 450 *inter partes* review, 60 petitions for post-grant review and covered business method patent review combined, and 50 petitions for derivation proceedings will be filed. In fiscal year 2015, it is estimated that 500 *inter partes* review, 110 petitions for post-grant review and covered business method patent review combined, and 50 petitions for derivation proceedings will be filed. The Office has reviewed the percentage of patents owned by small entities for which *inter partes* reexamination was requested from October 1, 2000, to May 18, 2012. A summary of that review is provided in Table 1 above. As demonstrated by Table 1, patents known to be owned by a small entity represent 32.09% of patents for which *inter partes* reexamination was requested. Based on an assumption that the same percentage of patents owned by small entities will be subject to the new review proceedings, it is estimated that 146 patents owned by small entities would be affected annually by *inter partes* review, and that 24 patents owned by small entities would be affected annually by a post-grant or covered business method patent review.

For derivation proceedings, the Office has reviewed the percentage of applications and patents for which an interference was declared in fiscal year 2010. Applications and patents known to be owned by a small entity represent 19.62% of applications and patents for which interference was declared in FY 2010. Based on the assumption that the same percentage of applications and patents owned by small entities will be involved in a derivation proceeding, 20 small entity owned applications or patents would be affected by derivation proceeding annually during fiscal years 2013–2015.

The USPTO estimates that 2.5% of patent owners will file a request for adverse judgment prior to a decision to institute and that another 2.5% will file a request for adverse judgment or fail to participate after initiation. Specifically, an estimated 22 patent owners will annually file a request for adverse judgment or fail to participate after institution in *inter partes* review, and an estimated four patent owners will annually do so in post-grant review and covered business method patent review proceedings combined. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%) from October 1, 2000, to May 18, 2012, it is estimated that seven small entities will annually file such requests or fail to participate in *inter partes* review proceedings, and an estimated one small entity will annually do so in post-grant review or covered business method patent review combined.

Under the final rules, prior to determining whether to institute a review, the patent owner may file an optional patent owner preliminary response to the petition. Given the new time period requirements to file a petition for review before the Board, relative to patent enforcement proceedings, and the desire to avoid the cost of a trial and delays to related infringement actions, it is anticipated that 90% of petitions, other than those for which a request for adverse judgment is filed, will result in the filing of a patent owner preliminary response. Where an *inter partes* review petition is filed close to the expiration of the one-year period set forth in 35 U.S.C. 315(b), as amended, a patent

owner likely would be advantaged by filing a successful preliminary response. In view of these considerations, it is anticipated that 90% of patent owners will file a preliminary response. Specifically, the Office estimates that 401 patent owners will file a preliminary response to an *inter partes* review petition, and an estimated 64 patent owners will file a preliminary response to a post-grant review or covered business method patent review petition. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that on average 129 small entities will annually file a preliminary response to an *inter partes* review petition, and 21 small entities will annually file a preliminary response to a post-grant review or covered business method patent review petition in fiscal year 2013–2015.

Under the final rules, the Office will determine whether to institute a trial within three months after the earlier of: (1) The submission of a patent owner preliminary response, (2) the waiver of filing a patent owner preliminary response, or (3) the expiration of the time period for filing a patent owner preliminary response. If the Office decides not to institute a trial, the petitioner may file a request for reconsideration of the Office's decision. In estimating the number of requests for reconsideration, the Office considered the percentage of *inter partes* reexaminations that were denied relative to those that were ordered (24 divided by 342, or 7%) in fiscal year 2011. *See* Reexaminations—FY 2011, *available at http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.* The Office also considered the impact of: (1) Patent owner preliminary responses under newly authorized in 35 U.S.C. 313, as amended, and 35 U.S.C. 323, (2) the enhanced thresholds for instituting reviews set forth in 35 U.S.C. 314(a), as amended, and 35 U.S.C. 324(a), which would tend to increase the likelihood of dismissing a petition for review, and (3) the more restrictive time period for filing a petition for review in 35 U.S.C. 315(b), as amended, and 35 U.S.C. 325(b), which would tend to reduce the likelihood of dismissing a petition. Based on these considerations, it is estimated that approximately 10% of the petitions for review (51 divided by 516) would be dismissed annually based on reviews filed during FY 2013–2015.

The Office predicts that it will institute ten derivation proceedings annually based on petitions seeking derivation filed in fiscal years 2013–2015. This estimate is based on the low number of interference proceedings declared, as well as the limited number of eligible applications.

During fiscal year 2011, the Office issued 21 decisions following a request for reconsideration of a decision on appeal in *inter partes* reexamination. The average time from original decision to decision on reconsideration was 4.4 months. Thus, the decisions on reconsideration were based on original decisions issued from July 2010 until June 2011. During this time period, the Office mailed 63 decisions on appeals in *inter partes* reexamination. *See* BPAI Statistics—Receipts and Dispositions by Technology Center, *available at http://www.uspto.gov/ip/boards/bpai/stats/receipts/index.jsp (monthly data).* Based on the assumption that the same rate of reconsideration (21 divided by 63 or 33.333%) will occur, the Office estimates that 30 requests for reconsideration (91 decisions not to institute times 33.333%) will be filed. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%) and the percentage of small entity-owned patent applications or patents that were the subject of an interference declared in fiscal year 2010 (19.62%), it is estimated that six small entities will file a request for a reconsideration of a decision dismissing the petition for review or derivation in fiscal year 2013. Further, the Office estimates that it will issue 321 final written decisions for *inter partes* reviews, 51 final written decisions for post-grant reviews, including cover business method patent reviews, 6 final written decisions for derivation proceedings. Applying the same 33.333% rate, the Office estimates 126 requests for reconsiderations ((321 + 51 + 6) times 33.333%) will be filed based on the final written decisions. Therefore, the Office estimates a total of 156 (30 + 126) requests for reconsiderations.

The Office reviewed motions, oppositions, and replies in a number of contested trial proceedings before the trial section of the Board. The review included determining whether the motion, opposition, and reply were directed to patentability grounds and non-priority non-patentability grounds. This series of final rules adopts changes to permit parties to agree to certain changes from the default process between themselves without filing a motion with the Board. Based on the changes in the final rules, the estimate of the number of motions has been revised downwardly so that it is now anticipated that: (1) *Inter partes* reviews will have an average of 6 motions, oppositions, and replies per trial after institution, (2) post-grant reviews and covered business method patent reviews will have an average of 8 motions, oppositions, and replies per trial after institution, and (3) derivation proceedings will have an average of 20 motions, oppositions, and replies per trial after institution. Settlement is estimated to occur in 20% of instituted trials at various points of the trial. In trials that are settled, it is estimated that only 50% of the noted motions, oppositions, and replies would be filed. The Office envisions that most motions will be decided in a conference call or shortly thereafter.

After a trial has been instituted but prior to a final written decision, parties to a review or derivation proceeding may request an oral hearing. It is anticipated that 484 requests for oral hearings will be filed annually during FY 2013–2015 based on the number of requests for oral hearings in *inter partes* reexamination, the stated desirability for oral hearings during the legislative process, and the public input received prior to the notice of proposed rulemaking. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that 160 small entity patent owners, patent applicants or petitioners will file a request for oral hearing in the reviews and derivations instituted annually during fiscal years 2013–2015.

Parties to a review or derivation proceeding may file requests to treat a settlement as business confidential, and requests for adverse judgment. A written request to make a settlement agreement available may also be filed. Parties to derivation proceedings may also file arbitration agreements and awards. Given the short time period set for conducting trials, it is anticipated that the alternative dispute resolution options will be infrequently used. The Office estimates that 22 requests to treat a settlement as business confidential; 118 requests for adverse judgment, default adverse judgment, or settlement notices; and two arbitration agreements and awards will be filed annually based on petitions filed during fiscal years 2013–2015. The Office also estimates that 22 requests to make a settlement available will be filed annually based on petitions filed during fiscal years 2013–2015. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%) and the percentage of small entity-owned patent applications or patents that were the subject of an interference declared in fiscal year 2010 (19.62%), it is estimated that seven small entities will file a request to treat

a settlement as business confidential, 38 small entities will file a request for adverse judgment, default adverse judgment notices, or settlement notices, and one small entity will file an arbitration agreement and award in the reviews and derivations instituted annually based on petitions filed during fiscal years 2013–2015.

Parties to a review or derivation proceeding may seek judicial review of the final decision of the Board. Historically, 33% of examiners' decisions in *inter partes* reexamination proceedings have been appealed to the Board. Given the increased coordination with district court litigation, the Office has adjusted its estimate of the appeal rate to be 120% of the historic rate (40% of decisions). Based on this rate, 149 additional notices of appeal will be filed based on the decisions issued in the new trials annually based on petitions filed during fiscal years 2013–2015. Based on current projections with additional resources, it is anticipated that the Board will on average issue 18,570 decisions on appeal of applications during fiscal years 2013–2015. Additionally it is anticipated that on average351 decisions in reexamination (300) and interferences (51) will be decided in fiscal years 2013–2015. It is estimated that 1% of decisions on appeals in applications and 20% of decisions on appeal in reexamination or during interferences would be appealed. Thus, it is estimated that 256 notices of appeal (and notices of election) based on decisions on appeal and during interferences would be filed with the Office in addition to the 149 filed during reviews on average during fiscal years 2013–2015. Furthermore, based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%) and the percentage of small entity-owned patent applications or patents that were the subject of an interference declared in fiscal year 2010 (19.62%), it is estimated that 47 small entities would seek judicial review of final decisions of the Board in the reviews (46) and derivation proceedings (1) instituted in fiscal year 2013.

5. Description of the Reporting, Recordkeeping, and Other Compliance Requirements of the Final Rule, Including an Estimate of the Classes of Small Entities Which Will Be Subject to the Requirement and the Type of Professional Skills Necessary for Preparation of the Report or Record: Based on the filing trends of *inter partes* reexamination requests, it is anticipated that petitions for review will be filed across all technologies with approximately 50% being filed in electrical technologies, approximately 30% in mechanical technologies, and the remaining 20% in chemical technologies and design. However, covered business method patent reviews would be limited to covered business method patents that are not patents for technological inventions. Under the final rules, a person who is not the owner of a patent may file a petition to institute a review of that patent, with a few exceptions. Given this, it is anticipated that a petition for review is likely to be filed by an entity practicing in the same or similar field as the patent. Therefore, it is anticipated that 50% of the petitions for review will be filed in the electronics field, 30% in the mechanical field, and 20% in the chemical or design fields.

Based on the trends of declared contested cases in fiscal year 2011, it is anticipated that petitions for derivation will be filed across all technologies with approximately 16% in electrical technologies, approximately 17% in mechanical technologies, and the remaining 67% in chemical technologies and design. A derivation petition is likely to be filed by an entity practicing in the same or similar field as the patent. Therefore, it is anticipated that 16% of the petitions for review will be filed in the electronic field, 17% in the mechanical field, and 67% in the chemical or design fields.

This notice provides the procedural requirements that are common for the new trials. Additional requirements are provided in contemporaneous trial specific rulemaking. The procedures for petitions to institute an *inter partes* review include those set forth in §§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(1), 42.63, 42.65, and 42.101 through 42.105. The procedures for petitions to institute a post-grant review include those set forth in §§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(2), 42.63, 42.65, and 42.201 through 42.205. The procedures for petitions to institute a covered business method patent review include those set forth in §§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(3), 42.63, 42.65, 42.203, 42.205, and 42.302 through 42.304. The procedures for petitions to institute a derivation proceeding include those set forth in §§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(4),42.63, 42.65, and 42.402 through 42.406.

The skills necessary to prepare a petition for review and to participate in a trial before the Patent Trial and Appeal Board would be similar to those needed to prepare a request for *inter partes* reexamination and to represent a party in an *inter partes* reexamination before the Patent Trial and Appeal Board. The level of skill is typically possessed by a registered patent practitioner having devoted professional time to the particular practice area, typically under the supervision of a practitioner skilled in the particular practice area. Where authorized by the Board, a non-registered practitioner may be admitted *pro hac vice,* on a case-by-case basis depending on the facts and circumstances of the trial and party, as well as the skill of the practitioner.

The cost of preparing a petition for *inter partes* review is anticipated to be the same as the cost for preparing a request for *inter partes* reexamination. The American Intellectual Property Law Association's *AIPLA Report of the Economic Survey 2011* reported that the average cost of preparing a request for *inter partes* reexamination was $46,000. Based on the work required to prepare and file such a request, the Office considers the reported cost as a reasonable estimate. Accordingly, the Office estimates that the cost of preparing a petition for *inter partes* review would be $46,000.

The cost of preparing a petition for post-grant or covered business method patent review is estimated to be 33.333% higher than the cost of preparing a petition for *inter partes* review because the petition for post-grant or covered business method patent review may seek to institute a proceeding on additional grounds such as subject matter eligibility. Therefore, the Office estimates that the cost of preparing a petition for post-grant or covered business method patent review would be $61,333. It is expected that petitions for derivation would have the same complexity and cost as a petition for post-grant review because derivation proceedings raise issues of conception and communication, which have similar complexity to the issues that can be raised in a post-grant review, *i.e.,* public use, sale and written description. Thus, the Office estimates that the cost of preparing a petition for derivation would also be $61,333.

The filing of a petition for review would also require payment by the petitioner of the appropriate petition fee to recover the aggregate cost for providing the review. The appropriate petition fee would be determined by the number of claims for which review is sought and the type of review. The fees for filing a petition for *inter partes* review are: $27,200 for requesting review of 20 or fewer claims and $600 for each claim in excess of 20 for which review is sought. The fees for filing a petition for post-grant or covered business method patent review would

be: $35,800 to request review of 20 or fewer claims and $800 for each claim in excess of 20 for which review is sought.

In setting fees, the estimated information technology cost to establish the process and maintain the filing and storage system through 2017 is to be recovered by charging each petition an IT fee that has a base component of $1,705 for requests to review 20 or fewer claims. The IT component fee would increase $75 per claim in excess of 20. The remainder of the fee is to recover the cost for judges to determine whether to institute a review and conduct the review, together with a proportionate share of indirect costs, *e.g.,* rent, utilities, additional support, and administrative costs. Based on the direct and indirect costs, the fully burdened cost per hour for judges to decide a petition and conduct a review is estimated to be $258.32.

For a petition for *inter partes* review with 20 or fewer challenged claims, it is anticipated that about 100 hours of judge time would be required. An additional two hours of judge time for each claim in excess of 20 would be required.

For a petition for post-grant or covered business method patent review with 20 or fewer challenged claims, it is anticipated that about 130 hours of judge time will be required. An additional slightly under three hours of judge time for each claim in excess of 20 would be required.

The rules permit the patent owner to file a preliminary response to the petition setting forth the reasons why no review should be initiated. The procedures for a patent owner to file a preliminary response as an opposition are set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.107, 42.120, 42.207, and 42.220. The patent owner is not required to file a preliminary response. The Office estimates that the preparation and filing of a patent owner preliminary response would require 91.6 hours of professional time and cost $34,000. The *AIPLA Report of the Economic Survey 2011* reported that the average cost for *inter partes* reexamination including the request ($46,000), the first patent owner response, and third party comments was $75,000 (*see* page I–175) and the mean billing rate for professional time of $371 per hour for attorneys in private firms (*see* page 8). Thus, the cost of the first patent owner reply and the third-party statement is $29,000, the balance of $75,000 minus $46,000. The Office finds these costs to be reasonable estimates. The patent owner reply and third party statement, however, occur after the examiner has made an initial threshold determination and made only the appropriate rejections. Accordingly, it is anticipated that filing a patent owner preliminary response to a petition for review would cost more than the initial reply in a reexamination, an estimated $34,000.

The Office will determine whether to institute a trial within three months after the earlier of: (1) The submission of a patent owner preliminary response, (2) the waiver of filing a patent owner preliminary response, or (3) the expiration of the time period for filing a patent owner preliminary response. If the Office decides not to institute a trial, the petitioner may file a request for reconsideration of the Office's decision. It is anticipated that a request for reconsideration will require 80 hours of professional time to prepare and file, for a cost of $29,680. This estimate is based on the complexity of the issues and desire to avoid time bars imposed by 35 U.S.C. 315(b), as amended, and 35 U.S.C. 325(b).

Following institution of a trial, the parties may be authorized to file various motions, *e.g.,* motions to amend and motions for additional discovery. Where a motion is authorized, an opposition may be authorized, and where an opposition is authorized, a reply may be authorized. The procedures for filing a motion include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.22, 42.24(a)(5), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.121, 42.221, 42.123, and 42.223. The procedures for filing an opposition include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.107, 42.120, 42.207, and 42.220. The procedures for filing a reply include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(c), 42.51, 42.52, 42.53, 42.54, 42.63, and 42.65. As discussed previously, the Office estimates that the average *inter partes* review will have 6 motions, oppositions, and replies after institution. The average post-grant or covered business method patent review will have 8 motions, oppositions, and replies after institution. The average derivation proceeding is anticipated to have 20 motions, oppositions, and replies after institution. The Office envisions that most motions will be decided in a conference call or shortly thereafter.

After a trial has been instituted, but prior to a final written decision, parties to a review or derivation proceeding may request an oral hearing. The procedure for filing requests for oral argument is set forth in § 42.70. The *AIPLA Report of the Economic Survey 2011* reported that the third quartile cost of an *ex parte* appeal with an oral argument is $12,000, while the third quartile cost of an *ex parte* appeal without an oral argument is $6,000. In view of the reported costs, which the Office finds reasonable, and the increased complexity of an oral hearing with multiple parties, it is estimated that the cost per party for oral hearings would be $6,800, or 18.3 hours of professional time ($6,800 divided by $371), or $800 more than the reported third quartile cost for an *ex parte* oral hearing.

Parties to a review or derivation proceeding may file requests to treat a settlement as business confidential, and requests for adverse judgment, and arbitration agreements and awards. A written request to make a settlement agreement available may also be filed. The procedures to file requests that a settlement be treated as business confidential are set forth in §§ 42.74(c) and 42.409. The procedures to file requests for adverse judgment are set forth in § 42.73(b). The procedures to file arbitration agreements and awards are set forth § 42.410. The procedures to file requests to make a settlement agreement available are set forth in § 42.74(c)(2). It is anticipated that requests to treat a settlement as business confidential will require two hours of professional time or $742. It is anticipated that requests for adverse judgment will require one hour of professional time or $371. It is anticipated that arbitration agreements and awards will require four hours of professional time or $1,484. It is anticipated that a settlement agreement will require 100 hours of professional time or $37,100 if the parties are not also in litigation over the patent and one hour or $371 if the parties are in litigation. It is estimated that 100% of covered business method patent reviews and 70% of the reviews will have concurrent litigation based on standing requirement in covered business method patent reviews and the historical rate during *inter partes* reexamination. It is anticipated that requests to make a settlement agreement available will require one hour of professional time or $371. The requests to make a settlement agreement available will also require payment of a fee of $400 specified in § 42.15(d). The fee is the same as that currently set forth in § 41.20(a) for petitions to the Chief Administrative Patent Judge.

Parties to a review proceeding may seek judicial review of the judgment of the Board. The procedures to file notices of judicial review of a Board decision,

including notices of appeal and notices of election provided for in 35 U.S.C. 141, 142, 145, and 146, are set forth in §§ 90.1 through 90.3. The submission of a copy of a notice of appeal or a notice of election is anticipated to require six minutes of professional time at a cost of $37.10.

6. Description of Any Significant Alternatives to the Final Rules Which Accomplish the Stated Objectives of Applicable Statutes and Which Minimize Any Significant Economic Impact of the Rules on Small Entities:

Size of petitions and motions: The Office considered whether to apply a page limit in the administrative trials and what an appropriate page limit would be. The Office does not currently have a page limit on *inter partes* reexamination requests. The *inter partes* reexamination requests from October 1, 2010, to June 30, 2011, averaged 246 pages. Based on the experience of processing *inter partes* reexamination requests, the Office finds that the very large size of the requests has created a burden on the Office that hinders the efficiency and timeliness of processing the requests, and creates a burden on patent owners. The quarterly reported average processing time from the filing of a request to the publication of a reexamination certificate ranged from 28.9 months to 41.7 months in fiscal year 2009, from 29.5 months to 37.6 months in fiscal year 2010, and from 31.9 to 38.0 months in fiscal year 2011. *See* Reexaminations—FY 2011, available at *http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.*

By contrast, the Office has a page limit on the motions filed in contested cases, except where parties are specifically authorized to exceed the limitation. The typical contested case proceeding is subject to a standing order that sets a 50-page limit for motions and oppositions on priority, a 15-page limit for miscellaneous motions (§ 41.121(a)(3)) and oppositions (§ 41.122), and a 25-page limit for other motions (§ 41.121(a)(2)) and oppositions to other motions. In typical proceedings, replies are subject to a 15-page limit if directed to priority, five-page limit for miscellaneous issues, and ten-page limit for other motions. The average contested case was terminated in 10.1 months in fiscal year 2009, in 12 months in fiscal year 2010, and nine months in fiscal year 2011. The percentage of contested cases terminated within two years was 93.7% in fiscal year 2009, 88.0% in fiscal year 2010, and 94.0% in fiscal year 2011. *See* BPAI Statistics—Performance Measures, *available at http://www.uspto.gov/ip/boards/bpai/stats/perform/index.jsp.*

Comparing the average time period for terminating a contested case, 10.0 to 12.0 months, with the average time period, during fiscal years 2009 through 2011, for completing an *inter partes* reexamination, 28.9 to 41.7 months, indicates that the average contested case takes from 24% (10.0/41.7) to 42% (12.0/28.9) of the time of the average *inter partes* reexamination. While several factors contribute to the reduction in time, limiting the size of the requests and motions is considered a significant factor. Section 42.24 would provide page limits for petitions, motions, oppositions, and replies. 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) provide considerations that are to be taken into account when prescribing regulations including the integrity of the patent system, the efficient administration of the Office, and the ability to complete the trials timely. The page limits set forth in these rules are consistent with these considerations.

Federal courts routinely use page limits in managing motions practice as ''[e]ffective writing is concise writing.'' *Spaziano* v. *Singletary,* 36 F.3d 1028, 1031 n.2 (11th Cir. 1994). Many district courts restrict the number of pages that may be filed in a motion including, for example, the District of Delaware, the District of New Jersey, the Eastern District of Texas, the Northern, Central, and Southern Districts of California, and the Eastern District of Virginia.

Federal courts have found that page limits ease the burden on both the parties and the courts, and patent cases are no exception. *Eolas Techs., Inc.* v. *Adobe Sys., Inc.,* No. 6:09–CV–446, at 1 (E.D. Tex. Sept. 2, 2010) (''The Local Rules' page limits ease the burden of motion practice on both the Court and the parties.''); *Blackboard, Inc.* v. *Desire2Learn, Inc.,* 521 F. Supp. 2d 575, 576 (E.D. Tex. 2007) (The parties ''seem to share the misconception, popular in some circles, that motion practice exists to require Federal judges to shovel through steaming mounds of pleonastic arguments in Herculean effort to uncover a hidden gem of logic that will ineluctably compel a favorable ruling. Nothing could be further from the truth.''); *Broadwater* v. *Heidtman Steel Prods., Inc.,* 182 F. Supp. 2d 705, 710 (S.D. Ill. 2002) (''Counsel are strongly advised, in the future, to not ask this Court for leave to file any memoranda (supporting or opposing dispositive motions) longer than 15 pages. The Court has handled complicated patent cases and employment discrimination cases in which the parties were able to limit their briefs supporting and opposing summary judgment to 10 or 15 pages.'' (Emphasis omitted)).

The Board's contested cases experience with page limits in motions practice is consistent with that of the Federal courts. The Board's use of page limits has shown it to be beneficial without being unduly restrictive for the parties. Page limits have encouraged the parties to focus on dispositive issues, and reducing costs for the parties and the Board.

The Board's contested cases experience with page limits is informed by its use of different approaches over the years. In the early 1990s, page limits were not routinely used for motions, and the practice suffered from lengthy and unacceptable delays. To reduce the burden on the parties and on the Board and thereby reduce the time to decision, the Board instituted page limits in the late 1990s for every motion. Page limit practice was found to be effective in reducing the burdens on the parties and improving decision times at the Board. In 2006, the Board revised the page limit practice and allowed unlimited findings of fact and generally limited the number of pages containing argument. Due to abuses of the system, the Board recently reverted back to page limits for the entire motion (both argument and findings of fact).

The Board's current page limits are consistent with the 25-page limits in the Northern, Central, and Southern Districts of California, and the Middle District of Florida, and exceed the limits in the District of Delaware (20), the Northern District of Illinois (15), the District of Massachusetts (20), the Eastern District of Michigan (20), the Southern District of Florida (20), and the Southern District of Illinois (20).

In a typical proceeding before the Board, a party may be authorized to file a single motion for unpatentability based on prior art, a single motion for unpatentability based upon failure to comply with 35 U.S.C. 112, lack of written description, and/or enablement, and potentially another motion for lack of compliance with 35 U.S.C. 101, although a 35 U.S.C. 101 motion may be required to be combined with the 35 U.S.C. 112 motion. Each of these motions is currently limited to 25 pages in length, unless good cause is shown that the page limits are unduly restrictive for a particular motion.

A petition requesting the institution of a trial proceeding would be similar to motions currently filed with the Board. Specifically, petitions to institute a trial seek a final written decision that the challenged claims are unpatentable, where derivation is a form of

unpatentability. Accordingly, a petition to institute a trial based on prior art would, under current practice, be limited to 25 pages, and by consequence, a petition raising unpatentability based on prior art and unpatentability under 35 U.S.C. 101 and/or 112 would be limited to 50 pages.

Under the final rules, an *inter partes* review petition would be based upon any grounds identified in 35 U.S.C. 311(b), as amended, *i.e.,* only a ground that could be raised under 35 U.S.C. 102 or 103 and only on the basis of patents or printed publications. Generally, under current practice, a party is limited to filing a single prior art motion, limited to 25 pages in length. The rule provides up to 60 pages in length for a motion requesting *inter partes* review. Thus, as the page limit more than doubles the default page limit currently set for a motion before the Board, a 60-page limit is considered sufficient in all but exceptional cases and is consistent with the considerations provided in 35 U.S.C. 316(b), as amended.

Under the final rules, a post-grant review petition would be based upon any grounds identified in 35 U.S.C. 321(b), *e.g.,* failure to comply with 35 U.S.C. 101, 102, 103, and 112 (except best mode). Under current practice, a party would be limited to filing two or three motions, each limited to 25 pages, for a maximum of 75 pages. Where there is more than one motion for unpatentability based upon different statutory grounds, the Board's experience is that the motions contain similar discussions of technology and claim constructions. Such overlap is unnecessary where a single petition for unpatentability is filed. Thus, the 80-page limit is considered sufficient in all but exceptional cases.

Covered business method patent review is similar in scope to that of post-grant review, as there is substantial overlap in the statutory grounds permitted for review. Thus, the page limit for covered business method patent review petitions is 80 pages, which is the same as that for post-grant review.

Petitions to institute derivation proceedings raise a subset of issues that are currently raised in contested cases in a motion for judgment on priority of invention. Currently, motions for judgment on priority of invention, including issues such as conception, corroboration, and diligence, are generally limited to 50 pages. Thus, the 60-page limit is considered sufficient in all but exceptional cases.

The final rule provides that petitions to institute a trial must comply with the stated page limits but may be accompanied by a motion that seeks to waive the page limits. The petitioner must show in the motion how a waiver of the page limits is in the interests of justice. A copy of the desired non-page limited petition must accompany the motion. Generally, the Board would decide the motion prior to deciding whether to institute the trial.

Current Board practice provides a limit of 25 pages for other motions and 15 pages for miscellaneous motions. The Board's experience is that such page limits are sufficient for the parties filing them and do not unduly burden the opposing party or the Board. Petitions to institute a trial would generally replace the current practice of filing motions for unpatentability, as most motions for relief are expected to be similar to the current contested cases miscellaneous motion practice. Accordingly, the 15-page limit is considered sufficient for most motions but may be adjusted where the limit is determined to be unduly restrictive for the relief requested.

Section 42.24(b) provides page limits for oppositions filed in response to motions. Current practice for other contested cases provides an equal number of pages for an opposition as its corresponding motion. This is generally consistent with motions practice in Federal courts. The rule is consistent with the practice for other contested cases.

Section 42.24(c) provides page limits for replies. Current practice for other contested cases provide a 15-page limit for priority motion replies, a five-page limit for miscellaneous (procedural) motion replies, and a ten-page limit for all other motions. The rule is consistent with current contested case practice for procedural motions. The rule provides a 15-page limit for reply to petitions requesting a trial, which the Office believes is sufficient based on current practice. Current contested case practice has shown that such page limits do not unduly restrict the parties and, in fact, have provided sufficient flexibility to parties to not only reply to the motion but also help to focus on the issues. Thus, it is anticipated that default page limits would minimize the economic impact on small entities by focusing on the issues in the trials.

The AIA requires that the Director, in prescribing rules for the *inter partes,* post-grant, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b). In view of the actual results of the duration of proceedings in *inter partes* reexamination (without page limits) and contested cases (with page limits), adopting procedures with reasonable page limits is consistent with the objectives set forth in the AIA. Based on our experience on the time needed to complete a non-page limited proceeding, the option of non-page limited proceedings was not adopted.

Fee Setting: 35 U.S.C. 311(a), as amended, and 35 U.S.C. 321(a) require the Director to establish fees to be paid by the person requesting the review in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review. In contrast to 35 U.S.C. 311(b) and 312(c) in effect on September 15, 2012, the AIA requires the Director to establish more than one fee for reviews based on the total cost of performing the reviews, and does not provide explicitly for refund of any part of the fee when the Director determines that the review should not be initiated.

Further, 35 U.S.C. 312(a)(1), as amended, and 35 U.S.C. 322(a)(1) require that the fee established by the Director under 35 U.S.C. 311(a), as amended, or 35 U.S.C. 321 accompany the petition on filing. Accordingly, in interpreting the fee setting authority in 35 U.S.C. 311(a), as amended, and 35 U.S.C. 321(a), it is reasonable that the Director should set a number of fees for filing a petition based on the anticipated aggregate cost of conducting the review depending on the complexity of the review, and require payment of the fee upon filing of the petition.

Based on experience with contested cases and *inter partes* reexamination proceedings, the following characteristics of requests were considered as potential factors for fee setting as each would likely impact the cost of providing the new services. The Office also considered the relative difficulty in administrating each option in selecting the characteristics for which different fees should be paid for requesting review.

I. *Adopted Option.* Number of claims for which review is requested. The number of claims often impacts the complexity of the request and increases the demands placed on the deciding officials. *Cf. In re Katz Interactive Call Processing Patent Litig.,* 639 F.3d 1303, 1309 (Fed. Cir. 2011) (limiting number of asserted claims is appropriate to manage a patent case efficiently). Moreover, the number of claims for which review is requested easily can be determined and administered, which avoids delays in the Office and the

impact on the economy or patent system that would occur if an otherwise meritorious petition is refused due to improper fee payment. Any subsequent petition could be time barred in view 35 U.S.C. 315(b), as amended, or 35 U.S.C. 325.

II. *Alternative Option I.* Number of grounds for which review is requested. The Office has experience with large numbers of cumulative grounds being presented in *inter partes* reexaminations which often add little value to the proceedings. Allowing for a large number of grounds to be presented on payment of an additional fee(s) is not favored. Determination of the number of grounds in a request may be contentious and difficult and may result in a large amount of high-level petition work. As such, the option would have a negative impact on small entities. Moreover, contested cases instituted in the 1980s and early 1990s suffered from this problem as there was no page limit for motions and the parties had little incentive to focus the issues for decision. The resulting records were often a collection of disparate issues and evidence. This led to lengthy and unwarranted delays in deciding contested cases as well as increased costs for parties and the Office. Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for the *inter partes,* post-grant, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

III. *Alternative Option II.* Pages of argument. The Office has experience with large requests in *inter partes* reexamination in which the merits of the proceedings could have been resolved in a shorter request. Allowing for unnecessarily large requests on payment of an additional fee(s) is not favored. Moreover, determination of what should be counted as ''argument'' as compared with ''evidence'' has often proven to be contentious and difficult as administered in the current *inter partes* reexamination appeal process.

In addition, the trial section of the Board recently experimented with motions having a fixed-page limit for the argument section and an unlimited number of pages for the statement of facts. Unlimited pages for the statement of facts led to a dramatic increase in the number of alleged facts and pages associated with those facts. For example, one party used approximately ten pages for a single ''fact'' that merely cut and pasted a portion of a declarant's cross-examination. Based upon the trial section's experience with unlimited pages of facts, the Board recently reverted back to a fixed-page limit for the entire motion (argument and facts). Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for the *inter partes,* post-grant, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

IV. *Alternative Option III.* The Office considered an alternative fee setting regime in which fees would be charged at various steps in the review process (rather than collected as a single payment on filing of the petition) as the proceeding progresses, *e.g.,* a first fee on filing of the petition, a second fee if instituted, a third fee on filing a motion in opposition to amended claims, etc. The alternative fee setting regime would hamper the ability of the Office to complete reviews timely, would result in dismissal of pending proceedings with patentability in doubt due to non-payment of required fees by third parties, and would be inconsistent with 35 U.S.C. 312, as amended, and 35 U.S.C. 322 that require the fee established by the Director to be paid at the time of filing the petition. Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for *inter partes* review, post-grant review, and covered business method patent review, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

V. *Alternative Option IV.* The Office considered setting reduced fees for small and micro entities and to provide refunds if a review is not instituted. The Office is setting the fee to recover the cost of providing the services under 35 U.S.C. 41(d)(2)(a). Fees set under this authority are not reduced for small entities, *see* 35 U.S.C. 42(h)(1), as amended. Moreover, the Office does not have authority to refund fees that were not paid by mistake or in excess of that owed. *See* 35 U.S.C. 42(d).

Discovery: The Office considered a procedure for discovery similar to the one available during district court litigation. Discovery of that scope has been criticized sharply, particularly when attorneys use discovery tools as tactical weapons, which hinder the ''just, speedy, and inexpensive determination of every action and proceedings.'' *See* introduction to *An E-Discovery Model Order, available at http://www.cafc.uscourts.gov/images/stories/announcements/Ediscovery_Model_Order.pdf.* Accordingly, this alternative would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for the *inter partes* review, post-grant review, and covered business method patent review, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

Additional discovery increases trial costs and increases the expenditures of time by the parties and the Board. The Board's experience in contested cases, however, is that such showings are often lacking and authorization for additional discovery is expected to be limited. While an interests-of-justice standard would be employed in granting additional discovery in *inter partes* reviews and derivation proceedings, the post-grant and covered business method patent reviews would employ a good cause standard in granting additional discovery. Parties may, however, agree to additional discovery amongst themselves.

To promote effective discovery, the rule would require a showing that additional requested discovery would be productive in *inter partes* reviews and derivation proceedings. An interests-of-justice standard for additional discovery is for *inter partes* reviews and derivation proceedings. This standard is consistent with the considerations identified in 35 U.S.C. 316(b) and 135(b), as amended, including the efficient administration of the Board and the Board's ability to complete trials timely. Further, the interests-of-justice standard is consistent with 35 U.S.C. 316(a)(5), as amended, which states that discovery other than depositions of witnesses submitting affidavits and declarations be what is otherwise necessary in the interests-of-justice.

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. The interests-of-justice standard covers considerable ground, and in using such a standard, the Board expects to consider whether the additional discovery is necessary in light of the totality of the relevant circumstances.

The Office sets forth a default scheduling order to provide limited discovery as a matter of right and provide parties with the ability to seek additional discovery on a case-by-case basis. In weighing the need for additional discovery, should a request be made, the Board would consider the economic impact on the opposing party. This would tend to limit additional discovery where a party is a small entity.

Pro Hac Vice: The Office considered whether to allow counsel to appear *pro hac vice.* In certain instances, highly skilled, but non-registered, attorneys have appeared satisfactorily before the Board in contested cases. The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause. The Board may impose conditions in recognizing counsel *pro hac vice,* including a requirement that counsel acknowledge that counsel is bound by the Office's Code of Professional Responsibility. Proceedings before the Office can be technically complex. The grant of a motion to appear *pro hac vice* is a discretionary action taking into account the specifics of the proceedings. Similarly, the revocation of *pro hac vice* is a discretionary action taking into account various factors, including incompetence, unwillingness to abide by the Office's Code of Professional Responsibility, prior findings of misconduct before the Office in other proceedings, and incivility.

The Board's past practice has required the filing of a motion by a registered patent practitioner seeking *pro hac vice* representation based upon a showing of: (1) How qualified the unregistered practitioner is to represent the party in the proceeding when measured against a registered practitioner, and (2) whether the party has a genuine need to have the particular unregistered practitioner represent it during the proceeding. This practice has proven effective in the limited number of contested cases where such requests have been granted. The rule allows for this practice in the new proceedings authorized by the AIA.

The rules provide a limited delegation to the Board under 35 U.S.C. 2(b)(2) and 32 to regulate the conduct of counsel in Board proceedings. The rule delegates to the Board the authority to conduct counsel disqualification proceedings while the Board has jurisdiction over a proceeding. The rule would also delegate to the Chief Administrative Patent Judge the authority to make final a decision to disqualify counsel in a proceeding before the Board for the purposes of judicial review. This delegation would not derogate from the Director the prerogative to make such decisions, nor would it prevent the Chief Administrative Patent Judge from further delegating authority to an administrative patent judge.

The Office considered broadly permitting practitioners not registered to practice by the Office to represent parties in trial as well as categorically prohibiting such practice. A prohibition on the practice would be inconsistent with the Board's experience, and more importantly, might result in increased costs particularly where a small entity has selected its district court litigation team and subsequently a patent review is filed after litigation efforts have commenced. Alternatively, broadly making the practice available would create burdens on the Office in administering the trials and in completing the trial within the established time frame, particularly if the selected practitioner does not have the requisite skill. In weighing the desirability of admitting a practitioner *pro hac vice,* the economic impact on the party in interest would be considered, which would tend to increase the likelihood that a small entity could be represented by a non-registered practitioner. Accordingly, the alternatives to eliminate *pro hac vice* practice or to permit it more broadly would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for *inter partes,* post-grant, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

Threshold for Instituting a Review: The Office considered whether the threshold for instituting a review could be set as low as or lower than the threshold for *ex parte* reexamination. This alternative could not be adopted in view of the statutory requirements in 35 U.S.C. 314, as amended, and 35 U.S.C. 324.

Default Electronic Filing: The Office considered a paper filing system and a mandatory electronic filing system (without any exceptions) as alternatives to the requirement that all papers are to be electronically filed, unless otherwise authorized.

Based on the Office's experience, a paper-based filing system increases delay in processing papers, delay in public availability, and the chance that a paper may be misplaced or made available to an improper party if confidential. Accordingly, the alternative of a paper-based filing system would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for *inter partes* review, post-grant review, and covered business method patent review, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

An electronic filing system (without any exceptions) that is rigidly applied would result in unnecessary cost and burdens, particularly where a party lacks the ability to file electronically. By contrast, with the option, as adopted, it is expected that the entity size and sophistication would be considered in determining whether alternative filing methods would be authorized.

7. Identification, to the Extent Practicable, of All Relevant Federal Rules Which May Duplicate, Overlap, or Conflict with the Final Rules: The following rules also provide processes involving patent applications and patents:

37 CFR 1.99 provides for the submission of information after publication of a patent application during examination by third parties.

37 CFR 1.171–1.179 provide for applications to reissue a patent to correct errors, including where a claim in a patent is overly broad.

37 CFR 1.291 provides for the protest against the issuance of a patent during examination.

37 CFR 1.321 provides for the disclaimer of a claim by a patentee.

37 CFR 1.501 and 1.502 provide for *ex parte* reexamination of patents. Under these rules, a person may submit to the Office prior art consisting of patents or printed publications that are pertinent to the patentability of any claim of a patent, and request reexamination of any claim in the patent on the basis of the cited prior art patents or printed publications. Consistent with 35 U.S.C. 302–307, *ex parte* reexamination rules provide a different threshold for initiation, require the proceeding to be conducted by an examiner with a right of appeal to the Patent Trial and Appeal

Board, and allow for limited participation by third parties.

37 CFR 1.902–1.997 provide for *inter partes* reexamination of patents. Similar to *ex parte* reexamination, *inter partes* reexamination provides a procedure in which a third party may request reexamination of any claim in a patent on the basis of the cited prior art patents and printed publication. The *inter partes* reexamination practice will be eliminated, except for requests filed before the effective date, September 16, 2012. *See* section 6(c)(3)(C) of the AIA.

Other countries have their own patent laws, and an entity desiring a patent in a particular country must make an application for patent in that country, in accordance with the applicable law. Although the potential for overlap exists internationally, this cannot be avoided except by treaty (such as the Paris Convention for the Protection of Industrial Property, or the Patent Cooperation Treaty (PCT)). Nevertheless, the Office believes that there are no other duplicative or overlapping foreign rules.

This notice also revises the rule of practice to consolidate the procedure for notifying the Office and other parties in the proceeding when a party seeks judicial review of a Board decision. Parties to a review or derivation proceeding may seek judicial review of the final decision of the Board. Historically, 33% of examiners' decisions in *inter partes* reexamination proceedings have been appealed to the Board. Given the increased coordination with district court litigation, the Office has adjusted its estimate of the appeal rate to be 120% of the historic rate (40% of decisions). Based on this rate, 149 additional notices of appeal will be filed based on the decisions issued in the new trials annually based on petitions filed during fiscal years 2013–2015. Based on current projections with additional resources, it is anticipated that the Board will on average issue 18,570 decisions on appeal of applications during fiscal years 2013–2015. Additionally it is anticipated that on average 351 decisions in reexamination (300) and interferences (51) will be decided in fiscal years 2013–2015. It is estimated that 1% of decisions on appeals in applications and 20% of decisions on appeal in reexamination or during interferences would be appealed. Thus, it is estimated that 256 notices of appeal (and notices of election) based on decisions on appeal and during interferences would be filed with the Office in addition to the 149 filed during reviews on average during fiscal years 2013–2015.

The rule also requires that a copy of the notice of appeal or notice of election and complaint be provided to the Board, thus an additional 405 (256 + 149) copies would be required.

C. Executive Order 12866 (Regulatory Planning and Review): This rulemaking has been determined to be significant for purposes of Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

The Office estimates that the aggregate burden of the rules for implementing the new review procedures is approximately $94.1 million annually for fiscal years 2013–2015. The USPTO considered several factors in making this estimate.

Based on the petition and other filing requirements for initiating a review proceeding, the USPTO initially estimated the burden of the rules on the public to be $213,666,384.60 in fiscal year 2013, which represents the sum of the estimated total annual (hour) respondent cost burden ($196,239,188.60) plus the estimated total annual non-hour respondent cost burden ($17,427,196.00) provided in Item (O)(II) of the Rulemaking Considerations section of this notice, *infra.* However, since the AIA also eliminates *inter partes* reexamination practice (except for requests filed before the effective date of September 16, 2012) and interference practice as to applications and patents that have an effective filing date on or after March 16, 2013 (with a few exceptions), the burden of the rules should be offset by the eliminations of those proceedings and their associated burdens.

It is estimated that 420 new requests for *inter partes* reexamination would have been filed in FY 2012, 450 new requests in FY 2014 and 500 new requests in FY 2015 if the AIA had not been enacted for an annual average of 456. This estimate is based on the number of proceedings filed in fiscal years 2011 (374), 2010 (280), 2009 (258), and the first half of FY 2012 (192). Elimination of 456 proceedings reduces the public's burden to pay filing fees by $4,012,800 (456 filings with an $8,800 filing fee due) and the public's burden to prepare requests by $20,976,000 (456 filings with $46,000 average cost to prepare). Based on the assumption that 93% of the requests would be ordered (consistent with the fiscal year 2011 grant rate), the burden to conduct the proceeding until close of prosecution will reduce the public's burden by $89,040,000 (424 proceedings that would be estimated to be granted reexamination multiplied by $210,000 which is the average cost cited in the *AIPLA Report of the Economic Survey 2011 for* per party costs until close of prosecution reduced by the $46,000 request preparation cost). Additionally, the burden on the public to appeal to the Board would be reduced by $5,358,000 (based on an estimate that 141 proceedings would be appealed to the Board, which is estimated based on the number of granted proceedings (424) and the historical rate of appeal to the Board (⅓) and an average public cost of $38,000). Thus, a reduction of $119,386,800 in public burden results from the elimination of new filings of *inter partes* reexamination (the sum of $3,696,000 (the filing fees), $19,320,000 (the cost of preparing requests), $82,110,000 (the prosecution costs), plus $4,940,000 (the burden to appeal to the Board)).

The public burden due to a reduction in the number of interferences declared, from 64 to 51, is estimated at $9,484,400 annually based on the assumption that the current percentage of interferences decided in the preliminary phase (80%) would continue on the lower number of proceedings instituted and based on cost to the public. To calculate this public burden due to a reduction in the number of interferences declared ($9,484,400), the following information was used. The average public burden for a two party interference decided in the preliminary phase reported in the *AIPLA Report of the Economic Survey 2011* is $644,000 (if decided in the preliminary phase) and $1,262,000 (if decided after the preliminary phase). It is estimated that had the AIA not been enacted, 52 interferences would have been decided in the preliminary phase, and 12 would have been decided after the preliminary phase, equating to a public burden of $48,632,000 ((52 multiplied by $644,000 equals $33,488,000), plus (12 multiplied by $1,262,000 equals $15,144,000) for a total of $48,632,000)). It is estimated that 51 interferences will be instituted in fiscal year 2013, at an average public burden of $767,600 (80% of $644,000 plus 20% of $ 1,262,000) per interference, or a total of $39,147,600 (51 multiplied by $767,600). Accordingly, it is estimated that burden to the public due to the reduction of interferences would be the total public burden for interferences of $48,632,000 minus total public burden for estimated interferences for fiscal years 2013–2015 of $39,147,600, or $9,484,400.

Thus, a total of $119,550,400 in public burden will be eliminated by the reduction in the number of interferences that would be declared and by eliminating new filings of *inter partes*

reexamination (this total is a sum of the following identified above: elimination of filing fees ($3,696,000), cost of preparing requests ($19,320,000), prosecution costs until close of prosecution ($82,110,000), burden to appeal to the Board ($4,940,000) in new *inter partes* reexamination proceedings, and the reduction in interference burden ($9,484,400)). Therefore, the estimated aggregate burden of the rules for implementing the new review proceedings would be $94,115,984.60 ($213,666,384.60 minus $119,550,400) in fiscal year 2013.

The USPTO expects several benefits to flow from the AIA and these rules. It is anticipated that the rules will reduce the time for reviewing patents at the USPTO. Specifically, 35 U.S.C. 316(a), as amended, and 35 U.S.C. 326(a) provide that the Director prescribe regulations requiring a final determination by the Board within one year of initiation, which may be extended for up to six months for good cause. In contrast, currently for *inter partes* reexamination, the average time from the filing to the publication of a certificate ranged from 28.9 to 41.7 months during fiscal years 2009–2011. *See* Reexaminations—FY 2011, *available at http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.*

Likewise, it is anticipated that the rules will minimize duplication of efforts. In particular, the AIA provides more coordination between district court infringement litigation and *inter partes* review to reduce duplication of efforts and costs. For instance, 35 U.S.C. 315(b), as amended, will require that a petition for *inter partes* review be filed within one year of the date of service of a complaint alleging infringement of a patent. By requiring the filing of an *inter partes* review petition earlier than a request for *inter partes* reexamination, and by providing shorter timelines for *inter partes* review compared with reexamination, it is anticipated that the current high level of duplication between litigation and reexamination will be reduced.

The *AIPLA Report of the Economic Survey 2011* reports that the total cost of patent litigation where the damages at risk are less than $1,000,000 average $916,000, where the damages at risk are between $1,000,000 and $25,000,000 average $2,769,000, and where the damages at risk exceed $25,000,000 average $6,018,000. There may be a significant reduction in overall burden if, as intended, the AIA and the rules reduce the overlap between review at the USPTO of issued patents and validity determination during patent infringement actions. Data from the United States district courts reveals that 2,830 patent cases were filed in 2006, 2,896 in 2007, 2,909 in 2008, 2,792 in 2009, and 3,301 in 2010. *See* U.S. Courts, Judicial Business of the United States Courts, *available at www.uscourts.gov/uscourts/Statistics/JudicialBusiness/2010/appendices/C02ASep10.pdf* (last visited Nov. 11, 2011) (hosting annual reports for 1997 through 2010). Thus, the Office estimates that no more than 3,300 patent cases (the highest number of yearly filings between 2006 and 2010 rounded to the nearest 100) are likely to be filed annually. The aggregate burden estimate above ($94,115,984.60) was not offset by a reduction in burden based on improved coordination between district court patent litigation and the new *inter partes* review proceedings.

The Office received two written submissions of comments from the public regarding Executive Order 12866. Each component of those comments directed to Executive Order 12866 is addressed below.

Comment 231: Two comments suggested that the proposed rules would have been classified more appropriately as significant under section 3(f)(4) of Executive Order 12866 because the proposed rules raise novel legal or policy issues arising out of legal mandates.

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The comment does not present what aspect(s) of the rule is believed to present novel legal or policy issues.

Comment 232: One comment suggested that the costs, including any prophylactic application steps resulting from the new proceedings, were not calculated appropriately when the Office offset the new burdens with those removed by elimination of the ability to file new *inter partes* reexamination under Executive Order 12866 and that when appropriately calculated, the cost would exceed the $100 million threshold for declaring the proposed rules significant under section 3(f)(1).

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The Office's baseline costs used to determine the increased burden of the proposed rules properly used the burden on the public to comply with *inter partes* reexamination because those burdens existed before the statutory change, and that process was eliminated and replaced by the process adopted by the AIA as implemented this final rule. *See* OMB Circular A4, section (e)(3). *See also* response to Comment 229.

Comment 233: One comment argued that the $80,000,000 burden estimate is so close to $100,000,000 threshold, that, particularly in view of the difficulties in estimating burden, the Office should assume that it is likely that the proposed rules would have a $100,000,000 impact. One comment suggested that the Office should have conducted a Regulatory Impact Analysis.

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The comment did not indicate what aspect of the estimate was likely to be wrong. Furthermore, $80,000,000 is twenty percent below the $100,000,000 threshold. Moreover, the Office's estimate did not take into account the reduction in burden due to decreased litigation. Thus, the Office's estimate is likely an overstatement of the estimated basis.

D. Executive Order 13563 (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided online access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13132 (Federalism): This rulemaking does not contain policies with federalism implications sufficient to warrant

preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

F. Executive Order 13175 (Tribal Consultation): This rulemaking will not: (1) Have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

G. Executive Order 13211 (Energy Effects): This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996). This rulemaking carries out a statute designed to lessen litigation. *See* H.R. Rep. No. 112–98, at 45–48.

I. Executive Order 13045 (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property): This rulemaking will not effect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801–808), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the final rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this notice are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign based enterprises in domestic and export markets. Therefore, this notice is not expected to result in a ''major rule'' as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995: The changes set forth in this notice do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501–1571.

M. National Environmental Policy Act: This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321–4370h.

N. National Technology Transfer and Advancement Act: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

O. Paperwork Reduction Act: The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549) requires that the USPTO consider the impact of paperwork and other information collection burdens imposed on the public. This rulemaking involves information collection requirements which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549). The collection of information involved in this notice has been submitted to OMB under OMB control number 0651–0069 when the notice of proposed rulemaking was published. The Office published the title, description, and respondent description of the information collection, with an estimate of the annual reporting burdens, in the Notice ''Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,'' 77 FR 6879 (Feb. 9, 2012) (notice of proposed rulemaking) (RIN 0651–AC70).

The Office received two comments and made minor revisions to the requirements in the rule, as well as the burden estimates, as outlined below. Accordingly, the Office has resubmitted the proposed revision to the information collection requirements under 0651–0069. The proposed revision to the information collection requirements under 0651–0069 is available at OMB's Information Collection Web site (*www.reginfo.gov/public/do/PRAMain*).

This rulemaking will add the following to a collection of information:

(1) Petitions to institute an *inter partes* review (§§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(1), 42.63, 42.65, and 42.101 through 42.105);

(2) Petitions to institute a post-grant review (§§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(2), 42.63, 42.65, and 42.201 through 42.205);

(3) Petitions to institute a covered business method patent review (§§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(3), 42.63, 42.65, 42.203, 42.205, and 42.302 through 42.304);

(4) Petitions to institute a derivation proceeding (§§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(4), 42.63, 42.65, and 42.402 through 42.406);

(5) Motions (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.22, 42.24(a)(5), 42.51, through 42.54, 42.63, 42.64, 42.65, 42.121, 42.221, 42.123, and 42.223);

(6) Oppositions (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.107, 42.120, 42.207, and 42.220);

(7) Replies provided for in 35 U.S.C. 135 and 311–318, as amended, and new 35 U.S.C. 319 and 321–329 (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(c), 42.51, 42.52, 42.53, 42.54, 42.63, and 42.65); and

(8) Notices of judicial review of a Board decision, including notices of appeal and notices of election provided for in 35 U.S.C. 141, 142, 145 and 146 (§§ 90.1 through 90.3).

The rules also permit filing requests for oral argument (§ 42.70) provided for in 35 U.S.C. 316(a)(10), as amended, and 35 U.S.C. 326(a)(10), requests for rehearing (§ 42.71(c)), requests for adverse judgment (§ 42.73(b)), requests that a settlement be treated as business confidential (§ 42.74(b) and 42.409) provided for in 35 U.S.C. 317, as amended, and 35 U.S.C. 327, and arbitration agreements and awards (§ 42.410) to a collection of information.

I. Abstract: The USPTO is required by 35 U.S.C. 131 and 151 to examine applications and, when appropriate, issue applications as patents.

Chapter 31 of title 35, United States Code, in effect on September 16, 2012, provides for *inter partes* review proceedings allowing third parties to petition the USPTO to review the patentability of an issued patent under 35 U.S.C. 102 and 103 based on patents and printed publications. If a trial is initiated by the USPTO based on the

petition, as authorized by the USPTO, additional motions may be filed by the petitioner. A patent owner may file a response to the petition and if a trial is instituted, as authorized by the USPTO, may file additional motions.

Chapter 32 of title 35 U.S.C. in effect on September 16, 2012, provides for post-grant review proceeding allowing third parties to petition the USPTO to review the patentability of an issued patent under any ground authorized under 35 U.S.C. 282(b)(2). If a trial is initiated by the USPTO based on the petition, as authorized by the USPTO, additional motions may be filed by the petitioner. A patent owner may file a response to the petition and if a trial is instituted, as authorized by the USPTO, may file additional motions.

Section 18 of the AIA provides for a transitional program for covered business method patents, which will employ the standards and procedures of the post-grant review proceeding with a few exceptions. 35 U.S.C. 135 in effect on March 16, 2013, provides for petitions to institute a derivation proceeding at the USPTO for certain applications. The new rules for initiating and conducting these proceedings are adopted in this notice as new part 42 of title 37 of the Code of Federal Regulations.

In estimating the number of hours necessary for preparing a petition to institute an *inter partes* review, the USPTO considered the estimated cost of preparing a request for *inter partes* reexamination ($46,000), the mean billing rate ($371/hour), and the observation that the cost of *inter partes* reexamination has risen the fastest of all litigation costs since 2009 in the *AIPLA Report of the Economic Survey 2011*. It was estimated that a petition for an *inter partes* review and an *inter partes* reexamination request would cost the same to the preparing party ($46,000). Since additional grounds for instituting review are provided in post-grant review or covered business method patent review compared with *inter partes* reexamination, the Office estimates the cost of preparing a petition to institute a review will be 33.333% more than the estimated cost of preparing a request for *inter partes* reexamination, or $61,333.

The USPTO also reviewed recent contested cases before the trial section of the Board to make estimates on the average number of motions for any matter including priority, the subset of those motions directed to non-priority issues, the subset of those motions directed to non-priority patentability issues, and the subset of those motions directed to patentability issues based on a patent or printed publication on the basis of 35 U.S.C. 102 or 103. Thus, for *inter partes* review, considering the percentage of motions on patentability issues based on a patent or printed publication on the basis of 35 U.S.C. 102 or 103 would be appropriate as grounds raised in those proceedings would be directed to the same issues. Similarly, for post-grant review and transitional proceedings for covered business methods, considering the percentage of motions on patentability issues would be appropriate as grounds raised in those proceedings would be directed to the same issues. The review of current contested cases before the trial section of the Board indicated that approximately 15% of motions were directed to prior art grounds, 18% of motions were directed to other patentability grounds, 27% were directed to miscellaneous issues, and 40% were directed to priority issues. It was estimated that the cost per motion to a party in current contested cases before the trial section of the Board declines because of overlap in subject matter, expert overlap, and familiarity with the technical subject matter. Given the overlap of subject matter, a proceeding with fewer motions such as *inter partes* review will have a somewhat less than proportional decrease in costs since the overlapping costs will be spread over fewer motions as compared with a derivation proceeding.

It is estimated that the cost of an *inter partes* review would be 60% of the cost of current contested cases before the trial section of the Board to the end of the preliminary motion period. An *inter partes* review should have many fewer motions since only one party will have a patent that is the subject of the proceeding (compared with each party having at least a patent or an application in current contested cases before the trial section of the Board). Moreover, fewer issues can be raised since *inter partes* review will not have priority-related issues that must be addressed in current contested cases before the trial section of the Board. Consequently, a 60% weighting factor should capture the typical costs of an *inter partes* review.

It is estimated that the cost of a post-grant review or covered business method patent review would be 75% of the cost of current contested cases before the trial section of the Board to the end of the preliminary motion period. The basis for this estimate is similar to the basis for the *inter partes* review estimate. Since more patentability issues may be raised in the petition, the cost for these trials is expected to be somewhat higher. Again, a 75% weighting factor should capture the typical costs of a post-grant review or a covered business method patent review.

The motions that present claims in excess of the number of claims in the patent and in excess of three dependent or more than 20 total claims also require payment of statutory fee for presenting such claims. *See* 35 U.S.C. 41(a)(2)(i) and (ii). It is estimated that 20 percent of instituted proceedings will have one additional independent claim and ten additional dependent claims presented in proceedings filed in FY 2013. Based on the historical data for *inter partes* reexamination it is estimated that 32.09% of the patent owners presenting additional claims will pay small entity fee for the additional claims. Thus, it is estimated that 23 small entities will pay an additional $110.00 for an additional independent claim and $260.00 for ten additional claims in *inter partes* review proceedings in FY 2013. It is estimated that 48 non-small entities will pay an additional $220.00 for an additional independent claim and $520.00 for ten additional claims in *inter partes* review proceedings in FY 2013. It is estimated that three small entities will pay an additional $110.00 for an additional independent claim and $260.00 for ten additional claims in post-grant review proceedings in FY 2013. It is estimated that six non-small entities will pay an additional $220.00 for an additional independent claim and $520.00 for ten additional claims in post-grant review proceedings in FY 2013. The total excess claim fee due from patent owners is estimated to be $49,580 in FY 2013.

Derivations will be more like current contested cases before the trial section of the Board inasmuch as they may have a period which sets the stage for determining derivation and a derivation period. One-half of derivations are anticipated to end in the preliminary motion period, while the other half is anticipated to proceed to decision on derivation. While it is recognized that fewer than half of all current contested cases before the trial section of the Board proceed to a priority decision, derivation contests are often more protracted than other current contested cases before the trial section of the Board. The costs associated with derivations through the preliminary motion period and through the derivation period should be comparable to the corresponding costs of current contested cases before the trial section of the Board.

The title, description, and respondent description of the information collection are shown below with an estimate of the

annual reporting burdens. Included in this estimate is the time for reviewing instructions, gathering and maintaining the data needed, and completing and reviewing the collection of information. The principal impact of the changes in this notice is to implement the changes to Office practice necessitated by sections 3(i), 6, and 18 of the AIA.

The public uses this information collection to request review and derivation proceedings as well as to ensure that the associated fees and documentation are submitted to the USPTO.

II. Data

Needs and Uses: The information supplied to the USPTO by a petition to institute a review or derivation as well as the motions authorized following the institution is used by the USPTO to determine whether to initiate a review under 35 U.S.C. 314, as amended, or 35 U.S.C. 324 or derivation proceeding under 35 U.S.C. 135, as amended, and to prepare a final decision under 35 U.S.C. 135 or 318, as amended, or 35 U.S.C. 328.

OMB Number: 0651–0069.

Title: Patent Review and Derivation Proceedings.

Form Numbers: None.

Type of Review: New Collection.

Likely Respondents/Affected Public: Individuals or households, businesses or other for-profit, not-for-profit institutions, farms, Federal Government, and state, local, or tribal governments.

Estimated Number of Respondents/Frequency of Collection: 1,040 respondents and 5,059 responses per year.

Estimated Time per Response: The USPTO estimates that it will take the public from 0.1 to 165.3 hours to gather the necessary information, prepare the documents, and submit the information to the USPTO.

Estimated Total Annual Respondent Burden Hours: 528,946.6 hours per year.

Estimated Total Annual (Hour) Respondent Cost Burden: $196,239,188.60 per year. The USPTO expects that the information in this collection will be prepared by attorneys. Using the professional rate of $371 per hour for attorneys in private firms, the USPTO estimates that the respondent cost burden for this collection will be approximately $196,239,188.60 per year (528,946.6 hours per year multiplied by $371 per hour).

Estimated Total Annual Non-Hour Respondent Cost Burden: $17,427,196.00 per year. There are no capital start-up or maintenance costs associated with this information collection. However, this collection does have annual (non-hour) costs in the form of filing fees and postage costs where filing via mail is authorized. It is estimated that filing via mail will be authorized in one *inter partes* review petition filing and three subsequent papers. There are filing fees associated with petitions for *inter partes* review, post-grant review, and covered business method patent review and for requests to treat a settlement as business confidential. The total filing fees for this collection are calculated in the accompanying table. The USPTO estimates that filings authorized to be filed via mail will be mailed to the USPTO by Express Mail using the U.S. Postal Service's flat rate envelope, which can accommodate varying submission weights, estimated in this case to be 16 ounces for the petitions and two ounces for the other papers. The cost of the flat rate envelope is $18.95. The USPTO estimates that the total postage cost associated with this collection will be approximately $76 per year. The USPTO estimates that the total fees associated with this collection will be approximately $17,427,120.00 per year.

Therefore, the total cost burden in fiscal year 2013 is estimated to be $213,666,384.60 (the sum of the estimated total annual (hour) respondent cost burden ($196,239,188.60) plus the estimated total annual non-hour respondent cost burden ($17,427,196.00)).

Item	Proposed estimated time for response (hours)	Proposed estimated annual responses	Proposed estimated annual burden hours	Final estimated time for response (hours)	Final estimated annual responses	Final estimated annual burden
Petition for *inter partes* review	135.3	460	62,238	124	456	56,544
Petition for post-grant review or covered business method patent review	180.4	50	9,020	165.3	73	12,066.90
Petition for derivation	180.4	50	9,020	165.3	50	8,265
Reply to initial *inter partes* review petition	100	406	40,600	91.6	401	36,731.60
Reply to initial post-grant review or covered business method patent review	100	45	4,500	91.6	64	5,862.40
Request for Reconsideration	80	141	11,280	80	156	12,480
Motions, replies and oppositions after institution in *inter partes* review	140	2,453	343,420	140	2166	303,240
Motions, replies and oppositions after institution in post-grant review or covered business method patent review	130	342	44,460	130	460	59,800
Motions, replies and oppositions in derivation proceeding	120	210	25,200	120	180	21,600
Request for oral hearing	20	456	9,120	18.3	484	8,857.2
Request to treat a settlement as business confidential	2	18	36	2	22	44
Request for adverse judgment, default adverse judgment or settlement (parties in litigation over patent)	1	101	101	1	85	85
Settlement parties not in litigation	n/a	n/a	n/a	100	33	3300
Arbitration agreement and award	4	2	8	4	2	8

Item	Proposed estimated time for response (hours)	Proposed estimated annual responses	Proposed estimated annual burden hours	Final estimated time for response (hours)	Final estimated annual responses	Final estimated annual burden
Request to make a settlement agreement available	1	18	18.00	1	22	22
Notice of judicial review of a Board decision (*e.g.,* notice of appeal under 35 U.S.C. 142)	0.1	194	19.4	0.1	405	40.5
Totals		4,967	559,648.4		5,059	528,946.6

Item	Proposed estimated annual response	Proposed fee amount	Proposed estimated annual filing costs	Final estimated annual responses	Fee amount	Final estimated annual filing costs
Petition for *inter partes* review	460	$35,800	$16,468,000	456	* $31,400	$14,318,400
Petition for post-grant review or covered business method patent review	50	47,100	2,355,000	73	* 41,400	3,022,200
Petition for derivation	50	400	20,000	50	400	20,000
Reply to *inter partes* review petition	406	0	0	401	0	0
Reply to post-grant review or covered business method patent review petition	45	0	0	64	0	0
Request for Reconsideration	141	0	0	156	0	0
Motions, replies and oppositions after initiation in *inter partes* review with no excess claims	2,453	0	0	2,086	0	0
Motions in *inter partes* review with excess claims by small entity patent owners	n/a	n/a	n/a	26	370	9,620
Motions in *inter partes* review with excess claims by other than small entity patent owners	n/a	n/a	n/a	54	740	39,960
Motions, replies and oppositions after initiation in post-grant review or covered business method patent review with no excess claims	342	0	0	471	0	0
Motions in post-grant review or covered business method patent review with excess claims by other than small entity patent owners	n/a	n/a	n/a	4	370	1,480
Motions in post-grant review or covered business method patent review with excess claims by small entity patent owners	n/a	n/a	n/a	9	740	6,660
Motions, replies and oppositions in derivation proceeding	210	0	0	180	0	0
Request for oral hearing	456	0	0	484	0	0
Request to treat a settlement as business confidential	18	0	0	22	0	0
Request for adverse judgment, default adverse judgment or settlement	101	0	0	118	0	0
Arbitration agreement and award	2	0	0	2	0	0
Request to make a settlement agreement available	18	400	7,200	22	400	8,800
Notice of judicial review of a Board decision (*e.g.,* notice of appeal under 35 U.S.C. 142)	51	0	0	405	0	0
Totals	4,967		18,851,000	5,059		17,427,120

* Average.

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

The Office received two written submissions of comments regarding the Paperwork Analysis Act. Each component of those comment directed the Paperwork Reduction Act is addressed below.

Comment 234: One comment suggested that *inter partes* reexamination is a very poor proxy for these proceedings because there have been very few completed proceedings relative to all filing of *inter partes* reexaminations from 2001 to 2011 and the comment claims that the completed proceeding are only the least complex of proceedings which the comment alleges result in a sampling bias.

Response: While only 305 *inter partes* reexamination proceedings have resulted in a certificate, the comment is not correct that only the least complex of proceedings have been completed. The number of filings of *inter partes* reexamination has increased considerably in the last three full years. *See Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR at 6893. For example, in the last three years 824 or 64% of the 1,278 requests filed from 2001 to 2011 were filed. Considering that the average time from filing to certificate for the 305 certificates was 36.2 months and the median pendency was 32.9 months, it would have been more appropriate for the comment to consider the 305 certificates that have issued compared with the filings from 2001 to 2008. During that time period there were 467 requests filed, 14 requests were subsequently denied a filing date, 53 requests were denied on the merits, 246 had concluded with a certificate by September 30, 2011, and 154 were still pending on September 30, 2011. Of the 154 that were still pending, only one was before the examiner after a non-final rejection, only three had an action closing prosecution as the last action, and only three had a right of appeal notice as the last action. Most of the 154 proceedings were subject to appeal proceedings or were in the publication process. Accordingly, *inter partes* reexamination is an appropriate proxy.

Comment 235: One comment suggested that for matters not concurrently in litigation, the Office's two hour estimate for public burden of settlement under the Paperwork Reduction Act was unreasonably low by a factor of 30–100 and must include the costs to arrive at the settlement in addition to the cost of submitting the agreement to the Office. The comment asserts that this burden is fully cognizable under the Paperwork Reduction Act.

Response: This comment was adopted in part. For *inter partes* and post-grant review proceedings where the parties are not also in district court litigations regarding the patent, the burden has been increased to 100 hours per settlement as suggested as the highest estimate in the comment. Based partially on historical data for *inter partes* reexamination, it is estimated that 30% of reviewed patents will not be subject to concurrent litigation.

By statute, any petitioner seeking review of a covered business method must also be in litigation regarding the patent or have been charged with infringement. The comment only argued that for parties not in litigation, the cost of settlement was too low. Therefore, this comment is not pertinent to this rulemaking and is not adopted.

Any petitioner seeking review of a covered business method under the transitional program, however, is also in concurrent litigation. Thus, the estimated burden for settlement in those proceeding has not be revised in view of the comment.

Comment 236: Two comments requested that the Office set forth the basis for the number of petitions for review.

Response: As discussed above in item B, the Office considered the actual number of *inter partes* reexamination requests filed during FY 2001–2011 and the anticipated number of requests in FY 2012, the number of such requests of patents classified in Class 705, the number of interferences, and the differences between reexamination and the new review. The Office estimated the number of reviews based on the historical data on the number of filings in the most analogous proceedings. *See Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR at 7097.

Comment 237: One comment suggested that a projection for at least three years of growth in future filings is necessary because the PRA clearance is for three years. The comment also seeks disclosure of USPTO's estimation models.

Response: The suggestion has been adopted. The Office estimates moderate aggregate growth for petitions seeking *inter partes* review and post-grant review, as set forth in item B above. Further, the Office estimates no growth for petitions seeking review under the transitional program for covered business method patents during the three year period. Calculations for these numbers are providing in the supporting statement for this collection. In 2013, the number of eligible patents will include patents for which currently in litigation. In subsequent years, the number of eligible patents is expected to be reduced, because some proceedings will have been settled, while others will have been stayed pending a review. At the same time, as experience in the procedure becomes more wide spread, the public would more likely seek a review. Because these two factors offset each other, the Office is anticipated zero growth for petitions for the covered business method patent review.

Comment 238: Two comments noted that the distribution of claims for the review was not disclosed during the comment period. The comment asserts that failure to disclose underlying data in the Notice of Proposed Rulemaking violates the Paperwork Reduction Act (and other requirements).

Response: The distribution of claims for which review will be requested was estimated based on the number of claims for which *inter partes* reexamination was requested in the first 60 requests filed during the second quarter of FY 2011 as that data was the most timely when the proposed rule notices were drafted. That data was publically available when the notice of proposed rulemaking was published and remains available today. *See http://portal.uspto.gov/external/portal/pair.* A summary of that publicly available data is provided as follows: 40 of the 60 proceedings requested review of 20 or fewer claims; eight of the 60 requested review of between 21 and 30 claims; three of the 60 requested review of between 31 and 40 claims; six of the 60 requested review of between 41 and 50 claims; one of the 60 requested review of between 51 and 60 claims; one of the 60 requested review of between 61 and 70 claims; and one of the 60 requested review of between 91 and 100 claims. A second group of 20 proceedings filed after September 15, 2011, were reviewed to determine if the change to the statutory threshold resulted in a clear change in the number of claims for which review was requested. A summary of that data is provided as follows: 13 of 20 requested review of 20 or fewer claims; three of 20 requested review of between 21 and 30 claims; three of 20 requested review of between 31 and 40 claims; and one of 20 requested review of 53 claims.

Comment 239: One comment suggested that the estimate of the number of post-grant review proceedings should be doubled based on the analysis of the University of Houston of patent cases from 2005–2009. According to the comment, this analysis shows that for every 15 decisions involving printed prior art grounds, there were 13 decisions involving public use, ''on sale,'' or 35 U.S.C. 112.

Response: The suggestion is not adopted. While the Office agrees that many decisions involved public use, ''on sale,'' or 35 U.S.C. 112, the comment and the analysis by the University of Houston did not consider which decisions did not include a prior art grounds, but did include a public use, ''on sale,'' or 35 U.S.C. 112 ground. Only the subset of decisions including the newly available grounds could be used appropriately in estimating an increased rate of post-grant review filings relative to *inter partes* review.

The comment also did not address how the limited filing window relative to the filing of district court litigation for post-grant review would be addressed appropriately if the University of Houston study served as a basis for the estimates.

Comment 240: One comment suggested that the hourly rate for practitioners should be raised from $340 (the median hourly rate from the AIPLA economical survey referenced in the notice of proposed rulemaking) to $500. The comment asserts that using the median hourly rate from the AIPLA Economic Survey of $340 is analytically wrong and that, at a minimum, the higher mean rate of $371 from that survey should be used.

Response: The suggestion is adopted in part. The Office has adopted a mean hourly rate of $371 from the AIPLA Economic Survey, rather than the median hourly rate of $340 from that survey. The suggestion of a $500 hourly rate cannot be adopted because the comment did not provide any data to support the validity of hourly rate suggested and the Office believes, based on its experience, that $371 is a better estimate of the average hourly rate.

Comment 241: The comments suggested that reliance on the AIPLA economic survey was inappropriate as the survey is flawed. The comment asserts that the survey is unreliable for estimating paperwork burden under the Information Quality Act.

Response: In providing estimates of burden hours, the USPTO sometimes referenced the AIPLA economic survey report, as a benchmark for the estimates. While the costs reported in the survey were considered, the Office, in estimating the cost of the collection, also considered the work required to prepare and file the submissions.

Under the USPTO's Information Quality Guidelines (ICG), the AIPLA economic survey report is not a ''dissemination'' of information. The Guidelines state that ''dissemination'' means an ''agency initiated or sponsored distribution of information to the public.'' USPTO's ICG, Section IV, A, 1. Subsection (a) further defines ''agency initiated distribution of information to the public'' to mean ''information that the agency distributes or releases which reflects, represents, or forms any part of the support of the policies of the agency.'' *Id.* at Section IV, A, 1, a. The USPTO did not distribute or release the AIPLA economic survey report.

Likewise, the AIPLA economic survey report does not qualify as an ''agency sponsored distribution of information'' under Subsection (b) of the Guidelines, which ''refers to situations where the agency has directed a third party to distribute or release information, or where the agency has the authority to review and approve the information before release.'' *Id.* at Section IV, A, 1, b. The USPTO did not commission the report, had no input into the structure of the report and does not rely exclusively upon the results of the report to arrive at estimates. No correction of the documents is required because the Office utilized the AIPLA economic survey report in formulating some burden estimations. No correction is required under the Information Quality Act.

Comment 242: One comment suggested that the regulations imposed a substantial paperwork burden without a valid OMB Control Number.

Response: The suggestion is not adopted. OMB Control number 0651–0069 has been requested appropriately and is pending.

Comment 243: One comment suggested that the USPTO's estimates systematically ignore burdens and costs associated with the attorney's client company.

Response: See response to Comment 229.

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

List of Subjects

37 CFR Part 1

Administrative practice and procedure, Courts, Freedom of Information, Inventions and patents, Reporting and recordkeeping requirements, Small Businesses.

37 CFR Part 42

Administrative practice and procedure, Inventions and patents, Lawyers.

37 CFR Part 90

Administrative practice and procedure, Inventions and patents, Lawyers.

Amendments to the Regulatory Text

For the reasons stated in the preamble, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office amends chapter I of title 37 of the Code of Federal Regulations as follows:

PART 1—RULES OF PRACTICE IN PATENT CASES

■ 1. The authority citation for 37 CFR part 1 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2).

§ 1.301 [Removed and reserved]

■ 2. Section 1.301 is removed and reserved.

§ 1.302 [Removed and reserved]

■ 3. Section 1.302 is removed and reserved.

§ 1.303 [Removed and reserved]

■ 4. Section 1.303 is removed and reserved.

§ 1.304 [Removed and reserved]

■ 5. Section 1.304 is removed and reserved.

■ 6. Part 42 is added to read as follows:

PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

Subpart A—Trial Practice and Procedure

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Authority: 35 U.S.C. 2(b)(2), 6, 21, 23, 41, 135, 311, 312, 316, 321–326 and Leahy-Smith America Invents Act, Pub. L. 112–29, sections 6(c), 6(f) and 18, 125 Stat. 284, 304, 311, and 329 (2011).

Subpart A—Trial Practice and Procedure

General

§ 42.1 Policy.

(a) *Scope.* Part 42 governs proceedings before the Patent Trial and Appeal Board. Sections 1.4, 1.7, 1.14, 1.16, 1.22, 1.23, 1.25, 1.26, 1.32, 1.34, and 1.36 of this chapter also apply to proceedings before the Board, as do other sections of part 1 of this chapter that are incorporated by reference into this part.

(b) *Construction.* This part shall be construed to secure the just, speedy, and inexpensive resolution of every proceeding.

(c) *Decorum.* Every party must act with courtesy and decorum in all proceedings before the Board, including in interactions with other parties.

(d) *Evidentiary standard.* The default evidentiary standard is a preponderance of the evidence.

§ 42.2 Definitions.

The following definitions apply to this part:

Affidavit means affidavit or declaration under § 1.68 of this chapter. A transcript of an *ex parte* deposition or a declaration under 28 U.S.C. 1746 may be used as an affidavit.

Board means the Patent Trial and Appeal Board. Board means a panel of the Board, or a member or employee acting with the authority of the Board, including:

(1) For petition decisions and interlocutory decisions, a Board member or employee acting with the authority of the Board.

(2) For final written decisions under 35 U.S.C. 135(d), 318(a), and 328(a), a panel of the Board.

Business day means a day other than a Saturday, Sunday, or Federal holiday within the District of Columbia.

Confidential information means trade secret or other confidential research, development, or commercial information.

Final means final for the purpose of judicial review to the extent available. A decision is final only if it disposes of all necessary issues with regard to the party seeking judicial review, and does not indicate that further action is required.

Hearing means consideration of the trial.

Involved means an application, patent, or claim that is the subject of the proceeding.

Judgment means a final written decision by the Board, or a termination of a proceeding.

Motion means a request for relief other than by petition.

Office means the United States Patent and Trademark Office.

Panel means at least three members of the Board.

Party means at least the petitioner and the patent owner and, in a derivation proceeding, any applicant or assignee of the involved application.

Petition is a request that a trial be instituted.

Petitioner means the party filing a petition requesting that a trial be instituted.

Preliminary Proceeding begins with the filing of a petition for instituting a trial and ends with a written decision as to whether a trial will be instituted.

Proceeding means a trial or preliminary proceeding.

Rehearing means reconsideration.

Trial means a contested case instituted by the Board based upon a petition. A trial begins with a written decision notifying the petitioner and patent owner of the institution of the trial. The term trial specifically includes a derivation proceeding under 35 U.S.C. 135; an *inter partes* review under Chapter 31 of title 35, United States Code; a post-grant review under Chapter 32 of title 35, United States Code; and a transitional business-method review under section 18 of the Leahy-Smith America Invents Act. Patent interferences are administered under part 41 and not under part 42 of this title, and therefore are not trials.

§ 42.3 Jurisdiction.

(a) The Board may exercise exclusive jurisdiction within the Office over every involved application and patent during the proceeding, as the Board may order.

(b) A petition to institute a trial must be filed with the Board consistent with any time period required by statute.

§ 42.4 Notice of trial.

(a) *Institution of trial.* The Board institutes the trial on behalf of the Director.

(b) Notice of a trial will be sent to every party to the proceeding. The entry of the notice institutes the trial.

(c) The Board may authorize additional modes of notice, including:

(1) Sending notice to another address associated with the party, or

(2) Publishing the notice in the Official Gazette of the United States Patent and Trademark Office or the **Federal Register**.

§ 42.5 Conduct of the proceeding.

(a) The Board may determine a proper course of conduct in a proceeding for any situation not specifically covered by this part and may enter non-final orders to administer the proceeding.

(b) The Board may waive or suspend a requirement of parts 1, 41, and 42 and may place conditions on the waiver or suspension.

(c) *Times.* (1) *Setting times.* The Board may set times by order. Times set by rule are default and may be modified by order. Any modification of times will take any applicable statutory pendency goal into account.

(2) *Extension of time.* A request for an extension of time must be supported by a showing of good cause.

(3) *Late action.* A late action will be excused on a showing of good cause or upon a Board decision that consideration on the merits would be in the interests of justice.

(d) *Ex parte communications.* Communication regarding a specific proceeding with a Board member defined in 35 U.S.C. 6(a) is not permitted unless both parties have an opportunity to be involved in the communication.

§ 42.6 Filing of documents, including exhibits; service.

(a) *General format requirements.* (1) Page size must be 8½ inch × 11 inch except in the case of exhibits that require a larger size in order to preserve details of the original.

(2) In documents, including affidavits, created for the proceeding:

(i) Markings must be in black or must otherwise provide an equivalent dark, high-contrast image;

(ii) Either a proportional or monospaced font may be used:

(A) The proportional font must be 14-point or larger, and

(B) The monospaced font must not contain more than four characters per centimeter (ten characters per inch);

(iii) Double spacing must be used except in claim charts, headings, tables

of contents, tables of authorities, indices, signature blocks, and certificates of service. Block quotations may be 1.5 spaced, but must be indented from both the left and the right margins; and

(iv) Margins must be at least 2.5 centimeters (1 inch) on all sides.

(3) *Incorporation by reference; combined documents.* Arguments must not be incorporated by reference from one document into another document. Combined motions, oppositions, replies, or other combined documents are not permitted.

(4) *Signature; identification.* Documents must be signed in accordance with §§ 1.33 and 11.18(a) of this title, and should be identified by the trial number (where known).

(b) *Modes of filing.* (1) *Electronic filing.* Unless otherwise authorized, submissions are to be made to the Board electronically via the Internet according to the parameters established by the Board and published on the Web site of the Office.

(2)(i) *Filing by means other than electronic filing.* A document filed by means other than electronic filing must:

(A) Be accompanied by a motion requesting acceptance of the submission; and

(B) Identify a date of transmission where a party seeks a filing date other than the date of receipt at the Board.

(ii) Mailed correspondence shall be sent to: Mail Stop PATENT BOARD, Patent Trial and Appeal Board, United States Patent and Trademark Office, PO Box 1450, Alexandria, Virginia 22313–1450.

(c) *Exhibits.* Each exhibit must be filed with the first document in which it is cited except as the Board may otherwise order.

(d) *Previously filed paper.* A document already in the record of the proceeding must not be filed again, not even as an exhibit or an appendix, without express Board authorization.

(e) *Service.* (1) *Electronic or other mode.* Service may be made electronically upon agreement of the parties. Otherwise, service may be by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL®.

(2) *Simultaneous with filing.* Each document filed with the Board, if not previously served, must be served simultaneously on each opposing party.

(3) *Counsel of record.* If a party is represented by counsel of record in the proceeding, service must be on counsel.

(4) *Certificate of service.* (i) Each document, other than an exhibit, must include a certificate of service at the end of that document. Any exhibit filed with the document may be included in the certification for the document.

(ii) For an exhibit filed separately, a transmittal letter incorporating the certificate of service must be filed. If more than one exhibit is filed at one time, a single letter should be used for all of the exhibits filed together. The letter must state the name and exhibit number for every exhibit filed with the letter.

(iii) The certificate of service must state:

(A) The date and manner of service; and

(B) The name and address of every person served.

§ 42.7 Management of the record.

(a) The Board may expunge any paper directed to a proceeding or filed while an application or patent is under the jurisdiction of the Board that is not authorized under this part or in a Board order or that is filed contrary to a Board order.

(b) The Board may vacate or hold in abeyance any non-Board action directed to a proceeding while an application or patent is under the jurisdiction of the Board unless the action was authorized by the Board.

§ 42.8 Mandatory notices.

(a) Each notice listed in paragraph (b) of this section must be filed with the Board:

(1) By the petitioner, as part of the petition;

(2) By the patent owner, or applicant in the case of derivation, within 21 days of service of the petition; or

(3) By either party, within 21 days of a change of the information listed in paragraph (b) of this section stated in an earlier paper.

(b) Each of the following notices must be filed:

(1) *Real party-in-interest.* Identify each real party-in-interest for the party.

(2) *Related matters.* Identify any other judicial or administrative matter that would affect, or be affected by, a decision in the proceeding.

(3) *Lead and back-up counsel.* If the party is represented by counsel, then counsel must be identified.

(4) *Service information.* Identify (if applicable):

(i) An electronic mail address;

(ii) A postal mailing address;

(iii) A hand-delivery address, if different than the postal mailing address;

(iv) A telephone number; and

(v) A facsimile number.

§ 42.9 Action by patent owner.

(a) *Entire interest.* An owner of the entire interest in an involved application or patent may act to the exclusion of the inventor (*see* § 3.71 of this title).

(b) *Part interest.* An owner of a part interest in the subject patent may move to act to the exclusion of an inventor or a co-owner. The motion must show the inability or refusal of an inventor or co-owner to prosecute the proceeding or other cause why it is in the interests of justice to permit the owner of a part interest to act in the trial. In granting the motion, the Board may set conditions on the actions of the parties.

§ 42.10 Counsel.

(a) If a party is represented by counsel, the party must designate a lead counsel and a back-up counsel who can conduct business on behalf of the lead counsel.

(b) A power of attorney must be filed with the designation of counsel, except the patent owner should not file an additional power of attorney if the designated counsel is already counsel of record in the subject patent or application.

(c) The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause, subject to the condition that lead counsel be a registered practitioner and to any other conditions as the Board may impose. For example, where the lead counsel is a registered practitioner, a motion to appear *pro hac vice* by counsel who is not a registered practitioner may be granted upon showing that counsel is an experienced litigating attorney and has an established familiarity with the subject matter at issue in the proceeding.

(d) 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.

(e) Counsel may not withdraw from a proceeding before the Board unless the Board authorizes such withdrawal.

§ 42.11 Duty of candor.

Parties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of a proceeding.

§ 42.12 Sanctions.

(a) The Board may impose a sanction against a party for misconduct, including:

(1) Failure to comply with an applicable rule or order in the proceeding;

(2) Advancing a misleading or frivolous argument or request for relief;

(3) Misrepresentation of a fact;

(4) Engaging in dilatory tactics;

(5) Abuse of discovery;

(6) Abuse of process; or

(7) Any other improper use of the proceeding, including actions that harass or cause unnecessary delay or an unnecessary increase in the cost of the proceeding.

(b) Sanctions include entry of one or more of the following:

(1) An order holding facts to have been established in the proceeding;

(2) An order expunging or precluding a party from filing a paper;

(3) An order precluding a party from presenting or contesting a particular issue;

(4) An order precluding a party from requesting, obtaining, or opposing discovery;

(5) An order excluding evidence;

(6) An order providing for compensatory expenses, including attorney fees;

(7) An order requiring terminal disclaimer of patent term; or

(8) Judgment in the trial or dismissal of the petition.

§ 42.13 Citation of authority.

(a) For any United States Supreme Court decision, citation to the United States Reports is preferred.

(b) For any decision other than a United States Supreme Court decision, citation to the West Reporter System is preferred.

(c) Citations to authority must include pinpoint citations whenever a specific holding or portion of an authority is invoked.

(d) Non-binding authority should be used sparingly. If the authority is not an authority of the Office and is not reproduced in the United States Reports or the West Reporter System, a copy of the authority should be provided.

§ 42.14 Public availability.

The record of a proceeding, including documents and things, shall be made available to the public, except as otherwise ordered. A party intending a document or thing to be sealed shall file a motion to seal concurrent with the filing of the document or thing to be sealed. The document or thing shall be provisionally sealed on receipt of the motion and remain so pending the outcome of the decision on the motion.

Fees

§ 42.15 Fees.

(a) On filing a petition for *inter partes* review of a patent, payment of the following fee is due based upon the number of challenged claims:

(1) 1 to 20 claims	$27,200.00
(2) For each claim in excess of 20 claims	600.00

(b) On filing a petition for post-grant review of a patent, or a petition for review of a covered business method patent, payment of the following fee is due based upon the number of challenged claims:

(1) 1 to 20 claims	$35,800.00
(2) For each claim in excess of 20 claims	800.00
(c) On the filing of a petition for a derivation proceeding a fee of:	400.00
(d) Any request requiring payment of a fee under this part, including a written request to make a settlement agreement available:	400.00

(e) For presenting each independent claim in excess of 3 and also in excess of the number of claims in independent form in the patent the fee set forth in § 1.16(h).

(f) For presenting each claim in excess of 20 and also in excess of the number of claims in the patent the fee set forth in § 1.16(i).

Petition and Motion Practice

§ 42.20 Generally.

(a) *Relief.* Relief, other than a petition requesting the institution of a trial, must be requested in the form of a motion.

(b) *Prior authorization.* A motion will not be entered without Board authorization. Authorization may be provided in an order of general applicability or during the proceeding.

(c) *Burden of proof.* The moving party has the burden of proof to establish that it is entitled to the requested relief.

(d) *Briefing.* The Board may order briefing on any issue involved in the trial.

§ 42.21 Notice of basis for relief.

(a) *Notice of request for relief.* The Board may require a party to file a notice stating the relief it requests and the basis for its entitlement to relief. A notice must include sufficient detail to place the Board and each opponent on notice of the precise relief requested. A notice is not evidence except as an admission by a party-opponent.

(b) *Filing and service.* The Board may set the times and conditions for filing and serving notices required under this section. The Board may provide for the notice filed with the Board to be maintained in confidence for a limited time.

(c) *Effect.* If a notice under paragraph (a) of this section is required:

(1) A failure to state a sufficient basis for relief may result in a denial of the relief requested;

(2) A party will be limited to filing motions consistent with the notice; and

(3) Ambiguities in the notice will be construed against the party.

(d) *Correction.* A party may move to correct its notice. The motion should be filed promptly after the party becomes aware of the basis for the correction. A correction filed after the time set for filing notices will only be entered if entry would serve the interests of justice.

§ 42.22 Content of petitions and motions.

(a) Each petition or motion must be filed as a separate paper and must include:

(1) A statement of the precise relief requested; and

(2) A full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent.

(b) *Relief requested.* Where a rule in part 1 of this title ordinarily governs the relief sought, the petition or motion must make any showings required under that rule in addition to any showings required in this part.

(c) *Statement of material facts.* Each petition or motion may include a statement of material fact. Each material fact preferably shall be set forth as a separately numbered sentence with specific citations to the portions of the record that support the fact.

(d) The Board may order additional showings or explanations as a condition for authorizing a motion (*see* § 42.20(b)).

§ 42.23 Oppositions and replies.

(a) Oppositions and replies must comply with the content requirements for motions and must include a

statement identifying material facts in dispute. Any material fact not specifically denied may be considered admitted.

(b) All arguments for the relief requested in a motion must be made in the motion. A reply may only respond to arguments raised in the corresponding opposition or patent owner response.

§ 42.24 Page limits for petitions, motions, oppositions, and replies.

(a) *Petitions and motions.* (1) The following page limits for petitions and motions apply and include any statement of material facts to be admitted or denied in support of the petition or motion. The page limit does not include a table of contents, a table of authorities, a certificate of service, or appendix of exhibits.

(i) Petition requesting *inter partes* review: 60 pages.

(ii) Petition requesting post-grant review: 80 pages.

(iii) Petition requesting covered business method patent review: 80 pages.

(iv) Petition requesting derivation proceeding: 60 pages.

(v) Motions: 15 pages.

(2) Petitions to institute a trial must comply with the stated page limits but may be accompanied by a motion to waive the page limits. The petitioner must show in the motion how a waiver of the page limits is in the interests of justice and must append a copy of proposed petition exceeding the page limit to the motion. If the motion is not granted, the proposed petition exceeding the page limit may be expunged or returned. Any other motion to waive page limits must be granted in advance of filing a motion, opposition, or reply for which the waiver is necessary.

(b) *Patent owner responses and oppositions.* The page limits set forth in this paragraph do not include a listing of facts which are admitted, denied, or cannot be admitted or denied.

(1) The page limits for a patent owner preliminary response to petition are the same as the page limits for the petition.

(2) The page limits for a patent owner response to petition are the same as the page limits for the petition.

(3) The page limits for oppositions are the same as those for corresponding motions.

(c) *Replies.* The following page limits for replies apply and include the required statement of facts in support of the reply. The page limits do not include a table of contents, a table of authorities, a listing of facts which are admitted, denied, or cannot be admitted or denied, a certificate of service, or appendix of exhibits.

(1) Replies to patent owner responses to petitions: 15 pages.

(2) Replies to oppositions: 5 pages.

§ 42.25 Default filing times.

(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.

Testimony and Production

§ 42.51 Discovery.

(a) *Mandatory initial disclosures.*

(1) *With agreement.* Parties may agree to mandatory discovery requiring the initial disclosures set forth in the Office Patent Trial Practice Guide.

(i) The parties must submit any agreement reached on initial disclosures by no later than the filing of the patent owner preliminary response or the expiration of the time period for filing such a response. The initial disclosures of the parties shall be filed as exhibits.

(ii) Upon the institution of a trial, parties may automatically take discovery of the information identified in the initial disclosures.

(2) *Without agreement.* Where the parties fail to agree to the mandatory discovery set forth in paragraph (a)(1), a party may seek such discovery by motion.

(b) *Limited discovery.* A party is not entitled to discovery except as provided in paragraph (a) of this section, or as otherwise authorized in this subpart.

(1) *Routine discovery.* Except as the Board may otherwise order:

(i) Unless previously served or otherwise by agreement of the parties, any exhibit cited in a paper or in testimony must be served with the citing paper or testimony.

(ii) Cross examination of affidavit testimony is authorized within such time period as the Board may set.

(iii) Unless previously served, a party must serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency. This requirement does not make discoverable anything otherwise protected by legally recognized privileges such as attorney-client or attorney work product. This requirement extends to inventors, corporate officers, and persons involved in the preparation or filing of the documents or things.

(2) *Additional discovery.* (i) The parties may agree to additional discovery between themselves. Where the parties fail to agree, a party may move for additional discovery. The moving party must show that such additional discovery is in the interests of justice, except in post-grant reviews where additional discovery is limited to evidence directly related to factual assertions advanced by either party in the proceeding (*see* § 42.224). The Board may specify conditions for such additional discovery.

(ii) When appropriate, a party may obtain production of documents and things during cross examination of an opponent's witness or during authorized compelled testimony under § 42.52.

(c) *Production of documents.* Except as otherwise ordered by the Board, a party producing documents and things shall either provide copies to the opposing party or make the documents and things available for inspection and copying at a reasonable time and location in the United States.

§ 42.52 Compelling testimony and production.

(a) *Authorization required.* A party seeking to compel testimony or production of documents or things must file a motion for authorization. The motion must describe the general relevance of the testimony, document, or thing, and must:

(1) In the case of testimony, identify the witness by name or title; and

(2) In the case of a document or thing, the general nature of the document or thing.

(b) *Outside the United States.* For testimony or production sought outside the United States, the motion must also:

(1) *In the case of testimony.* (i) Identify the foreign country and explain why the party believes the witness can be compelled to testify in the foreign country, including a description of the procedures that will be used to compel the testimony in the foreign country and an estimate of the time it is expected to take to obtain the testimony; and

(ii) Demonstrate that the party has made reasonable efforts to secure the agreement of the witness to testify in the United States but has been unsuccessful in obtaining the agreement, even though the party has offered to pay the travel expenses of the witness to testify in the United States.

(2) *In the case of production of a document or thing.* (i) Identify the foreign country and explain why the party believes production of the document or thing can be compelled in

the foreign country, including a description of the procedures that will be used to compel production of the document or thing in the foreign country and an estimate of the time it is expected to take to obtain production of the document or thing; and

(ii) Demonstrate that the party has made reasonable efforts to obtain the agreement of the individual or entity having possession, custody, or control of the document or thing to produce the document or thing in the United States but has been unsuccessful in obtaining that agreement, even though the party has offered to pay the expenses of producing the document or thing in the United States.

§ 42.53 Taking testimony.

(a) *Form.* Uncompelled direct testimony must be submitted in the form of an affidavit. All other testimony, including testimony compelled under 35 U.S.C. 24, must be in the form of a deposition transcript. Parties may agree to video-recorded testimony, but may not submit such testimony without prior authorization of the Board. In addition, the Board may authorize or require live or video-recorded testimony.

(b) *Time and location.* (1) Uncompelled direct testimony may be taken at any time to support a petition, motion, opposition, or reply; otherwise, testimony may only be taken during a testimony period set by the Board.

(2) Except as the Board otherwise orders, during the testimony period, deposition testimony may be taken at any reasonable time and location within the United States before any disinterested official authorized to administer oaths at that location.

(3) Uncompelled deposition testimony outside the United States may only be taken upon agreement of the parties or as the Board specifically directs.

(c) *Duration.* (1) Unless stipulated by the parties or ordered by the Board, direct examination, cross-examination, and redirect examination for compelled deposition testimony shall be subject to the following time limits: Seven hours for direct examination, four hours for cross-examination, and two hours for redirect examination.

(2) Unless stipulated by the parties or ordered by the Board, cross-examination, redirect examination, and re-cross examination for uncompelled direct deposition testimony shall be subject to the following time limits: Seven hours for cross-examination, four hours for redirect examination, and two hours for re-cross examination.

(d) *Notice of deposition.* (1) Prior to the taking of deposition testimony, all parties to the proceeding must agree on the time and place for taking testimony. If the parties cannot agree, the party seeking the testimony must initiate a conference with the Board to set a time and place.

(2) Cross-examination should ordinarily take place after any supplemental evidence relating to the direct testimony has been filed and more than a week before the filing date for any paper in which the cross-examination testimony is expected to be used. A party requesting cross-examination testimony of more than one witness may choose the order in which the witnesses are to be cross-examined.

(3) In the case of direct deposition testimony, at least three business days prior to the conference in paragraph (d)(1) of this section, or if there is no conference, at least ten days prior to the deposition, the party seeking the direct testimony must serve:

(i) A list and copy of each document under the party's control and on which the party intends to rely; and

(ii) A list of, and proffer of reasonable access to, anything other than a document under the party's control and on which the party intends to rely.

(4) The party seeking the deposition must file a notice of the deposition at least ten business days before a deposition.

(5) *Scope and content*—(i) For direct deposition testimony, the notice limits the scope of the testimony and must list:

(A) The time and place of the deposition;

(B) The name and address of the witness;

(C) A list of the exhibits to be relied upon during the deposition; and

(D) A general description of the scope and nature of the testimony to be elicited.

(ii) For cross-examination testimony, the scope of the examination is limited to the scope of the direct testimony.

(iii) The notice must list the time and place of the deposition.

(iv) Where an additional party seeks to take direct testimony of a third party witness at the time and place noticed in paragraph (d)(5) of this section, the additional party must provide a counter notice that lists the exhibits to be relied upon in the deposition and a general description of the scope and nature of the testimony to be elicited.

(6) *Motion to quash*—Objection to a defect in the notice is waived unless the objecting party promptly seeks authorization to file a motion to quash.

(e) *Deposition in a foreign language.* If an interpreter will be used during the deposition, the party calling the witness must initiate a conference with the Board at least five business days before the deposition.

(f) *Manner of taking deposition testimony.* (1) Before giving deposition testimony, each witness shall be duly sworn according to law by the officer before whom the deposition is to be taken. The officer must be authorized to take testimony under 35 U.S.C. 23.

(2) The testimony shall be taken with any questions and answers recorded in their regular order by the officer, or by some other disinterested person in the presence of the officer, unless the presence of the officer is waived on the record by agreement of all parties.

(3) Any exhibits used during the deposition must be numbered as required by § 42.63(c), and must, if not previously served, be served at the deposition. Exhibits objected to shall be accepted pending a decision on the objection.

(4) All objections made at the time of the deposition to the qualifications of the officer taking the deposition, the manner of taking it, the evidence presented, the conduct of any party, and any other objection to the deposition shall be noted on the record by the officer.

(5) When the testimony has been transcribed, the witness shall read and sign (in the form of an affidavit) a transcript of the deposition unless:

(i) The parties otherwise agree in writing;

(ii) The parties waive reading and signature by the witness on the record at the deposition; or

(iii) The witness refuses to read or sign the transcript of the deposition.

(6) The officer shall prepare a certified transcript by attaching a certificate in the form of an affidavit signed and sealed by the officer to the transcript of the deposition. Unless the parties waive any of the following requirements, in which case the certificate shall so state, the certificate must state:

(i) The witness was duly sworn by the officer before commencement of testimony by the witness;

(ii) The transcript is a true record of the testimony given by the witness;

(iii) The name of the person who recorded the testimony, and if the officer did not record it, whether the testimony was recorded in the presence of the officer;

(iv) The presence or absence of any opponent;

(v) The place where the deposition was taken and the day and hour when the deposition began and ended;

(vi) The officer has no disqualifying interest, personal or financial, in a party; and

(vii) If a witness refuses to read or sign the transcript, the circumstances under which the witness refused.

(7) Except where the parties agree otherwise, the proponent of the testimony must arrange for providing a copy of the transcript to all other parties. The testimony must be filed by proponent as an exhibit.

(8) Any objection to the content, form, or manner of taking the deposition, including the qualifications of the officer, is waived unless made on the record during the deposition and preserved in a timely filed motion to exclude.

(g) *Costs.* Except as the Board may order or the parties may agree in writing, the proponent of the direct testimony shall bear all costs associated with the testimony, including the reasonable costs associated with making the witness available for the cross-examination.

§ 42.54 Protective order.

(a) A party may file a motion to seal where the motion to seal contains a proposed protective order, such as the default protective order set forth in the Office Patent Trial Practice Guide. The motion must include a certification that the moving party has in good faith conferred or attempted to confer with other affected parties in an effort to resolve the dispute. The Board may, for good cause, issue an order to protect a party or person from disclosing confidential information, including, but not limited to, one or more of the following:

(1) Forbidding the disclosure or discovery;

(2) Specifying terms, including time and place, for the disclosure or discovery;

(3) Prescribing a discovery method other than the one selected by the party seeking discovery;

(4) Forbidding inquiry into certain matters, or limiting the scope of disclosure or discovery to certain matters;

(5) Designating the persons who may be present while the discovery is conducted;

(6) Requiring that a deposition be sealed and opened only by order of the Board;

(7) Requiring that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a specified way; and

(8) Requiring that the parties simultaneously file specified documents or information in sealed envelopes, to be opened as the Board directs.

(b) [Reserved].

§ 42.55 Confidential information in a petition.

A petitioner filing confidential information with a petition may, concurrent with the filing of the petition, file a motion to seal with a proposed protective order as to the confidential information. The institution of the requested trial will constitute a grant of the motion to seal unless otherwise ordered by the Board.

(a) *Default protective order.* Where a motion to seal requests entry of the default protective order set forth in the Office Patent Trial Practice Guide, the petitioner must file, but need not serve, the confidential information under seal. The patent owner may only access the filed sealed information prior to the institution of the trial by agreeing to the terms of the default protective order or obtaining relief from the Board.

(b) *Protective orders other than default protective order.* Where a motion to seal requests entry of a protective order other than the default protective order, the petitioner must file, but need not serve, the confidential information under seal. The patent owner may only access the sealed confidential information prior to the institution of the trial by:

(1) agreeing to the terms of the protective order requested by the petitioner;

(2) agreeing to the terms of a protective order that the parties file jointly; or

(3) obtaining entry of a protective order (*e.g.,* the default protective order).

§ 42.56 Expungement of confidential information.

After denial of a petition to institute a trial or after final judgment in a trial, a party may file a motion to expunge confidential information from the record.

§ 42.61 Admissibility.

(a) Evidence that is not taken, sought, or filed in accordance with this subpart is not admissible.

(b) *Records of the Office.* Certification is not necessary as a condition to admissibility when the evidence to be submitted is a record of the Office to which all parties have access.

(c) *Specification and drawings.* A specification or drawing of a United States patent application or patent is admissible as evidence only to prove what the specification or drawing describes. If there is data in the specification or a drawing upon which a party intends to rely to prove the truth of the data, an affidavit by an individual having first-hand knowledge of how the data was generated must be filed.

§ 42.62 Applicability of the Federal rules of evidence.

(a) *Generally.* Except as otherwise provided in this subpart, the Federal Rules of Evidence shall apply to a proceeding.

(b) *Exclusions.* Those portions of the Federal Rules of Evidence relating to criminal proceedings, juries, and other matters not relevant to proceedings under this subpart shall not apply.

(c) *Modifications in terminology.* Unless otherwise clear from context, the following terms of the Federal Rules of Evidence shall be construed as indicated:

Appellate court means United States Court of Appeals for the Federal Circuit.

Civil action, civil proceeding, and *action* mean a proceeding before the Board under part 42.

Courts of the United States, U.S. Magistrate, court, trial court, trier of fact, and *judge* mean Board.

Hearing means, as defined in Federal Rule of Evidence 804(a)(5), the time for taking testimony.

Judicial notice means official notice.

Trial or *hearing* in Federal Rule of Evidence 807 means the time for taking testimony.

(d) In determining foreign law, the Board may consider any relevant material or source, including testimony, whether or not submitted by a party or admissible under the Federal Rules of Evidence.

§ 42.63 Form of evidence.

(a) *Exhibits required.* Evidence consists of affidavits, transcripts of depositions, documents, and things. All evidence must be filed in the form of an exhibit.

(b) *Translation required.* When a party relies on a document or is required to produce a document in a language other than English, a translation of the document into English and an affidavit attesting to the accuracy of the translation must be filed with the document.

(c) *Exhibit numbering.* Each party's exhibits must be uniquely numbered sequentially in a range the Board specifies. For the petitioner, the range is 1001–1999, and for the patent owner, the range is 2001–2999.

(d) *Exhibit format.* An exhibit must conform with the requirements for papers in § 42.6 and the requirements of this paragraph.

(1) Each exhibit must have an exhibit label.

(i) An exhibit filed with the petition must include the petitioner's name followed by a unique exhibit number.

(ii) For exhibits not filed with the petition, the exhibit label must include

the party's name followed by a unique exhibit number, the names of the parties, and the trial number.

(2) When the exhibit is a paper:

(i) Each page must be uniquely numbered in sequence; and

(ii) The exhibit label must be affixed to the lower right corner of the first page of the exhibit without obscuring information on the first page or, if obscuring is unavoidable, affixed to a duplicate first page.

(e) *Exhibit list.* Each party must maintain an exhibit list with the exhibit number and a brief description of each exhibit. If the exhibit is not filed, the exhibit list should note that fact. A current exhibit list must be served whenever evidence is served and the current exhibit list must be filed when filing exhibits.

§ 42.64 Objection; motion to exclude; motion in limine.

(a) *Deposition evidence.* An objection to the admissibility of deposition evidence must be made during the deposition. Evidence to cure the objection must be provided during the deposition, unless the parties to the deposition stipulate otherwise on the deposition record.

(b) *Other evidence.* For evidence other than deposition evidence:

(1) *Objection.* Any objection to evidence submitted during a preliminary proceeding must be served within ten business days of the institution of the trial. Once a trial has been instituted, any objection must be served within five business days of service of evidence to which the objection is directed. The objection must identify the grounds for the objection with sufficient particularity to allow correction in the form of supplemental evidence.

(2) *Supplemental evidence.* The party relying on evidence to which an objection is timely served may respond to the objection by serving supplemental evidence within ten business days of service of the objection.

(c) *Motion to exclude.* A motion to exclude evidence must be filed to preserve any objection. The motion must identify the objections in the record in order and must explain the objections. The motion may be filed without prior authorization from the Board.

§ 42.65 Expert testimony; tests and data.

(a) Expert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to little or no weight. Testimony on United States patent law or patent examination practice will not be admitted.

(b) If a party relies on a technical test or data from such a test, the party must provide an affidavit explaining:

(1) Why the test or data is being used;

(2) How the test was performed and the data was generated;

(3) How the data is used to determine a value;

(4) How the test is regarded in the relevant art; and

(5) Any other information necessary for the Board to evaluate the test and data.

Oral Argument, Decision, and Settlement

§ 42.70 Oral argument.

(a) *Request for oral argument.* A party may request oral argument on an issue raised in a paper at a time set by the Board. The request must be filed as a separate paper and must specify the issues to be argued.

(b) Demonstrative exhibits must be served at least five business days before the oral argument and filed no later than the time of the oral argument.

§ 42.71 Decision on petitions or motions.

(a) *Order of consideration.* The Board may take up petitions or motions for decisions in any order, may grant, deny, or dismiss any petition or motion, and may enter any appropriate order.

(b) *Interlocutory decisions.* A decision on a motion without a judgment is not final for the purposes of judicial review. If a decision is not a panel decision, the party may request that a panel rehear the decision. When rehearing a non-panel decision, a panel will review the decision for an abuse of discretion. A panel decision on an issue will govern the trial.

(c) *Petition decisions.* A decision by the Board on whether to institute a trial is final and nonappealable. A party may request rehearing on a decision by the Board on whether to institute a trial pursuant to paragraph (d) of this section. When rehearing a decision on petition, a panel will review the decision for an abuse of discretion.

(d) *Rehearing.* A party dissatisfied with a decision may file a request for rehearing, without prior authorization from the Board. The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply. A request for rehearing does not toll times for taking action. Any request must be filed:

(1) Within 14 days of the entry of a non-final decision or a decision to institute a trial as to at least one ground of unpatentability asserted in the petition; or

(2) Within 30 days of the entry of a final decision or a decision not to institute a trial.

§ 42.72 Termination of trial.

The Board may terminate a trial without rendering a final written decision, where appropriate, including where the trial is consolidated with another proceeding or pursuant to a joint request under 35 U.S.C. 317(a) or 327(a).

§ 42.73 Judgment.

(a) A judgment, except in the case of a termination, disposes of all issues that were, or by motion reasonably could have been, raised and decided.

(b) *Request for adverse judgment.* A party may request judgment against itself at any time during a proceeding. Actions construed to be a request for adverse judgment include:

(1) Disclaimer of the involved application or patent;

(2) Cancellation or disclaimer of a claim such that the party has no remaining claim in the trial;

(3) Concession of unpatentability or derivation of the contested subject matter; and

(4) Abandonment of the contest.

(c) *Recommendation.* The judgment may include a recommendation for further action by an examiner or by the Director.

(d) *Estoppel.* (1) *Petitioner other than in derivation proceeding.* A petitioner, or the real party in interest or privy of the petitioner, is estopped in the Office from requesting or maintaining a proceeding with respect to a claim for which it has obtained a final written decision on patentability in an *inter partes* review, post-grant review, or a covered business method patent review, on any ground that the petitioner raised or reasonably could have raised during the trial, except that estoppel shall not apply to a petitioner, or to the real party in interest or privy of the petitioner who has settled under 35 U.S.C. 317 or 327.

(2) *In a derivation,* the losing party who could have properly moved for relief on an issue, but did not so move, may not take action in the Office after the judgment that is inconsistent with that party's failure to move, except that a losing party shall not be estopped with respect to any contested subject matter for which that party was awarded a favorable judgment.

(3) *Patent applicant or owner.* A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:

(i) A claim that is not patentably distinct from a finally refused or canceled claim; or

(ii) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.

§ 42.74 Settlement.

(a) *Board role.* The parties may agree to settle any issue in a proceeding, but the Board is not a party to the settlement and may independently determine any question of jurisdiction, patentability, or Office practice.

(b) *Agreements in writing.* Any agreement or understanding between the parties made in connection with, or in contemplation of, the termination of a proceeding shall be in writing and a true copy shall be filed with the Board before the termination of the trial.

(c) *Request to keep separate.* A party to a settlement may request that the settlement be treated as business confidential information and be kept separate from the files of an involved patent or application. The request must be filed with the settlement. If a timely request is filed, the settlement shall only be available:

(1) To a Government agency on written request to the Board; or

(2) To any other person upon written request to the Board to make the settlement agreement available, along with the fee specified in § 42.15(d) and on a showing of good cause.

Certificate

§ 42.80 Certificate.

After the Board issues a final written decision in an *inter partes* review, post-grant review, or covered business method patent review and the time for appeal has expired or any appeal has terminated, the Office will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any new or amended claim determined to be patentable by operation of the certificate.

■ 7. Part 90 is added to read as follows:

PART 90——JUDICIAL REVIEW OF PATENT TRIAL AND APPEAL BOARD DECISIONS

Sec.
90.1 Scope.
90.2 Notice; service.
90.3 Time for appeal or civil action.

Authority: 35 U.S.C. 2(b)(2).

§ 90.1 Scope.

The provisions herein govern judicial review for Patent Trial and Appeal Board decisions under chapter 13 of title 35, United States Code. Judicial review of decisions arising out of *inter partes* reexamination proceedings that are requested under 35 U.S.C. 311, and where available, judicial review of decisions arising out of interferences declared pursuant to 35 U.S.C. 135 continue to be governed by the pertinent regulations in effect on July 1, 2012.

§ 90.2 Notice; service.

(a) *For an appeal under 35 U.S.C. 141.* (1) In all appeals, the notice of appeal required by 35 U.S.C. 142 must be filed with the Director of the United States Patent and Trademark Office as provided in § 104.2 of this title. A copy of the notice of appeal must also be filed with the Patent Trial and Appeal Board in the appropriate manner provided in § 41.10(a), 41.10(b), or 42.6(b).

(2) In all appeals, the party initiating the appeal must comply with the requirements of the Federal Rules of Appellate Procedure and Rules for the United States Court of Appeals for the Federal Circuit, including:

(i) Serving the requisite number of copies on the Court; and

(ii) Paying the requisite fee for the appeal.

(3) *Additional requirements.* (i) In appeals arising out of an *ex parte* reexamination proceeding ordered pursuant to § 1.525, notice of the appeal must be served as provided in § 1.550(f) of this title.

(ii) In appeals arising out of an *inter partes* review, a post-grant review, a covered business method patent review, or a derivation proceeding, notice of the appeal must provide sufficient information to allow the Director to determine whether to exercise the right to intervene in the appeal pursuant to 35 U.S.C. 143, and it must be served as provided in § 42.6(e) of this title.

(b) *For a notice of election under 35 U.S.C. 141(d) to proceed under 35 U.S.C. 146.* (1) Pursuant to 35 U.S.C. 141(d), if an adverse party elects to have all further review proceedings conducted under 35 U.S.C. 146 instead of under 35 U.S.C. 141, that party must file a notice of election with the United States Patent and Trademark Office as provided in § 104.2.

(2) A copy of the notice of election must also be filed with the Patent Trial and Appeal Board in the manner provided in § 42.6(b).

(3) A copy of the notice of election must also be served where necessary pursuant to § 42.6(e).

(c) *For a civil action under 35 U.S.C. 146.* The party initiating an action under 35 U.S.C. 146 must file a copy of the complaint no later than five business days after filing the complaint in district court with the Patent Trial and Appeal Board in the manner provided in § 42.6(b), and the Office of the Solicitor pursuant to § 104.2. Failure to comply with this requirement can result in further action within the United States Patent and Trademark Office consistent with the final Board decision.

§ 90.3 Time for appeal or civil action.

(a) *Filing deadline.* (1) *For an appeal under 35 U.S.C. 141.* The notice of appeal filed pursuant to 35 U.S.C. 142 must be filed with the Director of the United States Patent and Trademark Office no later than sixty-three (63) days after the date of the final Board decision. Any notice of cross-appeal is controlled by Rule 4(a)(3) of the Federal Rules of Appellate Procedure, and any other requirement imposed by the Rules of the United States Court of Appeals for the Federal Circuit.

(2) *For a notice of election under 35 U.S.C. 141(d).* The time for filing a notice of election under 35 U.S.C. 141(d) is governed by 35 U.S.C. 141(d).

(3) *For a civil action under 35 U.S.C. 145 or 146.* (i) A civil action must be commenced no later than sixty-three (63) days after the date of the final Board decision.

(ii) The time for commencing a civil action pursuant to a notice of election under 35 U.S.C. 141(d) is governed by 35 U.S.C. 141(d).

(b) *Time computation.* (1) *Rehearing.* A timely request for rehearing will reset the time for appeal or civil action to no later than sixty-three (63) days after action on the request. Any subsequent request for rehearing from the same party in the same proceeding will not reset the time for seeking judicial review, unless the additional request is permitted by order of the Board.

(2) *Holidays.* If the last day for filing an appeal or civil action falls on a Federal holiday in the District of Columbia, the time is extended pursuant to 35 U.S.C. 21(b).

(c) *Extension of time.* (1) The Director, or his designee, may extend the time for filing an appeal, or commencing a civil action, upon written request if:

(i) Requested before the expiration of the period for filing an appeal or commencing a civil action, and upon a showing of good cause; or

(ii) Requested after the expiration of the period for filing an appeal of commencing a civil action, and upon a showing that the failure to act was the result of excusable neglect.

(2) The request must be filed as provided in § 104.2 of this title.

Dated: July 16, 2012.

David J. Kappos,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2012–17900 Filed 8–13–12; 8:45 am]

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Part III

Department of Commerce

Patent and Trademark Office

37 CFR Part 42

Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents; Final Rule

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No. PTO–P–2011–0083]

RIN 0651–AC71

Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (Office or USPTO) is revising the rules of practice to implement the provisions of the Leahy-Smith America Invents Act (''AIA'') that create the new *inter partes* review proceeding, post-grant review proceeding, and transitional post-grant review proceeding for covered business method patents, to be conducted before the Patent Trial and Appeal Board (Board). These provisions of the AIA will take effect on September 16, 2012, one year after the date of enactment.

DATES: *Effective Date:* September 16, 2012.

Applicability Dates: The changes for *inter partes* review proceedings apply to any patent issued before, on, or after September 16, 2012 (subpart B).

The changes for post-grant review proceedings generally apply to patents issuing from applications subject to first-inventor-to-file provisions of the AIA (subpart C). In addition, the Chief Administrative Patent Judge may, in the interests-of-justice, order an interferences commenced before September 16, 2012, to be dismissed without prejudice to the filing of a petition for post-grant review. See 42.200(d) and § 6(f)((3)(A) of the AIA.

The changes for transitional program for covered business method patents apply to any covered business method patent issued before, on, or after September 16, 2012 (subpart D).

FOR FURTHER INFORMATION CONTACT: Michael P. Tierney, Lead Administrative Patent Judge, Sally G. Lane, Administrative Patent Judge, Sally C. Medley, Administrative Patent Judge, Robert A. Clarke, Administrative Patent Judge, and Joni Y. Chang, Administrative Patent Judge, Board of Patent Appeals and Interferences, by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION: *Executive Summary: Purpose:* On September 16, 2011, the AIA was enacted into law (Pub. L. 112–29, 125 Stat. 284 (2011)). The purpose of the AIA and this final rule is to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs. The preamble of this notice sets forth in detail the procedures by which the Board will conduct *inter partes* review proceedings, post-grant review proceedings, and transitional post-grant review proceedings for covered business method patents. The USPTO is engaged in a transparent process to create a timely, cost-effective alternative to litigation. Moreover, the rules are designed to ensure the integrity of the trial procedures. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b). This final rule would provide a set of rules relating to Board trial practice for *inter partes* review proceedings, post-grant review proceedings, and transitional post-grant review proceedings for covered business method patents.

Summary of Major Provisions: Consistent with section 6 of the AIA, this final rule sets forth for *inter partes* review: (1) The requirements for a petition to institute an *inter partes* review of a patent; (2) the standards for showing of sufficient grounds to institute an *inter partes* review; (3) the standards for instituting an *inter partes* review; (4) the procedures for conducting an *inter partes* review that permits a patent owner response, a submission of written comments, and an oral hearing; (5) the standards and procedures for discovery and for the patent owner to move to amend the patent; and (6) the time periods for completing the review (subpart B of 37 CFR part 42).

Consistent with section 6 of the AIA, this final rule sets forth for post-grant review: (1) The requirements for a petition to institute a post-grant review of a patent; (2) the standards for showing of sufficient grounds to institute a post-grant review; (3) the standards for instituting a post-grant review; (4) the procedures for conducting a post-grant review that permits a patent owner response, a submission of written comments, and an oral hearing; (5) the standards and procedures for discovery and for the patent owner to move to amend the patent; and (6) the time periods for completing the review (subpart C of 37 CFR part 42).

Consistent with sections 6 and 18 of the AIA, this final rule further sets forth for transitional post-grant review of covered business method patents: (1) The requirements for a petition to institute a post-grant review of a covered business method patent; (2) the standards for showing of sufficient grounds to institute a post-grant review of a covered business method patent; (3) the standards for instituting a post-grant review of a covered business method patent; (4) the procedures for conducting a post-grant review that permits a patent owner response, a submission of written comments, and an oral hearing; (5) the standards and procedures for discovery and for the patent owner to move to amend the patent; and (6) the time periods for completing the review (subpart D of 37 CFR part 42).

Costs and Benefits: This rulemaking is not economically significant, but is significant, under Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

Background: To implement sections 6 and 18 of the AIA, the Office published the following notices of proposed rulemaking: (1) *Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR 6879 (Feb. 9, 2012), to provide a consolidated set of rules relating to Board trial practice for *inter partes* review, post-grant review, derivation proceedings, the transitional program for covered business method patents, and judicial review of Board decisions by adding new parts 42 and 90 including a new subpart A to title 37 of the Code of Federal Regulations (RIN 0651–AC70); (2) *Changes to Implement Inter Partes Review Proceedings,* 77 FR 7041 (Feb. 10, 2012), to provide rules specific to *inter partes* review by adding a new subpart B to 37 CFR part 42 (RIN 0651–AC71); (3) *Changes to Implement Post-Grant Review Proceedings,* 77 FR 7060 (Feb. 10, 2012), to provide rules specific to post-grant review by adding a new subpart C to 37 CFR part 42 (RIN 0651–AC72); (4) *Changes to Implement Transitional Program for Covered Business Method Patents,* 77 FR 7080 (Feb. 10, 2012), to provide rules specific to the transitional program for covered business method patents by adding a new subpart D to 37 CFR part 42 (RIN 0651–AC73); (5) *Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR 7095 (Feb. 10, 2012), to add a new rule that sets forth the definition of technological invention for determining whether a patent is for a technological invention solely for purposes of the transitional program for covered business method patents (RIN 0651–AC75); and (6) *Changes to Implement Derivation Proceedings,* 77 FR 7028

(Feb. 10, 2012), to provide rules specific to derivation proceedings by adding a new subpart E to 37 CFR part 42 (RIN 0651–AC74).

This final rule adopts the proposed rules, with modifications, set forth in the three notices of proposed rulemaking: *Inter partes* review proceedings (77 FR 7041), post-grant review proceedings (77 FR 7060), and transitional post-grant review proceedings for covered business method patents (77 FR 7080), except for definitions of the terms ''covered business method patent'' and ''technological invention'' which are set forth in a separate final rule (RIN 0651–AC75). The definition of the term ''technological invention'' was proposed in another notice of proposed rulemaking (77 FR 7095).

In a separate final rule, the Office adopts the proposed rules, with modifications, set forth in *Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR 6879 (Feb. 9, 2012), to provide a consolidated set of rules relating to Board trial practice for *inter partes* review, post-grant review, derivation proceedings, and the transitional program for covered business method patents, and judicial review of Board decisions by adding new parts 42 and 90 including a new subpart A to title 37 of the Code of Federal Regulations (RIN 0651–AC70).

In a third final rule, the Office adopts the proposed definitions of a ''covered business method patent'' and ''technological invention'' set forth in the following notices of proposed rulemaking: *Changes to Implement Transitional Program for Covered Business Method Patents,* 77 FR 7080 (Feb. 10, 2012); and *Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR 7095 (Feb. 10, 2012).

Additionally, the Office published a Patent Trial Practice Guide for the proposed rules in the **Federal Register** to provide the public an opportunity to comment. *Practice Guide for Proposed Trial Rules,* 77 FR 6868 (Feb. 9, 2012) (Request for Comments) (hereafter ''*Practice Guide for Proposed Trial Rules*'' or ''Office Patent Trial Practice Guide''). The Office envisions publishing a revised Patent Trial Practice Guide for the final rules. The Office also hosted a series of public educational roadshows, across the country, regarding the proposed rules for the implementation of the AIA.

In response to the notices of proposed rulemaking and the Practice Guide notice, the Office received 251 submissions of written comments from intellectual property organizations, businesses, law firms, patent practitioners, and others, including a United States senator who was a principal author of section 18 of the AIA. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. The Office's responses to the comments are provided in the 124 separate responses based on the topics raised in the 251 comments in the Response to Comments section *infra.*

In light of the comments, the Office has made modifications to the proposed rules to provide clarity and to balance the interests of the public, patent owners, patent challengers, and other interested parties, in light of the statutory requirements and considerations, such as the effect of the regulations on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the proceedings timely.

Differences between the Final Rule and the Proposed Rule

The major differences between the rules as adopted in this final rule and the proposed rules include:

The final rule clarifies that the one-year period for completing an *inter partes* or post-grant review may be adjusted by the Board in the case of joinder (§§ 42.100(c) and 42.200(c)).

The final rule clarifies that a petitioner must certify that it is not estopped from requesting an *inter partes* or post-grant review for the challenged claims, as opposed to the patent (§§ 42.104(a) and 42.204(a)).

The final rule eliminates the requirement that the petitioner must contact the Board to discuss alternate modes of service when the petitioner cannot effect service of the petition for *inter partes,* post-grant and covered business method patent reviews (§§ 42.105(b) and 42.205(b)). Instead, the final rule further clarifies that (1) upon agreement of the parties, service may be made electronically, (2) personal service is not required, and (3) service may be by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL® (§§ 42.105(b) and 42.205(b)).

The time period for filing a patent owner preliminary response for *inter partes,* post-grant and covered business method patent reviews is extended from two months to three months (§§ 42.107(b) and 42.207(b)). Likewise, the default time period for filing a patent owner response is extended from two months to three months (§§ 42.120(b) and 42.220(b)).

With respect to motions to amend challenged claims, the final rule clarifies that a patent owner may file one motion to amend but only after conferring with the Board, and it must be filed no later than the filing of a patent owner response for *inter partes,* post-grant and covered business method patent reviews (§§ 42.121(a) and 42.221(a)). The final rule provides that an additional motion to amend may be authorized during *inter partes,* post-grant and covered business method patent reviews when there is a good cause showing or a settlement (§§ 42.121(c) and 42.221(c)). In addition, the final rule clarifies that a reasonable number of substitute claims is presumed to be one substitute claim per challenged claim, which may be rebutted by a demonstration of need. The final rule further clarifies that a motion to amend may be denied where: (1) The amendment does not respond to a ground of unpatentability, or (2) the amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter (§§ 42.121(a) and 42.221(a)). The final rule also clarifies that an additional motion to amend may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement (§§ 42.121(c) and 42.221(c)). Moreover, the final rule provides that in determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in § 42.121(a)(1) or 42.221(a)(1).

For joinder, the final rule clarifies that a joinder may be requested by a patent owner or petitioner during *inter partes,* post-grant or covered business method patent reviews, but provides that such a request must be filed, as a motion, no later than one month after institution of any review for which joinder is requested (§§ 42.122(b) and 42.222(b)). With respect to *inter partes* reviews, the time period set forth in § 42.101(b) does not apply when the petition is accompanied by a request for joinder (§ 42.122).

As to filing a supplemental information during *inter partes,* post-grant and covered business method patent reviews, the final rule clarifies that a request for the authorization to file a motion to submit supplement information is made within one month of the date the trial is instituted, and the information must be relevant to a claim

for which the trial has been instituted (§§ 42.123(a) and 42.223(a)). A petitioner who seeks to submit late information, or information that is not relevant to a claim under review, will be required to show why the information reasonably could not have been earlier obtained, and that consideration of the information would be in the interests-of-justice (§§ 42.123(b)–(c), 42.223(b)–(c)).

For covered business method patent reviews, the final rule defines the term ''charged with infringement'' to mean ''a real and substantial controversy regarding infringement of a covered business method patent such that the petitioner would have standing to bring a declaratory judgment action in Federal court'' (§ 42.302(a)). In addition, the final rule clarifies that a petitioner may challenge a claim based on the specific statutory grounds permitted under 35 U.S.C. 282(b)(2) or (3), except as modified by section 18(a)(1)(C) of the AIA (§ 42.304(b)).

Discussion of Relevant Provisions of the AIA

***Inter Partes* Review**

Section 6 of the AIA is entitled ''POST-GRANT REVIEW PROCEEDINGS'' (Pub. L. 112–29, 125 Stat. 284, 299–305 (2011)). Section 6(a) of the AIA, entitled ''INTER PARTES REVIEW,'' amends chapter 31 of title 35, United States Code, also entitled ''INTER PARTES REVIEW.'' In particular, section 6(a) of the AIA amends 35 U.S.C. 311–318 and adds 35 U.S.C. 319.

Section 6(a) of the AIA amends 35 U.S.C. 311, entitled ''Inter partes review.'' 35 U.S.C. 311(a), as amended, provides that, subject to the provisions of chapter 31 of title 35, United States Code, a person who is not the owner of a patent may file a petition with the Office to institute an *inter partes* review of the patent. As amended, 35 U.S.C. 311(a) also provides that the Director will establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review. 35 U.S.C. 311(b), as amended, provides that a petitioner in an *inter partes* review may request to cancel as unpatentable one or more claims of a patent only on a ground that could be raised under 35 U.S.C. 102 or 103 and only on the basis of prior art consisting of patents or printed publications. As amended, 35 U.S.C. 311(c) provides that a petition for *inter partes* review may be filed after the later of either: (1) The date that is nine months after the grant of a patent or issuance of a reissue of a patent; or (2) if a post-grant review is instituted under chapter 32 of title 35, United States Code, the date of the termination of that post-grant review.

The grounds for seeking an *inter partes* review will be limited compared with post-grant review. The grounds for seeking *inter partes* review are limited to issues raised under 35 U.S.C. 102 or 103 and only on the basis of prior art consisting of patents or printed publications. In contrast, the grounds for seeking post-grant review include any ground that could be raised under 35 U.S.C. 282(b)(2) or (3). Such grounds for post-grant review include grounds that could be raised under 35 U.S.C. 102 or 103 including those based on prior art consisting of patents or printed publications. Other grounds available for post-grant review include 35 U.S.C. 101 and 112, with the exception of compliance with the best mode requirement.

Section 6(a) of the AIA amends 35 U.S.C. 312, entitled ''Petitions.'' 35 U.S.C. 312(a), as amended, provides that a petition filed under 35 U.S.C. 311, as amended, may be considered only if certain conditions are met. First, the petition must be accompanied by payment of the fee established by the Director under 35 U.S.C. 311, as amended. Second, the petition must identify all real parties in interest. Third, the petition must identify, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including: (A) Copies of patents and printed publications that the petitioner relies upon in support of the petition and (B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions. Fourth, the petition must provide such other information as the Director may require by regulation. Fifth, the petitioner must provide copies of any of the documents required under paragraphs (2), (3), and (4) of 35 U.S.C. 312(a), as amended, to the patent owner or, if applicable, the designated representative of the patent owner. 35 U.S.C. 312(b), as amended, provides that, as soon as practicable after the receipt of a petition under 35 U.S.C. 311, as amended, the Director will make the petition available to the public.

Section 6(a) of the AIA amends 35 U.S.C. 313, entitled ''Preliminary response to petition.'' 35 U.S.C. 313, as amended, provides that, if an *inter partes* review petition is filed under 35 U.S.C. 311, as amended, within a time period set by the Director, the patent owner has the right to file a preliminary response to the petition that sets forth reasons why no *inter partes* review should be instituted based upon the failure of the petition to meet any requirement of chapter 31 of title 35, United States Code.

Section 6(a) of the AIA amends 35 U.S.C. 314, entitled ''Institution of inter partes review.'' 35 U.S.C. 314(a), as amended, provides that the Director may not authorize an *inter partes* review to be instituted, unless the Director determines that the information presented in the petition filed under 35 U.S.C. 311, as amended, and any response filed under 35 U.S.C. 313, as amended, shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition. 35 U.S.C. 314(b), as amended, provides that the Director will determine whether to institute an *inter partes* review under chapter 31 of title 35, United States Code, pursuant to a petition filed under 35 U.S.C. 311, as amended, within three months after: (1) Receiving a preliminary response to the petition under 35 U.S.C. 313, as amended; or (2) if no such preliminary response is filed, the last date on which such response may be filed. 35 U.S.C. 314(c), as amended, provides that the Director will notify the petitioner and patent owner, in writing, of the Director's determination under 35 U.S.C. 314(a), as amended, and make the notice available to the public as soon as is practicable. 35 U.S.C. 314(c), as amended, also provides that the notice will include the date on which the review will commence. 35 U.S.C. 314(d), as amended, provides that the determination by the Director whether to institute an *inter partes* review under 35 U.S.C. 314, as amended, will be final and nonappealable.

Section 6(a) of the AIA amends 35 U.S.C. 315, entitled ''Relation to other proceedings or actions.'' As amended, 35 U.S.C. 315(a)(1) provides that an *inter partes* review may not be instituted if, before the date on which the petition for review is filed, the petitioner or real party-in-interest had filed a civil action challenging the validity of a claim of the patent. As amended, 35 U.S.C. 315(a)(2) provides for an automatic stay of a civil action brought by the petitioner or real party-in-interest challenging the validity of a claim of the patent and filed on or after the date on which the petition for *inter partes* review was filed, until certain specified conditions are met. 35 U.S.C. 315(a)(3), as amended, provides that a counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for

purposes of 35 U.S.C. 315(a), as amended.

As amended, 35 U.S.C. 315(b) provides that an *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than one year after the date on which the petitioner, real party-in-interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. However, the time limitation set forth in 35 U.S.C. 315(b), as amended, does not apply to a request for joinder under 35 U.S.C. 315(c), as amended.

As amended, 35 U.S.C. 315(c) provides that if the Director institutes an *inter partes* review, the Director may, in the Director's discretion, join as a party to that *inter partes* review any person who properly files a petition under 35 U.S.C. 311, as amended, that the Director, after receiving a preliminary response under 35 U.S.C. 313, as amended, or the expiration of the time for filing such a response, determines that the petition warrants the institution of an *inter partes* review under 35 U.S.C. 314, as amended.

As amended, 35 U.S.C. 315(d) provides that, notwithstanding 35 U.S.C. 135(a), as amended, 251, and 252, and chapter 30 of title 35, United States Code, during the pendency of an *inter partes* review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the *inter partes* review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

As amended, 35 U.S.C. 315(e)(1) provides that the petitioner in an *inter partes* review of a claim in a patent under chapter 31 of title 35, United States Code, that results in a final written decision under 35 U.S.C. 318(a), as amended, or the real party-in-interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review. 35 U.S.C. 315(e)(2), as amended, provides for estoppel against an *inter partes* review petitioner, or the real party-in-interest or privy of the petitioner, in certain civil actions and certain other proceedings before the United States International Trade Commission if that *inter partes* review results in a final written decision under 35 U.S.C. 318(a), as amended.

Section 6(a) of the AIA amends 35 U.S.C. 316, entitled ''Conduct of inter partes review.'' As amended, 35 U.S.C. 316(a) provides that the Director will prescribe regulations: (1) Providing that the file of any proceeding under chapter 31 of title 35, United States Code, will be made available to the public, except that any petition or document filed with the intent that it be sealed will, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion; (2) setting forth the standards for the showing of sufficient grounds to institute a review under 35 U.S.C. 314(a), as amended; (3) establishing procedures for the submission of supplemental information after the petition is filed; (4) establishing and governing *inter partes* review under chapter 31 of title 35, United States Code, and the relationship of such review to other proceedings under title 35, United States Code; (5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery will be limited to: (A) The deposition of witnesses submitting affidavits or declarations, and (B) what is otherwise necessary in the interest of justice; (6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding; (7) providing for protective orders governing the exchange and submission of confidential information; (8) providing for the filing by the patent owner of a response to the petition under 35 U.S.C. 313, as amended, after an *inter partes* review has been instituted, and requiring that the patent owner file with such response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies in support of the response; (9) setting forth standards and procedures for allowing the patent owner to move to amend the patent under 35 U.S.C. 316(d), as amended, to cancel a challenged claim or propose a reasonable number of substitute claims, and ensure that any information submitted by the patent owner in support of any amendment entered under 35 U.S.C. 316(d), as amended, is made available to the public as part of the prosecution history of the patent; (10) providing either party with the right to an oral hearing as part of the proceeding; (11) requiring that the final determination in an *inter partes* review will be issued not later than one year after the date on which the Director notices the institution of a review under chapter 31 of title 35, United States Code, except that the Director may, for good cause shown, extend the one-year period by not more than six months, and may adjust the time periods in this paragraph in the case of joinder under 35 U.S.C. 315(c), as amended; (12) setting a time period for requesting joinder under 35 U.S.C. 315(c), as amended; and (13) providing the petitioner with at least one opportunity to file written comments within a time period established by the Director.

As amended, 35 U.S.C. 316(b) provides that in prescribing regulations under 35 U.S.C. 316, as amended, the Director will consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the proceedings instituted under chapter 31 of title 35, United States Code timely.

As amended, 35 U.S.C. 316(c) provides that the Patent Trial and Appeal Board will, in accordance with 35 U.S.C. 6, conduct each *inter partes* review instituted under chapter 31 of title 35, United States Code.

As amended, 35 U.S.C. 316(d)(1) provides that during an *inter partes* review instituted under chapter 31 of title 35, United States Code, the patent owner may file one motion to amend the patent in one or more of the following ways: (A) Cancel any challenged patent claim; and (B) for each challenged claim, propose a reasonable number of substitute claims. As amended, 35 U.S.C. 316(d)(2) provides that additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to advance materially the settlement of a proceeding under 35 U.S.C. 317, as amended, or as permitted by regulations prescribed by the Director. 35 U.S.C. 316(d)(3), as amended, provides that an amendment under 35 U.S.C. 316(d), as amended, may not enlarge the scope of the claims of the patent or introduce new matter.

As amended, 35 U.S.C. 316(e) provides that in an *inter partes* review instituted under chapter 31 of title 35, United States Code, the petitioner has the burden of proving a proposition of unpatentability by a preponderance of the evidence.

Section 6(a) of the AIA amends 35 U.S.C. 317, entitled ''Settlement.'' 35 U.S.C. 317(a), as amended, provides that an *inter partes* review instituted under chapter 31 of title 35, United States Code, will be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. 35 U.S.C. 317(a), as amended, also provides that if the *inter partes* review is terminated with respect to a petitioner under 35 U.S.C. 317, as amended, no estoppel under 35 U.S.C.

315(e), as amended, will attach to the petitioner, or to the real party-in-interest or privy of the petitioner, on the basis of that petitioner's institution of that *inter partes* review. As amended, 35 U.S.C. 317(a) further provides that if no petitioner remains in the *inter partes* review, the Office may terminate the review or proceed to a final written decision under 35 U.S.C. 318(a), as amended.

As amended, 35 U.S.C. 317(b) provides that any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in the agreement or understanding, made in connection with, or in contemplation of, the termination of an *inter partes* review under 35 U.S.C. 317, as amended, will be in writing and a true copy of such agreement or understanding will be filed in the Office before the termination of the *inter partes* review as between the parties. As amended, 35 U.S.C. 317(b) also provides that, at the request of a party to the proceeding, the agreement or understanding will be treated as business confidential information, will be kept separate from the file of the involved patents, and will be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

Section 6(a) of the AIA amends 35 U.S.C. 318, entitled ''Decision of the Board.'' As amended, 35 U.S.C. 318(a) provides that if an *inter partes* review is instituted and not dismissed under chapter 31 of title 35, United States Code, the Patent Trial and Appeal Board will issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under 35 U.S.C. 316(d), as amended. As amended, 35 U.S.C. 318(b) provides that if the Patent Trial and Appeal Board issues a final written decision under 35 U.S.C. 318(a), as amended, and the time for appeal has expired or any appeal has terminated, the Director will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable. As amended, 35 U.S.C. 318(c) provides that any proposed amended or new claim determined to be patentable and incorporated into a patent following an *inter partes* review under chapter 31 of title 35, United States Code, will have the same effect as that specified in 35 U.S.C. 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under 35 U.S.C. 318(b), as amended. As amended, 35 U.S.C. 318(d) provides that the Office will make available to the public data describing the length of time between the institution of, and the issuance of, a final written decision under 35 U.S.C. 318(a), as amended, for each *inter partes* review.

Section 6(a) of the AIA adds 35 U.S.C. 319, entitled ''Appeal.'' 35 U.S.C. 319 provides that a party dissatisfied with the final written decision of the Patent Trial and Appeal Board under 35 U.S.C. 318(a), as amended, may appeal the decision pursuant to 35 U.S.C. 141–144. 35 U.S.C. 319 also provides that any party to the *inter partes* review will have the right to be a party to the appeal.

Section 6(c) of the AIA is entitled ''REGULATIONS AND EFFECTIVE DATE.'' Section 6(c)(1) of the AIA provides that the Director will, not later than the date that is one year after the date of the enactment of the AIA, issue regulations to carry out chapter 31 of title 35, United States Code, as amended by section 6(a) of the AIA.

Section 6(c)(2)(A) of the AIA provides that the amendments made by section 6(a) of the AIA will take effect upon the expiration of the one-year period beginning on the date of the enactment of the AIA, and will apply to any patent issued before, on, or after that effective date.

Section 6(c)(2)(B) of the AIA provides that the Director may impose a limit on the number of *inter partes* reviews that may be instituted under chapter 31 of title 35, United States Code, during each of the first four one-year periods in which the amendments made by section 6(a) of the AIA are in effect, if such number in each year equals or exceeds the number of *inter partes* reexaminations that are ordered under chapter 31 of title 35, United States Code, in the last fiscal year ending before the effective date of the amendments made by section 6(a) of the AIA.

Section 6(c)(3) of the AIA provides a transition provision for the granting, conduct, and termination of *inter partes* reexaminations on or after the effective date of the AIA. The Office, in a separate rulemaking, revised the rules governing *inter partes* reexamination to implement the transition provision that changes the standard for granting a request for *inter partes* reexamination, and to reflect the termination of *inter partes* reexamination, effective September 16, 2012. *See Revision of Standard for Granting an Inter partes Reexamination Request,* 76 FR 59055 (Sept. 23, 2011) (final rule).

Post-Grant Review

Post-grant review may be sought in more circumstances than *inter partes* review. The grounds for seeking post-grant review include any ground that could be raised under 35 U.S.C. 282(b)(2) or (3), except as modified by section 18(a)(1)(C) of the AIA. Such grounds for post-grant review include grounds that could be raised under 35 U.S.C. 102 or 103 including those based on prior art consisting of patents or printed publications. Other grounds available for post-grant review include 35 U.S.C. 101 and 112, with the exception of compliance with the best mode requirement. In contrast, the grounds for seeking *inter partes* review are limited to issues raised under 35 U.S.C. 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

Section 6 of the AIA is entitled ''POST–GRANT REVIEW PROCEEDINGS.'' Section 6(d) of the AIA, entitled ''POST–GRANT REVIEW,'' adds chapter 32 of title 35, United States Code, also entitled ''POST–GRANT REVIEW.'' In particular, § 6(d) adds 35 U.S.C. 321–329. Pub. L. 112–29, 125 Stat. 284, 305–311 (2011).

Section 6(d) of the AIA adds 35 U.S.C. 321, entitled ''Post-grant review.'' 35 U.S.C. 321(a) provides that, subject to the provisions of chapter 32 of title 35, United States Code, a person who is not the owner of a patent may file a petition with the Office to institute a post-grant review of the patent. 35 U.S.C. 321(a) also provides that the Director will establish by regulation fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the post-grant review. 35 U.S.C. 321(b) provides that a petitioner in a post-grant review may request to cancel as unpatentable one or more claims of a patent on any ground that could be raised under 35 U.S.C. 282(b)(2) or (3) (relating to invalidity of the patent or any claim). 35 U.S.C. 321(c) provides that a petition for post-grant review may only be filed not later than the date that is nine months after the date of the grant of the patent or of the issuance of a reissue patent.

Section 6(d) of the AIA adds 35 U.S.C. 322, entitled ''Petitions.'' 35 U.S.C. 322(a) provides that a petition filed under 35 U.S.C. 321 may be considered

only if: (1) The petition is accompanied by payment of the fee established by the Director under 35 U.S.C. 321; (2) the petition identifies all real parties in interest; (3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including (A) copies of patents and printed publications that the petitioner relies upon in support of the petition and (B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on other factual evidence or on expert opinions; (4) the petition provides such other information as the Director may require by regulation; and (5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) of 35 U.S.C. 322(a) to the patent owner or, if applicable, the designated representative of the patent owner. 35 U.S.C. 322(b) provides that, as soon as practicable after the receipt of a petition under 35 U.S.C. 321, the Director will make the petition available to the public.

Section 6(d) of the AIA adds 35 U.S.C. 323, entitled ''Preliminary response to petition.'' 35 U.S.C. 323 provides that, if a post-grant review petition is filed under 35 U.S.C. 321, the patent owner has the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no post-grant review should be instituted based upon the failure of the petition to meet any requirement of chapter 32 of title 35, United States Code.

Section 6(d) of the AIA adds 35 U.S.C. 324, entitled ''Institution of post-grant review.'' 35 U.S.C. 324(a) provides that the Director may not authorize a post-grant review to be instituted, unless the Director determines that the information presented in the petition filed under 35 U.S.C. 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable. 35 U.S.C. 324(b) provides that the determination required under 35 U.S.C. 324(a) may also be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications. 35 U.S.C. 324(c) provides that the Director will determine whether to institute a post-grant review under chapter 32 of title 35, United States Code, pursuant to a petition filed under 35 U.S.C. 321 within three months after: (1) Receiving a preliminary response to the petition under 35 U.S.C. 323; or (2) if no such preliminary response is filed, the last date on which such response may be filed. 35 U.S.C. 324(d) provide that the Director will notify the petitioner and patent owner, in writing, of the Director's determination under 35 U.S.C. 324(a) or (b), and will make such notice available to the public as soon as is practicable. 35 U.S.C. 324(d) also provides that such notice will include the date on which the review will commence. 35 U.S.C. 324(e) provides that the determination by the Director whether to institute a post-grant review under 35 U.S.C. 324 will be final and nonappealable.

Section 6(d) of the AIA adds 35 U.S.C. 325, entitled ''Relation to other proceedings or actions.'' 35 U.S.C. 325(a)(1) provides that a post-grant review may not be instituted under chapter 32 of title 35, United States Code, if, before the date on which the petition for such a review is filed, the petitioner or real party-in-interest filed a civil action challenging the validity of a claim of the patent. 35 U.S.C. 325(a)(2) provides for an automatic stay of a civil action brought by the petitioner or real party-in-interest challenging the validity of a claim of the patent and filed on or after the date on which the petition for post-grant review was filed, until certain specified conditions are met. 35 U.S.C. 325(a)(3) provides that a counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of 35 U.S.C. 325(a).

35 U.S.C. 325(b) provides that if a civil action alleging infringement of a patent is filed within three months after the date on which the patent is granted, the court may not stay its consideration of the patent owner's motion for a preliminary injunction against infringement of the patent on the basis that a petition for post-grant review has been filed or instituted under chapter 32 of title 35, United States Code.

35 U.S.C. 325(c) provides that if more than one petition for a post-grant review under chapter 32 of title 35, United States Code, is properly filed against the same patent and the Director determines that more than one of these petitions warrants the institution of a post-grant review under 35 U.S.C. 324, the Director may consolidate such reviews into a single post-grant review.

35 U.S.C. 325(d) provides that, notwithstanding 35 U.S.C. 135(a), 251, and 252, and chapter 30 of title 35, United States Code, during the pendency of any post-grant review under chapter 32 of title 35, United States Code, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding. 35 U.S.C. 325(d) also provides that, in determining whether to institute or order a proceeding under chapter 32 of title 35, United States Code, chapter 30 of title 35, United States Code, or chapter 31 of title 35, United States Code, the Director may take into account whether the same or substantially the same prior art or arguments previously were presented to the Office and reject the petition on that basis.

35 U.S.C. 325(e)(1) provides that the petitioner in a post-grant review of a claim in a patent under chapter 32 of title 35, United States Code, that results in a final written decision under 35 U.S.C. 328(a), or the real party-in-interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review. 35 U.S.C. 325(e)(2) provides for estoppel against a post-grant review petitioner, or the real party-in-interest or privy of the petitioner, in certain civil actions and certain other proceedings before the United States International Trade Commission if that post-grant review results in a final written decision under 35 U.S.C. 328(a).

35 U.S.C. 325(f) provides that a post-grant review may not be instituted under chapter 32 of title 35, United States Code, if the petition requests cancellation of a claim in a reissue patent that is identical to or narrower than a claim in the original patent from which the reissue patent was issued, and the time limitations in 35 U.S.C. 321(c) would bar filing a petition for a post-grant review for such original patent.

Section 6(d) of the AIA adds 35 U.S.C. 326, entitled ''Conduct of post-grant review.'' 35 U.S.C. 326(a) provides that the Director will prescribe regulations: (1) Providing that the file of any proceeding under chapter 32 of title 35, United States Code, will be made available to the public, except that any petition or document filed with the intent that it be sealed will, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion; (2) setting forth the standards for the showing of sufficient grounds to institute a review under 35 U.S.C. 324(a) and (b); (3) establishing procedures for the submission of supplemental information after the petition is filed; (4) establishing and governing a post-grant review under

chapter 32 of title 35, United States Code, and the relationship of such review to other proceedings under title 35, United States Code; (5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery will be limited to evidence directly related to factual assertions advanced by either party in the proceeding; (6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding; (7) providing for protective orders governing the exchange and submission of confidential information; (8) providing for the filing by the patent owner of a response to the petition under 35 U.S.C. 323 after a post-grant review has been instituted, and requiring that the patent owner file with such response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies to support the response; (9) setting forth standards and procedures for allowing the patent owner to move to amend the patent under 35 U.S.C. 326(d) to cancel a challenged claim or propose a reasonable number of substitute claims, and ensuring that any information submitted by the patent owner in support of any amendment entered under 35 U.S.C. 326(d) is made available to the public as part of the prosecution history of the patent; (10) providing either party with the right to an oral hearing as part of the proceeding; (11) requiring that the final determination in any post-grant review be issued not later than one year after the date on which the Director notices the institution of a proceeding under chapter 32 of title 35, United States Code, except that the Director may, for good cause shown, extend the one-year period by not more than six months, and may adjust the time periods in this paragraph in the case of joinder under 35 U.S.C. 325(c); and (12) providing the petitioner with at least one opportunity to file written comments within a time period established by the Director.

35 U.S.C. 326(b) provides that in prescribing regulations under 35 U.S.C. 326, the Director will consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete timely proceedings instituted under chapter 32 of title 35, United States Code.

35 U.S.C. 326(c) provides that the Patent Trial and Appeal Board will, in accordance with 35 U.S.C. 6, conduct each post-grant review instituted under chapter 32 of title 35, United States Code.

35 U.S.C. 326(d)(1) provides that during a post-grant review instituted under chapter 32 of title 35, United States Code, the patent owner may file a single motion to amend the patent in one or more of the following ways: (A) Cancel any challenged patent claim; and/or (B) for each challenged claim, propose a reasonable number of substitute claims. 35 U.S.C. 326(d)(2) provides that additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to advance materially the settlement of a proceeding under 35 U.S.C. 327, or upon the request of the patent owner for good cause shown. 35 U.S.C. 326(d)(3) provides that an amendment under 35 U.S.C. 326(d) may not enlarge the scope of the claims of the patent or introduce new matter. 35 U.S.C. 326(e) provides that in a post-grant review instituted under chapter 32 of title 35, United States Code, the petitioner will have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

Section 6(d) of the AIA adds 35 U.S.C. 327, entitled ''Settlement.'' 35 U.S.C. 327(a) provides that a post-grant review instituted under chapter 32 of title 35, United States Code, will be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. 35 U.S.C. 327(a) also provides that if the post-grant review is terminated with respect to a petitioner under 35 U.S.C. 327, no estoppel under 35 U.S.C. 325(e) will attach to the petitioner, or to the real party-in-interest or privy of the petitioner, on the basis of that petitioner's institution of that post-grant review. 35 U.S.C. 327(a) further provides that if no petitioner remains in the post-grant review, the Office may terminate the post-grant review or proceed to a final written decision under 35 U.S.C. 328(a).

35 U.S.C. 327(b) provides that any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of a post-grant review under 35 U.S.C. 327 will be in writing, and a true copy of such agreement or understanding will be filed in the Office before the termination of the post-grant review as between the parties. 35 U.S.C. 327(b) also provides that at the request of a party to the proceeding, the agreement or understanding will be treated as business confidential information, will be kept separate from the file of the involved patents, and will be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

Section 6(d) of the AIA adds 35 U.S.C. 328, entitled ''Decision of the Board.'' 35 U.S.C. 328(a) provides that if a post-grant review is instituted and not dismissed under chapter 32 of title 35, United States Code, the Patent Trial and Appeal Board will issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under 35 U.S.C. 326(d).

35 U.S.C. 328(b) provides that if the Patent Trial and Appeal Board issues a final written decision under 35 U.S.C. 328(a) and the time for appeal has expired or any appeal has terminated, the Director will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

35 U.S.C. 328(c) provides that any proposed amended or new claim determined to be patentable and incorporated into a patent following a post-grant review under chapter 32 of title 35, United States Code, will have the same effect as that specified in 35 U.S.C. 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under 35 U.S.C. 328(b).

35 U.S.C. 328(d) provides that the Office will make available to the public data describing the length of time between the institution of, and the issuance of, a final written decision under 35 U.S.C. 328(a) for each post-grant review.

Section 6(d) of the AIA adds 35 U.S.C. 329, entitled ''Appeal.'' 35 U.S.C. 329 provides that a party dissatisfied with the final written decision of the Patent Trial and Appeal Board under 35 U.S.C. 328(a) may appeal the decision pursuant to 35 U.S.C. 141–144. 35 U.S.C. 329 also provides that any party to the post-grant review will have the right to be a party to the appeal.

Section 6(f) of the AIA is entitled ''REGULATIONS AND EFFECTIVE

DATE.'' Section 6(f)(1) of the AIA provides that the Director will, not later than the date that is one year after the date of the enactment of the AIA, issue regulations to carry out chapter 32 of title 35, United States Code, as added by section 6(d) of the AIA.

Section 6(f)(2)(A) of the AIA provides that the amendments made by section 6(d) of the AIA will take effect upon the expiration of the one-year period beginning on the date of the enactment of the AIA and, except as provided in section 18 of the AIA and in section 6(f)(3) of the AIA, will apply only to patents described in section 3(n)(1) of the AIA. Section 3(n) of the AIA is entitled ''EFFECTIVE DATE.'' Section 3(n)(1) of the AIA provides:

(n) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this section shall take effect upon the expiration of the 18-month period beginning on the date of the enactment of this Act, and shall apply to any application for patent, and to any patent issuing thereon, that contains or contained at any time—

(A) a claim to a claimed invention that has an effective filing date as defined in section 100(i) of title 35, United States Code, that is on or after the effective date described in this paragraph; or

(B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.

For example, the post-grant review provisions will apply to patents issued from applications that have an effective filing date on or after March 16, 2013, eighteen months after the date of enactment.

Section 6(f)(2)(B) of the AIA provides that the Director may impose a limit on the number of post-grant reviews that may be instituted under chapter 32 of title 35, United States Code, during each of the first four one-year periods in which the amendments made by section 6(d) of the AIA are in effect.

Section 6(f)(3) of the AIA is entitled ''PENDING INTERFERENCES.'' Section 6(f)(3)(A) of the AIA provides that the Director will determine, and include in the regulations issued under section 6(f)(1) of the AIA, the procedures under which an interference commenced before the effective date set forth in section 6(f)(2)(A) of the AIA is to proceed, including whether such interference: (i) Is to be dismissed without prejudice to the filing of a petition for a post-grant review under chapter 32 of title 35, United States Code; or (ii) is to proceed as if the AIA had not been enacted.

Section 6(f)(3)(B) of the AIA provides that, for purposes of an interference that is commenced before the effective date set forth in section 6(f)(2)(A) of the AIA, the Director may deem the Patent Trial and Appeal Board to be the Board of Patent Appeals and Interferences, and may allow the Patent Trial and Appeal Board to conduct any further proceedings in that interference.

Section 6(f)(3)(C) of the AIA provides that the authorization to appeal or have remedy from derivation proceedings in sections 141(d) and 146 of title 35, United States Code, as amended, and the jurisdiction to entertain appeals from derivation proceedings in 28 U.S.C. 1295(a)(4)(A), as amended, will be deemed to extend to any final decision in an interference that is commenced before the effective date set forth in section 6(f)(2)(A) of the AIA and that is not dismissed pursuant to this paragraph.

Transitional Program for Covered Business Method Patents

Section 18 of the AIA provides that the Director will promulgate regulations establishing and implementing a transitional program for the review of covered business method patents. Section 18(a)(1) of the AIA provides that the transitional proceeding will be regarded as a post-grant review under chapter 32 of title 35 United States Code and will employ the standards and procedures as a post-grant review, subject to certain exceptions. For instance, a petitioner in a covered business method patent review may request to cancel as unpatentable one or more claims of a patent on any ground that could be raised under 35 U.S.C. 282(b)(2) or (3) (relating to invalidity of the patent or any claim), except as modified by section 18(a)(1)(C) of the AIA (*see* 35 U.S.C. 321(b)). Additionally, the determination by the Director of whether to institute a covered business method patent review will be final and nonappealable (*see* 35 U.S.C. 324(e)). Section 18(a)(1)(A) of the AIA provides that 35 U.S.C. 321(c) and 35 U.S.C. 325(b), (e)(2), and (f) will not apply to a transitional proceeding.

Section 18(a)(1)(B) of the AIA specifies that a person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or person's real party-in-interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.

Section 18(a)(1)(C) of the AIA further provides that limited prior art shall apply for those challenged covered business method patents granted under first-to-invent provisions. Specifically, section 18(a)(1)(C) provides that a petitioner in a transitional proceeding who challenges the validity of 1 or more claims in a covered business method patent on a ground raised under section 102 or 103 of title 35, United States Code, as in effect on the day before the effective date set forth in section 3(n)(1), may support such ground only on the basis of prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or prior art that discloses the invention more than 1 year before the date of the application for patent in the United States; and would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure had been made by another before the invention thereof by the applicant for patent.

Section 18 of the AIA provides that the Director may institute a transitional proceeding only for a patent that is a covered business method patent. Section 18(d)(1) of the AIA specifies that a covered business method patent is a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions. Section 18(d)(2) provides that the Director will issue regulations for determining whether a patent is for a technological invention.

The AIA provides that the transitional program for the review of covered business method patents will take effect on September 16, 2012, one year after the date of enactment, and applies to any covered business method patent issued before, on, or after September 16, 2012. Section 18 of the AIA and the regulations issued under section 18 are repealed on September 16, 2020. Section 18 of the AIA and the regulations issued will continue to apply after September 16, 2020, to any petition for a transitional proceeding that is filed before September 16, 2020. The Office will not consider a petition for a transitional proceeding that is filed on or after September 16, 2020.

Discussion of Specific Rules

Title 37 of the Code of Federal Regulations (CFR), Chapter I, part 42, Subparts B, C, and D are added as follows:

Subpart B—*Inter Partes* Review

Section 42.100: Section 42.100 sets forth policy considerations for *inter partes* review proceedings.

Section 42.100(a) provides that an *inter partes* review is a trial and subject

to the rules set forth in subpart A of title 42, Code of Federal Regulations.

Section 42.100(b) provides that a claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification in which it appears. This rule is consistent with the provisions of 35 U.S.C. 316, as amended, which provides for the promulgation of rules, including rules establishing and governing the proceeding and the relationship of the proceeding to other proceedings, the standards for instituting the proceeding, and standards and procedures for allowing a patent owner to amend the patent, as well as 35 U.S.C. 318, as amended, which provides that the Board will enter a final written decision on patentability. This rule is also consistent with longstanding established principles of claim construction before the Office. *In re Am. Acad. of Sci. Tech Ctr.,* 367 F.3d 1359, 1364 (Fed. Cir. 2004); *In re Yamamoto,* 740 F.2d 1569, 1571 (Fed. Cir. 1984). As explained in *Yamamoto,* a party's ability to amend claims to avoid prior art—which exists in these proceedings (§ 42.121)—distinguishes Office proceedings from district court proceedings and justifies the broadest reasonable interpretation standard for claim interpretation. *Yamamoto,* 740 F.2d at 1572.

Section 42.100(c) provides a one-year time frame for administering the proceeding after institution, with up to a six-month extension for good cause. The one-year period may be adjusted by the Board in the case of joinder. This rule is consistent with 35 U.S.C. 316(a)(11), as amended.

Section 42.101: Section 42.101 provides who may file a petition for *inter partes* review.

Section 42.101(a) provides that a party or real party-in-interest must file a petition prior to the filing of a civil action challenging the validity of a claim of the patent. The rule follows the statutory language of 35 U.S.C. 315(a), as amended, which provides that *inter partes* reviews are barred by prior filing of such a civil action.

Section 42.101(b) provides that a petition may not be filed more than one year after the date on which the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner was served with a complaint alleging infringement. The rule follows the statutory language of 35 U.S.C. 315(b), as amended, which provides a one-year time limit after date of service of complaint.

Section 42.101(c) provides that a petition may not be filed where the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is estopped from challenging the claims on the grounds identified in the petition. The rule is consistent with 35 U.S.C. 325(e)(1) and 315(e)(1), as amended, which provide for estoppel based upon a final written decision in a post-grant review, a covered business method patent review, or *inter partes* review.

Section 42.102: Section 42.102 provides a timeliness requirement for filing an *inter partes* review petition.

Section 42.102(a) provides that a petition for *inter partes* review must be filed consistent with the requirements set forth in 35 U.S.C. 311(c), as amended. Petitions requesting the institution of an *inter partes* review that are filed nine months after the grant of the patent or of the issuance of the reissue patent, but prior to the institution of a post-grant review would be considered timely filed. Additionally, petitions filed after termination of a post-grant review would be considered timely.

Section 42.102(b) provides that the Director may set a limit on the number of *inter partes* reviews that may be instituted during each of the first four one-year periods after *inter partes* review takes effect. This rule is consistent with section 6(c)(2)(B) of the AIA, which provides for graduated implementation of *inter partes* reviews. The Office, however, does not expect to limit the number of petitions for *inter partes* review at this time.

Section 42.103: Section 42.103 sets forth the fee requirement for filing an *inter partes* review petition.

Section 42.103(a) provides that a fee under § 42.15(a) must accompany a petition for *inter partes* review.

Section 42.103(b) provides that that no filing date will be accorded until full payment is received. This rule is consistent with 35 U.S.C. 312(a)(1), as amended, which provides that a petition may only be considered if the petition is accompanied by the payment of the fee established by the Director.

Section 42.104: Section 42.104 provides for the content of petitions to institute an *inter partes* review. The rule is consistent with 35 U.S.C 312(a)(4), as amended, which allows the Director to prescribe regulations concerning the information provided with the petition.

Section 42.104(a) provides that a petition must demonstrate that the petitioner has standing. To establish standing, a petitioner, at a minimum, must certify that the patent is available for *inter partes* review and that the petitioner is not barred or estopped from requesting an *inter partes* review challenging the patent claims. This requirement is to ensure that a party has standing to file the *inter partes* review and would help prevent spuriously-instituted *inter partes* reviews. Facially improper standing will be a basis for denying the petition without proceeding to the merits of the petition.

Section 42.104(b) requires that the petition identify the precise relief requested for the claims challenged. Specifically, the rule requires that the petition identify each claim being challenged, the specific grounds on which each claim is challenged, how the claims are to be construed, why the claims as construed are unpatentable under the identified grounds, and the exhibit numbers of the evidence relied upon with a citation to the portion of the evidence that is relied upon to support the challenge. This rule is consistent with 35 U.S.C. 312(a)(3), as amended, which requires that the petition identify, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence supporting the challenge. It is also consistent with 35 U.S.C. 312(a)(4), as amended, which allows the Director to require additional information as part of the petition. The rule provides an efficient means for identifying the legal and factual basis for satisfying the threshold for instituting *inter partes* review and provides the patent owner with notice as to the basis for the challenge to the claims.

Section 42.104(c) provides that a petitioner seeking to correct clerical or typographical mistakes in a petition could file a motion to correct the mistakes. The rule also provides that the grant of such a motion would not alter the filing date of the petition.

Section 42.105: Section 42.105 provides petition and exhibit service requirements in addition to the service requirements of § 42.6.

Section 42.105(a) requires that the petitioner serve the patent owner at the correspondence address of record for the subject patent and permits service at any other address known to the petitioner as likely to effect service as well. Once a patent has issued, communications between the Office and the patent owner often suffer. *Ray* v. *Lehman,* 55 F.3d 606 (Fed. Cir. 1995) (patentee's failure to maintain correspondence address contributed to failure to pay maintenance fee and therefore expiration of the patent). While the rule requires service at the correspondence address of record in the patent, the petitioner will already be in communication with the patent owner, in many cases, at a better service address than the correspondence address of record for the subject patent.

Section 42.105(b), as adopted in this final rule, provides that upon agreement of the parties, service may be made electronically, and service may be made by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL®. Personal service is not required.

Section 42.106: Section 42.106 provides for the filing date requirements of an *inter partes* review petition.

Section 42.106(a) specifies the requirements for a complete petition. 35 U.S.C. 312(a), as amended, states that a petition may only be considered when the petition identifies all the real parties in interest, when a copy of the petition is provided to the patent owner or the owner's representative and the petition is accompanied by the fee established by the Director. Consistent with the statute, the rule requires that a petition to institute an *inter partes* review will not be accorded a filing date until the petition: (1) Complies with § 42.104; (2) is served upon the patent owner at the correspondence address of record provided in § 42.105(a); and (3) is accompanied by the fee set forth in § 42.15(a).

Section 42.106(b) provides petitioners a one month time frame to correct defective petitions to institute an *inter partes* review. The rule is consistent with the requirement of 35 U.S.C. 312(a), as amended, that the Board may not consider a petition that fails to meet the statutory requirements for a petition. In determining whether to grant a filing date, the Board will review the petitions for procedural compliance. Where a procedural defect is noted, *e.g.,* failure to state the claims being challenged, the Board will notify the petitioner that the petition was incomplete and identify any non-compliance issues.

Section 42.107: Section 42.107 sets forth the procedure in which the patent owner may file a preliminary response.

Section 42.107(a) provides that the patent owner may file a preliminary response to the petition. The rule is consistent with 35 U.S.C. 313, as amended, which provides for such a response.

Section 42.107(b) provides that the due date for the preliminary response to the petition is no later than three months from the date of the notice that the request to institute an *inter partes* review has been granted a filing date. This rule is consistent with 35 U.S.C. 313, as amended, which provides that the Director shall set a time period for filing the patent owner preliminary response.

Under 35 U.S.C. 314(b), as amended, the Board has three months from the filing of the patent owner preliminary response, or three months from the date such a response was due, to determine whether to institute the review. A patent owner seeking a shortened period for such a determination may wish to file a patent owner preliminary response well before the date the patent owner preliminary response is due, or file a paper stating that no patent owner preliminary response will be filed. No adverse inferences will be drawn where a patent owner elects not to file a response or elects to waive the response.

Section 42.107(c) provides that the patent owner preliminary response is not allowed to present new testimony evidence, for example, expert witness testimony on patentability. 35 U.S.C. 313, as amended, provides that a patent owner preliminary response set forth reasons why no *inter partes* review should be instituted. In contrast, 35 U.S.C. 316(a)(8), as amended, provides for a patent owner response after institution and requires the presentation, through affidavits or declarations, of any additional factual evidence and expert opinions on which the patent owner relies in support of the response. The difference in statutory language demonstrates that 35 U.S.C. 313, as amended, does not require the presentation of evidence in the form of testimony in support of a patent owner preliminary response and the rule reflects this distinction. In certain instances, however, a patent owner may be granted additional discovery before filing its preliminary response and submit any testimonial evidence obtained through the discovery. For example, additional discovery may be authorized where patent owner raises sufficient concerns regarding the petitioner's certification of standing.

Section 42.107(d) provides that the patent owner preliminary response cannot include any amendment. *See* § 42.121 for filing a motion to amend the patent after an *inter partes* review has been instituted.

Section 42.107(e) provides that the patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a), disclaiming one or more claims in the patent, and no *inter partes* review will be instituted to review disclaimed claims.

Section 42.108: Section 42.108 provides for the institution of an *inter partes* review.

35 U.S.C. 314(a), as amended, states that the Director may not authorize an *inter partes* review to be instituted, unless the Director determines that the information in the petition, and any patent owner preliminary response, shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition. Section 42.108 is consistent with this statutory requirement and identifies how the Board may authorize such a review to proceed. In considering whether to authorize the review, the Board may take into account its ability to complete the proceeding timely. 35 U.S.C. 316(b), as amended.

Section 42.108(a) provides that the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim. Specifically, in instituting the review, the Board may authorize the review to proceed on the challenged claims for which the threshold requirements for the proceeding have been met. The Board will identify the grounds upon which the review will proceed on a claim-by-claim basis. Any claim or issue not included in the authorization for review is not part of the review. The Office intends to publish a notice of the institution of an *inter partes* review in the Official Gazette.

Section 42.108(b) provides that the Board, prior to institution of a review, may deny some or all grounds for unpatentability on some or all of the challenged claims. The rule is consistent with the efficient administration of the Office, which is a consideration in prescribing *inter partes* review regulations under 35 U.S.C. 316(b), as amended.

Section 42.108(c) provides that the institution is based on a reasonable likelihood standard and is consistent with the requirements of 35 U.S.C. 314(a), as amended. A reasonable likelihood standard is a somewhat flexible standard that allows the judge room for the exercise of judgment.

Section 42.120: Section 42.120 sets forth the procedure in which the patent owner may file a patent owner response.

Section 42.120(a) provides for a patent owner response and is consistent with the requirements of 35 U.S.C. 316(a)(8), as amended.

Section 42.120(b) provides that if no time for filing a patent owner response to a petition is provided in a Board order, the default time for filing the response is three months from the date the *inter partes* review was instituted. The Board's experience with patent owner responses is that three months provides a sufficient amount of time to respond in a typical case, especially as the patent owner would already have been provided three months to file a patent owner preliminary response prior to institution of the *inter partes* review. Additionally, the time period for response is consistent with the

requirement that the trial be conducted such that a final written decision is rendered within one year of the institution of the review. 35 U.S.C. 316(a)(11), as amended.

Section 42.121: Section 42.121 provides standards and procedures for a patent owner to file motions to amend the patent. The rule is consistent with 35 U.S.C. 316(a)(9), as amended, which requires the Office to promulgate rules setting forth the standards and procedures for allowing the patent owner to amend the patent.

Section 42.121(a) makes it clear that the first motion to amend need not be authorized by the Board. The motion will be entered so long as it complies with the timing and procedural requirements. Additional motions to amend will require prior Board authorization. All motions to amend, even if entered, will not result automatically in entry of the proposed amendment into the patent. The requirement to consult the Board reflects the Board's need to regulate the substitution of claims and the amendment of the patent to control unnecessary proliferation of issues and abuses. The rule aids the efficient administration of the Office and the timely completion of the review under 35 U.S.C. 316(b), as amended.

Section 42.121(a) also provides that a motion to amend the claims may be denied where the amendment does not respond to the ground of unpatentability involved in the trial or seeks to enlarge the scope of the claims or introduce new matter. Section 42.121(a) further provides that a reasonable number of substitute claims is presumed to be one substitute claim per challenged claim which may be rebutted by a demonstration of need. The rule aids the efficient administration of the Office and the timely completion of the review under 35 U.S.C. 316(b), as amended, and also is consistent with 35 U.S.C. 316(d)(3), as amended, which prohibits enlarging the scope of the claims or introducing new matter. Further, the rule is consistent with 35 U.S.C. 316(a)(9), as amended, which requires the Office to promulgate rules setting forth the standards and procedures for the patent owner to amend the patent.

Section 42.121(b) provides that a motion to amend the claims must include a claim listing, show the changes clearly, and set forth: (1) The support in the original disclosure of the patent for each claim that is added or amended, and (2) the support in an earlier filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.

Under § 42.121(c), a patent owner may request filing more than one motion to amend its claims during the course of the proceeding. Additional motions to amend may be permitted upon a demonstration of good cause by the patent owner or a joint request of the petitioner and the patent owner to materially advance a settlement.

In considering whether good cause is shown, the Board will take into account how the filing of such motions would impact the timely completion of the proceeding and the additional burden placed on the petitioner. Specifically, belated motions to amend may cause the integrity and efficiency of the review to suffer as the petitioner may be required to devote significant time and resources on claims that are of constantly changing scope. Further, due to time constraints, motions to amend late in the process may not provide a petitioner a full and fair opportunity to respond to the newly presented subject matter. In determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in § 42.121(a)(1). Similarly, motions to amend may be permitted upon a joint request of the petitioner and the patent owner to advance settlement where the motion does not jeopardize the ability of the Office to complete the proceeding timely.

Section 42.122: Section 42.122(a) is consistent with the requirements of 35 U.S.C. 315(d), as amended, regarding multiple proceedings involving the subject patent. When there is a question of a stay concerning a matter for which a statutory time period is running in one of the proceedings, it is expected that the Director would be consulted prior to issuance of a stay, given that the stay would impact the ability of the Office to meet the statutory deadline. For example, it is expected that the Board would consult the Director prior to the issuance of a stay in an *ex parte* reexamination proceeding where the three-month statutory time period under 35 U.S.C. 303 is running.

Under § 42.122(b), a patent owner or petitioner may request joinder, but such a request must be filed no later than one month after institution. Further, the time period set forth in § 42.101(b) shall not apply when the petition is accompanied by a request for joinder. This is consistent with the last sentence of 35 U.S.C. 315(b), as amended.

Section 42.123: Section 42.123 provides for the filing of supplemental information. 35 U.S.C. 316(a)(3), as amended, provides that the Director will issue regulations establishing procedures for filing supplemental information after the petition is filed. 35 U.S.C. 314(a), as amended, provides that the institution of an *inter partes* review is based upon the information filed in the petition under 35 U.S.C. 311, as amended, and any response filed under 35 U.S.C. 313, as amended. As the institution of the *inter partes* review is not based upon supplemental information, the rule provides that motions identifying supplemental information be filed after the institution of the *inter partes* review.

Subpart C—Post-Grant Review

Section 42.200: Section 42.200 sets forth policy considerations for post-grant review proceedings.

Section 42.200(a) provides that a post-grant review is a trial and subject to the rules set forth in subpart A of title 42, Code of Federal Regulations.

Section 42.200(b) provides that a claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification in which it appears. This rule is consistent with 35 U.S.C. 326, which provides for the promulgation of rules, including rules establishing and governing the proceeding and the relationship of the proceeding to other proceedings, the standards for instituting the proceeding, and standards and procedures for allowing a patent owner to amend the patent, as well as 35 U.S.C. 328, which provides that the Board will enter a final written decision on patentability. This rule is also consistent with longstanding established principles of claim construction before the Office. *In re Am. Acad. of Sci. Tech Ctr.,* 367 F.3d 1359, 1364 (Fed. Cir. 2004); *In re Yamamoto,* 740 F.2d 1569, 1571 (Fed. Cir. 1984). As explained in *Yamamoto,* a party's ability to amend claims to avoid prior art—which exists in these proceedings (§ 42.221)—distinguishes Office proceedings from district court proceedings and justifies the broadest reasonable interpretation standard for claim interpretation. *Yamamoto,* 740 F.2d at 1572.

Section 42.200(c) provides a one-year timeframe for administering the proceeding after institution, with up to a six-month extension for good cause. The one-year period may be adjusted by the Board in the case of joinder. This rule is consistent with 35 U.S.C. 326(a)(11).

Section 42.200(d) provides that interferences commenced within one year of enactment of the AIA shall proceed under part 41 of 37 CFR except as the Chief Administrative Patent Judge

may otherwise order in the interests-of-justice. The expectation is that dismissal will be rarely, if ever, ordered. Hence, any case where such an order arises would be exceptional and should be handled as its circumstances require. This rule is consistent with section 6(f)(3) of the AIA, which provides that the Director shall include in regulations the procedures under which an interference commenced before the effective date of the act is to proceed.

Section 42.201: Section 42.201 provides who may file a petition for post-grant review.

Section 42.201(a) provides that a person who is not the patent owner may file a petition to institute a post-grant review, unless the petitioner or real party-in-interest had already filed a civil action challenging the validity of a claim of the patent. The rule follows the statutory language of 35 U.S.C. 325(a)(1), which provides that post-grant reviews are barred by prior civil action.

Section 42.201(b) provides that a petition may not be filed where the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is estopped from challenging the claims on the grounds identified in the petition. The rule is consistent with 35 U.S.C. 325(e)(1) and 315(e)(1), as amended, which provide for estoppel based upon a final written decision in a post-grant review, a covered business method patent review, or *inter partes* review.

Section 42.202: Section 42.202 sets forth the timeliness requirement for filing a post-grant review petition.

Section 42.202(a) provides that a petition for a post-grant review of a patent must be filed no later than the date that is nine months after the date of the grant of a patent or of the issuance of a reissue patent. Section 42.202(a) also provides that a petition may not request a post-grant review for a claim in a reissue patent that is identical to or narrower than a claim in the original patent from which the reissue patent was issued unless the petition is filed not later than the date that is nine months after the date of the grant of the original patent. The rule is consistent with the requirements of 35 U.S.C. 321(c).

Section 42.202(b) provides that the Director may limit the number of post-grant reviews that may be instituted during each of the first four one-year periods after post-grant review takes effect. This rule is consistent with section 6(f)(2)(B) of the AIA, which provides for graduated implementation of post-grant reviews. The Office, however, does not expect to limit the number of petitions at this time.

Section 42.203: Section 42.203 provides that a fee must accompany a petition for post-grant review and that no filing date will be accorded until full payment is received. This rule is consistent with 35 U.S.C. 322(a)(1), which provides that a petition may only be considered if the petition is accompanied by the payment of the fee established by the Director.

Section 42.204: Section 42.204 provides for the content of petitions to institute a post-grant review. The rule is consistent with 35 U.S.C 322(a)(4), which allows the Director to prescribe regulations concerning the information provided with the petition.

Section 42.204(a) provides that a petition must demonstrate that the petitioner has standing. To establish standing, a petitioner, at a minimum, must certify that the patent is available for post-grant review and that the petitioner is not barred or estopped from requesting a post-grant review challenging the patent claims. This requirement is to ensure that a party has standing to file the post-grant review and would help prevent spuriously-instituted post-grant reviews. Facially improper standing will be a basis for denying the petition without proceeding to the merits of the petition.

Section 42.204(b) requires that the petition identify the precise relief requested for the claims challenged. Specifically, the rule requires that the petition identify each claim being challenged, the specific grounds on which each claim is challenged, how the claims are to be construed, how the claims as construed are unpatentable, why the claims as construed are unpatentable under the identified grounds, and the exhibit numbers of the evidence relied upon with a citation to the portion of the evidence that is relied upon to support the challenge. This rule is consistent with 35 U.S.C. 322(a)(3), which requires that the petition identify, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence supporting the challenge. It is also consistent with 35 U.S.C. 322(a)(4), which allows the Director to require additional information as part of the petition. The rule provides an efficient means for identifying the legal and factual basis satisfying the threshold for instituting a proceeding and provides the patent owner with a minimum level of notice as to the basis for the challenge to the claims.

Section 42.204(c) provides that a petitioner seeking to correct clerical or typographical mistakes in a petition could file a procedural motion to correct the mistakes. The rule also provides that the grant of such a motion would not alter the filing date of the petition.

Section 42.205: Section 42.205 provides petition and exhibit service requirements in addition to the service requirements of § 42.6.

Section 42.205(a) requires the petitioner to serve the patent owner at the correspondence address of record for the patent, and permits service at any other address known to the petitioner as likely to effect service as well. Once a patent has issued, communications between the Office and the patent owner often suffer. *Ray* v. *Lehman,* 55 F.3d 606 (Fed. Cir. 1995) (patentee's failure to maintain correspondence address contributed to failure to pay maintenance fee and therefore expiration of the patent). While the rule requires service at the correspondence address of record in the patent, the petitioner will already be in communication with the patent owner, in many cases, at a better service address than the official correspondence address.

Section 42.205(b), as adopted in this final rule, provides that upon agreement of the parties, service may be made electronically, and service may be made by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL®. Personal service is not required.

Section 42.206: Section 42.206 provides for the filing date requirements of a post-grant review petition.

Section 42.206(a) sets forth the requirements for a complete petition. 35 U.S.C. 322 states that a petition may only be considered when the petition identifies all the real parties in interest, when a copy of the petition is provided to the patent owner or the owner's representative, and when the petition is accompanied by the fee established by the Director. Consistent with the statute, the rule requires that a complete petition be filed along with the fee and that it be served upon the patent owner.

Section 42.206(b) provides one month to correct defective requests to institute a post-grant review, unless the statutory deadline in which to file a petition for post-grant review has expired. The rule is consistent with the requirement of 35 U.S.C. 322 that the Board may not consider a petition that fails to meet the statutory requirements for a petition. In determining whether to grant a filing date, the Board will review a petition for procedural compliance. Where a procedural defect is noted, *e.g.,* failure to state the claims being challenged, the Board will notify the petitioner that the petition was incomplete and identify any non-compliance issues.

Section 42.207: Section 42.207(a) provides that the patent owner may file a preliminary response to the petition. The rule is consistent with 35 U.S.C. 323, which provides for such a response.

Section 42.207(b) provides that the due date for the preliminary response to petition is no later than three months from the date of the notice that the request to institute a post-grant review has been granted a filing date. This rule is consistent with 35 U.S.C. 323, which provides that the Director shall set a time period for filing the patent owner preliminary response.

Within three months from the filing of the patent owner preliminary response, or three months from the date such a response was due, the Board will determine whether to institute the review. A patent owner seeking a shortened period for the determination may wish to file a preliminary response well before the date the response is due, or file a paper stating that no preliminary response will be filed. No adverse inference will be drawn where a patent owner elects not to file a response or elects to waive the response.

Section 42.207(c) provides that the patent owner preliminary response may not present new testimony evidence, for example, expert witness testimony on patentability. 35 U.S.C. 323 provides that a patent owner preliminary response set forth reasons why no post-grant review should be instituted. In contrast, 35 U.S.C. 326(a)(8) provides for a patent owner response after institution and requires the presentation, through affidavits or declarations, of any additional factual evidence and expert opinions on which the patent owner relies in support of the response. The difference in statutory language demonstrates that 35 U.S.C. 323 does not permit the presentation of evidence as a matter of right in the form of testimony in support of a patent owner preliminary response, and the proposed rule reflects this distinction. In certain instances, however, a patent owner may be granted additional discovery before filing its preliminary response and may submit any testimonial evidence obtained through the discovery. For example, additional discovery may be authorized where the patent owner raises sufficient concerns regarding the petitioner's certification of standing.

Although 35 U.S.C. 324 does not require that a patent owner preliminary response be considered, the Board expects to consider such responses in all but exceptional cases.

Section 42.207(d) provides that the patent owner preliminary response cannot include any amendment. *See* § 42.221 for filing a motion to amend the patent after a post-grant review has been instituted.

Section 42.207(e) provides that the patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a), disclaiming one or more claims in the patent, and no post-grant review will be instituted to review disclaimed claims.

Section 42.208: Section 42.208 provides for the institution of a post-grant review.

35 U.S.C. 324(a), as amended, states that the Director may not authorize a post-grant review to be instituted, unless the Director determines that the information in the petition, if such information is not rebutted, demonstrates that it is more likely than not that at least one of the claims challenged in the petition is unpatentable. Alternatively, the Director may institute a post-grant review by showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications. Section 42.208 is consistent with this statutory requirement and identifies how the Board may authorize such a review to proceed. In considering whether to authorize the review, the Board may take into account its ability to complete the proceeding timely. 35 U.S.C. 326(b).

Section 42.208(a) provides that the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim. Specifically, in instituting the review, the Board may authorize the review to proceed on the challenged claims for which the threshold requirements for the proceeding have been met. The Board may identify which of the grounds the review will proceed upon on a claim-by-claim basis. Any claim or issue not included in the authorization for review would not be part of the post-grant review. The Office intends to publish a notice of the institution of a post-grant review in the Official Gazette.

Section 42.208(b) provides that the Board, prior to institution of a review, may deny some or all grounds for unpatentability on some or all of the challenged claims. This rule is consistent with the efficient administration of the Office, which is a consideration in prescribing post-grant review regulations under 35 U.S.C. 326(b).

Section 42.208(c) provides that the institution may be based on a more likely than not standard and that standard is consistent with the requirements of 35 U.S.C. 324(a).

Section 42.208(d) provides that a determination under § 42.208(c) may be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications. This rule is consistent with 35 U.S.C. 324(b). The expectation is that this ground for a post-grant review would be used sparingly.

Section 42.220: Section 42.220 sets forth the procedure in which the patent owner may file a patent owner response.

Section 42.220(a) provides for a patent owner response and is consistent with the requirements of 35 U.S.C. 326(a)(8).

Section 42.220(b) provides that if no time for filing a patent owner response to a petition is provided in a Board order, the default time for filing the response is three months from the date the post-grant review is instituted. The Board's experience with patent owner responses is that three months provides a sufficient amount of time to respond in a typical case, especially as the patent owner would already have been provided three months to file a patent owner preliminary response prior to institution. Additionally, the time period for response is consistent with the requirement that the trial be conducted such that the Board renders a final decision within one year of the institution of the review. 35 U.S.C. 326(a)(11).

Section 42.221: Section 42.221 provides standards and procedures for a patent owner to file motions to amend the patent. The rule is consistent with 35 U.S.C. 326(a)(9), which requires the Office to promulgate rules setting forth standards and procedures for allowing the patent owner to amend the patent.

Section 42.221(a) makes it clear that the first motion to amend need not be authorized by the Board. If the motion complies with the timing and procedural requirements, the motion would be entered. Additional motions to amend would require prior Board authorization. All motions to amend, even if entered, will not result automatically in entry of the proposed amendment into the patent. The requirement to consult the Board reflects the Board's need to regulate the substitution of claims and the amendment of the patent to control unnecessary proliferation of issues and abuse of the system. The proposed rule aids in the efficient administration of the Office and the timely completion of the proceeding. 35 U.S.C. 326(b).

Section 42.221(a) also provides that a motion to amend the claims may be denied where the amendment does not respond to the ground of unpatentability

involved in the trial or seeks to enlarge the scope of the claims or introduce new matter. Section 42.221(a) further provides that a reasonable number of substitute claims is presumed to be one substitute claim per challenged claim which may be rebutted by a demonstration of need. The rule aids the efficient administration of the Office and the timely completion of the review under 35 U.S.C. 326(b) and also is consistent with 35 U.S.C. 326(d)(3) which prohibits enlarging the scope of the claims or introducing new matter.

Section 42.221(b) provides that a motion to amend the claims must include a claim listing, show the changes clearly, and set forth: (1) The support in the original disclosure of the patent for each claim that is added or amended, and (2) the support in an earlier filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.

Under § 42.221(c), a patent owner may request the filing of more than one motion to amend its claims during the course of the proceeding. Additional motions to amend may be permitted upon a demonstration of good cause by the patent owner or a joint request of the petitioner and the patent owner to materially advance a settlement.

In considering whether good cause is shown, the Board will take into account how the filing of such motions would impact the timely completion of the proceeding and the additional burden placed on the petitioner. Specifically, belated motions to amend may cause the integrity and efficiency of the review to suffer as the petitioner may be required to devote significant time and resources on claims that are of constantly changing scope. Furthermore, due to time constraints, motions to amend late in the process may not provide a petitioner a full and fair opportunity to respond to the newly presented subject matter. In determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in § 42.221(a)(1). Similarly, a motion to amend may be permitted upon a joint request of the petitioner and the patent owner to advance settlement where the motion does not jeopardize the ability of the Office to complete the proceeding timely.

Section 42.222: Section 42.222 is consistent with the requirements of 35 U.S.C. 325(d) regarding multiple proceedings involving the subject patent. When there is a question of a stay concerning a matter for which a statutory time period is running in one of the proceedings, where the stay would impact the ability of the Office to meet the statutory deadline, it is expected that the Director would be consulted prior to issuance of a stay, given that the stay would impact the ability of the Office to meet the statutory deadline for completing the post-grant review. For example, it is expected that the Board would consult the Director prior to the issuance of a stay in an *ex parte* reexamination proceeding where the three-month statutory time period under 35 U.S.C. 303 is running.

Under § 42.222(b), a patent owner or petitioner may request a joinder, but such a request must be filed no later than one month after institution.

Section 42.223: Section 42.223 provides for the filing of supplemental information. 35 U.S.C. 326(a)(3) provides that the Director shall promulgate regulations establishing procedures for filing supplemental information after the petition is filed. 35 U.S.C. 324(a) provides that the institution of a post-grant review is based upon the information filed in the petition under 35 U.S.C. 321 and any response filed under 35 U.S.C. 323. As the institution of the post-grant review is not based upon supplemental information, the rule provides that motions identifying supplemental information be filed after the institution of the post-grant review.

Section 42.224: Section 42.224 provides that additional discovery in a post-grant review is limited to evidence directly related to factual assertions advanced by a party to the proceeding and that the standard for additional discovery is good cause. The rule is consistent with 35 U.S.C. 326(a)(5), which provides that the Director shall prescribe regulations setting forth the standards and procedures for discovery of relevant evidence that is directly related to factual assertions by either party.

While an interests-of-justice standard will be employed in granting additional discovery in *inter partes* reviews and derivation proceedings, new subpart C will provide that a good cause standard is employed in post-grant reviews, and by consequence, in covered business method patent reviews. Good cause and interests-of-justice are closely related standards, but on balance, the interests-of-justice standard is a slightly higher standard than good cause. While a good cause standard requires a party to show a specific factual reason to justify the needed discovery, interests-of-justice would mean that the Board would look at all relevant factors. The interests-of-justice standard covers considerably more than the good cause standard, and in using such a standard the Board will attempt to consider whether the additional discovery is necessary in light of ''the totality of the relevant circumstances.'' *U.S.* v. *Roberts,* 978 F.2d 17, 22 (1st Cir. 1992).

Subpart D—Transitional Program for Covered Business Method Patents

Section 42.300: Section 42.300 sets forth policy considerations for covered business method patent review proceedings.

Section 42.300(a) provides that a covered business method patent review is a trial and subject to the rules set forth in subpart A and also subject to the post-grant review procedures set forth in subpart C except for §§ 42.200, 42.201, 42.202, and 42.204. This is consistent with section 18(a)(1) of the AIA, which provides that the transitional proceeding shall be regarded as, and shall employ the standards and procedures of, a post-grant review with certain exceptions.

Section 42.300(b) provides that a claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification in which it appears. This rule is consistent with the provisions of 35 U.S.C. 326, which provides for the promulgation of rules, including rules establishing and governing the proceeding and the relationship of the proceeding to other proceedings, the standards for instituting the proceeding, and standards and procedures for allowing a patent owner to amend the patent, as well as 35 U.S.C. 328, which provides that the Board will enter a final written decision on patentability. This rule would also be consistent with longstanding established principles of claim construction before the Office. *See, e.g., In re Am. Acad. of Sci. Tech Ctr.,* 367 F.3d 1359, 1364 (Fed. Cir. 2004); *In re Yamamoto,* 740 F.2d 1569, 1571 (Fed. Cir. 1984). As explained in *Yamamoto,* a party's ability to amend claims to avoid prior art—which exists in these proceedings (§ 42.221)—distinguishes Office proceedings from district court proceedings and justifies the broadest reasonable interpretation standard for claim interpretation. *Yamamoto,* 740 F.2d at 1572.

Section 42.300(c) provides a one-year timeframe for administering the proceeding after institution, with a six-month extension for good cause. The one-year period may be adjusted by the Board in the case of joinder. This rule is consistent with 35 U.S.C. 326(a)(11).

Section 42.300(d) provides that the rules in subpart D are in effect until September 15, 2020, except that the rules shall continue to apply to any

covered business method patent review filed before the date of repeal. This is consistent with section 18(a)(3)(A) of the AIA, which provides that the regulations issued are repealed effective upon the expiration of the eight-year period beginning on the date that the regulations take effect, and section 18(a)(3)(B) which provides that the rules in effect until before the repeal will govern covered business method patent reviews filed before the date of appeal.

Section 42.302: Section 42.302 specifies who may file a petition for a covered business method patent review.

Section 42.302(a) provides that a petitioner may not file a petition to institute a covered business method patent review of the patent unless the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner has been sued for infringement of the patent or has been charged with infringement under that patent. This rule is consistent with section 18(a)(1)(B) of the AIA. Section 42.302(a) also defines the term ''charged with infringement'' to mean ''a real and substantial controversy regarding infringement of a covered business method patent such that the petitioner would have standing to bring a declaratory judgment action in Federal court.''

Section 42.302(b) provides that a petitioner may not file a petition to institute a covered business method patent review of the patent where the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is estopped from challenging the claims on the grounds identified in the petition. The rule is consistent with 35 U.S.C. 325(e)(1), which provides for estoppel based upon a final written decision in a post-grant review.

Section 42.303: Section 42.303 provides that a petition for a covered business method patent review may be filed at any time except during the period in which a petition for a post-grant review of the patent would satisfy the requirements of 35 U.S.C. 321(c). This rule is consistent with section 18(a)(2) of the AIA.

Section 42.304: Section 42.304 provides for the content of petitions to institute a covered business method patent review. The rule is consistent with 35 U.S.C. 322(a)(4), which allows the Director to prescribe regulations concerning the information provided with the petition to institute a covered business patent review.

Section 42.304(a) provides that a petition under this section must demonstrate that the petitioner has grounds for standing. To establish standing, a petitioner, at a minimum, would be required to certify with explanation that the patent is a covered business method patent and that the petitioner meets the eligibility requirements of § 42.302. This requirement is to ensure that a party has standing to file the covered business method patent review and would help prevent spuriously instituted reviews. Facially improper standing will be a basis for denying the petition without proceeding to the merits of the decision.

Section 42.304(b) requires that the petition identify the precise relief requested for the claims challenged. Specifically, the rule requires that the petition identify each claim being challenged, the specific grounds on which each claim is challenged, how the claims are to be construed, why the claims as construed are unpatentable, and the exhibit numbers of the evidence relied upon with a citation to the portion of the evidence that is relied upon to support the challenge. This rule is consistent with 35 U.S.C. 322(a)(3), which requires that the petition identify, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence supporting the challenge. It is also consistent with 35 U.S.C. 322(a)(4), which allows the Director to require additional information as part of the petition. The rule provides an efficient means for identifying the legal and factual bases supporting a *prima facie* case of relief and would provide the patent owner with a minimum level of notice as to the basis for the challenge to the claims.

Section 42.304(c) provides that a petitioner seeking to correct clerical or typographical mistakes could file a motion to correct the mistakes. The rule also provides that the grant of such a motion would not alter the filing date of the petition.

Response to Comments

The Office received 251 written submissions of comments from intellectual property organizations, businesses, law firms, patent practitioners, and others. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. The Office's responses to the comments that are directed to the consolidated set of rules relating to Board trial practice and judicial review of Board decisions are provided in a separate final rule (RIN 0651–AC70), and the Office's responses to the comments that are directed to the definitions of the terms ''covered business method patent'' and ''technological invention'' are also provided in another separate final rule (RIN 0651–AC75).

The Office's responses to comments that are directed to *inter partes* review proceedings (77 FR 7041), post-grant review proceedings (77 FR 7060), and transitional post-grant review proceedings for covered business method patents (77 FR 7080) are provided as follows:

Eligibility

Comment 1: One comment requested clarification on whether an *inter partes* review may be requested for a patent issued from an application filed before November 29, 1999.

Response: Inter partes review is applicable to a patent issued from an application filed before November 29, 1999. *See* section 6(c)(2)(A) of the AIA.

Who May Petition (§§ 42.101, 42.201)

Comment 2: Several comments suggested that patent owners should be permitted to petition for *inter partes* review to provide a low cost alternative to small companies seeking to defend their patents.

Response: This suggestion is not adopted because 35 U.S.C. 311, as amended, requires that the petition in an *inter partes* review be filed by a person who is not the owner of the patent.

Comment 3: Several comments suggested that the Office should interpret the terms ''real parties in interest'' and ''privies'' in a flexible manner consistent with common law principles and Federal case law, and set forth common law definitions in the regulation. One comment was in favor of the proposed rules related to the identification of real party-in-interest and related matters under § 42.8. However, another comment expressed concerns related to the predictability of the Office's case-by-case approach in view of the estoppel effects.

Response: Because ''real party-in-interest'' and ''privy'' disputes involve highly fact-dependent issues, the Office believes that the case-by-case approach is the best way to resolve these disputes. The Board will make the determination based on controlling case law and the particular facts of each case as suggested by several of the comments. The Office Patent Trial Practice Guide provides further discussion to assist parties in identifying ''real parties in interest'' and ''privies.''

Comment 4: Several comments requested additional guidance regarding the definitions for the terms ''real party-in-interest'' and ''privy.'' Some of the

comments requested examples, such as whether a third party who provides financial, legal, and technical assistance will be considered a real party-in-interest or privy.

Response: The Office Patent Trial Practice Guide provides further discussion to assist parties in identifying ''real parties in interest'' and ''privies.'' Since ''real party-in-interest'' and ''privy'' issues are highly fact dependent, the Office will also provide more guidance through its opinions and will publish relevant decisions promptly.

Comment 5: A few comments recommended that the Office should maintain the control-focused approach to non-party estoppel and requested more information regarding control-focused understandings of the terms ''real party-in-interest'' and ''privy.''

Response: The Office may consider: (1) Whether the non-party exercised, or could have exercised, control over a party's participation in a proceeding, and (2) the degree of that control, in determining whether a party may be recognized as a ''real party-in-interest'' or ''privy.'' Furthermore, the Office may consider other relevant factors. The Office Patent Trial Practice Guide provides further discussion to assist in identifying the relevant parties. The Office will also provide more guidance through its opinions, and will publish relevant decisions promptly.

Comment 6: A few comments suggested that the Office should describe how its practice in making ''real party-in-interest'' and ''privy'' determinations will differ from its current approach in *inter partes* reexaminations.

Response: The Office Patent Trial Practice Guide provides a few examples of relevant petition decisions issued in reexaminations. Since ''real party-in-interest'' and ''privy'' determinations are fact dependent, the Office will consider the particular facts of each case and controlling case law.

Comment 7: A few comments requested clarification on the relevance of Joint Defense Agreements to a ''real party-in-interest'' or ''privy'' determination.

Response: Since ''real party-in-interest'' and ''privy'' determinations depend on the particular facts of each case, the Office will decide these issues on a case-by-case basis. As to Joint Defense Agreements, the Office Patent Trial Practice Guide discusses their role in the determination. In short, a party's membership in a Joint Defense Agreement with the petitioner does not, standing alone, make the party a ''real party in interest'' or ''privy'' of the petitioner, but the fact is relevant to those inquiries. Of particular relevance is the party's level of participation in, and control over, the requested trial.

Comment 8: A few comments suggested that the Office should require that challenges to ''real party-in-interest'' identifications be brought no later than the deadline for filing a patent owner preliminary response in order to provide sufficient time for the Board to decide the challenge before deciding whether to institute a review. Another comment requested clarification that standing may be challenged at any time.

Response: The Office agrees with the comments that such a challenge should be brought before or with the filing of the patent owner preliminary response. During that period, the patent owner may seek authorization to take pertinent discovery. After the patent owner preliminary response, the likelihood of granting an authorization for additional discovery related to the challenge before institution will decrease because the Board is required to determine whether to institute a review within three months from the filing of the patent owner preliminary response. After institution, standing issues may still be raised during the trial. A patent owner may seek authority from the Board to take pertinent discovery or to file a motion to challenge the petitioner's standing.

Comment 9: A few comments requested clarification that the burdens of proof and persuasion will be on the patent owner to come forward with objective evidence to support a challenge to the ''real party-in-interest'' identification. One comment suggested that the Office should require petitioners to update the submissions related to estoppel throughout the pendency of a review proceeding, and disclose any facts relevant to the certification.

Response: The Office generally will accept the petitioner's ''real party-in-interest'' identification at the time of filing the petition. Section 42.8(a)(3) requires a party to file an update within 21 days of a change of the ''real party-in-interest'' identification. The patent owner may provide objective evidence to challenge the identification in a preliminary response, which the Board will consider in determining whether to grant the petition.

Comment 10: A few comments suggested that the discovery rules should be expanded to permit the patent owner to investigate the petitioner's compliance with the identification of the real party-in-interest.

Response: Additional discovery may be authorized where a patent owner raises sufficient concerns regarding the petitioner's certification.

Comment 11: One comment recommended that the estoppel effects should be enforced against the named petitioner and privies of the named petitioner, as well as the actual real parties in interest and its privies.

Response: Depending on the particular facts of each case, including whether there is any intent of misrepresentation, the Board has the discretion to impose an appropriate sanction against a party for misconduct *e.g.,* a petitioner willfully misleads the Office that it is a proper petitioner for a review of certain claims in a patent when the party knew on filing that they were a privy of a previously unsuccessful petitioner who had sought review of the same claims in the same patent. *See* § 42.12.

Pendency (§§ 42.100(c) and 42.200(c))

Comment 12: One comment opposed any policy that would allow extension of the one-year period whenever a petition possesses certain indicia of complexity, *e.g.,* when the petition involves an obviousness challenge, and urged the Office to remain firm in its commitment to complete proceedings within the one-year period, with only rare use of the six-month extension.

Response: The rules require final determinations to be issued in both post-grant and *inter partes* review within the one-year period. §§ 42.100(c) and 42.200(c). Extensions of the one-year period are anticipated to be rare.

Comment 13: Several comments supported a high threshold for granting an extension of the one-year period and asked for guidance as to what would constitute good cause to extend the one-year period.

Response: Extensions of the one-year period are anticipated to be rare. §§ 42.100(c) and 42.200(c). Whether good cause is shown will depend on the particular facts of a given case and cannot be articulated with certainty in the abstract. One example may be where, through no fault of either party, new evidence is uncovered late in the proceeding that necessitates a motion to amend the patent.

Comment 14: Several comments asked for guidance as to the impact of the Board missing the one-year period in post-grant or *inter partes* review; for example whether the Board retains jurisdiction and what recourse is available to the parties.

Response: As amended, 35 U.S.C. 316(a)(11) and 35 U.S.C. 326(a)(11) require the Director to prescribe regulations requiring that the final determination be issued within one year

(extendable up to six months with good cause). Consistent with these statutory provisions, the Office adopted §§ 42.100(c) and 42.200(c) in this final rule to set forth the one-year time period. The Office does not envision at this time extending any review beyond the time periods set forth in §§ 42.100(c) and 42.200(c).

Comment 15: Several comments suggested that meeting the one-year period will be difficult where a party is outside the United States and that allowing less time for judicial deliberations should be considered in such instances.

Response: The rules allow the Board to take into consideration any factor that might affect the ability to meet the one-year period and to adjust the schedule accordingly, including providing less time for judicial deliberations.

Comment 16: One comment suggested that the Office should confirm in the Office Patent Trial Practice Guide or the rules that ''good cause'' exists for a six-month extension of the one-year period where a motion to amend is filed after the patent owner's response so that the patent owners cannot ''sandbag'' the petitioners by holding back substitute claims.

Response: This suggestion is not adopted because extensions of the one-year period are anticipated to be rare. Whether good cause is shown will depend on the particular facts of a given case. Sections 42.121 and 42.221 require a patent owner to seek authorization for filing a motion to amend claims after a patent owner response, so that the Board will be able to determine proper scheduling for completing the review within the one-year period, and possibly to deny a patent owner's request to file a motion to amend if it comes too late in the proceeding.

Time for Filing Petition (§§ 42.102, 42.202, and 42.303)

Comment 17: A comment indicated that nine months is a sufficient amount of time for filing a petition for post-grant review.

Response: Nine months is the time required by statute. 35 U.S.C. 321(c).

Comment 18: A comment suggested that the statement in the discussion of the notice of proposed rulemaking (77 FR at 7044) indicating that petitions requesting *inter partes* review would be considered timely if filed prior to the institution of a post-grant review is in conflict with the requirement that a petition for *inter partes* review not be filed until nine months after issuance.

Response: The statute states that a petition for *inter partes* review must be filed after the later of nine months from issuance or the termination of an instituted post-grant review. The statement in the discussion refers to the situation where nine months have passed since issuance, yet no decision on whether to institute a post-grant review has been entered. In such a situation, a party need not wait until a decision on whether the post-grant review will be instituted, but may proceed and file a petition for *inter partes* review.

Comment 19: Several comments expressed concern about any decision by the Director to limit the number of petitions for *inter partes* or post-grant review.

Response: Although the AIA authorizes the Director to limit the number of petitions under sections 6(c)(2)(B) and 6(f)(2)(B) of the AIA, as stated previously in the discussion of §§ 42.102(b) and 42.202(b), the Office does not plan to limit the number of petitions at this time.

Comment 20: One comment suggested that the petition fees should allow the Office to cover the demand that may exist for post-grant proceedings.

Response: The fees have been set with consideration for the aggregate cost of the proceeding. *See* 35 U.S.C. 321(a). At this time the Office expects to be able to provide the resources necessary to avoid limiting the number of petitions.

Comment 21: Several comments suggested that guidance should be provided for consequences if the Director makes a decision to limit the number of petitions. In particular, the comments requested clarification on whether a petition, filed after the limit is reached, would be afforded any benefit of priority or would be required to be resubmitted.

Response: At this time, it is not anticipated that a limit on the number of petitions will be imposed. Under §§ 42.102(b) and 42.202(b), a petition that is filed after any established limit would be considered untimely. If a limit were to be imposed, it is expected that the Office would provide sufficient notice and guidance well prior to the imposition of such limit.

Comment 22: One comment suggested that if a limit on the number of petitions is imposed it should be done on a quarterly basis, noting that having petitions filed after an established limit be deemed untimely arbitrarily harms petitioners based on the timing of their actions and is not statutorily required.

Response: This suggestion is not adopted. The statutes allow the Director to impose a limit on the number of proceedings that may be instituted on a yearly basis but do not provide for quarterly limits. Sections 6(c)(2)(B) and 6(f)(2)(B) of the AIA. Any petition filed after the Director has established a limit, and that limit has been exceeded, will be untimely because the petition would have been filed beyond a time when the Office is receiving petitions for the year.

Comment 23: Several comments suggested that the Office should provide a monthly or quarterly count of the number of filed petitions and instituted proceedings and notice prior to and when any limit is reached.

Response: At this time it is not anticipated that a limit on the number of proceedings instituted will be imposed and therefore, no limit has been established. If a limit is set in the future it is expected that the Office would provide sufficient notice, including periodic reporting of the number of petitions received and proceedings instituted, well prior to the time any limit would be met.

Comment 24: One comment suggested that the Office accept petitions for covered business method patent review prior to the effective date of the program pursuant to section 18(a)(2) of the AIA, so that the Office can begin immediate consideration of those petitions as of September 16, 2012.

Response: The suggestion is not adopted. The AIA provides that regulations issued for the transitional covered business method patent program shall take effect one year from the date of the enactment of the Act, as set forth in section 18(a)(2). Consistent with the provision, the regulations for the transitional covered business method patent program will take effect September 16, 2012. At that time, the Office will accept petitions for the program.

Content of Petition (§§ 42.104, 42.204, and 42.304)

Comment 25: One comment suggested that the Office consider a ''more rational and fair'' scheme for presenting challenges based on a proposed-rejection-by-proposed-rejection approach allowing the patent owner to challenge the grouping and grounds of a proposed rejection.

Response: The rules do not prohibit petitioners from grouping claims where the basis for the alleged unpatentability of the grouped claims is the same. When grouping claims, the petitioner must provide sufficient notice as to the merits of the challenge for each claim so challenged.

Comment 26: One comment suggested that the Office should require proof in the petition sufficient to meet the statutory grounds for unpatentability alleged, including requiring corroboration for ''on sale'' and ''public

use'' challenges with an explanation of the grounds and specific citation to supporting evidence.

Response: This suggestion is adopted in part. The rules require the petition to set forth a full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence. § 41.22(a)(3). In addition, the petition must show how each challenged claim is unpatentable under the statutory ground identified, must specify where each element is found in the prior art, and must provide specific citations to the evidence. §§ 41.104 and 41.204. If corroborating evidence is necessary to show unpatentability of a challenged claim, the evidence must be included with the petition to meet the requirements of the rules.

Comment 27: One comment suggested that the second sentence of §§ 42.104(b) and 42.204(b) be amended to read ''in addition to the precise relief requested, the statement must identify the following.''

Response: This suggestion is not adopted. Sections 42.104 and 42.204 state that the requirements of paragraph (b) are in addition to the requirements of §§ 42.8, 42.22, and 42.24. ''A statement of the precise relief requested'' is required by § 42.22(a)(1).

Claim Construction (§§ 42.100(b), 42.200(b), and 42.300(b))

Comment 28: Several comments suggested that proposed §§ 42.100(b), 42.200(b), and 42.300(b) are substantive rules and appear to exceed the authority of the Office, which does not have substantive rulemaking authority under 35 U.S.C. 2(b)(2). Those comments further stated that the AIA did not amend 35 U.S.C. 2(b)(2) to provide such an authority. However, several other comments were in favor of the proposed rules and recognized that the longstanding, established claim construction standard set forth in the proposed rules is consistent with the AIA and current case law.

Response: The rules are consistent with the AIA requirements to prescribe regulations that set forth standards and procedures. In any event, the Office believes that it has the statutory authority to prescribe in the regulations a claim construction standard for *inter partes* review, post-grant review, and covered business method patent review proceedings. While the Leahy-Smith America Invents Act requires the Office to establish the procedures for instituting and conducting the reviews, the Leahy-Smith America Invents Act also provides that the Office shall prescribe regulations setting forth certain standards. For instance, the Leahy-Smith America Invents Act amended 35 U.S.C. 316(a)(2) and (a)(4) to provide that the Director shall prescribe regulations setting forth the standards for the showing of sufficient grounds to institute, establish and govern an *inter partes* review, as well as the relationship of the review to other proceedings. 35 U.S.C. 326(a)(2) and (a)(4) provide the same mandate for post-grant review and covered business method patent review. Therefore, the Office, at a minimum, has the authority to prescribe the claim construction standard by which *inter partes* review, post-grant review, and covered business method patent review are instituted.

As to the propriety of the broadest reasonable interpretation standard, its adoption here does not change any substantive rights relative to the current practice. For nearly thirty years, the United States Court of Appeals for the Federal Circuit has continued to require the Office to give patent claims their broadest reasonable construction consistent with the specification in patentability determination proceedings. *See In re Yamamoto,* 740 F.2d 1569, 1571 (Fed. Cir. 1984). Even in the situation where the patent claims had been previously construed by the district court using a different standard in an action that involved invalidity and infringement issues, the Office was required to apply the ''broadest reasonable interpretation'' standard in its own proceedings. *See, e.g., In re NTP, Inc.,* 654 F.3d 1268, 1274 (Fed. Cir. 2011). Indeed, the Federal Circuit has acknowledged the longstanding practice that the patent system has two claim construction standards, the ''broadest reasonable interpretation'' standard applied to Office's proceedings, and that used by district courts in actions involving invalidity and infringement issues. *See, e.g., Phillips* v. *AWH Corp.,* 415 F.3d 1303, 1316 (Fed. Cir. 2005) (*en banc*). The ''broadest reasonable interpretation'' standard has been well established for nearly thirty years in the judicial precedent for construing patent claims in patentability determination proceedings before the Office.

The provisions of the Leahy-Smith America Invents Act indicate that the typical standard applicable to USPTO proceedings should apply as well to these trial proceedings. The typical justifications for using the ''broadest reasonable interpretation standard''—particularly the ability to amend claims, application of the lower ''preponderance of the evidence standard'' for determining patentability (35 U.S.C. 316(e), as amended, and 35 U.S.C. 326(e), and the absence of a presumption of validity)—are explicitly provided for by the Act, or consistent with it. In contrast, district courts must use the clear and convincing standard, and the patent claims are presumed to be valid in infringement litigation. *Microsoft Corp.* v. *i4i Ltd. P'ship,* 131 S. Ct. 2238, 2243 (2011) (''[Section] 282 creates a presumption that a patent is valid and imposes the burden of proving invalidity on the attacker. That burden is constant and never changes and is to convince the court of invalidity by clear evidence.'' (quoting *Am. Hoist & Derrick Co.* v. *Sowa & Sons, Inc.,* 725 F.2d 1350, 1360 (Fed. Cir. 1984))). Furthermore, courts construe patent claims, if possible, to avoid invalidity. *See, e.g., Star Scientific, Inc.* v. *R.J. Reynolds Tobacco Co.,* 655 F.3d 1364, 1373 (Fed. Cir. 2011); *Exxon Research & Eng'g Co.* v. *U.S.,* 265 F.3d 1371, 1375 (Fed. Cir. 2001) (A claim is found to be indefinite only where it is not ''amenable to construction'' or ''insolubly ambiguous.'').

The adoption of the ''broadest reasonable interpretation'' standard is further consistent with the legislative history of the Leahy-Smith America Invents Act, which indicates that Congress was aware of the ''broadest reasonable interpretation'' standard and expected the Office to apply the standard to the new Leahy-Smith America Invents Act review proceedings. *See, e.g.,* 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). Nothing in the legislative history indicates that Congress or the drafters of the legislation considered a different standard for *inter partes* review, post-grant review, and covered business method patent review proceedings. Congress could have set forth a different standard in the Leahy-Smith America Invents Act, but instead, Congress provided the statutory mandate for the Office to prescribe regulations to set forth a standard.

Further, the Leahy-Smith America Invents Act amended 35 U.S.C. 315(d) to provide that, during the pendency of an *inter partes* review, if another proceeding involving the patent is before the Office, the Director may consolidate the *inter partes* review with the other proceeding into a single *inter partes* review proceeding. A similar provision is provided in 35 U.S.C. 325(d) for post-grant review and covered business method patent review. The Office, thus, has the discretion to consolidate a review proceeding with a pending reissue application or reexamination that involves the same patent, for example. Federal courts and

the Office have applied the ''broadest reasonable interpretation'' standard for nearly thirty years to patent claims in reissue applications and reexamination proceedings. *Yamamoto,* 740 F.2d at 1571–72; *In re Reuter,* 651 F.2d 751, 756 (CCPA 1981). It would be anomalous for the Board to have to apply two different standards in the merged proceeding.

Lastly, the Leahy-Smith America Invents Act also amended 35 U.S.C. 318(a) to provide that the Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under 35 U.S.C. 316(d), as amended. The same directive is provided in 35 U.S.C. 328(a) for post-grant review and covered business method patent review. As such, the Board is to determine the patentability of the challenged patent claims and any new claims, as opposed to the validity of the claims, which is the analysis conducted by a district court. *See also* 35 U.S.C. 318(b), as amended, and 328(b). That distinction confirms Congress' intent for the USPTO to apply the typical framework it currently applies in existing patentability determinations.

The Office has taken into account the considerations identified in 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) in promulgating the rules. To prevent inconsistencies and inefficiencies, a single claim construction standard must be used throughout a proceeding reviewing the patentability of the claims of a patent. In other words, the ''broadest reasonable interpretation'' standard must be applied to all of the involved claims in a single review proceeding including the challenged patent claims; any new claims added under 35 U.S.C. 316(d), as amended, or 35 U.S.C. 326(d); any claims from a merged derivation proceeding; any original, new, or amended claims from a merged reissue application; and any original, new, or amended claims from a merged reexamination.

For the foregoing reasons, the Office has the authority to prescribe regulations to set forth the claim construction standard for *inter partes* review, post-grant review, and covered business method patent review proceedings, and believes that the ''broadest reasonable interpretation'' standard should be employed.

Comment 29: Several comments suggested that the claim construction standard set forth in the proposed rules is inconsistent with 35 U.S.C. 301(d) because the statute recognizes that the claim construction in an infringement action should be used in an *inter partes* review. A comment suggested that the claim construction standard should be guided by 35 U.S.C. 301(d), and the Office should determine the ''proper meaning'' of the claim, rather than applying the ''broadest reasonable interpretation'' standard.

Response: The legislative history of the AIA shows that 35 U.S.C. 301(d) was not intended to change the ''broadest reasonable interpretation'' standard. Rather, it was to help the Office to identify inconsistent statements made by a patent owner about claim scope. In particular, Senator Kyl stated the following:

> Section 5(a) of the 2009 version of the bill, which would amend section 301, has been modified and moved to section 5(g) of the bill. This provision allows written statements of the patent owner regarding claim scope that have been filed in court or in the Office to be made a part of the official file of the patent, and allows those statements to be considered in reexaminations and *inter partes* and post-grant reviews for purposes of claim construction. This information should help the Office understand and construe the key claims of a patent. *It should also allow the Office to identify inconsistent statements made about claim scope-for example, cases where a patent owner successfully advocated a claim scope in district court that is broader than the ''broadest reasonable construction'' that he now urges in an inter partes review.*

157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added).

Further, 35 U.S.C. 301(d) provides that: ''[a] written statement submitted pursuant to [section 301](a)(2), and additional information submitted pursuant to [section 301](c), shall not be considered by the Office for any purpose other than to determine the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304, 314, or 324.'' The statutory language of 35 U.S.C. 301(d) does not set forth any claim construction standard, nor require the Office to adopt the claim construction standard used by district courts. Indeed, the statutory provision merely provides limitations on when the Office may consider such a statement or information. The Office has the discretion, but is not required, to consider such a statement or information in an instituted review (*inter partes* review, post-grant review, or covered business method patent review). Therefore, the ''broadest reasonable interpretation'' standard is consistent with 35 U.S.C. 301(d).

As to the comment regarding the ''proper meaning'' of the claim, the comment is incorrect when it implies that claims are not properly construed using the ''broadest reasonable interpretation.'' Consistent with the judicial precedent of Federal Circuit, the Office recognizes that it is proper to construe patent claims by applying the ''broadest reasonable interpretation'' standard in patentability determination proceedings. *See, e.g., NTP,* 654 F.3d at 1274 (the Board's construction ''is legally correct and is reasonable in view of the written description and how the written description would be interpreted by one of ordinary skill in the art'').

Comment 30: Several comments opposed proposed §§ 42.100(b), 42.200(b), and 42.300(b) and believed that the Office's claim construction should be the same as that used in the district courts for invalidity or infringement suits. In particular, the comments suggested that the proposed rules should be revised to state that ''[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification and the prosecution of the patent in which it appears.'' To support their position, those comments suggested that if the Office adopts the proposed rules, the patent owner will be faced with a broad construction in the validity litigation and a narrow construction in the infringement phase. Several comments stated that the case law before the enactment of the AIA (*e.g., Yamamoto*) is inapplicable to *inter partes* review, post-grant review, and covered business method patent review proceedings, because the justification for applying the ''broadest reasonable interpretation'' standard in reexaminations and reissue applications, in which patent owners have unlimited ability to amend claims, does not extend to the review proceedings. On the other hand, several other comments were in favor of the proposed rules. Those comments recognized that the claim construction standard used in administrative trials before the Office should be different from the one used by the district courts in invalidity and infringement actions, and noted that two different standards for claim construction existed before the AIA.

Response: The Office has considered carefully those comments that suggested use of the district court's standard and the comments that supported use of the ''broadest reasonable interpretation'' standard as set forth in the proposed rules. The Office adopts the ''broadest reasonable interpretation'' standard in this final rule in light of statutory language in the AIA, legislative history, and judicial precedent.

As stated previously, both the Federal Circuit and Congress recognize that the

patent system has two claim construction standards: (1) The ''broadest reasonable interpretation'' used by the Office in patentability determination proceedings; and (2) the other used by district courts in invalidity and infringement actions. *See, e.g., Phillips,* 415 F.3d at 1316; 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). The Office and courts have been applying these standards for nearly thirty years when construing patent claims. Congress recognized the ''broadest reasonable interpretation'' standard in the legislative history of the AIA, and did not set forth a different standard or mandate the Office to apply the district court's standard. As explained in previous Responses, these and multiple other statutory and legal considerations suggest that the Board should not apply the district court's claim construction standard.

Although the comments not in favor of the proposed rules implied that the suggested standard (''[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification and the prosecution of the patent in which it appears'') is used by the district courts, the district courts do not use this suggested standard. In any event, the Office may take into consideration inconsistent statements made by a patent owner about claim scope, such as those submitted under 35 U.S.C. 301(a), when applying the ''broadest reasonable interpretation'' standard.

As to the comments that the ''broadest reasonable interpretation'' standard applies only where patent owners have unlimited ability to amend in reexaminations and reissue applications, the Office does not believe those comments are correct. There is no indication that an unlimited ability to amend is required when employing the current USPTO construction standard; the rationale is simply that the broader standard serves to identify ambiguities in the claims that can then be clarified through claim amendments. That rationale applies under the current proceedings. For *inter partes* review, post-grant review, and covered business method patent review proceedings, §§ 42.121 and 42.221 provide patent owners the opportunity to file a motion to amend after conferring with the Board. Moreover, additional motions to amend may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to advance materially a settlement. Further, the current practice for reexaminations and reissue applications allows for limited opportunity to amend patent claims. For instance, the current practice provides that the second Office action generally will be made final. §§ 1.116(b) and 41.33(b); MPEP §§ 706.07(a) and 2271 (''[A] reexamination may result in the final cancellation of claims from the patent and that the patent owner does not have the right to renew or continue the proceedings.'').

Comment 31: One comment requested clarification on whether the Office will consider a written statement and information submitted pursuant to 35 U.S.C. 301 when deciding whether to institute a review if such a statement or information is submitted in a petition for a review.

Response: The Office may consider statements of the patent owner filed in a proceeding before a Federal court or the Office regarding the claim scope of a patent. However, if the petition merely presents a copy of a submission under 35 U.S.C. 301, the Office's consideration of such a submission is limited by 35 U.S.C. 301(d).

Comment 32: Several comments suggested that the Office should not prescribe a claim construction standard in the regulation, but rather apply applicable judicial precedent or adopt the district court's construction when there is one. Several comments, however, were in favor of the Office setting the ''broadest reasonable interpretation'' standard in the regulations. One of the comments pointed out that the Office has done the public a service by announcing the standard in a rule.

Response: The AIA provides that the Office shall prescribe regulations setting forth the standard for the showing of sufficient grounds to institute, establish and govern a review and the relationship of the review to other proceedings. 35 U.S.C. 316(a)(2) and (a)(4), as amended; 35 U.S.C. 326(a)(2) and (a)(4). Therefore, setting forth a claim construction standard for the proceedings is consistent with the mandates in the AIA. As discussed previously, the ''broadest reasonable interpretation'' is also consistent with the AIA and the judicial precedent for construing patent claims in patentability determination proceedings before the Office.

Comment 33: One comment sought clarification on whether the ''broadest reasonable interpretation'' standard will be applied throughout the proceeding.

Response: The claim construction standard set forth in §§ 42.100(b), 42.200(b), and 42.300(b) will apply throughout the proceeding when the Board determines whether to institute the review and when the Board determines the patentability of any challenged patent claim and new claims.

Motion To Correct Petition (§§ 42.104(c), 42.204(c), and 42.304(c))

Comment 34: Two comments suggested that the rules should specify that only non-substantive clerical or typographical errors can be corrected in a petition without changing the filing date of the petition since allowing correction of substantive mistakes without changing the filing date can substantially disadvantage the patent owner.

Response: Sections 42.104(c), 42.204(c) and 42.304(c) only allow for a motion to correct due to clerical or typographical mistakes without a change in filing date. There is no provision allowing for the correction of a mistake that is not clerical or typographical in nature without a change in filing date. Furthermore, when determining whether to grant a motion to correct a petition, the Board will consider any substantial substantive effect, including any effect on the patent owner's ability to file a preliminary response.

Requirement for Claim Construction (§§ 42.104(b)(3), 42.204(b)(3), and 42.304(b)(3))

Comment 35: Several comments recommended that the requirement for setting forth the claim construction of the challenged claims in the petition should be eliminated because, according to the comments, the requirement is burdensome and will create delays. Further, one comment suggested that claim construction should only be required to the extent necessary to establish the challenged claim is unpatentable. Other comments were in favor of the requirement.

Response: The Office believes that the petitioner's claim construction requirement is not burdensome and will improve the efficiency of the proceeding. In particular, the petitioner's claim construction will help to provide sufficient notice to the patent owner on the proposed grounds of unpatentability, and assist the Board in analyzing to how a cited prior art reference meets the claim limitation(s). During a proceeding, a claim of an unexpired patent will be given its broadest reasonable construction in light of the specification of the patent in which it appears. *See, e.g.,* § 42.100(c). This means that the words of the claim will be given their plain meaning unless the plain meaning is inconsistent with the specification. *In re Zletz,* 893 F.2d 319, 321 (Fed. Cir. 1989). In the absence

of a special definition in the specification, a claim term is presumed to take on its ordinary and customary meaning, a meaning that the term would have to a person of ordinary skill in the art. *In re Am. Acad. of Sci. Tech Ctr.,* 367 F.3d 1359, 1364 (Fed. Cir. 2004). Therefore, petitioners are not required to define every claim term, but rather merely provide a statement that the claim terms are presumed to take on their ordinary and customary meaning, and point out any claim term that has a special meaning and the definition in the specification.

Comment 36: A few comments suggested that the Office should adopt claim construction procedures similar to those in the district courts, as opposed to requiring the petitioner to submit a statement to identify how the challenged claim is to be construed.

Response: The Office believes that the petitioner's claim construction requirement will improve the efficiency of the proceeding. As discussed previously, the petitioner's claim construction will help to provide sufficient notice to patent owner on the proposed grounds of unpatentability, and assist the Board in analyzing how a cited prior art meets the claim limitation.

Comment 37: One comment suggested that the requirement of a claim construction is not set forth in 35 U.S.C. 312(a)(3), as amended.

Response: Although the claim construction requirement is not provided expressly in the AIA, 35 U.S.C. 312(a)(4), as amended, states that ''the petition provides such other information as the Director may require by regulation.'' Furthermore, 35 U.S.C. 316(a), as amended, provides that the Director shall prescribe regulations setting forth the standards for the showing of sufficient grounds to institute an *inter partes* review. Therefore, the claim construction requirement is consistent with the AIA.

Comment 38: One comment requested more guidance as to the claim construction requirements. The comment further expressed a concern that it is unclear whether the patent owner is required to take a claim construction position. A few comments suggested that the patent owner should address the petitioner's claim construction, and the parties should have an opportunity to respond to the Board's decision. Another comment suggested that the rules should set forth the procedure for claim construction.

Response: As discussed previously, a claim of an unexpired patent will be given its broadest reasonable construction in light of the specification. *See, e.g.,* § 42.100(c). Petitioners must identify how the challenged claim is to be construed. *See, e.g.,* § 42.104(b)(3). Petitioners are not required to define every claim term, but merely to provide a statement that the claim terms are presumed to take on their ordinary and customary meaning, and to point out any claim term that has a special meaning and the definitions in the specification. A patent owner may file a preliminary response to set forth reasons why no review should be instituted, including a response to any claim construction issues. *See, e.g.,* § 42.107(a). After the review is instituted, the patent owner may file a response to the petition addressing any ground for unpatentability not already denied, including a response to the decision on petition and any claim constructions set forth therein. *See, e.g.,* § 42.120(a). The petitioner may file a reply to the patent owner's response. *See* § 42.23.

Comment 39: One comment suggested that a petitioner's claim construction should have no effect on other proceedings, and requested clarification that the petitioner's claim construction is relevant only to the proceeding and will not vary or limit the scope of the claims in litigation.

Response: The determination of the meaning of the claim terms and the scope of the claims depends on the particular facts of each case. The Office cannot prejudge the effect, if any, of the petitioner's claim construction on other proceedings, or know whether a district court will consider such information or not.

Comment 40: One comment expressed a concern as to restricting claim construction later in the proceeding and suggested that the rules should permit alternative claim construction in the petition, and revised claim construction later in the process.

Response: The rules do not preclude providing alternative claim constructions in a petition or in later-authorized filings.

Service (§§ 42.105 and 42.205)

Comment 41: A few comments suggested that proposed §§ 42.105(a) and 42.205(a) should be revised to provide that service by mailing is sufficient, and clarified to provide that there is no requirement for personal service or proof of service on a current patent owner who is not of record. In particular, one comment suggested that the rules should expressly provide that service must be made by EXPRESS MAIL® or by means at least as fast and reliable, or upon agreement of the parties, that service may be made by facsimile or electronically.

Response: In view of the comments, §§ 42.105 and 42.205, as adopted in this final rule, expressly provide that, upon agreement of the parties, service may be made electronically, and service may be made by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL®. Under the rules, personal service is not required. The rules also do not require serving a patent owner who is not of record.

Comment 42: A few comments suggested that the Office should eliminate the requirement set forth in proposed §§ 42.105(b) and 42.205(b) for contacting the Board when the petitioner cannot effect service of the petition on the patent owner at the correspondence address of record of the patent.

Response: The suggestion has been adopted. Sections 42.105(b) and 42.205(b), as adopted in this final rule, do not include the requirement for contacting the Board when the petitioner cannot effect service.

Comment 43: One comment recommended that the rules should provide that service on the last designated representative of the patent owner is also sufficient.

Response: Sections 42.105 and 42.205(a) provide that petitioner may additionally serve the petition and supporting evidence on the patent owner at any other address known to the petitioner as likely to effect service. Serving on the correspondence address of record for the subject patent is consistent with the Office's current practice (§ 41.106(e)). Therefore, service on the last designated representative of the patent owner of record is sufficient if that is the same as the correspondence address of record for the subject patent.

Comment 44: One comment suggested that each party should be required to specify its preferred method for service as part of the mandatory notices.

Response: Each party may express its preferred method for service. However, the Office does not believe such a requirement in the rule is necessary.

Filing Date (§§ 42.106(b) and 42.206(b))

Comment 45: A few comments suggested that the Office should accept petitions that have minor deficiencies. A few comments also requested clarification on whether, for minor omissions or mistakes, the Office would waive the rule requirements and grant a filing date as soon as the statutory requirements are met.

Response: The Board generally will accord a filing date and accept minor deficiencies that do not impact the

Board's ability to determine whether to institute the review or the patent owner's ability to file a preliminary response. It is important to note that petitioners should make every effort to complete their petitions accurately. While the Board may accept minor omissions or mistakes, certain omissions or mistakes may nonetheless impact the Board's determination. For instance, citing to an incorrect portion of a reference may cause the Board to determine not to adopt the proposed ground of unpatentability, or an omission of a challenged claim may cause the Board not to institute the review for that claim. The Board plans to process the petitions and accord the filing date as soon as practical.

Comment 46: One comment suggested that the word ''request'' in the title of § 42.206(b) be changed to ''petition.''

Response: This suggestion has been adopted.

Comment 47: One comment stated that the Office should revise §§ 42.106(b) and 42.206(b) to include expressly the right to cure a failure to include the specific relief requested.

Response: This suggestion is not adopted because the failure to include a statement for the precise relief requested for each claim challenged is not considered a minor deficiency.

Comment 48: Two comments requested a longer time period for correcting an incomplete petition.

Response: In most situations, one month is sufficient for correcting deficiencies in a petition. If a longer period is needed, however, the petitioner may re-file a complete petition as no filing date is accorded for the initial petition.

Preliminary Response (§§ 42.107(b) and 42.207(b))

Comment 49: Several comments recommended that the time period for filing the patent owner preliminary response should be extended because, according to the comments, a two-month time period is too short for the patent owner to prepare and develop a meaningful response. In particular, several comments suggested that the time period should be extended to three months; two comments suggested four months; and one comment suggested that extensions of time should be provided upon a showing of good cause. However, another comment suggested shortening the two-month time period to one month because the patent owner will have a right to amend and present evidence after the review is instituted.

Response: In view of these comments, the Office extended the time period for filing a patent owner preliminary response to three months to provide the patent owner sufficient time to prepare a meaningful response. Sections 42.107(b) and 42.207(b). A patent owner may expedite the proceeding by filing the preliminary response earlier or an election to waive the preliminary response.

Comment 50: One comment suggested that allowing testimonial evidence in response to the petition at the preliminary response stage would simply cause more delays in starting the process and appears to be contrary to the statutory language of 35 U.S.C. 313 and 316(a)(8), as amended, and 35 U.S.C. 323 and 326(a)(8). The comment further suggested that any provision for new testimonial evidence on the part of the patent owner prior to institution undermines the simplicity of the process, as once competing testimony is offered, it is evident that cross-examination of that competing testimony must be provided.

Response: The AIA only explicitly provides for submission of testimonial evidence from a patent owner after a proceeding has been instituted. As noted in the comment, 35 U.S.C. 313, as amended, and 35 U.S.C. 323 provide that the patent owner may set forth ''reasons'' in the patent owner preliminary response, but do not expressly provide for the submission of testimonial evidence by the patent owner prior to institution of a proceeding. In contrast, 35 U.S.C. 316(a)(8), as amended, and 35 U.S.C. 326(a)(8) specifically provide for the submission of testimonial evidence in the patent owner response after a proceedings has been initiated. Moreover, cross-examination would be provided in most situations in which the patent owner relies on testimonial evidence, resulting in the delay to which the commenter refers.

Comment 51: Several comments suggested that the patent owner be allowed to respond to the petition with testimonial evidence in order to be fair since a challenger is permitted to rely upon such evidence in the petition. Within these comments, there were further suggestions that testimony should be allowed, especially for claim construction, and for rebuttal of expert testimony relied upon in the petition, that allowing testimony in the response would allow for early development of the record and promote settlement, that early development of the record would be useful given the short time to complete post-grant review and that the incongruity between what type of evidence the petitioner and patent owner are permitted to file may implicate due process issues.

Response: These suggestions are not adopted. Patent owners are permitted to rely upon new testimonial evidence in response to a petition but the AIA provides for submission of this testimonial evidence after a proceeding has been instituted. As noted in the comment, 35 U.S.C. 313, as amended, and 35 U.S.C. 323 state that the patent owner may set forth ''reasons'' in the patent owner response, but do not expressly provide for the submission of testimonial evidence by the patent owner prior to institution of a proceeding. In contrast, 35 U.S.C. 316(a)(8), as amended, and 35 U.S.C. 326(a)(8) specifically provide for the submission of testimonial evidence in the patent owner response filed after a proceeding has been instituted. If new testimonial evidence were to be submitted by a patent holder, then cross-examination of the witness providing the testimony is likely to be permitted. 35 U.S.C. 316(5)(a), as amended. Allowing for new testimony and the resulting cross-examination prior to the institution of a proceeding would negatively impact the ability of the Office to meet the statutory requirements set out in 35 U.S.C. 314(b), as amended, and 35 U.S.C. 324(c) and would result in more upfront costs to the parties. If a patent owner wishes to submit new testimonial evidence with its preliminary response, the patent owner may seek relief through filing an authorized motion.

Comment 52: One comment suggested that the Office should recognize that the difficulty in finding technical experts should qualify as good cause or as being in the interests-of-justice for the purpose of the extension of time for a patent owner to respond. The comment indicated that there seems to be little institutional barrier to granting the extension since the statutory deadline does not run until the date of institution.

Response: Under the rules, a party may seek authorization to file a motion seeking an extension of time. The moving party would have the burden of proving that it is entitled to the relief requested. § 42.20(a)–(c). Whether a motion is authorized or granted depends on the particular facts presented.

Comment 53: One comment stated that as an alternative to allowing testimonial evidence in the patent owner preliminary response, the Office should clarify that attorney arguments in the response will be given the same weight with respect to technical issues as any testimonial evidence presented by the petitioner, and that the Office should confirm that it will consider early motions to dismiss a proceeding

where testimonial evidence presented by the patent owner effectively disproves expert testimony presented in the petition.

Response: Arguments of counsel cannot take the place of factually supported objective evidence. *See, e.g., In re Huang,* 100 F.3d 135, 139–40 (Fed. Cir. 1996); *In re De Blauwe,* 736 F.2d 699, 705 (Fed. Cir. 1984). Although attorney arguments are not evidence, the patent owner preliminary response may include evidence, other than new testimonial evidence, to support such contentions made. § 42.107(a). A party wishing to file a motion to dismiss must seek authorization to do so. Whether the motion will be authorized is based on a case-by-case determination. § 42.20(a) and (b).

Comment 54: One comment stated that it appears that the petitioner cannot add or revise grounds based on how the patent owner responds. Another comment suggested that the petitioner should have the right to reply within one month of any patent owner preliminary response allowing a petitioner to sharpen its arguments and further the Office's streamlining goals and that without a reply, some arguments may go unanswered and result in an unwarranted rejection of a petition that leaves an invalid patent standing.

Response: This suggestion is not adopted. The statutes provide for only a petition and a patent owner preliminary response prior to institution. Allowing a reply as a matter of right would negatively impact the ability of the Office to meet the time requirements of 35 U.S.C. 314(b), as amended, and 35 U.S.C. 324(c).

Institution (§§ 42.108 and 42.208)

Comment 55: A few comments expressed concerns regarding piecemeal challenges against specific claims in the same patent, and encouraged the Board to use its authority under 35 U.S.C. 325(d) to discourage efforts by petitioners to avoid estoppel through successive petitions against different claims within a patent.

Response: The Office recognizes these concerns and will exercise its authority under 35 U.S.C. 325(d), where appropriate, to deny petitions that submit the same or substantially the same prior art or arguments previously presented to the Office.

Comment 56: One comment expressed agreement with the proposed rules providing that the decision to institute review be made only as to those claims for which the required threshold has been met and only as to those grounds of unpatentability that meet the threshold.

Response: Under the rules, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim. §§ 42.108(a) and 42.208(a).

Comment 57: One comment suggested that because institution of a proceeding might impose an economic hardship on many patentees, the requested review should be instituted after consideration of the effect on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the proceeding timely.

Response: Under the rules, review will not be instituted unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood, for *inter partes* proceedings, or more likely than not, for post-grant proceedings, that at least one of the claims is unpatentable. §§ 42.108 and 42.208. The rules utilize the statutory threshold. 35 U.S.C. 314, as amended, and 35 U.S.C. 324. The Office has considered the effect on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the proceeding timely in prescribing the rules as required by 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b). That said, the Office, in determining whether to institute a proceeding, may take into account whether the review could be timely completed. For example, the Board may decline to institute a proceeding where the Board determines that it could not complete the proceeding timely. For example, the Board could exercise its discretion to decline to institute a petition that seeks review of several hundred claims based upon a thousand references or when the patent owner demonstrates that a determination of patentability would require dozens of depositions of non-party controlled witnesses in foreign countries for which the testimony would need to be compelled.

Comment 58: One comment suggested that the Office should clarify the effect of proposed §§ 42.108(a) and 42.108(b) to resolve the inconsistencies between the Office's ability to ''authorize'' the review to proceed on some or all ground asserted and to ''deny'' some or all grounds asserted. Another comment asked for guidance as to the impact of denying review with respect to one or more claims when another claim of the same patent qualifies for review. Another comment asked that the rules be amended to state that the denial of a ground is not considered a final Board decision under 35 U.S.C. 324(e) and may be appealed.

Response: The Board may deny a ground at any time prior to institution before or after receiving any patent owner preliminary response. Denial of a ground is a final Board decision and thus is subject to request for reconsideration at that time. § 42.71(c)(2). The decision of the Director on whether to institute review on any ground is not reviewable. 35 U.S.C. 314(d), as amended, and 35 U.S.C. 324(e).

Comment 59: Several comments suggested that the Office should provide more guidance as to how the ''reasonable likelihood'' and ''more likely than not'' standards will be applied and what level of proof will be required and how the standards differ. One comment stated that, given the experience of the Office in *inter partes* reexamination and the legislative record, it is reasonable for the Office to provide more than a bald reference to the standards, that lack of clarity has an unnecessary ''chilling effect'' and that significant fees must accompany the petition.

Response: The rules utilize the statutory threshold. 35 U.S.C. 314(a), as amended, and 35 U.S.C. 324(a). Whether a petitioner has met the threshold must be considered on a case-by-case basis. A ''reasonable likelihood'' requirement is a lower threshold than a ''more likely than not'' requirement. Although the Office disagrees that any ''chilling effect'' will result, any such effect would be the unavoidable result of the statutory language, not of the regulatory language.

Comment 60: Several comments suggested that the Office should allow all challenged claims to be included in the *inter partes* review when there is a reasonable likelihood of prevailing with respect to one challenged claim. A comment indicated that instituting review on a claim-by-claim basis is unfairly prejudicial to challengers and potentially at odds with the statute. The comment stated that the rule is being used to decide portions of the case without all the evidence before the Office whereas claims or issues deemed not to have a reasonable likelihood of prevailing are cut off from further review in a final and non-appealable decision, at the same time alerting a patent owner of a potential infringement and raising legitimate concerns about being estopped from further civil proceedings under 35 U.S.C. 315(e), as amended. Another comment suggested that the rule be changed to provide that a review will be instituted for a ground

so long as the threshold is met for one claim. Another comment suggested that the rule use the language of 35 U.S.C. 314(a), as amended. Another comment stated that the rule appears to give the Board discretion to choose which issues will be subject to trial in contradiction to the Practice Guide for Proposed Trial Rules and that the trials should proceed on all issues for which statutory standards are met.

Response: The suggestions have been considered, but are not adopted. The Office believes that the rules are consistent with the statute. In particular, 35 U.S.C. 312(a)(3), as amended, and 35 U.S.C. 322(a)(3) provide that petitions to institute a review identify each claim challenged. As provided in 35 U.S.C. 314, as amended, and 35 U.S.C. 324, the Director may not institute a review unless certain thresholds are met. More importantly, 35 U.S.C. 315(e), as amended, and 35 U.S.C. 325(e) provide for estoppel on a claim-by-claim basis, for claims in a patent that result in a final written decision. As amended, 35 U.S.C. 316(a)(2) and 35 U.S.C. 326(a)(2) require the Director to prescribe regulations setting forth the standards for showing sufficient grounds to institute a review, and 35 U.S.C. 316(a)(4), as amended, and 35 U.S.C. 326(a)(4) require the promulgation of rules establishing and governing the review. Further, 35 U.S.C. 316(a)(11), as amended, and 35 U.S.C. 326(a)(11) require that rules be promulgated that require the final written determination in a review to be issued one year after the date of institution, except that the review may be extended by not more than six months for good cause shown. The AIA identifies considerations that are to be taken into account in promulgating rules including the integrity of the patent system, the efficient administration of the Office and the ability of the Office to complete the proceedings timely. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b).

The petition requesting institution of a review is required to identify the claims being challenged, and only those claims upon which review is instituted are subject to estoppel. In prescribing rules, the Office considered the effect of allowing all challenged claims to be subject to review where the threshold for instituting was met for only a subset of claims. In order to streamline and converge the issues for consideration, the decision to institute should limit the claims in the review to only those claims that meet the threshold. By limiting the review in such a manner, the patent owner is provided with a defined set of potentially meritorious challenges and will not be burdened with responding to non-meritorious grounds that fail to meet the initial thresholds. This convergence of issues for review streamlines the proceeding and aids in the efficient operation of the Office and the ability of the Office to complete the proceeding within the one-year timeframe. It is inefficient and unfair to patent owner to require a full response to challenges on claims that do not meet the initial threshold.

Comment 61: One comment stated that the Board should state the reason(s) for denying any ground of a request for review which may help facilitate the understanding of the proper scope for a patent claim and suggested that §§ 42.108(b) and 42.208(b) further state that ''[t]he Board shall provide a written statement explicitly stating each reason for denial of the ground.''

Response: Under § 42.4(a), each party is notified of the institution of a trial. Under 35 U.S.C. 314(c), as amended, and 35 U.S.C. 324(d), the Notice is required to inform the parties in writing of the Director's determination of whether to institute a proceeding. The Board will provide sufficient notice to the parties in its decision to institute a trial.

Comment 62: One comment asked for clarification that the Board will take into account a patent owner preliminary response to a post-grant review petition only to determine whether estoppel or a procedural flaw requires rejection of the petition.

Response: For post-grant review, 35 U.S.C. 323 provides that the patent owner may set forth ''reasons'' why no review should be instituted based upon the failure of the petition to meet any requirement of the corresponding chapter. Under 35 U.S.C. 324, the Director may not institute unless the Director determines that the information contained in the petition, if not rebutted, would demonstrate that it is more likely than not that at least one claim challenged is unpatentable. Additionally, under 35 U.S.C. 324, the Director may institute a proceeding where the petition raises a novel or unsettled legal question that is important to other patents or patent applications. The Board will take into account a patent owner's preliminary response where such a response is filed. § 42.208(c).

Comment 63: Two comments suggested that the phrase ''if unrebutted'' in § 42.108(c) makes the rule unclear. One comment indicated that the language makes the Office's intent ambiguous and should be modified to read ''the petition supporting the ground demonstrates a reasonable likelihood * * *.'' Another comment stated that under the rule a patent owner preliminary response might seem to constitute rebuttal and encourages the Office to clarify the provisions.

Response: Section 42.108(c), as adopted in this final rule, does not contain the phrase ''if unrebutted.'' The rule requires the petitioner to set forth in the petition sufficient grounds to justify the institution of a review. If sufficient grounds are not set forth in the petition, the Office may deny the petition prior to receiving any patent owner preliminary response.

Comment 64: One comment requested clarification on proposed § 42.208(d) and asked if the ''unsettled question'' has to be of importance to existing patents or is it enough if future applications might be impacted. Another comment asked if the question has to meet the ''more likely than not'' threshold and whether the question is limited to the ground identified at § 42.204(b)(2). One comment asked that no artificial or unwarranted restriction be placed on the ''novel or unsettled legal question'' basis for review.

Response: The determination of whether a petition raises a novel or unsettled legal question that is important to other patents or patent applications will be made on a case-by-case basis. The statute indicates that the Director's determination required to authorize a post-grant review may be met by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications. 35 U.S.C. 324(b). The scope of any post-grant review is limited to the grounds set forth at 35 U.S.C. 324(b). Under the rules, there is no restriction of whether review can be instituted on the basis of a ''novel or unsettled legal question.''

Comment 65: A few comments requested clarification on whether petitioners may request reconsideration of: (1) A decision not to institute a review; and (2) a decision to institute a review, where the decision also denies a ground of unpatentability asserted in the petition.

Response: Pursuant to § 42.71, a petitioner may file a request for rehearing of a decision not to institute a review within thirty days of the entry of the decision. Likewise, a petitioner may request a rehearing of a decision to institute a review that denies a ground of unpatentability, within fourteen days, because a decision to institute is a nonfinal decision.

Comment 66: One comment requested clarification on whether a decision not to institute a review is a final written

decision, and whether estoppel attaches to a decision not to institute a review.

Response: The Board's determination not to institute an *inter partes* review, post-grant review, or covered business method patent review is not a final written decision within the meaning of 35 U.S.C. 318(a), as amended, and 35 U.S.C. 328(a), and thereby does not trigger the estoppel provisions under 35 U.S.C. 315(e), as amended, and 35 U.S.C. 325(e). However, pursuant to 35 U.S.C. 314(d) and 35 U.S.C. 324(e), a decision not to institute a trial is ''final and nonappealable,'' foreclosing review by the federal courts.

Comment 67: One comment suggested that the Practice Guide for Proposed Trial Rules or the rules should provide that an entity is not estopped from requesting *inter partes* review or post-grant review (or from certifying that no estoppel exists) if it was involved in a prior proceeding but reached a settlement before the entry of a final written decision.

Response: Section 42.73(d)(1) expressly provides that ''estoppel shall not apply to a petitioner, or to the real party-in-interest or privy of the petitioner who has settled under 35 U.S.C. 317 or 327.'' Therefore, if the joint request of a petitioner and the patent owner under 35 U.S.C. 317(a), as amended, or 35 U.S.C. 327(a) is filed before the Office enters the final written decision, the review is terminated with respect to the petitioner and no estoppel under 35 U.S.C. 315(e), as amended, or 325(e) will attach to the petitioner, or to the real party-in-interest or privy of the petitioner, on the basis of that petitioner's institution of that review.

Comment 68: One comment requested that the Office clarify whether it will consider evidence properly submitted by a party in connection with the petition process, including relevant statements on claim construction previously filed by the patent owner in a proceeding with either the Office or a Federal court or, if such evidence is not considered, will consider an early motion by the patent owner to dismiss the proceedings.

Response: Under the rules, a patent owner may include evidence except for new testimony evidence beyond that which is already of record, §§ 42.107(a) and (c), 42.207(a) and (c), which the Office will take into account, and the Office will consider whether to authorize a motion to dismiss based on the facts of the given case. § 42.20(b).

Patent Owner Response (§§ 42.120(b) and 42.220(b))

Comment 69: A number of comments recommended that the default two-month time period for filing a patent owner response should be extended to three or four months, or extensions of time should be provided upon a showing of good cause. Another comment suggested that the four-month time period shown in the Practice Guide for Proposed Trial Rules for the patent owner to conduct discovery and file its response should be shortened to three months.

Response: In view of these comments, the Office, in this final rule, extended the default time period for filing a patent owner response to 3 months. Sections 42.120(b) and 42.220(b). Thus, if no time for filing a patent owner response to a petition is provided in a Board order, the default date for filing a patent owner response is three months from the date the review was instituted.

Motion To Amend the Patent (§§ 42.121 and 42.221)

Comment 70: Several comments were in favor of the proposed rules and guidelines governing claim amendments. Several comments also suggested that the deadline for filing the first motion to amend should be prescribed in the rules rather than in the Office Patent Trial Practice Guide. A few comments stated that the deadline would provide petitioners with sufficient time to respond meaningfully, avoid undue complexity, and ensure fast resolution as mandated by the statute. The comments further recommended that the rules should include the good cause showing requirement for any motion to amend filed after the patent owner's response, unless for a settlement.

Response: In view of these comments, the Office adopted the deadline for filing the first motion to amend and the requirement of a good cause showing for any additional motion to amend, unless it is for a settlement. Specifically, §§ 42.121(a)(1) and 42.221(a)(1), as adopted in this final rule, provide that ''[u]nless a due date is provided in a Board order, a motion to amend must be filed no later than the filing of a patent owner response.'' Additionally, §§ 42.121(c) and 42.221(c), as adopted in this final rule, provide that an additional ''motion to amend may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement.''

Comment 71: Several comments stated that the rules should clearly set forth the patent owner's right to amend the claims. According to a few comments, the patent owner has the right to present a reasonable number of substitute claims at any time up to the time of filing the patent owner's response and should be subject only to the restrictions set forth in the AIA. The comments stated that the requirements for ''conferring with the Board'' and ''respond[ing] to a ground of unpatentability'' are inconsistent with the statute. However, several other comments were in favor of the requirements. Another comment recommended that the Office should require a clear explanation as to how the proposed amendment responds to a ground of unpatentability involved in the trial and clarify that the amendment is to be entered on a claim-by-claim basis only when all proposed changes within a claim are responsive to a ground of unpatentability involved in the trial.

Response: In view of the comments, the Office, in this final rule, clarified that the patent owner's first motion to amend does not require an authorization from the Board, but merely requires that the patent owner ''confer[] with the Board.'' This means that a patent owner would simply identify its intent in a conference call to file a motion to amend, and the number and general scope of substitute claims that would be filed in the motion to amend so that the petitioner and Board are notified of the patent owner's intent. The patent owner is not required to identify a fully developed claim set. As a result of the call, the patent owner would receive feedback from the Board on whether the proposed number of substitute claims is reasonable. This procedure, thus, will save the patent owner time and resources to prepare a motion to amend that would otherwise be denied because of an unreasonable number of substitute claims. It also will save the petitioner time and resources to prepare an opposition to a motion that contains an unreasonable number of substitute claims.

The AIA amended 35 U.S.C. 316(a)(9) to provide that the Director shall prescribe regulations setting forth standards and procedures for allowing the patent owner to move to amend the patent under 35 U.S.C. 316(d), as amended, to cancel a challenged claim or propose a reasonable number of substitute claims. A similar mandate is provided in 35 U.S.C. 326(a)(9) for post-grant review and covered business method patent review. Pursuant to these statutory provisions, the Office is setting the standards and procedures for filing motions to amend in §§ 42.121 and 42.221. The Office also has taken into account the considerations provided in 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b), and believes the standards and procedures set forth in

this final rule will enhance efficiency of the review proceedings. Furthermore, any amendment that does not respond to a ground of unpatentability most likely would cause delay, increase the complexity of the review, and place additional burdens on the petitioner and the Board. Therefore, the rules are consistent with the statute.

As to the comment that the Office should require a clear explanation as to how the proposed amendment responds to a ground of unpatentability, §§ 42.121 and 42.221, as adopted in this final rule, expressly provide that a motion to amend may be denied where the amendment does not respond to a ground of unpatentability involved in the trial.

Comment 72: A few comments were in favor of the ''reasonable number of substitute claims'' presumption that permits only one substitute claim in exchange for cancellation of an original claim. A few comments suggested that the rule should expressly permit multiple amended claims for each challenged claim.

Response: In view of the comments, the Office added the presumption that only one substitute claim per challenged claim is reasonable expressly in §§ 42.121(a) and 42.221(a). Before submitting any amendment, a patent owner would already have the opportunity to: (1) Review all of the grounds of unpatentability proposed by the petitioner and supporting evidence, (2) submit a preliminary response to set forth reasons why the claims are patentable over any cited prior art and the grounds of unpatentability, and (3) review the Board decision to institute the review. To overcome a ground of unpatentability, a patent owner would need to add merely a patentably distinct feature to the claim. Therefore, in most situations, only one substitute claim per challenged claim is needed to address a ground of unpatentability. Where the patent owner needs more than one substitute claim, the patent owner may rebut the presumption by a demonstration of need. Adding more claims beyond those that are needed to respond to a ground of unpatentability most likely would cause delay, increase the complexity of the review, and place additional burdens on the petitioner and the Board.

Comment 73: One comment stated that the ''reasonable number of substitute claims'' presumption is inconsistent with 35 U.S.C. 316(d), as amended, and 35 U.S.C. 326(d) because, according to the comment, the statute refers to a plurality of ''substitute claims.''

Response: The presumption that only one substitute claim per challenged claim is reasonable is consistent with the AIA. The provisions of 35 U.S.C. 316(d), as amended, and 35 U.S.C. 326(d) should be interpreted together with other statutory provisions in the AIA. Under 35 U.S.C. 316(a)(9), as amended, and 35 U.S.C. 326(a)(9), the Office has the authority to prescribe regulations to set forth the standards and procedures for motions to amend, including setting the standard for determining a reasonable number of substitute claims. The Office has further taken into account the considerations provided in 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b), and believes the standards and procedures set forth in this final rule will enhance efficiency of the review proceedings. Moreover, 35 U.S.C. 316(d), as amended, and 35 U.S.C. 326(d) permit the Office to accept more than one substitute claim for each challenged claim in situations where the patent owner meets the standards and procedures set forth in the regulations promulgated pursuant to 35 U.S.C. 316(a)(9), as amended, and 35 U.S.C. 326(a)(9). Therefore, the presumption is consistent with these provisions of the AIA.

Comment 74: A few comments recommended that the Office prohibit patent owners from amending patent claims that currently are being asserted against a defendant-petitioner because the patent owner may file a reissue application to amend the claims.

Response: This suggestion is not adopted. Such a requirement is unnecessary in view of 35 U.S.C. 318(c), as amended, and 35 U.S.C. 328(c) because any amendment of a patent claim gives rise to intervening rights in the same manner as amendments in reexamination proceedings that mature into certificates or in a reissue applications that result in reissued patents.

Comment 75: Several comments suggested that the Office should permit the patent owner to submit alternative claim sets or contingent amendments.

Response: Alternative claim sets or contingent amendments may be permitted if the total number of substitute claims is reasonable. *See* §§ 42.121(a)(3) and 42.221(a)(3).

Comment 76: A few comments requested clarification on the procedure by which a reasonable number of substitute claims can be presented, and additional information on the conditions and manner of making amendments. Another comment requested guidance as to how the patent owner rebuts the presumption that only one substitute claim is reasonable by a demonstration of need, and how to obtain a ruling as to the number of substituted claims that will be permitted. Another comment requested examples of acceptable kinds of substitute claims, and encouraged the Office to standardize the manner in which claim amendments are indicated, similar to reissue and reexamination practice.

Response: The Board will enter a Scheduling Order concurrently with the decision to institute the review. The Scheduling Order will set due dates for the proceeding. An initial conference call will be held about one month from the date of institution to discuss the motions that the parties intend to file and to determine if any adjustment needs to be made to the Scheduling Order. During the conference call, the patent owner would identify the number of substitute claims that the patent owner intends to file in the motion to amend, and any reasons why more than one substitute claim is needed for each challenged claim. The Board may provide an indication as to whether the number of substitute claims seems reasonable based on the reasons given. The patent owner will not be required to identify a fully developed claim set. An example of an acceptable substitute claim is a substitute claim that adds a patentably distinct feature to respond to a ground of unpatentability, without adding new matter or enlarging the scope of the claim.

Amendments must clearly state ''original,'' ''cancelled,'' ''replaced by proposed substitute,'' or ''proposed substitute for original claim X'' and the motion must clearly describe the changes. Part II, Item G of the Office Patent Trial Practice Guide. Appropriate conforming amendments may be presented (*e.g.,* changing dependent claims to depend from another claim when the original parent claim is canceled). Amendments should clearly state where the specification and any drawings disclose all the limitations in the proposed substitute claims. Amendments should also clearly state the patentably distinct features for the proposed substitute claims. This will aid the Board in determining whether the amendment narrows the claims and if the amendment is responsive to the grounds of unpatentability involved in the trial.

If the amendment adds more than one substitute claim per claim, the patent owner may be required to pay excess claims fees. 35 U.S.C. 41(a)(2). In view of the comments, the Office provided the amounts for the excess claim fees expressly in § 42.15(e) and (f) for clarity.

For example, if the patent originally has three independent claims and the patent owner presents two new independent claims and cancels one independent claim in the proceeding, the patent owner must submit a payment of the excess claim fee under § 42.15(e) (*e.g.,* $110 for a small entity) with the motion to amend.

The Office is also in a separate rulemaking proposing to set or adjust patent fees subsequently under section 10 of the AIA. Consequently, the fees set in this final rule will be superseded by the fees ultimately set in the section 10 rulemaking.

Comment 77: One comment requested clarification on whether the patent owner may continue to argue the original claim is patentable while presenting a proposed substituted claim.

Response: The patent owner may file a patent owner response that contains arguments to respond to the grounds of unpatentability and a motion to amend to present substituted claims.

Comment 78: A few comments requested clarification on whether the patent owner may present substitute claims without cancellation of existing claims.

Response: The patent owner may file a patent owner response that contains arguments to respond to the grounds of unpatentability and a motion to amend to present substituted claims. The presumption is that only one substitute claim would be needed to replace each challenged claim. In other words, each challenged claim that is being replaced should be canceled unless the patent owner rebuts the presumption by a demonstration of need.

Comment 79: One comment sought clarification on whether the reexamination amendment rule, § 1.530, applies to *inter partes* review, post-grant review, and covered business method patent review proceedings.

Response: Patent owners are not required to submit amendments in accordance with § 1.530 in *inter partes* review, post-grant review, or covered business method patent review proceedings. Rather, amendments should be filed in compliance with § 42.121 or § 42.221, as noted in the Office Patent Trial Practice Guide.

Comment 80: A few comments suggested that patent owners should be permitted to file additional amendments throughout the proceeding, and that the rules should prescribe the standard for determining whether additional motions to amend are authorized, such as a good cause showing.

Response: In view of these comments, §§ 42.121(c) and 42.221(c), as adopted in this final rule, provide that an additional motion to amend may be authorized when there is a good cause showing.

Comment 81: One comment recommended that amendments be permitted in the patent owner's preliminary response.

Response: This suggestion is not adopted. A motion to amend the patent is not provided for until after the institution of a review. *See* 35 U.S.C. 316(d)(1), as amended, and 35 U.S.C. 326(d)(1).

Comment 82: One comment recommended that examples of claim language in papers other than a motion to amend the patent should be permitted and should not be considered to be an amendment.

Response: For the conference call with the Board, a patent owner may present the scope of the substitute claims that would be filed in the motion to amend. Otherwise, the recommendations of claim language should be filed in a motion to amend.

Comment 83: One comment was in favor of proposed §§ 42.121(b)(2) and 42.221(b)(2), and suggested that if the earlier filed disclosure is not in the English language, then a certified translation of the disclosure must be submitted with the amendment.

Response: Section 42.63(b) requires an English language translation of any non-English language document relied upon by a party, and an affidavit attesting to the accuracy of the translation.

Comment 84: A few comments suggested that proposed §§ 42.121(c)(2) and 42.221(c)(2) would procedurally deny amendments on substantive grounds. In particular, the comments recommended that the Office should enter the amendment and substantively reject the claims. Another comment stated that this is a departure from the way the Office has implemented nearly identical statutory language in reissue and reexamination proceedings under 35 U.S.C. 251, 305, and 314 and that there is no statutory language that permits the Office to limit the first motion to amend. The second comment also stated that the proposed rules are inefficient because the Board's refusal of entry will constitute a determination of unpatentability of the substitute claims and substantial re-work will be required.

Response: In view of the comments, the Office reorganized the rules and added titles to clarify that the requirement for authorization applies only to additional motions to amend. In addition, the Office modified §§ 42.121(a) and 42.221(a) to make clear that any motions to amend (including the first motion to amend and any additional motions to amend) may be denied where the amendment does not respond to a ground of unpatentability, or seeks to enlarge the scope of the claims or introduce new matter. Failure to comply with this, or any other, requirement in the regulation may result in denial of the proposed amendment(s).

The requirements are consistent with the AIA. As discussed previously, 35 U.S.C. 316(a)(9), as amended, and 35 U.S.C. 326(a)(9) provide the Office with the authority to set forth standards and procedures for filing motions to amend the patent under 35 U.S.C. 316(d), as amended, and 35 U.S.C. 326(e). These statutory provisions of the AIA are not provided in the statutory provisions for reissue and reexamination proceedings, *e.g.,* 35 U.S.C. 251 and 305. In particular, since the reissue and reexamination statutory provisions do not provide that a patentee seeking the relief of amending a claim does so by motion, the reissue and reexamination statutory provisions for amendment were implemented in a different manner. The Office has also taken into account the considerations provided in 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) and believes the standards and procedures set forth in this final rule will enhance efficiency of the review proceedings.

Moreover, these rules will increase efficiency and prevent delays. For instance, when a patent owner facially cannot meet one of the requirements (*e.g.,* no support for the new claims), it is more efficient to deny the authorization to file the additional motion to amend, because it would not be necessary for the petitioner to file an opposition and for the Board to wait for the opposition and provide a written decision on such a motion.

Comment 85: One comment suggested that the Office should establish a one-month deadline for the petitioner to propose any new grounds of rejection necessitated by the patent owner's amendment. Another comment suggested that the Office should prescribe a six-month deadline for filing the opposition to the first motion to amend in the rules.

Response: Concurrent with the decision to institute the review, the Board will enter a Scheduling Order. As discussed previously, the Scheduling Order will set due dates for the review taking into account the complexity of the proceeding, but ensuring that the trial is completed within one year of institution. The default Scheduling Order generally will provide the petitioner with three months for discovery and for filing a petitioner's

reply to the patent owner's response and any opposition to the motion to amend. Parties may request adjustments to the Scheduling Order at the initial conference call.

Comment 86: One comment suggested that the rules should expressly provide for the petitioner's right to present new evidence in an opposition to an amendment, and the patent owner's right to file a reply to petitioner's opposition to an amendment.

Response: Section 42.23 provides for oppositions and replies. As noted in the Office Patent Trial Practice Guide (Section H), a petitioner will be afforded an opportunity to respond fully to an amendment. The time for filing an opposition generally will be set in a Scheduling Order. No authorization is needed to file an opposition to an amendment. Petitioners may supplement evidence submitted with their petition to respond to new issues arising from proposed substitute claims. This includes the submission of new expert declarations that are directed to the proposed substitute claims. Additionally, § 42.23 provides that oppositions and replies must comply with the content requirements for motions, and a reply may only respond to arguments raised in the corresponding opposition. Section I of the Office Patent Trial Practice Guide also provides that a reply that raises a new issue or belatedly presents evidence will not be considered.

Multiple Proceedings and Joinder (§§ 42.122 and 42.222)

Comment 87: One comment asked for clarification as to what effect consolidating proceedings, for example, two post-grant review proceedings, would have on the total number of post-grant reviews allowed in a given year.

Response: Where multiple instituted proceedings are consolidated, each proceeding would be counted towards any limit that might be established as each is a separately instituted proceeding that is thereafter consolidated into a single proceeding.

Comment 88: One comment requested clarification on the timing for requesting joinder of parties or replacement of a consenting petitioner, and suggested that the Office permit joinder and replacement until the time of a final written decision under appropriate circumstances. The comment further suggested a list of factors that the Office might consider in determining whether to permit voluntary joinder or replacement (*e.g.,* the impact on the Scheduling Order). Another comment requested guidance as to when joinder might occur.

Response: Joinder may be requested by filing a motion within one month of the date that the trial is instituted. When the Office determines whether to grant a motion for joinder, the Office will consider the particular facts of each case including how the consolidation of the reviews impacts the Office's ability to complete reviews timely. In view of this comment, the Office modified §§ 42.122 and 42.222 to provide expressly for the time period for filing a request for joinder.

The AIA, however, does not provide for the ''replacement'' of a party. A petitioner may settle with the patent owner and upon entering the joint request, the review will terminate with respect to the petitioner. 35 U.S.C. 317, as amended, and 35 U.S.C. 327.

Comment 89: Several comments requested clarification regarding the effect of a stay or joinder on the ability of the Office to complete review within the one-year period.

Response: In the case of joinder, the Director may adjust the time periods allowing the Office to manage the more complex case. 35 U.S.C. 316 (a)(11), as amended, and 35 U.S.C. 326(a)(11). When multiple proceedings involving a single patent are instituted, joinder would allow the Office to consolidate issues and to account for timing issues that may arise. If another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the *inter partes* or post-grant review will proceed including providing for a stay of one of the matters or proceedings. 35 U.S.C. 315(d), as amended, and 35 U.S.C. 325(d). A stay of a matter that suspends the time for taking actions is expected to be a rare occurrence. In considering whether to order a stay, the goal of completing the proceeding in a timely manner will be taken into account.

Comment 90: One comment asked what effect a reissue application filed after institution of post-grant or *inter partes* review would have on the order in which the proceedings would be resolved. Another comment urged the Office not to merge an *inter partes* review with an *ex parte* proceeding due to different standards for conducting the proceedings.

Response: Under the rules, a stay, transfer, consolidation or termination would be an option in this situation. §§ 42.122 and 42.222. Both whether a stay, transfer, consolidation or termination would be ordered and the order of resolution would depend on particular facts and circumstances. The Board will take into consideration the impact on each proceeding on a case-by-case basis.

Supplemental Information (§§ 42.123 and 42.223)

Comment 91: Several comments opposed proposed §§ 42.123 and 42.223, providing for motions to file supplemental information. According to the comments, the petition should disclose the entirety of the petitioner's case, and the comments also expressed concerns that the petitioner may intentionally hold back some evidence which would be unfair to the patent owner. Conversely, other comments were in favor of the proposed rules, and noted that the procedure for submitting supplemental information is expressed provided in the AIA.

Response: Since the request must be made within one month of the date the trial is instituted, the patent owner will have sufficient time to address any new information submitted by the petitioner, except in the situation where the party satisfies the requirements of § 42.123(b) or 42.223(b). The Office understands the concerns related to late submissions of supplemental information. Therefore, the Office has modified the proposed provisions set forth in §§ 42.123 and 42.223 to provide that any request not made within one month must show why the information reasonably could not have been obtained earlier, and that consideration for the supplemental information would be in the interests-of-justice. *See* §§ 42.123(b) and 42.223(b).

Further, supplemental information must be relevant to a claim for which the trial has been instituted. The final rule clarifies that if the submission is not relevant to a claim for which the trial has been instituted, the party must show that the information reasonably could not have been obtained earlier and that consideration of the supplemental information would be in the interests-of-justice. *See* §§ 42.123(c) and 42.223(c).

As other comments pointed out, 35 U.S.C. 316(a)(3), as amended, and 35 U.S.C. 326(a)(3) provide that the Director shall prescribe regulations establishing procedures for the submission of supplemental information after the petition is filed. Consistent with these statutory provisions, §§ 42.123 and 42.223, as adopted in this final rule, establish the procedures in which parties may file supplemental information.

Comment 92: Several comments suggested that the rules should permit a party to file a motion to file supplemental information, and suggested that the motion should be granted only for good cause or be limited to rebuttal evidence and/or

evidence bearing on the credibility of witnesses.

Response: Petitioners are encouraged to set forth their best grounds of unpatentability and supporting evidence in their petitions, lest the petitioner risk a determination by the Board not to institute the review or deny the asserted grounds of unpatentability (§ 42.108(b)). Moreover, the Board may impose a sanction against a party for misconduct, including any action that harasses or causes unnecessary delay or cost (§ 42.12(a)(7)). Where a party needs to submit late supplemental information, the party must explain why the information reasonably could not have been obtained earlier, and that the consideration of the information would be in the interests-of-justice. If the Board grants such a motion, the Board may authorize the patent owner to take additional discovery or to file a motion to amend. Sections 42.121(c) and 42.221(c), as adopted in this final rule, clarify that in determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in § 42.121(a) or 42.221(a). The Board may also extend the time period for completing the review. Additionally, the Board may take into account whether a late submission represents an improper use of the proceeding. 35 U.S.C. 316(a)(6), as amended, and 35 U.S.C. 326(a)(6).

Comment 93: One comment stated that providing petitioners with a right to submit supplemental information will help ensure that all pertinent issues are resolved in the same proceeding, and suggested that the rule should allow petitioners to present new evidence obtained during discovery even for a new ground of unpatentability.

Response: As discussed previously, petitioners are strongly encouraged to submit all of the evidence that supports the grounds of unpatentability asserted in the petition. Sections 42.123 and 42.223, as adopted in this final rule, provide that a party may seek authorization to file a motion to submit supplemental evidence relevant to a claim for which the trial has been instituted within one month of the date the trial is instituted. The rules also provide standards by which later motions may be granted where the evidence reasonably could not have been obtained earlier. While the evidence may be relevant to a new ground of unpatentability, the party, however, must additionally show that consideration of the supplemental evidence would be in the interests-of-justice.

Comment 94: One comment recommended the time period for requesting the authorization to file supplemental information should be shortened to two weeks.

Response: The Office believes that the one-month time period is appropriate so that a party has sufficient opportunity to request the authorization to file the motion at the initial conference call.

Comment 95: One comment noted that the rules do not provide for raising new grounds of unpatentability and suggested that the rules should clarify that no estoppel applies for new grounds of unpatentability.

Response: 35 U.S.C. 316(a)(3), as amended, and 35 U.S.C. 326(a)(3) provide that the Director is to promulgate regulations that establish procedures for the submission of supplemental information after the petition is filed. The rules provide a timeframe for the submission of the supplemental information during the review. Whether a party is authorized to raise new grounds of unpatentability based upon the supplemental information will be determined on a case-by-case basis taking into account the particular facts surrounding supplemental information submitted.

Since estoppel applies for any ground that the petition raised or reasonably could have raised during the review (35 U.S.C. 315(e), as amended, and 35 U.S.C. 325(e)), estoppel would apply where a new ground is authorized.

Intervening Rights

Comment 96: One comment recommended that the rules or Practice Guide should note that the intervening rights applicable to an *inter partes* review or post-grant review shall be based on 35 U.S.C. 318(c), as amended, and 35 U.S.C. 328(c) and 252 as interpreted by case law.

Response: Since the issue of intervening rights is not one decided by the Office in an *inter partes* review, post-grant review, or covered business method patent review, it is not necessary to include information regarding intervening rights in the rules of practice before the Office.

Practice Guide

Comment 97: One comment suggested that the timeline of the Practice Guide for Proposed Trial Rules favors the patentee and should be modified to allow the petitioner an additional month while shortening the patentee's time by a month. One comment suggested that in the scheduling order timeline of the Practice Guide for Proposed Trial Rules, a provision should be made for modification of the scheduling order based on good cause.

Response: The scheduling order in the Office Patent Trial Practice Guide is a general guideline based on the rules. The parties are encouraged to recommend particular dates within the general framework of the scheduling order that work for both, prior to the initial conference call. The parties also may stipulate to modify most of the deadlines set within the scheduling order. Any further modification must be by authorized motion. § 42.20(b). Whether such a motion would be authorized or granted depends on the particular circumstances of the case including the Office's ability to complete the review in a timely manner.

Covered Business Method Patent Review

Who May Petition for a Covered Business Method Patent Review (§ 42.302(a))

Comment 98: Several comments requested that the Office provide guidance as to the standard for satisfying the ''charged with infringement'' requirement. One comment suggested that the Office should clarify that the ''charged with infringement'' criterion is something more than the showing required to establish declaratory judgment jurisdiction. Several other comments suggested that the standard should be based on the test for declaratory judgment jurisdiction. Lastly, one comment suggested that the rule should clarify that a patentee can discuss licensing with a party without making a charge of infringement.

Response: The suggestions are adopted in part. The Office will provide more guidance by providing a rule that sets forth the standard for ''charged with infringement'' in a revision to the Office Patent Trial Practice Guide. The final rule includes the standard based on the test for declaratory judgment jurisdiction in Federal court. The final rule provides that ''charged with infringement'' means a real and substantial controversy regarding infringement of a covered business method patent such that the petitioner would have standing to bring a declaratory judgment action in Federal court.

Time for Filing Petition for a Covered Business Method Patent Review (§ 42.303)

Comment 99: One comment suggested that the proposed rule apparently precludes the filing of a business method patent review of any patent (*i.e.,* first-to-invent and first-to-file patents)

within the first nine months after that patent is issued, in violation of the AIA. The comment proposed that the Office change the language of the rule to make it clearer.

Response: The transitional review program is available for non-first-to-file patents, even within the first nine months of the grant of such patents. The rule is consistent with the limitation set forth in section 18(a)(2) of the AIA, and therefore no change was made. *See* § 42.302(a).

Content of Petition for a Covered Business Method Patent Review (§ 42.304(a))

Comment 100: Several comments suggested that the patentee should bear the burden of proof or persuasion to show that the patent in question is a technological invention. One comment suggested that the petitioner bears the burden to demonstrate that at least one claim is not directed to a technological invention.

Response: The Office adopts proposed § 42.304(a) without any modifications. The petitioner bears the burden to demonstrate that at least one claim is not directed to a technological invention to show that the petitioner has standing to proceed. Section 42.304(a) requires that the petitioner demonstrate that the patent for which review is sought is a covered business method patent. A covered business method patent is defined in part as not being for a technological invention. As part of demonstrating that the patent for which review is sought is a covered business method patent, the petitioner must demonstrate that the patent in question meets the definition of a covered business method patent, including demonstrating that the patent is not for a technological invention. The showing for both covered business method patent and technological invention is based on what is claimed.

Comment 101: One comment suggested that the Office clarify that the petitioner need only make a *prima facie* showing (rather than demonstrate) that the patent for which review is sought is a covered business method patent and that the ultimate burden of persuasion be on the patentee to show that the patent is a technological invention. Another comment suggested that the petitioner bears the burden of going forward and has the burden of persuasion that the subject matter is eligible for the Transitional Program for Covered Business Method Patents review.

Response: The Office adopts proposed § 42.304(a) in this final rule without any modifications. Section 42.304(a) requires that the petitioner demonstrate that the patent for which review is sought is a covered business method patent. A covered business method patent is defined in part as not being for a technological invention. As part of demonstrating that the patent for which review is sought is a covered business method patent, the petitioner must demonstrate that the patent in question meets the definition of a covered business method patent, including demonstrating that the patent is not for a technological invention. As provided in the preamble, to establish standing, a petitioner would be required to certify that the petitioner meets the eligibility requirements of § 42.302 and demonstrate that the patent is a covered business method.

Comment 102: One comment suggested that the proposed rules appear to contemplate that a petitioner could establish standing simply by certifying that it has standing, without any supporting facts or reasoning. The comment further expressed that proof of standing (showing that the petitioner has been sued for or charged with infringement) should be required, as well as a showing that the patent is a covered business method patent and that the technological invention exception does not apply.

Response: The Office adopts proposed § 42.304(a) in this final rule without any modifications. Section 42.304(a) requires that the petition under this section demonstrate that the petitioner has grounds for standing. To establish standing, a petitioner, at a minimum, would be required to certify with explanation that the patent is a covered business method patent and that the petitioner meets the eligibility requirements of § 42.302. This requirement is to ensure that a party has standing to file the covered business method patent review and would help prevent spuriously instituted reviews. Facially improper standing is a basis for denying the petition without proceeding to the merits of the decision.

Comment 103: One comment suggested that the Office conduct its eligibility requirements for a covered business method patent on a claim-by-claim basis and indicate in § 42.304(a) that the petitioner must demonstrate the grounds for standing for each claim for which review is sought.

Response: The petitioner must demonstrate standing and that the patent for which review is sought is a covered business method patent. § 42.304(a). The AIA defines a covered business method patent as a patent that claims a method or corresponding apparatus, as set forth at Section 18(d)(2). The AIA provides for a challenge to one or more claims within such a covered business method patent. The AIA does not limit the claims that may be challenged to those that are directed specifically to the covered business method.

Comment 104: One comment suggested that proposed § 42.301 fails to address the required nexus between a challenged business method patent and a financial product or service.

Response: Under the rules, the petitioner must demonstrate that the patent for which review is sought is a covered business method patent. § 42.304(a). Thus, a petitioner must show the challenged patent to be a patent that claims a method or corresponding apparatus for performing data processing or other operation used in the practice, administration, or management of a financial product or service, and which is not a technological invention.

Comment 105: One comment suggested that shortly after institution of a proceeding, the patent owner should be authorized to file a threshold motion challenging the standing of the petitioner.

Response: Under the rules, a patent owner should challenge standing no later than the filing of the patent owner preliminary response. § 42.207(a). Once a proceeding is initiated, a party wishing to challenge standing may challenge standing in its patent owner response.

Comment 106: Several comments suggested that the rules should require proof of standing for a transitional covered business method patent review, *i.e.,* require a showing that the petitioner has been sued or charged for infringement and that the patent at issue is a covered business method patent.

Response: Under the rules, the petitioner must demonstrate standing and that the patent for which review is sought is a covered business method patent. § 42.304(a). The petition is required to show specifically that it meets the requirements of § 42.302, *i.e.,* that the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner has been sued for infringement of the patent or has been charged with infringement under that patent. A showing can only be made through sufficient proof.

Comment 107: One comment suggested that the rules should implement the requirements of section 18(a)(1)(C) of the AIA.

Response: The comment is adopted. Section 42.304(b)(2), as adopted in this final rule, implements the requirements of section 18(a)(1)(C) of the AIA.

Rulemaking Considerations

The rulemaking considerations for the series of final rules for implementing the administrative patent trials as required by the AIA have been considered together and are based upon the same assumptions, except where differences between the regulations and proceedings that they implement require additional or different information. Notably, this final rule is directed to specific procedures for *inter partes* review, post-grant review, and covered business method patent review, and therefore, does not depend on or discuss the responses or information related to other than derivations.

A. Administrative Procedure Act (APA):

This final rule revises the rules of practice concerning the procedure for requesting an *inter partes* review, post-grant review, and covered business method patent review, and the trial process after initiation of such a review. The changes being adopted in this notice do not change the substantive criteria of patentability. These changes involve rules of agency practice, standards and procedure and/or interpretive rules. *See Bachow Commc'ns Inc.* v. *F.C.C.,* 237 F.3d 683, 690 (DC Cir. 2001) (rules governing an application process are procedural under the Administrative Procedure Act); *Inova Alexandria Hosp.* v. *Shalala,* 244 F.3d 342, 350 (4th Cir. 2001) (rules for handling appeals were procedural where they did not change the substantive standard for reviewing claims); *Nat'l Org. of Veterans' Advocates, Inc.* v. *Sec'y of Veterans Affairs,* 260 F.3d 1365, 1375 (Fed. Cir. 2001) (rule that clarifies interpretation of a statute is interpretive); *JEM Broad. Co.* v. *F.C.C.,* 22 F.3d 320, 328 (DC Cir. 1994 (The rules are not legislative because they do not ''foreclose effective opportunity to make one's case on the merits''). Moreover, sections 6 and 18 of the AIA require the Director to prescribe regulations for implementing the new trials.

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law), and thirty-day advance publication is not required pursuant to 5 U.S.C. 553(d) (or any other law). *See Cooper Techs. Co.* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), does not require notice and comment rulemaking for ''interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice'') (quoting 5 U.S.C. 553(b)(A)). The Office, however, published these proposed changes for comment as it sought the benefit of the public's views on the Office's proposed implementation of these provisions of the AIA. *See Changes to Implement Inter Partes Review Proceedings,* 77 FR 7041 (Feb. 10, 2012); *Changes To Implement Post-Grant Review Proceedings,* 77 FR 7060 (Feb. 10, 2012); and *Changes To Implement Transitional Program for Covered Business Method Patents,* 77 FR 7080 (Feb. 10, 2012).

The Office received one written submission of comments from the public regarding the Administrative Procedure Act. Each component of that comment directed to the APA is addressed below.

Comment 108: One comment suggested that almost all of the proposed regulations were legislative and not interpretive rules. That leads the USPTO to omit required steps in the rulemaking process.

Response: At the outset, it should be noted that the Office did not omit any steps in the rulemaking process. Even though not legally required, the Office published notices of proposed rulemaking in the **Federal Register**, solicited public comment, and fully considered and responded to comments received. Although the Office sought the benefit of public comment, these rules are procedural and/or interpretive. *Stevens* v. *Tamai,* 366 F.3d. 1325, 1333–34 (Fed. Cir. 2004) (upholding the Office's rules governing the procedure in patent interferences). The final written decisions on patentability which conclude the reviews will not be impacted by the regulations, adopted in this final rule, as the decisions will be based on statutory patentability requirements, *e.g.,* 35 U.S.C. 101 and 102.

Comment 109: One comment suggested that, even if the rules are merely procedural, reliance on *Cooper Technologies. Co.* v. *Dudas* was not appropriate and therefore notice and comment was required.

Response: These rules are consistent with the AIA requirements to prescribe regulations to set forth standards and procedures. The rules are procedural and/or interpretative. *Stevens* v. *Tamai,* 366 F.3d 1325, 1333–34 (Fed. Cir. 2004) (upholding the Office's rules governing the procedure in patent interferences). The Office nevertheless published notices of proposed rulemaking in the **Federal Register**, solicited public comment, and fully considered and responded to comments received. In both the notice of proposed rulemaking and this final rule, the Office cites *Cooper Technologies. Co* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008), for the proposition that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), does not require notice and comment rulemaking for ''interpretive rules, general statement of policy, or rules of agency organization, procedure or practice.'' The Office's reliance on *Cooper Technologies* is appropriate and remains an accurate statement of administrative law. In any event, the Office sought the benefit of public comment on the proposed rules and has fully considered and responded to the comments received.

B. Final Regulatory Flexibility Act Analysis:

The Office estimates that 420 petitions for *inter partes* review and 50 petitions for post-grant review and covered business method patent review combined will be filed in fiscal year 2013. In fiscal year 2014, it is estimated that 450 *inter partes* review and 60 petitions for post-grant review and covered business method patent review combined will be filed. In fiscal year 2015, it is estimated that 500 *inter partes* review and 110 petitions for post-grant review and covered business method patent review combined will be filed.

The estimate for *inter partes* review petitions is based partially on the number of *inter partes* reexamination requests under § 1.915 that have been filed in fiscal years 2010, 2011 and the first half of fiscal year 2012. The rate of growth of *inter partes* reexamination filing has slowed considerably in FY 2012 to roughly 2.6% (374 filings in FY 2011, 192 filings in the first half of FY 2012). Assuming some increase in growth rate had the AIA not been enacted, it is reasonable to estimate that no more than 420 *inter partes* reexamination requests would have been filed in FY 2012 and that a similar number of *inter partes* reviews will be filed in FY 2013.

The Office received 281 requests for *inter partes* reexamination in fiscal year 2010. *See* Table 13B of the United States Patent and Trademark Office Performance and Accountability Report Fiscal Year 2010, *available at http://www.uspto.gov/about/stratplan/ar/2010/USPTOFY2010PAR.pdf.*

The Office received 374 requests for *inter partes* reexamination in fiscal year 2011. *See* Table 14B of the United States Patent and Trademark Office Performance and Accountability Report for Fiscal Year 2011, *available at http://www.uspto.gov/about/stratplan/ar/2011/USPTOFY2011PAR.pdf.*

The Office received 192 requests for *inter partes* reexamination in the first half of fiscal year 2012. *See http://*

www.uspto.gov/patents/stats/reexam_operational_statistics_FY12Q2.pdf.

Additionally, the Office takes into consideration the recent moderate growth rate in the number of requests for *inter partes* reexamination, the projected growth due to an expansion in the number of eligible patents under the *inter partes* review provisions of section 6(c) of the AIA, and the more restrictive filing time period in 35 U.S.C. 315(b) as amended by the AIA.

In fiscal year 2013, it is expected that no post-grant review petitions will be received, other than those filed under the transitional program for covered business method patents. Thus, the estimated number of post-grant review petitions including covered business method patent review petitions is based on the number of *inter partes* reexamination requests filed in fiscal year 2011 for patents having an original classification in class 705 of the United States Patent Classification System. Class 705 is the classification for patents directed to data processing in the following areas: Financial, business practice, management, or cost/price determination. *See http://www.uspto.gov/web/patents/classification/uspc705/sched705.pdf.*

The following is the class definition and description for Class 705:

This is the generic class for apparatus and corresponding methods for performing *data processing* operations, in which there is a significant change in the data or for performing *calculation operations* wherein the apparatus or method is uniquely designed for or utilized in the *practice,* administration, or management of an *enterprise,* or in the processing of financial data.

This class also provides for apparatus and corresponding methods for performing *data processing* or *calculating operations* in which a charge for goods or services is determined.

This class additionally provides for subject matter described in the two paragraphs above in combination with cryptographic apparatus or method.

Subclasses 705/300–348 were established prior to complete reclassification of all project documents. Documents that have not yet been reclassified have been placed in 705/1.1. Until reclassification is finished a complete search of 705/300–348 should include a search of 705/1.1. Once the project documents in 705/1.1 have been reclassified they will be moved to the appropriate subclasses and this note will be removed.

SCOPE OF THE CLASS

1. The *arrangements* in this class are generally used for problems relating to administration of an organization, commodities or financial transactions.

2. Mere designation of an arrangement as a ''business machine'' or a document as a ''business form'' or ''business chart'' without any particular business function will not cause classification in this class or its subclasses.

3. For classification herein, there must be significant claim recitation of the data processing system or calculating computer and only nominal claim recitation of any external art environment. Significantly claimed apparatus external to this class, claimed in combination with apparatus under the class definition, which perform data processing or calculation operations are classified in the class appropriate to the external device unless specifically excluded therefrom.

4. Nominally claimed apparatus external to this class in combination with apparatus under the class definition is classified in this class unless provided for in the appropriate external class.

5. In view of the nature of the subject matter included herein, consideration of the classification schedule for the diverse art or environment is necessary for proper search.

See Classification Definitions (Feb. 2011) *available at http://www.uspto.gov/web/patents/classification/uspc705/defs705.htm.*

Accordingly, patents subject to covered business method patent review are anticipated to be typically classifiable in Class 705. It is anticipated that the number of patents in Class 705 that do not qualify as covered business method patents would approximate the number of patents classified in other classes that do qualify.

The Office received 20 requests for *inter partes* reexamination of patents classified in Class 705 in fiscal year 2011. The Office estimates the number of petitions for covered business method patent review to be higher than 20 requests due to an expansion of grounds for which review may be requested including subject matter eligibility grounds, the greater coordination with litigation, and the provision that patents will be eligible for the proceeding regardless of filing date of the application which resulted in the patent. The Office estimates zero growth in the number of petitions for covered business method review in fiscal year 2014 and 2015.

It is not anticipated that any post-grant review petitions will be received in fiscal year 2013 as only patents issuing based on certain applications filed on or after March 16, 2013, or certain applications involved in an interference proceeding commenced before September 16, 2012, are eligible for post-grant review. *See* Public Law 112–29, section 6(f), 125 Stat. 284, 311 (2011). It is estimated that 10 petitions for post-grant review will be filed in fiscal year 2014 and 60 petitions will be filed in fiscal year 2015.

The Office has updated its review of the entity status of patents for which *inter partes* reexamination was requested from October 1, 2000, to May 18, 2012. This data only includes filings granted a filing date rather than filings in which a request was received. The first *inter partes* reexamination was filed on July 27, 2001. A summary of that review is provided in Table 1 below. As shown by Table 1, patents known to be owned by a small entity represented 32.09% of patents for which *inter partes* reexamination was requested. Based on an assumption that the same percentage of patents owned by small entities will be subject to *inter partes* review, it is estimated that 146 petitions for *inter partes* review would be filed to seek review of patents owned by a small entity annually in fiscal years 2013–2015. Based on an assumption that the same percentage of patents owned by small entities will be subject to post-grant or covered business method patent review, it is estimated that 24 petitions for covered business method patent review would be filed to seek review of patents owned by a small entity annually in fiscal years 2013–2015.

TABLE 1—INTER PARTES REEXAMINATION REQUESTS FILED WITH PARENT ENTITY TYPE *

Fiscal year	*Inter partes* reexamination requests filed	Number filed where parent patent is small entity type	Percentage of small entity-type of total
2012	226	85	37.61
2011	369	135	36.59
2010	255	89	34.9
2009	237	61	25.74
2008	155	51	32.9
2007	127	32	25.2

TABLE 1—INTER PARTES REEXAMINATION REQUESTS FILED WITH PARENT ENTITY TYPE *—Continued

Fiscal year	*Inter partes* reexamination requests filed	Number filed where parent patent is small entity type	Percentage of small entity-type of total
2006	61	16	26.23
2005	59	20	33.9
2004	26	5	19.23
2003	21	12	57.14
2002	4	1	25.00
2001	1	0	0.00
	1315	422	32.09

* Small entity status determined by reviewing preexamination small entity indicator for the parent patent.

Based on the number of patents issued during fiscal years 1995 through 1999 that paid the small entity third-stage maintenance fee, the number of patents issued during fiscal years 2000 through 2003 that paid the small entity second stage maintenance fee, the number of patents issued during fiscal years 2004 through 2007 that paid the small entity first-stage maintenance fee, and the number of patents issued during fiscal years 2008 through 2011 that paid a small entity issue fee, there are approximately 375,000 patents owned by small entities in force as of October 1, 2011.

Furthermore, the Office recognizes that there would be an offset to this number for patents that expire earlier than 20 years from their filing date due to a benefit claim to an earlier application or due to a filing of a terminal disclaimer. The Office likewise recognizes that there would be an offset in the opposite manner due to the accrual of patent term extension and adjustment. The Office, however, does not maintain data on the date of expiration by operation of a terminal disclaimer. Therefore, the Office has not adjusted the estimate of 375,000 patents owned by small entities in force as of October 1, 2011. While the Office maintains information regarding patent term extension and adjustment accrued by each patent, the Office does not collect data on the expiration date of patents that are subject to a terminal disclaimer. As such, the Office has not adjusted the estimate of 375,000 patents owned by small entities in force as of October 1, 2011, for accrual of patent term extension and adjustment, because in view of the incomplete terminal disclaimer data issue, any adjustment would be incomplete and would be administratively burdensome to estimate. Thus, it is estimated that the number of small entity patents in force in fiscal year 2013–2015 will be approximately 375,000.

Based on the estimated number of patents in force, the average number of small entity-owned patents impacted by *inter partes* review annually in fiscal year 2013–2015 (146 patents) would be less than 0.05% (146/375,000) of all patents in force that are owned by small entities. Moreover, post-grant review and covered business method patent review would have an even smaller impact.

1. Description of the Reasons That Action by the Office Is Being Considered: The Office is revising the rules of practice to implement *inter partes* review, post-grant review, and the transitional program for covered business method patent review provisions of the AIA, which take effect September 16, 2012. Public Law 112–29, §§ 6 (c) and (f), and § 18, 125 Stat. 284, 304, 311 and 330 (2011). The AIA requires the Office to issue regulations to implement the new administrative trials.

2. Statement of the Objectives of, and Legal Basis for, the Final Rules: This final rule is part of a series of rules that implement the new administrative trials authorized by the AIA. Specifically, this final rules implement specific aspects of the *inter partes* review, post-grant review, and the transitional program for covered business method patent review proceedings as authorized by the AIA. The AIA requires that the Director prescribe rules for the *inter partes* reviews, post-grant reviews, and covered business method patent reviews that result in a final determination not later than one year after the date on which the Director notices the institution of a proceeding. The one-year period may be extended for not more than six months if good cause is shown. *See* 35 U.S.C. 316(a)(11), as amended, and 35 U.S.C. 326(a)(11). The AIA also requires that the Director, in prescribing rules for *inter partes* reviews, post-grant reviews, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete, in a timely fashion, the instituted proceedings. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b). Consistent with the time periods provided in 35 U.S.C. 316(a)(11), as amended, and 35 U.S.C. 326(a)(11), the rules are designed to result in a final determination by the Patent Trial and Appeal Board within one year of the notice of initiation of the review, except where good cause is shown to exist. This one-year review will enhance the economy, improve the integrity of the patent system, and promote the efficient administration of the Office.

3. Statement of Significant Issues Raised by the Public Comments in Response to the IRFA and the Office's Response to Such Issues: The Office published an IRFA analysis to consider the economic impact of the proposed rules on small entities. See Changes to Implement Inter Partes Review Proceedings, 77 FR 7041, 7048–55 (Feb. 10, 2012). The Office received one written submission of comments from the public concerning the Regulatory Flexibility Act. Each component of that comment directed to the Regulatory Flexibility Act is addressed below.

Comment 110: One comment argued that non-office costs and burden should include the burden on small entity patent owners, petitioners, and licensees, as well as settlement burdens, disruption of businesses, or effects on investment, business formation or employment. The comment further argued that prophylactic application steps (*e.g.,* filing of reissue applications) were not considered and that the offsets for *inter partes* reexamination's elimination were not appropriate.

Response: As explained in the notice of proposed rulemaking, the Office notes that *inter partes* reexamination is the appropriate baseline for estimating economic impacts because the use or outcome of the prior reexamination process and the new trial are largely the same. *See* OMB Circular A4, at (e)(3). The Office estimated that the same

number of patents would be subject to *inter partes* review as would have been subject to *inter partes* reexamination. The comment did not argue that this estimate was unreasonable or provide an alternative estimate. Considering the similarities in the grounds of review and the number of patents subject to the proceedings, it is anticipated that the existing *inter partes* reexamination process, if not eliminated for new filings, would have had similar impact on the economy as the new review proceedings and therefore the impacts noted in the comment would simply replace existing analogous impacts and effects in *inter partes* reexamination. The comment argues that no offset for the replaced process should be considered although OMB guidance provides otherwise. *See* OMB Circular A4. Additionally, although the comment argues that the new proceedings may result in patent owners taking additional prophylactic measures that would have their own burdens for small businesses, any patent owner motivated by the regulations adopted in this final rule to take prophylactic application steps would similarly have been motivated to take those steps under the former *inter partes* reexamination regime. Thus, the burdens on small entity patent owners, petitioners, and licensees, as well as settlement burdens, disruption of businesses, or effects on investment, business formation or employment that are caused by the final rules would have been similarly caused by the former *inter partes* reexamination proceedings as the same effects and impacts are caused by the two types of proceedings.

Additionally, the Office's estimates of the burden on small entities are likely overstated. As noted in the notice of proposed rulemaking, it is anticipated that the current significant overlap between district court litigation and *inter partes* reexamination may be reduced by improvement in the coordination between the two processes. *See Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR at 6903. Similarly, it is anticipated that the public burden will be reduced because the longer duration of the *inter partes* reexamination process will be reduced owing to the anticipated shorter duration of the new procedure. *Id.*

Comment 111: A comment indicated that the underlying data for the 98.7 hours of judge time for an *inter partes* review proceeding was not provided.

Response: Based on the Office's experience involving similar proceedings, the Office estimates that, on average, an *inter partes* review proceeding will require 35 hours of judge time to make a decision on institution, 20 hours of judge time to prepare for and conduct hearings, 60 hours of judge time to prepare and issue a final decision, and 15 hours of judge time to prepare and issue miscellaneous interlocutory decisions. It is also estimated that 2.5% of proceedings will settle before a decision of whether to institute is made and another 2.5% of proceedings will terminate by patent owners filing a default judgment motion after institution. The Office estimates that 10% of proceedings will not be instituted and another 20% of proceedings will settle after institution. In settled cases it is estimated that 50% of the anticipated motions would not be filed. It should be appreciated that cases that terminate prior to the need to render a decision on institution, that do request an oral hearing or do not require a final decision because of an earlier termination result in an average judge time per proceeding which is less than the time needed to perform all possible steps in a proceeding.

4. Description and Estimate of the Number of Affected Small Entities:

A. *Size Standard and Description of Entities Affected.* The Small Business Administration's (SBA) small business size standards applicable to most analyses conducted in compliance with the Regulatory Flexibility Act are set forth in 13 CFR 121.201. These regulations generally define small businesses as those with fewer than a specified maximum number of employees or less than a specified level of annual receipts for the entity's industrial sector or North American Industry Classification System (NAICS) code. As provided by the Regulatory Flexibility Act, and after consultation with the Small Business Administration, the Office formally adopted an alternate size standard as the size standard for the purpose of conducting an analysis or making a certification under the Regulatory Flexibility Act for patent-related regulations. *See Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations,* 71 FR 67109 (Nov. 20, 2006), 1313 *Off. Gaz. Pat. Office* 60 (Dec. 12, 2006). This alternate small business size standard is the SBA's previously established size standard that identifies the criteria entities must meet to be entitled to pay reduced patent fees. *See* 13 CFR 121.802. If patent applicants identify themselves on a patent application as qualifying for reduced patent fees, the Office captures this data in the Patent Application Location and Monitoring (PALM) database system, which tracks information on each patent application submitted to the Office.

Unlike the SBA small business size standards set forth in 13 CFR 121.201, the size standard for the USPTO is not industry-specific. Specifically, the Office's definition of small business concern for Regulatory Flexibility Act purposes is a business or other concern that: (1) Meets the SBA's definition of a ''business concern or concern'' set forth in 13 CFR 121.105; and (2) meets the size standards set forth in 13 CFR 121.802 for the purpose of paying reduced patent fees, namely, an entity: (a) Whose number of employees, including affiliates, does not exceed 500 persons; and (b) which has not assigned, granted, conveyed, or licensed (and is under no obligation to do so) any rights in the invention to any person who made it and could not be classified as an independent inventor, or to any concern which would not qualify as a non-profit organization or a small business concern under this definition. *See Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations,* 71 FR at 67112 (Nov 20, 2006), 1313 *Off. Gaz. Pat. Office* at 63 (Dec. 12, 2006).

B. *Overview of Estimates of Number of Entities Affected.* The rules will apply to any small entity that either files a petition for *inter partes* review, post-grant review, or covered business method patent review or owns a patent subject to such review. As discussed above (which is incorporated here), it is anticipated that 420 petitions for *inter partes* review and 50 petitions for post-grant review and covered business method patent review combined will be filed in fiscal year 2013. In fiscal year 2014, it is estimated that 450 *inter partes* review and 60 petitions for post-grant review and covered business method patent review combined will be filed. In fiscal year 2015, it is estimated that 500 *inter partes* review and 110 petitions for post-grant review and covered business method patent review combined will be filed. The Office has reviewed the percentage of patents owned by small entities for which *inter partes* reexamination was requested from October 1, 2000, to May 18, 2012. A summary of that review is provided in Table 1 above. As demonstrated by Table 1, patents known to be owned by a small entity represent 32.09% of patents for which an *inter partes* reexamination was requested. Based on an assumption that the same percentage of patents owned by small entities will be subject to the new review

proceedings, it is estimated that 146 patents owned by small entities would be affected annually by *inter partes* review, and that 24 patents owned by small entities would be affected annually by a post-grant review or covered business method patent review.

The USPTO estimates that 2.5% of patent owners will file a request for adverse judgment prior to a decision to institute and that another 2.5% will file a request for adverse judgment or fail to participate after initiation. Thus, an estimated 22 patent owners will annually file a request for adverse judgment or fail to participate after institution in *inter partes* review, and an estimated four patent owners will annually do so in post-grant review and covered business method patent review proceedings combined. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%) from October 1, 2000, to May 18, 2012, it is estimated that seven small entities will annually file such requests or fail to participate in *inter partes* review proceedings, and an estimated one small entity will annually do so in post-grant review or covered business method patent review combined.

Under the final rules, prior to determining whether to institute a review, the patent owner may file an optional patent owner preliminary response to the petition. Given the new time period requirements to file a petition for review before the Board, relative to patent enforcement proceedings, and the desire to avoid the cost of a trial and delays to related infringement actions, it is anticipated that 90% of petitions, other than those for which a request for adverse judgment is filed, will annually result in the filing of a patent owner preliminary response. Where an *inter partes* review petition is filed close to the expiration of the one-year period set forth in 35 U.S.C. 315(b), as amended, a patent owner likely would be advantaged by filing a successful preliminary response. In view of these considerations, it is anticipated that 90% of patent owners will annually file a preliminary response. Specifically, the Office estimates that 401 patent owners will annually file a preliminary response to an *inter partes* review petition, and an estimated 64 patent owners will annually file a preliminary response to a post-grant review or covered business method patent review petition. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that on average 129 small entities will annually file a preliminary response to an *inter partes* review petition, and 21 small entities will annually file a preliminary response to a post-grant review or covered business method patent review petition in fiscal years 2013–2015.

Under the final rules, the Office will determine whether to institute a trial within three months after the earlier of: (1) The submission of a patent owner preliminary response, (2) the waiver of filing a patent owner preliminary response, or (3) the expiration of the time period for filing a patent owner preliminary response. If the Office decides not to institute a trial, the petitioner may file a request for reconsideration of the Office's decision. In estimating the number of requests for reconsideration, the Office considered the percentage of *inter partes* reexaminations that were denied relative to those that were ordered (24 divided by 342, or 7%) in fiscal year 2011. *See* Reexaminations—FY 2011, *available at http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.* The Office also considered the impact of: (1) Patent owner preliminary responses newly authorized in 35 U.S.C. 313, as amended, and 35 U.S.C. 323; (2) the enhanced thresholds for instituting reviews set forth in 35 U.S.C. 314(a), as amended, and 35 U.S.C. 324(a), which would tend to increase the likelihood of dismissing a petition for review; and (3) the more restrictive time period for filing a petition for review in 35 U.S.C. 315(b), as amended, and 35 U.S.C. 325(b), which would tend to reduce the likelihood of dismissing a petition. Based on these considerations, it is estimated that approximately 10% of the petitions for review (51 divided by 516) would be dismissed annually based on reviews filed during FY 2013–2015.

During fiscal year 2011, the Office issued 21 decisions following a request for reconsideration of a decision on appeal in *inter partes* reexamination. The average time from original decision to decision on reconsideration was 4.4 months. Thus, the decisions on reconsideration were based on original decisions issued from July 2010 until June 2011. During this time period, the Office mailed 63 decisions on appeals in *inter partes* reexamination. *See* BPAI Statistics—Receipts and Dispositions by Technology Center, *available at http://www.uspto.gov/ip/boards/bpai/stats/receipts/index.jsp (monthly data).* Based on the assumption that the same rate of reconsideration (21 divided by 63 or 33.333%) will occur, the Office estimates that 17 requests for reconsideration (51 decisions not to institute multiplied by 33.333%) will be filed. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%) it is estimated that six small entities will file a request for a reconsideration of a decision dismissing the petition for review in fiscal year 2013. Further, the Office estimates that it will issue 321 final written decisions for *inter partes* reviews and 51 final written decisions for post-grant reviews, including cover business method patent reviews annually. Applying the same 33.333% rate, the Office estimates 124 requests for reconsiderations ((321+51) multiplied by 33.333%) will be filed based on the final written decisions annually. Therefore, the Office estimates a total of 141 (17+124) requests for reconsiderations annually.

The Office reviewed motions, oppositions, and replies in a number of contested trial proceedings before the trial section of the Board. The review included determining whether the motion, opposition, and reply were directed to patentability grounds and non-priority non-patentability grounds. This series of final rules adopts changes to permit parties to agree to certain changes from the default process between themselves without filing a motion with the Board. Based on the changes in the final rules, the estimate of the number of motions has been revised downwardly so that it is now anticipated that: (1) *Inter partes* reviews will have an average of 6 motions, oppositions, and replies per trial after institution, and (2) post-grant reviews and covered business method patent reviews will have an average of 8 motions, oppositions, and replies per trial after institution. Settlement is estimated to occur in 20% of instituted trials at various points of the trial. In trials that are settled, it is estimated that only 50% of the noted motions, oppositions, and replies would be filed. The Office envisions that most motions will be decided in a conference call or shortly thereafter.

After a trial has been instituted but prior to a final written decision, parties to a review may request an oral hearing. It is anticipated that 479 requests for oral hearings will be filed annually during FY 2013–2015 based on the number of requests for oral hearings in *inter partes* reexamination, the stated desirability for oral hearings during the legislative process, and the public input received prior to the notice of proposed rulemaking.

Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that 154 small

entity patent owners or petitioners will on average annually file a request for oral hearing in the reviews instituted in fiscal years 2013–2015.

Parties to a review may file requests to treat a settlement as business confidential and requests for adverse judgment. A written request to make a settlement agreement available may also be filed. Given the short time period set for conducting trials, it is anticipated that the alternative dispute resolution options will be infrequently used. The Office estimates that 20 requests to treat a settlement as business confidential and 116 requests for adverse judgment, default adverse judgment, or settlement notices will be filed annually. The Office also estimates that 20 requests to make a settlement available will be filed annually. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that six small entities will annually file a request to treat a settlement as business confidential and 37 small entities will annually file a request for adverse judgment, default adverse judgment notices, or settlement notices in fiscal years 2013–2015.

Parties to a review may seek judicial review of the final decision of the Board. Historically, 33% of examiners' decisions in *inter partes* reexamination proceedings have been appealed to the Board. Given the increased coordination with district court litigation, that Office has adjusted its estimate of the appeal rate to be 120% of the historic rate (40% of decisions). Based on this rate, 145 additional notices of appeal will be filed annually from the decisions issued in the new reviews during fiscal years 2013–2015. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%) it is estimated that 47 small entities would annually seek judicial review of final decisions of the Board in the new reviews in fiscal years 2013–2015.

5. Description of the Reporting, Recordkeeping, and Other Compliance Requirements of the Final Rule, Including an Estimate of the Classes of Small Entities Which Will Be Subject to the Requirement and the Type of Professional Skills Necessary for Preparation of the Report or Record: Based on the filing trends of *inter partes* reexamination requests, it is anticipated that petitions for review will be filed across all technologies with approximately 50% being filed in electrical technologies, approximately 30% in mechanical technologies, and the remaining 20% in chemical technologies and design. However, covered business method patent reviews would be limited to covered business method patents that are not patents for technological inventions. Under the final rules, a person who is not the owner of a patent may file a petition to institute a review of that patent, with a few exceptions. Given this, it is anticipated that a petition for review is likely to be filed by an entity practicing in the same or similar field as the patent. Therefore, it is anticipated that 50% of the petitions for review will be filed in the electronic fields, 30% in the mechanical field, and 20% in the chemical or design fields.

The procedures for petitions to institute an *inter partes* review include those set forth in §§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(1), 42.63, 42.65, and 42.101 through 42.105. The procedures for petitions to institute a post-grant review include those set forth in §§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(2), 42.63, 42.65, and 42.201 through 42.205. The procedures for petitions to institute a covered business method patent review include those set forth in §§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(3), 42.63, 42.65, 42.203, 42.205, and 42.302 through 42.304.

The skills necessary to prepare a petition for review and to participate in a trial before the Patent Trial and Appeal Board would be similar to those needed to prepare a request for *inter partes* reexamination and to represent a party in an *inter partes* reexamination before the Board. The level of skill typically is possessed by a registered patent practitioner having devoted professional time to the particular practice area, typically under the supervision of a practitioner skilled in the particular practice area. Where authorized by the Board, a non-registered practitioner may be admitted *pro hac vice,* on a case-by-case basis based on the facts and circumstances of the trial and party, as well as the skill of the practitioner.

The cost of preparing a petition for *inter partes* review is anticipated to be the same as the cost for preparing a request for *inter partes* reexamination. The American Intellectual Property Law Association's *AIPLA Report of the Economic Survey 2011* reported that the average cost of preparing a request for *inter partes* reexamination was $46,000.

Based on the work required to prepare and file such a request, the Office considers the reported cost as a reasonable estimate. Accordingly, the Office estimates that the cost of preparing a petition for *inter partes* review would be $46,000.

The cost of preparing a petition for post-grant review or covered business method patent review is estimated to be 33.333% higher than the cost of preparing a petition for *inter partes* review because the petition for post-grant review or covered business method patent review may seek to institute a proceeding on additional grounds such as subject matter eligibility. Therefore, the Office estimates that the cost of preparing a petition for post-grant review or covered business method patent review would be $61,333.

The filing of a petition for review would also require payment by the petitioner of the appropriate petition fee to recover the aggregate cost for providing the review. The appropriate petition fee would be determined by the number of claims for which review is sought and the type of review. The fees for filing a petition for *inter partes* review are: $27,200 for requesting review of 20 or fewer claims, and $600 for each claim in excess of 20 for which review is sought. The fees for filing a petition for post-grant review or covered business method patent review would be: $35,800 to request review of 20 or fewer claims and $800 for each claim in excess of 20 for which review is sought.

In setting fees, the estimated information technology (IT) cost to establish the process and maintain the filing and storage system through 2017 is to be recovered by charging each petition an IT fee that has a base component of $1,705 for requests to review 20 or fewer claims. The IT component fee would increase $75 per claim in excess of 20. The remainder of the fee is to recover the cost for judges to determine whether to institute a review and conduct the review, together with a proportionate share of indirect costs, *e.g.,* rent, utilities, additional support, and administrative costs. Based on the direct and indirect costs, the fully burdened cost per hour for judges to decide a petition and conduct a review is estimated to be $258.32.

For a petition for *inter partes* review with 20 or fewer challenged claims, it is anticipated that about 100 hours of time for review by the judges would be required. An additional two hours for each claim in excess of 20 would be required.

For a petition for post-grant review or covered business method patent review with 20 or fewer challenged claims, it is anticipated that about 130 hours of time for review by the judges will be required. An additional slightly less than 3 hours of judge time for each claim in excess of 20 would be required.

The rules permit the patent owner to file a preliminary response to the petition setting forth the reasons why no review should be initiated. The procedures for a patent owner to file a preliminary response as an opposition are set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.107, 42.120, 42.207, and 42.220. The patent owner is not required to file a preliminary response. The Office estimates that the preparation and filing of a patent owner preliminary response would require 91.6 hours of professional time and cost $34,000. The *AIPLA Report of the Economic Survey 2011* reported that the average cost for *inter partes* reexamination including the request ($46,000), the first patent owner response, and third party comments was $75,000 (*see* page I–175) and the mean billing rate for professional time was $371 per hour for attorneys in private firms (*see* page 8). Thus, the cost of the first patent owner reply and the third-party statement is $29,000, the balance of $75,000 minus $46,000. The Office finds these costs to be reasonable estimates. The patent owner reply and third party statement, however, occur after the examiner has made an initial threshold determination and made only the appropriate rejections. Accordingly, it is anticipated that filing a patent owner preliminary response to a petition for review would cost more than the initial reply in a reexamination, an estimated $34,000.

The Office will determine whether to institute a trial within three months after the earlier of: (1) The submission of a patent owner preliminary response, (2) the waiver of filing a patent owner preliminary response, or (3) the expiration of the time period for filing a patent owner preliminary response. If the Office decides not to institute a trial, the petitioner may file a request for reconsideration of the Office's decision. It is anticipated that a request for reconsideration will require 80 hours of professional time to prepare and file, for a cost of $29,680. This estimate is based on the complexity of the issues and desire to avoid time bars imposed by 35 U.S.C. 315(b), as amended, and 35 U.S.C. 325(b).

Following institution of a trial, the parties may be authorized to file various motions, *e.g.,* motions to amend and motions for additional discovery. Where a motion is authorized, an opposition may be authorized, and where an opposition is authorized, a reply may be authorized. The procedures for filing a motion include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.22, 42.24(a)(5), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.121, 42.221, 42.123, and 42.223. The procedures for filing an opposition include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.107, 42.120, 42.207, and 42.220. The procedures for filing a reply include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(c), 42.51, 42.52, 42.53, 42.54, 42.63, and 42.65. As discussed previously, the Office estimates that the average *inter partes* review will have 6 motions, oppositions, and replies after institution. The average post-grant review or covered business method patent review will have 8 motions, oppositions, and replies after institution. The Office envisions that most motions will be decided in a conference call or shortly thereafter.

After a trial has been instituted, but prior to a final written decision, parties to a review may request an oral hearing. The procedure for filing requests for oral argument is set forth in § 42.70. The *AIPLA Report of the Economic Survey 2011* reported that the third quartile cost of an *ex parte* appeal with an oral argument is $12,000, while the third quartile cost of an *ex parte* appeal without an oral argument is $6,000. In view of the reported costs, which the Office finds reasonable, and the increased complexity of an oral hearing with multiple parties, it is estimated that the cost per party for oral hearings would be $6,800, or 18.3 hours of professional time ($6,800 divided by $371), or $800 more than the reported third quartile cost for an *ex parte* oral hearing.

Parties to a review may file requests to treat a settlement as business confidential, and requests for adverse judgment. A written request to make a settlement agreement available may also be filed. The procedures to file requests that a settlement be treated as business confidential are set forth in § 42.74(c). The procedures to file requests for adverse judgment are set forth in § 42.73(b). The procedures to file requests to make a settlement agreement available are set forth in § 42.74(c)(2). It is anticipated that requests to treat a settlement as business confidential will require two hours of professional time for a cost of $742. It is anticipated that requests for adverse judgment will require one hour of professional time for a cost of $371. It is anticipated that a settlement agreement will require 100 hours of professional time for a cost of $37,100 if the parties are not also in litigation over the patent and one hour for a cost of $371 if the parties are in litigation. It is estimated that 100% of covered business method patent reviews and 70% of the reviews will have concurrent litigation based on standing requirement in covered business method patent reviews and the historical rate during *inter partes* reexamination. It is anticipated that requests to make a settlement agreement available will require one hour of professional time for a cost of $371. The requests to make a settlement agreement available will also require payment of a fee of $400 specified in § 42.15(d). The fee is the same as that currently set forth in § 41.20(a) for petitions to the Chief Administrative Patent Judge.

Parties to a review proceeding may seek judicial review of the judgment of the Board. The procedures to file notices of judicial review of a Board decision, including notices of appeal are set forth in Part 90. The submission of a copy of a notice of appeal is anticipated to require six minutes of professional time at a cost of $37.10.

6. Description of Any Significant Alternatives to the Final Rules Which Accomplish the Stated Objectives of Applicable Statutes and Which Minimize Any Significant Economic Impact of the Rules on Small Entities: Size of petitions and motions: The Office considered whether to apply a page limit in the administrative trials and what an appropriate page limit would be. The Office does not currently have a page limit on *inter partes* reexamination requests. The *inter partes* reexamination requests from October 1, 2010, to June 30, 2011, averaged 246 pages. Based on the experience of processing *inter partes* reexamination requests, the Office finds that the very large size of the requests has created a burden on the Office that hinders the efficiency and timeliness of processing the requests, and creates a burden on patent owners. The quarterly reported average processing time from the filing of a request to the publication of a reexamination certificate ranged from 28.9 months to 41.7 months in fiscal year 2009, from 29.5 months to 37.6 months in fiscal year 2010, and from 31.9 to 38.0 months in fiscal year 2011. *See* Reexaminations—FY 2011 *available at http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.*

By contrast, the Office has a page limit on the motions filed in contested cases, except where parties are specifically authorized to exceed the limitation. The typical contested case proceeding is subject to a standing order that sets a 50-page limit for motions and oppositions on priority, a 15-page limit for miscellaneous motions (§ 41.121(a)(3)) and oppositions

(§ 41.122), and a 25-page limit for other motions (§ 41.121(a)(2)) and oppositions to other motions. In typical proceedings, replies are subject to a 15-page limit if directed to priority, five-page limit for miscellaneous issues, and ten-page limit for other motions. The average contested case was terminated in 10.1 months in fiscal year 2009, in 12 months in fiscal year 2010, and nine months in fiscal year 2011. The percentage of contested cases terminated within two years was 93.7% in fiscal year 2009, 88.0% in fiscal year 2010, and 94.0% in fiscal year 2011. *See* BPAI Statistics—Performance Measures, *available at http://www.uspto.gov/ip/boards/bpai/stats/perform/index.jsp.*

Comparing the average time period for terminating a contested case, 10.0 to 12.0 months, with the average time period, during fiscal years 2009 through 2011, for completing an *inter partes* reexamination, 28.9 to 41.7 months, indicates that the average contested case takes from 24% (10.0/41.7) to 42% (12.0/28.9) of the time of the average *inter partes* reexamination. While several factors contribute to the reduction in time, limiting the size of the requests and motions is considered a significant factor. Section 42.24 thus provides page limits for petitions, motions, oppositions, and replies. 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b) provide considerations that are to be taken into account when prescribing regulations including the integrity of the patent system, the efficient administration of the Office, and the ability to complete the trials timely. The page limits set forth in this final rule is consistent with these considerations.

Federal courts routinely use page limits in managing motions practice as ''[e]ffective writing is concise writing.'' *Spaziano* v. *Singletary,* 36 F.3d 1028, 1031 n.2 (11th Cir. 1994). Many district courts restrict the number of pages that may be filed in a motion including, for example, the District of Delaware, the District of New Jersey, the Eastern District of Texas, the Northern, Central, and Southern Districts of California, and the Eastern District of Virginia.

Federal courts have found that page limits ease the burden on both the parties and the courts, and patent cases are no exception. *Eolas Techs., Inc.* v. *Adobe Sys., Inc.,* No. 6:09–CV–446, at 1 (E.D. Tex. Sept. 2, 2010) (''The Local Rules' page limits ease the burden of motion practice on both the Court and the parties.''); *Blackboard, Inc.* v. *Desire2Learn, Inc.,* 521 F. Supp. 2d 575, 576 (E.D. Tex. 2007) (The parties ''seem to share the misconception, popular in some circles, that motion practice exists to require Federal judges to shovel through steaming mounds of pleonastic arguments in Herculean effort to uncover a hidden gem of logic that will ineluctably compel a favorable ruling. Nothing could be further from the truth.''); *Broadwater* v. *Heidtman Steel Prods., Inc.,* 182 F. Supp. 2d 705, 710 (S.D. Ill. 2002) (''Counsel are strongly advised, in the future, to not ask this Court for leave to file any memoranda (supporting or opposing dispositive motions) longer than 15 pages. The Court has handled complicated patent cases and employment discrimination cases in which the parties were able to limit their briefs supporting and opposing summary judgment to 10 or 15 pages.'' (Emphasis omitted)).

The Board's contested cases experience with page limits in motions practice is consistent with that of the Federal courts. The Board's use of page limits has shown it to be beneficial without being unduly restrictive for the parties. Page limits have encouraged the parties to focus on dispositive issues, and reducing costs for the parties and the Board. The Board's contested cases experience with page limits is informed by its use of different approaches over the years. In the early 1990s, page limits were not routinely used for motions, and the practice suffered from lengthy and unacceptable delays. To reduce the burden on the parties and on the Board and thereby reduce the time to decision, the Board instituted page limits in the late 1990s for every motion. Page limit practice was found to be effective in reducing the burdens on the parties and improving decision times at the Board. In 2006, the Board revised the page limit practice and allowed unlimited findings of fact and generally limited the number of pages containing argument. Due to abuses of the system, the Board recently reverted back to page limits for the entire motion (both argument and findings of fact).

The Board's current page limits are consistent with the 25-page limits in the Northern, Central, and Southern Districts of California, and the Middle District of Florida, and exceed the limits in the District of Delaware (20), the Northern District of Illinois (15), the District of Massachusetts (20), the Eastern District of Michigan (20), the Southern District of Florida (20), and the Southern District of Illinois (20).

In a typical proceeding before the Board, a party may be authorized to file a single motion for unpatentability based on prior art, a single motion for unpatentability based upon failure to comply with 35 U.S.C. 112, lack of written description, and/or enablement, and potentially another motion for lack of compliance with 35 U.S.C. 101, although a 35 U.S.C. 101 motion may be required to be combined with the 35 U.S.C. 112 motion. Each of these motions is currently limited to 25 pages in length, unless good cause is shown that the page limits are unduly restrictive for a particular motion.

A petition requesting the institution of a trial proceeding would be similar to motions currently filed with the Board. Specifically, petitions to institute a trial seek a final written decision that the challenged claims are unpatentable, where derivation is a form of unpatentability. Accordingly, a petition to institute a trial based on prior art would, under current practice, be limited to 25 pages, and by consequence, a petition raising unpatentability based on prior art and unpatentability under 35 U.S.C. 101 and/or 112 would be limited to 50 pages.

Under the final rules, an *inter partes* review petition would be based upon any grounds identified in 35 U.S.C. 311(b), as amended, *i.e.,* only a ground that could be raised under 35 U.S.C. 102 or 103 and only on the basis of patents or printed publications. Generally, under current practice, a party is limited to filing a single prior art motion, limited to 25 pages in length. The rule provides up to 60 pages in length for a motion requesting *inter partes* review. Thus, as the page limit more than doubles the default page limit currently set for a motion before the Board, a 60-page limit is considered sufficient in all but exceptional cases and is consistent with the considerations provided in 35 U.S.C. 316(b), as amended.

Under the final rules, a post-grant review petition would be based upon any grounds identified in 35 U.S.C. 321(b), *e.g.,* failure to comply with 35 U.S.C. 101, 102, 103, and 112 (except best mode). Under current practice, a party would be limited to filing two or three motions, each limited to 25 pages, for a maximum of 75 pages. Where there is more than one motion for unpatentability based upon different statutory grounds, the Board's experience is that the motions contain similar discussions of technology and claim constructions. Such overlap is unnecessary where a single petition for unpatentability is filed. Thus, the 80-page limit is considered sufficient in all but exceptional cases.

Covered business method patent review is similar in scope to that of post-grant review, as there is substantial overlap in the statutory grounds permitted for review. Thus, the page limit for covered business method patent review petitions is 80 pages,

which is the same as that for post-grant review.

The final rule provides that petitions to institute a trial must comply with the stated page limits but may be accompanied by a motion that seeks to waive the page limits. The petitioner must show in the motion how a waiver of the page limits is in the interests-of-justice. A copy of the desired non-page limited petition must accompany the motion. Generally, the Board would decide the motion prior to deciding whether to institute the trial.

Current Board practice provides a limit of 25 pages for other motions and 15 pages for miscellaneous motions. The Board's experience is that such page limits are sufficient for the parties filing them and do not unduly burden the opposing party or the Board. Petitions to institute a trial generally would replace the current practice of filing motions for unpatentability, as most motions for relief are expected to be similar to the current contested cases miscellaneous motion practice. Accordingly, the 15-page limit is considered sufficient for most motions but may be adjusted where the limit is determined to be unduly restrictive for the relief requested.

Section 42.24(b) provides page limits for oppositions filed in response to motions. Current practice for other contested cases provides an equal number of pages for an opposition as its corresponding motion. This is generally consistent with motions practice in Federal courts. The rule is consistent with the practice for other contested cases.

Section 42.24(c) provides page limits for replies. Current practice for other contested cases provide a 15-page limit for priority motion replies, a five page limit for miscellaneous (procedural) motion replies, and a ten page limit for all other motions. The rule is consistent with current contested case practice for procedural motions. The rule provides a 15-page limit for reply to petitions requesting a trial, which the Office believes is sufficient based on current practice. Current contested case practice has shown that such page limits do not unduly restrict the parties and, in fact, have provided sufficient flexibility to parties not only to reply to the motion but also help to focus on the issues. Thus, it is anticipated that default page limits would minimize the economic impact on small entities by focusing on the issues in the trials.

The AIA requires that the Director, in prescribing rules for the *inter partes* reviews, post-grant reviews, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete timely the instituted proceedings. *See* 35 U.S.C. 316(b), as amended, and 35 U.S.C. 326(b). In view of the actual results of the duration of proceedings in *inter partes* reexamination (without page limits) and contested cases (with page limits), adopting procedures with reasonable page limits would be consistent with the objectives set forth in the AIA. Based on our experience on the time needed to complete a non-page limited proceeding, the option of non-page limited proceedings was not adopted.

Fee Setting: 35 U.S.C. 311(a), as amended, and 35 U.S.C. 321(a) require the Director to establish fees to be paid by the person requesting the review in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review. In contrast to 35 U.S.C. 311(b) and 312(c), effective September 15, 2012, the AIA requires the Director to establish more than one fee for reviews based on the total cost of performing the reviews, and does not provide explicitly for refund of any part of the fee when the Director determines that the review should not be initiated.

Further, 35 U.S.C. 312(a)(1), as amended, and 35 U.S.C. 322(a)(1) require that the fee established by the Director under 35 U.S.C. 311(a), as amended, or 35 U.S.C. 321 accompany the petition on filing. Accordingly, under the fee setting authority in 35 U.S.C. 311(a), as amended, and 35 U.S.C. 321(a), it is reasonable that the Director set a number of fees for filing a petition based on the anticipated aggregate cost of conducting the review depending on the complexity of the review, and require payment of the fee upon filing of the petition.

Based on experience with contested cases and *inter partes* reexamination proceedings, the following characteristics of requests were considered as potential factors for fee setting as each likely would impact the cost of providing the new services. The Office also considered the relative difficulty in administrating each option in selecting the characteristics for which different fees should be paid for requesting review.

I. *Adopted Option.* Number of claims for which review is requested. The number of claims often impacts the complexity of the request and increases the demands placed on the deciding officials. *Cf. In re Katz Interactive Call Processing Patent Litig.,* 639 F.3d 1303, 1309 (Fed. Cir. 2011) (limiting number of asserted claims is appropriate to manage a patent case efficiently). Moreover, the number of claims for which review is requested easily can be determined and administered, which avoids delays in the Office and the impact on the economy or patent system that would occur if an otherwise meritorious petition is refused due to improper fee payment. Any subsequent petition could be time barred in view of 35 U.S.C. 315(b), as amended, or 35 U.S.C. 325.

II. *Alternative Option I.* Number of grounds for which review is requested. The Office has experience with large numbers of cumulative grounds being presented in *inter partes* reexaminations which often add little value to the proceedings. Allowing for a large number of grounds to be presented on payment of an additional fee(s) is not favored. Determination of the number of grounds in a request may be contentious and difficult and may result in a large amount of high-level petition work. As such, this option would have a negative impact on small entities. Moreover, contested cases instituted in the 1980s and early 1990s suffered from this problem as there was no page limit for motions and the parties had little incentive to focus the issues for decision. The resulting records were often a collection of disparate issues and evidence. This led to lengthy and unwarranted delays in deciding contested cases as well as increased costs for parties and the Office. Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for the *inter partes* reviews, post-grant reviews, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

III. *Alternative Option II.* Pages of argument. The Office has experience with large requests in *inter partes* reexamination in which the merits of the proceedings could have been resolved in a shorter request. Allowing for unnecessarily large requests on payment of an additional fee(s) is not favored. Moreover, determination of what should be counted as ''argument'' as compared with ''evidence'' has often proven to be contentious and difficult as administered in the current *inter partes* reexamination appeal process.

In addition, the trial section of the Board recently experimented with motions having a fixed-page limit for the argument section and an unlimited number of pages for the statement of

facts. Unlimited pages for the statement of facts led to a dramatic increase in the number of alleged facts and pages associated with those facts. For example, one party used approximately ten pages for a single ''fact'' that merely cut and pasted a portion of a declarant's cross-examination. Based upon the trial section's experience with unlimited pages of facts, the Board recently reverted back to a fixed-page limit for the entire motion (argument and facts). Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for the *inter partes* reviews, post-grant reviews, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete timely the instituted proceedings.

IV. *Alternative Option III.* The Office considered an alternative fee setting regime in which fees would be charged at various steps in the review process (rather than collected as a single payment on filing of the petition) as the proceeding progresses, *e.g.,* a first fee on filing of the petition, a second fee if instituted, a third fee on filing a motion in opposition to amended claims, etc. The alternative fee setting regime would hamper the ability of the Office to complete timely reviews, would result in dismissal of pending proceedings with patentability in doubt due to non-payment of required fees by third parties, and would be inconsistent with 35 U.S.C. 312, as amended, and 35 U.S.C. 322 that require the fee established by the Director to be paid at the time of filing the petition. Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for *inter partes* review, post-grant review, and covered business method patent review, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete, in a timely fashion, the instituted proceedings.

V. *Alternative Option IV.* The Office considered setting reduced fees for small and micro entities and to provide refunds if a review is not instituted. However, 35 U.S.C. 41(d)(2)(a) provides that the Office shall set the fee to recover the cost of providing the services. Fees set under this authority are not reduced for small entities. *See* 35 U.S.C. 42(h)(1), as amended. Moreover, the Office does not have authority to refund fees that were not paid by mistake or in excess of that owed. *See* 35 U.S.C. 42(d).

Discovery: The Office considered a procedure for discovery similar to the one available during district court litigation. Discovery of that scope has been criticized sharply, particularly when attorneys use discovery tools as tactical weapons, which hinder the ''just, speedy, and inexpensive determination of every action and proceedings.'' *See* introduction to *An E-Discovery Model Order, available at http://www.cafc.uscourts.gov/images/stories/announcements/Ediscovery_Model_Order.pdf.* Accordingly, this would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for *inter partes* review, post-grant review, and covered business method patent review, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

Additional discovery increases trial costs and increases the expenditures of time by the parties and the Board. The Board's experience in contested cases, however, is that such showings are often lacking and authorization for additional discovery is expected to be limited. While an interests-of-justice standard would be employed in granting additional discovery in *inter partes* reviews, the post-grant and covered business method patent reviews would employ a good cause standard in granting additional discovery. Parties may, however, agree to additional discovery amongst themselves.

To promote effective discovery, the rule requires a showing that additional requested discovery would be productive in *inter partes* reviews. The rules adopt an interests-of-justice standard for additional discovery for *inter partes* reviews. This standard is consistent with the considerations identified in 35 U.S.C. 316(b), as amended, including the efficient administration of the Board and the Board's ability to complete timely trials. Further, the interests-of-justice standard is consistent with 35 U.S.C. 316(a)(5), as amended, which states that discovery other than depositions of witnesses submitting affidavits and declarations be what is otherwise necessary in the interests-of-justice.

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. The interests-of-justice standard covers considerable ground, and in using such a standard, the Board expects to consider whether the additional discovery is necessary in light of the totality of the relevant circumstances.

The Board will set forth a default scheduling order to provide limited discovery as a matter of right and provide parties with the ability to seek additional discovery on a case-by-case basis. In weighing the need for additional discovery, should a request be made, the Board would consider the economic impact on the opposing party. This would tend to limit additional discovery where a party is a small entity.

Pro Hac Vice: The Office considered whether to allow counsel to appear *pro hac vice.* In certain instances, highly skilled, non-registered, attorneys have appeared satisfactorily before the Board in contested cases. The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause. The Board may impose conditions in recognizing counsel *pro hac vice,* including a requirement that counsel acknowledge that counsel is bound by the Office's Code of Professional Responsibility. Proceedings before the Office can be technically complex. The grant of a motion to appear *pro hac vice* is a discretionary action taking into account the specifics of the proceedings. Similarly, the revocation of *pro hac vice* is a discretionary action taking into account various factors, including incompetence, unwillingness to abide by the Office's Code of Professional Responsibility, prior findings of misconduct before the Office in other proceedings, and incivility.

The Board's past practice has required the filing of a motion by a registered patent practitioner seeking *pro hac vice* representation based upon a showing of: (1) How qualified the unregistered practitioner is to represent the party in the proceeding when measured against a registered practitioner, and (2) whether the party has a genuine need to have the particular unregistered practitioner represent it during the proceeding. This practice has proven effective in the limited number of

contested cases where such requests have been granted. The rule allows for this practice in the new proceedings authorized by the AIA.

The rules provide a limited delegation to the Board under 35 U.S.C. 2(b)(2) and 32 to regulate the conduct of counsel in Board proceedings. The rule delegates to the Board the authority to conduct counsel disqualification proceedings while the Board has jurisdiction over a proceeding. The rules also delegate to the Chief Administrative Patent Judge the authority to make final a decision to disqualify counsel in a proceeding before the Board for the purposes of judicial review. This delegation does not derogate from the Director the prerogative to make such decisions, nor does it prevent the Chief Administrative Patent Judge from further delegating authority to an administrative patent judge.

The Office considered broadly permitting practitioners not registered to practice by the Office to represent parties in trial as well as categorically prohibiting such practice. A prohibition on the practice would be inconsistent with the Board's experience, and more importantly, might result in increased costs particularly where a small entity has selected its district court litigation team and subsequently a patent review is filed after litigation efforts have commenced. Alternatively, broadly making the practice available would create burdens on the Office in administering the trials and in completing the trial within the established time frame, particularly if the selected practitioner does not have the requisite skill. In weighing the desirability of admitting a practitioner *pro hac vice,* the economic impact on the party in interest would be considered, which would tend to increase the likelihood that a small entity could be represented by a non-registered practitioner. Accordingly, the alternatives to eliminate *pro hac vice* practice or to permit it more broadly would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for *inter partes* reviews, post-grant reviews, and covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete, in a timely fashion, the instituted proceedings.

Threshold for Instituting a Review: The Office considered whether the threshold for instituting a review could be set as low as or lower than the threshold for *ex parte* reexamination. This alternative could not be adopted in view of the statutory requirements in 35 U.S.C. 314, as amended, and 35 U.S.C. 324.

Default Electronic Filing: The Office considered a paper filing system and a mandatory electronic filing system (without any exceptions) as alternatives to the requirement that all papers are to be electronically filed, unless otherwise authorized.

Based on the Office's experience, a paper-based filing system increases delay in processing papers, delay in public availability, and the chance that a paper may be misplaced or made available to an improper party if confidential. Accordingly, the alternative of a paper-based filing system would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for *inter partes* review, post-grant review, and covered business method patent review, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

An electronic filing system (without any exceptions) that is rigidly applied would result in unnecessary cost and burdens, particularly where a party lacks the ability to file electronically. By contrast, under the adopted option, it is expected that the entity size and sophistication would be considered in determining whether alternative filing methods would be authorized.

7. Identification, to the Extent Practicable, of All Relevant Federal Rules Which May Duplicate, Overlap, or Conflict With the Final Rules: The following rules also provide processes involving patent applications and patents:

37 CFR 1.99 provides for the submission of information after publication of a patent application during examination by third parties.

37 CFR 1.171–1.179 provide for applications to reissue a patent to correct errors, including where a claim in a patent is overly broad.

37 CFR 1.291 provides for the protest against the issuance of a patent during examination.

37 CFR 1.321 provides for the disclaimer of a claim by a patentee.

37 CFR 1.501 and 1.502 provide for *ex parte* reexamination of patents. Under these rules, a person may submit to the Office prior art consisting of patents or printed publications that are pertinent to the patentability of any claim of a patent, and request reexamination of any claim in the patent on the basis of the cited prior art patents or printed publications. Consistent with 35 U.S.C. 302–307, *ex parte* reexamination rules provide a different threshold for initiation, require the proceeding to be conducted by an examiner with a right of appeal to the Patent Trial and Appeal Board, and allow for limited participation by third parties.

37 CFR 1.902–1.997 provide for *inter partes* reexamination of patents. Similar to *ex parte* reexamination, *inter partes* reexamination provides a procedure in which a third party may request reexamination of any claim in a patent on the basis of the cited prior art patents and printed publication. The *inter partes* reexamination practice will be eliminated, except for requests filed before the effective date, September 16, 2012. *See* § 6(c)(3)(C) of the AIA.

Other countries have their own patent laws, and an entity desiring a patent in a particular country must make an application for patent in that country, in accordance with the applicable law. Although the potential for overlap exists internationally, this cannot be avoided except by treaty (such as the Paris Convention for the Protection of Industrial Property, or the Patent Cooperation Treaty (PCT)). Nevertheless, the Office believes that there are no other duplicative or overlapping foreign rules.

C. Executive Order 12866 (Regulatory Planning and Review): This rulemaking has been determined to be significant for purposes of Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

The Office estimates that the aggregate burden of the rules for implementing the new review procedures is approximately $82.6 million annually for fiscal years 2013–2015. The USPTO considered several factors in making this estimate.

Based on the petition and other filing requirements for initiating a review proceeding, the USPTO initially estimated the annual aggregate burden of the rules on the public to be $202,034,212.10 in fiscal years 2013–2015, which represents the sum of the estimated total annual (hour) respondent cost burden ($184,627,816.10) plus the estimated total annual non-hour respondent cost burden ($17,406,396.00) provided in Item (O)(II) of the Rulemaking Considerations section of this notice, *infra.* However, since the AIA also eliminates *inter partes* reexamination practice (except for requests filed before the effective date of September 16, 2012), the burden of the rules should be offset by the eliminations of those

proceedings and their associated burdens.

It is estimated that 420 new requests for *inter partes* reexamination would have been filed in FY 2012, 450 new requests in FY 2014 and 500 new requests in FY 2015 if the AIA had not been enacted for an annual average of 456. This estimate is based on the number of proceedings filed in FY 2011 (374), FY 2010 (280), FY 2009 (258), and the first half of FY 2012 (192). Elimination of 456 proceedings reduces the public's burden to pay filing fees by $4,012,800 (456 filings with an $8,800 filing fee due) and the public's burden to prepare requests by $20,976,000 (456 filings with $46,000 average cost to prepare). Based on the assumption that 93% of the requests would be ordered (consistent with the FY 2011 grant rate), the burden to conduct the proceeding until close of prosecution will reduce the public's burden by $89,040,000 (424 proceedings that would be estimated to be granted reexamination multiplied by $210,000 which is the average cost cited in the *AIPLA Report of the Economic Survey 2011* per party cost until close of prosecution reduced by the $46,000 request preparation cost). Additionally, the burden on the public to appeal to the Board would be reduced by $5,358,000 (based on an estimate that 141 proceedings would be appealed to the Board, which is estimated based on the number of granted proceedings (424) and the historical rate of appeal to the Board (⅓) and an average public cost of $38,000). Thus, a reduction of $119,386,800 in public burden results from the elimination of new filings of *inter partes* reexamination (the sum of $3,696,000 (the filing fees), $19,320,000 (the cost of preparing requests), $82,110,000 (the prosecution costs), plus $4,940,000 (the burden to appeal to the Board)). Therefore, the estimated aggregate burden of the rules for implementing the new review proceedings would be $82,647,412.10 ($202,034,212.10 minus $119,386,800) annually in fiscal years 2013–2015.

The USPTO expects several benefits to flow from the AIA and these rules. It is anticipated that the rules will reduce the time for reviewing patents at the USPTO. Specifically, 35 U.S.C. 316(a), as amended, and 35 U.S.C. 326(a) provide that the Director prescribe regulations requiring a final determination by the Board within one year of initiation, which may be extended for up to six months for good cause. In contrast, currently for *inter partes* reexamination, the average time from the filing to the publication of a certificate ranged from 28.9 to 41.7 months during fiscal years 2009–2011. *See* Reexaminations—FY 2011, *available at http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.*

Likewise, it is anticipated that the rules will minimize duplication of efforts. In particular, the AIA provides more coordination between district court infringement litigation and *inter partes* review to reduce duplication of efforts and costs. For instance, 35 U.S.C. 315(b), as amended, will require that a petition for *inter partes* review be filed within one year of the date of service of a complaint alleging infringement of a patent. By requiring the filing of an *inter partes* review petition earlier than a request for *inter partes* reexamination, and by providing shorter timelines for *inter partes* review compared with reexamination, it is anticipated that the current high level of duplication between litigation and reexamination will be reduced.

The *AIPLA Report of the Economic Survey 2011* reports that where the damages at risk are less than $1,000,000 the total cost of patent litigation was, on average, $916,000, where the damages at risk are between $1,000,000 and $25,000,000 average $2,769,000, and where the damages at risk exceed $25,000,000 average $6,018,000. The Office believes, based on its experience, that these estimates are reasonable. There may be a significant reduction in overall burden if, as intended, the AIA and the rules reduce the overlap between review at the USPTO of issued patents and validity determination during patent infringement actions. Data from the United States district courts reveals that 2,830 patent cases were filed in 2006, 2,896 in 2007, 2,909 in 2008, 2,792 in 2009, and 3,301 in 2010. *See* U.S. Courts, Judicial Business of the United States Courts, *available at www.uscourts.gov/uscourts/Statistics/JudicialBusiness/2010/appendices/C02ASep10.pdf* (last visited Nov. 11, 2011) (hosting annual reports for 1997 through 2010). Thus, the Office estimates that no more than 3,300 patent cases (the highest number of yearly filings between 2006 and 2010 rounded to the nearest 100) are likely to be filed annually. The aggregate burden estimate above ($82,647,412.10) was not offset by a reduction in burden based on improved coordination between district court patent litigation and the new *inter partes* review proceedings.

The Office received one written submission of comments from the public regarding Executive Order 12866. Each component of that comment directed to Executive Order 12866 is addressed below.

Comment 112: One comment suggested that the proposed rules would have been classified more appropriately as significant under section 3(f)(4) of Executive Order 12866 because the proposed rules raise novel legal or policy issues arising out of legal mandates.

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The comment does not present what aspect(s) of the rule is believed to present novel legal or policy issues.

Comment 113: One comment suggested that the costs, including any prophylactic application steps resulting from the new proceedings, were not calculated appropriately when the Office offset the new burdens with those removed by elimination of the ability to file new *inter partes* reexamination under Executive Order 12866 and that when appropriately calculated, the cost would exceed the $100 million threshold for declaring the proposed rules significant under section 3(f)(1).

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The baseline costs that the Office used to determine the increased burden of the proposed rules properly included the burden on the public to comply with *inter partes* reexamination because those burdens existed before the statutory change, and that process was eliminated and replaced by the process adopted by the AIA as implemented this final rule. *See* OMB Circular A4, section (e)(3). *See also* response to Comment 109.

Comment 114: One comment argued the $80,000,000 burden estimate is so close to $100,000,000 threshold, that, particularly in view of the difficulties in estimating burden, the Office should assume that it is likely that the proposed rules would have a $100,000,000 impact. One comment suggested that the Office should have conducted a Regulatory Impact Analysis.

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The comment did not indicate what aspect of the estimate was likely to be wrong. Furthermore, $80,000,000 is twenty percent below the $100,000,000 threshold. Moreover, the Office's

estimate did not take into account the reduction in burden due to decreased litigation. Thus, the Office's estimate is likely an overstatement of the estimated basis.

D. Executive Order 13563 (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided online access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13132 (Federalism): This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

F. Executive Order 13175 (Tribal Consultation): This rulemaking will not: (1) Have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

G. Executive Order 13211 (Energy Effects): This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996). This rulemaking carries out a statute designed to lessen litigation. *See* H.R. Rep. No. 112–98, at 45–48.

I. Executive Order 13045 (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property): This rulemaking will not effect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801–808), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the final rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this notice are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign based enterprises in domestic and export markets. Therefore, this notice is not expected to result in a ''major rule'' as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995: The changes set forth in this final rule do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

M. National Environmental Policy Act: This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321–4370h.

N. National Technology Transfer and Advancement Act: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

O. Paperwork Reduction Act: The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549) requires that the USPTO consider the impact of paperwork and other information collection burdens imposed on the public. This rulemaking involves information collection requirements which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549). The collection of information involved in this notice has been submitted to OMB under OMB control number 0651–0069 when the notice of proposed rulemaking was published. The Office published the title, description, and respondent description of the information collection, with an estimate of the annual reporting burdens, in the Notices ''Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,'' 77 FR 6879 (Feb. 9, 2012) (notice of proposed rulemaking) (RIN 0651–AC70), ''Changes to Implement Inter Partes Review Proceedings,'' 77 FR 7041 (Feb. 10, 2012) (notice of proposed rulemaking) (RIN 0651–AC71), ''Changes to Implement Post-Grant Review Proceedings,'' 77 FR 7060 (Feb. 10, 2012) (notice of proposed rulemaking) (RIN 0651–AC72), and ''Changes to Implement Transitional Program for Covered Business Method Patents,'' 77 FR 7080 (Feb. 10, 2012) (notice of proposed rulemaking) (RIN 0651–AC73).

The Office received one comment and made minor revisions to the requirements in the rule, as well as the burden estimates, as outlined below. Accordingly, the Office has resubmitted the proposed revision to the information collection requirements under 0651–0069. The proposed revision to the information collection requirements under 0651–0069 is available at OMB's Information Collection Web site (*www.reginfo.gov/public/do/PRAMain*).

This rulemaking will add the following to a collection of information:

(1) Petitions to institute an *inter partes* review (§§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(1), 42.63, 42.65, and 42.101 through 42.105);

(2) Petitions to institute a post-grant review (§§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(2), 42.63, 42.65, and 42.201 through 42.205);

(3) Petitions to institute a covered business method patent review (§§ 42.5,

42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(3), 42.63, 42.65, 42.203, 42.205, and 42.302 through 42.304);

(4) Motions (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.22, 42.24(a)(5), 42.51, through 42.54, 42.63, 42.64, 42.65, 42.121, 42.221, 42.123, and 42.223);

(5) Oppositions (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.107, 42.120, 42.207, and 42.220);

(6) Replies provided for in 35 U.S.C. 135 and 311–318, as amended, and new 35 U.S.C. 319 and 321–329 (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(c), 42.51, 42.52, 42.53, 42.54, 42.63, and 42.65); and

(7) Notices of judicial review of a Board decision, including notices of appeal and notices of election provided for 35 U.S.C. 141, 142, 145 and 146 (§§ 90.1 through 90.3).

The rules also permit filing requests for oral argument (§ 42.70) provided for in 35 U.S.C. 316(a)(10), as amended, and 35 U.S.C. 326(a)(10), requests for rehearing (§ 42.71(c)), requests for adverse judgment (§ 42.73(b)), requests that a settlement be treated as business confidential (§ 42.74(b) and 42.409) provided for in 35 U.S.C. 317, as amended, and 35 U.S.C. 327, to a collection of information.

I. Abstract: The USPTO is required by 35 U.S.C. 131 and 151 to examine applications and, when appropriate, issue applications as patents.

Chapter 31 of title 35, United States Code, in effect on September 16, 2012, provides for *inter partes* review proceedings allowing third parties to petition the USPTO to review the patentability of an issued patent under 35 U.S.C. 102 and 103 based on patents and printed publications. If a trial is initiated by the USPTO based on the petition, as authorized by the USPTO, additional motions may be filed by the petitioner. A patent owner may file a response to the petition and if a trial is instituted, as authorized by the USPTO, may file additional motions.

Chapter 32 of title 35 U.S.C. in effect on September 16, 2012, provides for post-grant review proceeding allowing third parties to petition the USPTO to review the patentability of an issued patent under any ground authorized under 35 U.S.C. 282(b)(2). If a trial is initiated by the USPTO based on the petition, as authorized by the USPTO, additional motions may be filed by the petitioner. A patent owner may file a response to the petition and if a trial is instituted, as authorized by the USPTO, may file additional motions.

Section 18 of the AIA provides for a transitional program for covered business method patents, which will employ the standards and procedures of the post-grant review proceeding with a few exceptions. The new rules for initiating and conducting these proceedings are adopted in this notice as new part 42 of title 37 of the Code of Federal Regulations.

In estimating the number of hours necessary for preparing a petition to institute an *inter partes* review, the USPTO considered the estimated cost of preparing a request for *inter partes* reexamination ($46,000), the mean billing rate ($371 per hour), and the observation that the cost of *inter partes* reexamination has risen the fastest of all litigation costs since 2009 in the *AIPLA Report of the Economic Survey 2011.* It was estimated that a petition for an *inter partes* review and an *inter partes* reexamination request would cost the same to the preparing party ($46,000). Since additional grounds for instituting review are provided in post-grant review or covered business method patent review compared with *inter partes* reexamination, the Office estimates the cost of preparing a petition to institute a review will be 33.333% more than the estimated cost of preparing a request for *inter partes* reexamination, or $61,333.

The USPTO also reviewed recent contested cases before the trial section of the Board to make estimates on the average number of motions for any matter including priority, the subset of those motions directed to non-priority issues, the subset of those motions directed to non-priority patentability issues, and the subset of those motions directed to patentability issues based on a patent or printed publication on the basis of 35 U.S.C. 102 or 103. Thus, for *inter partes* review, considering the percentage of motions on patentability issues based on a patent or printed publication on the basis of 35 U.S.C. 102 or 103 would be appropriate as grounds raised in those proceedings would be directed to the same issues. Similarly, for post-grant review and transitional proceedings for covered business methods, considering the percentage of motions on patentability issues would be appropriate as grounds raised in those proceedings would be directed to the same issues. The review of current contested cases before the trial section of the Board indicated that approximately 15% of motions were directed to prior art grounds, 18% of motions were directed to other patentability grounds, 27% were directed to miscellaneous issues, and 40% were directed to priority issues. It was estimated that the cost per motion to a party in current contested cases before the trial section of the Board declines because of overlap in subject matter, expert overlap, and familiarity with the technical subject matter. Given the overlap of subject matter, a proceeding with fewer motions such as *inter partes* review will have a somewhat less than proportional decrease in costs since the overlapping costs will be spread over fewer motions as compared with a derivation proceeding.

It is estimated that the cost of an *inter partes* review would be 60% of the cost of current contested cases before the trial section of the Board to the end of the preliminary motion period. An *inter partes* review should have many fewer motions since only one party will have a patent that is the subject of the proceeding (compared with each party having at least a patent or an application in current contested cases before the trial section of the Board). Moreover, fewer issues can be raised since *inter partes* review will not have priority-related issues that must be addressed in current contested cases before the trial section of the Board. Consequently, a 60% weighting factor should capture the typical costs of an *inter partes* review.

It is estimated that the cost of a post-grant review or covered business method patent review would be 75% of the cost of current contested cases before the trial section of the Board to the end of the preliminary motion period. The basis for this estimate is similar to the basis for the *inter partes* review estimate. Since more patentability issues may be raised in the petition, the cost for these trials is expected to be somewhat higher. Again, a 75% weighting factor should capture the typical costs of a post-grant review or a covered business method patent review.

The motions that present claims in excess of the number of claims in the patent and in excess of three dependent or more than 20 total claims also require payment of statutory fee for presenting such claims. *See* 35 U.S.C. 41(a)(2)(i) and (ii). It is estimated that 20 percent of instituted proceedings will have one additional independent claim and ten additional dependent claims presented in proceedings filed in FY 2013. Based on the historical data for *inter partes* reexamination, it is estimated that 32.09% of the patent owners presenting additional claims will pay the small entity fee for the additional claims. Thus, it is estimated that 23 small entities will pay an additional $110.00 for an additional independent claim and $260.00 for ten additional claims in *inter partes* review proceedings in FY 2013. It is estimated that 48 non-small

entities will pay an additional $220.00 for an additional independent claim and $520.00 for ten additional claims in *inter partes* review proceedings in FY 2013. It is estimated that three small entities will pay an additional $110.00 for an additional independent claim and $260.00 for ten additional claims in post-grant review proceedings in FY 2013. It is estimated that six non-small entities will pay an additional $220.00 for an additional independent claim and $520.00 for ten additional claims in post-grant review proceedings in FY 2013. The total excess claim fee due from patent owners is estimated to be $49,580 in FY 2013.

The title, description, and respondent description of the information collection are shown below with an estimate of the annual reporting burdens. Included in this estimate is the time for reviewing instructions, gathering and maintaining the data needed, and completing and reviewing the collection of information. The principal impact of the changes in this notice is to implement the changes to Office practice necessitated by sections 6 and 18 of the AIA.

The public uses this information collection to request review and derivation proceedings as well as to ensure that the associated fees and documentation are submitted to the USPTO.

II. Data

Needs and Uses: The information supplied to the USPTO by a petition to institute a review or derivation as well as the motions authorized following the institution is used by the USPTO to determine whether to initiate a review under 35 U.S.C. 314, as amended, or 35 U.S.C. 324 or derivation proceeding under 35 U.S.C. 135, as amended, and to prepare a final decision under 35 U.S.C. 135 or 318, as amended, or 35 U.S.C. 328.

OMB Number: 0651–0069.

Title: Patent Review and Derivation Proceedings.

Form Numbers: None.

Type of Review: New Collection.

Likely Respondents/Affected Public: Individuals or households, businesses or other for-profit, not-for-profit institutions, farms, Federal Government, and state, local, or tribal governments.

Estimated Number of Respondents/Frequency of Collection: 940 respondents and 4,541 responses per year.

Estimated Time per Response: The USPTO estimates that it will take the public from 0.1 to 165.3 hours to gather the necessary information, prepare the documents, and submit the information to the USPTO.

Estimated Total Annual Respondent Burden Hours: 497,649.1 hours per year.

Estimated Total Annual (Hour) Respondent Cost Burden: $184,627,816.10 per year. The USPTO expects that the information in this collection will be prepared by attorneys. Using the professional rate of $371 per hour for attorneys in private firms, the USPTO estimates that the respondent cost burden for this collection will be approximately $184,627,816.10 per year (497,649.1 hours per year multiplied by $371 per hour).

Estimated Total Annual Non-Hour Respondent Cost Burden: $17,406,396 per year. There are no capital start-up or maintenance costs associated with this information collection. However, this collection does have annual (non-hour) costs in the form of filing fees and postage costs where filing via mail is authorized. It is estimated that filing via mail will be authorized in one *inter partes* review petition filing and three subsequent papers. There are filing fees associated with petitions for *inter partes* review, post-grant review, and covered business method patent review and for requests to treat a settlement as business confidential. The total filing fees for this collection are calculated in the accompanying table. The USPTO estimates that filings authorized to be filed via mail will be mailed to the USPTO by EXPRESS MAIL® using the U.S. Postal Service's flat rate envelope, which can accommodate varying submission weights, estimated in this case to be 16 ounces for the petitions and two ounces for the other papers. The cost of the flat rate envelope is $18.95. The USPTO estimates that the total postage cost associated with this collection will be approximately $76 per year. The USPTO estimates that the total fees associated with this collection will be approximately $17,406,320.00 per year.

Therefore, the total annual cost burden in fiscal years 2013–2015 is estimated to be $202,034,212.10 (the sum of the estimated total annual (hour) respondent cost burden ($184,627,816.10) plus the estimated total annual non-hour respondent cost burden ($17,406,396)).

Item	Proposed estimated time for response (hours)	Proposed estimated annual responses	Proposed estimated annual burden hours	Final estimated time for response (hours)	Final estimated annual responses	Final estimated annual burden hours
Petition for *inter partes* review	135.3	460	62,238	124	456	56,544
Petition for post-grant review or covered business method patent review	180.4	50	9,020	165.3	73	12,066.90
Reply to initial *inter partes* review petition	100	406	40,600	91.6	401	36,731.60
Reply to initial post-grant review or covered business method patent review	100	45	4,500	91.6	64	5,862.40
Request for Reconsideration	80	141	11,280	80	141	11,280
Motions, replies and oppositions after institution in *inter partes* review	140	2,453	343,420	140	2,166	303,240
Motions, replies and oppositions after institution in post-grant review or covered business method patent review	130	342	44,460	130	460	59,800
Request for oral hearing	20	456	9,120	18.3	479	8,765.70
Request to treat a settlement as business confidential	2	18	36	2	20	40
Request for adverse judgment, default adverse judgment or settlement (parties in litigation over patent)	1	101	101	1	84	84

Item	Proposed estimated time for response (hours)	Proposed estimated annual responses	Proposed estimated annual burden hours	Final estimated time for response (hours)	Final estimated annual responses	Final estimated annual burden hours
Settlement parties not in litigation	n/a	n/a	n/a	100	32	3,200
Request to make a settlement agreement available	1	18	18.00	1	20	20
Notice of judicial review of a Board decision (*e.g.,* notice of appeal under 35 U.S.C. 142)	0.1	51	5.1	0.1	145	14.5
Totals		4,541	524,798.10		4,541	497,649.10

Item	Proposed estimated annual response	Proposed fee amount	Proposed estimated annual filing costs	Final estimated annual responses	Fee amount	Final estimated annual filing costs
Petition for *inter partes* review	460	$35,800	$16,468,000	456	$31,400 (average)	$14,318,400
Petition for post-grant review or covered business method patent review.	50	47,100	2,355,000	73	41,400 (average)	3,022,200
Reply to *inter partes* review petition	406	0	0	401	0	0
Reply to post-grant review or covered business method patent review petition.	45	0	0	64	0	0
Request for Reconsideration	141	0	0	141	0	0
Motions, replies and oppositions after initiation in *inter partes* review with no excess claims.	2,453	0	0	2,086	0	0
Motions in *inter partes* review with excess claims by small entity patent owners.	n/a	n/a	n/a	26	370	9,620
Motions in *inter partes* review with excess claims by other than small entity patent owners.	n/a	n/a	n/a	54	740	39,960
Motions, replies and oppositions after initiation in post-grant review or covered business method patent review with no excess claims.	342	0	0	447	0	0
Motions in post-grant review or covered business method patent review with excess claims by other than small entity patent owners.	n/a	n/a	n/a	4	370	1,480
Motions in post-grant review or covered business method patent review with excess claims by small entity patent owners.	n/a	n/a	n/a	9	740	6,660
Request for oral hearing	456	0	0	479	0	0
Request to treat a settlement as business confidential.	18	0	0	20	0	0
Request for adverse judgment, default adverse judgment or settlement.	101	0	0	116	0	0
Request to make a settlement agreement available.	18	400	7,200	20	400	8,000
Notice of judicial review of a Board decision (*e.g.,* notice of appeal under 35 U.S.C. 142).	51	0	0	145	0	0
Totals	4,541		18,830,200	4,541		17,406,320

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

The Office received one written submission of comments regarding the Paperwork Reduction Act. Each component of that comment directed the Paperwork Reduction Act is addressed below.

Comment 115: One comment suggested that *inter partes* reexamination is a very poor proxy for these proceedings because there have been very few completed proceedings relative to all filing of *inter partes* reexaminations from 2001 to 2011. The comment argues that the completed proceeding are only the least complex of proceedings which the comment alleges result in a sampling bias.

Response: While only 305 *inter partes* reexamination proceedings have resulted in a certificate, the comment is not correct that only the least complex of proceedings have been completed. The number of filings of *inter partes* reexamination has increased considerably in the last three full years. *See Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR at 6893. For example, in the last three years 824 or 64% of the 1,278 requests filed from 2001 to 2011 were filed. Considering that the average time from filing to certificate for the 305 certificates was 36.2 months and the median pendency was 32.9 months, it would have been

more appropriate for the comment to consider the 305 certificates that have issued compared with the filings from 2001 to 2008. During that time period there were 467 requests filed, 14 requests were subsequently denied a filing date, 53 requests were denied on the merits, 246 concluded with a certificate by September 30, 2011, and 154 were still pending on September 30, 2011. Of the 154 that were still pending, only one was before the examiner after a non-final rejection, only three had an action closing prosecution as the last action, and only three had a right of appeal notice as the last action. Most of the 154 proceedings were subject to appeal proceedings or were in the publication process. Accordingly, *inter partes* reexamination is an appropriate proxy for the new proceedings.

Comment 116: One comment suggested that for matters not concurrently in litigation, the Office's two hour estimate for public burden of settlement under the Paperwork Reduction Act is unreasonably low by a factor of 30–100 and must include the costs to arrive at the settlement in addition to the cost of submitting the agreement to the Office. The comment asserts that this burden is fully cognizable under the Paperwork Reduction Act.

Response: The suggestion is adopted in part. For *inter partes* and post-grant review proceedings where the parties are not also in district court litigations regarding the patent, the burden has been increased to 100 hours per settlement as suggested as the highest estimate in the comment. Based partially on historical data for *inter partes* reexamination, it is estimated that 30% of reviewed patents will not be subject to concurrent litigation.

By statute, any petitioner seeking review of a covered business method must also be in litigation regarding the patent or have been charged with infringement. The comment only argued that for parties not in litigation, the cost of settlement was too low. Therefore, this comment is not pertinent to this rulemaking and is not adopted.

Comment 117: A comment requested that the Office set forth the basis for the number of petitions for review.

Response: As discussed above in item B, the Office considered the actual number of *inter partes* reexamination requests filed during FY 2001–2011 and the anticipated number of requests in FY 2012, the number of such requests of patents classified in Class 705, the number of interferences, and the differences between reexamination and the new review proceedings. The Office estimated the number of reviews based on the historical data on the number of filings in the most analogous proceedings. *See Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR at 7097.

Comment 118: One comment suggested that a projection for at least three years of growth in future filings is necessary because the PRA clearance is for three years. The comment also seeks disclosure of USPTO's estimation models.

Response: The suggestion is adopted. The Office estimates moderate aggregate growth for petitions seeking *inter partes* review and post-grant review, as set forth in item B above. Further, the Office estimates no growth for petitions seeking review under the transitional program for covered business method patents during the three year period. Calculations for these numbers are provided in the supporting statement for this collection. In 2013, the number of eligible patents will include patents for which currently in litigation. In subsequent years, the number of eligible patents is expected to be reduced, because some proceedings will have been settled, while others will have been stayed pending a review. At the same time, as experience in the procedure becomes more wide spread, the public would more likely seek a review. Because these two factors offset each other, the Office is anticipated zero growth for petitions for the covered business method patent review.

Comment 119: A comment noted that the distribution of claims for review was not disclosed during the comment period. The comment asserts that failure to disclose underlying data in the Notice of Proposed Rulemaking violates the Paperwork Reduction Act (and other requirements).

Response: The distribution of claims for which review will be requested was estimated based on the number of claims for which *inter partes* reexamination was requested in the first 60 requests filed during the second quarter of FY 2011 as that data was the most timely when the proposed rule notices were drafted. That data was publically available when the notice of proposed rulemaking was published and remains available today. *See http://portal.uspto.gov/external/portal/pair.* A summary of that publicly available data is provided as follows: 40 of the 60 proceedings requested review of 20 or fewer claims; eight of the 60 proceedings requested review of between 21 and 30 claims; three of the 60 proceedings requested review of between 31 and 40 claims; six of the 60 proceedings requested review of between 41 and 50 claims; one of the 60 proceedings requested review of between 51 and 60 claims; one of the 60 proceedings requested review of between 61 and 70 claims; and one of the 60 proceedings requested review of between 91 and 100 claims. A second group of 20 proceedings filed after September 15, 2011, were reviewed to determine if the change to the statutory threshold resulted in a clear change in the number of claims for which review was requested. A summary of that data is provided as follows: 13 of 20 proceedings requested review of 20 or fewer claims; three of 20 proceedings requested review of between 21 and 30 claims; three of 20 proceedings requested review of between 31 and 40 claims; and one of 20 proceedings requested review of 53 claims.

Comment 120: One comment suggested that the estimate of the number of post-grant review proceedings should be doubled based on the analysis of the University of Houston of patent cases from 2005–2009. According to the comment, this analysis shows that for every 15 decisions involving printed prior art grounds, there were 13 decisions involving public use, ''on sale,'' or 35 U.S.C. 112.

Response: The suggestion is not adopted. While the Office agrees that many decisions involved public use, ''on sale,'' or 35 U.S.C. 112, the comment and the analysis by the University of Houston did not consider which decisions did not include a prior art grounds, but did include a public use, ''on sale,'' or 35 U.S.C. 112 ground. Only the subset of decisions including the newly available grounds could be used appropriately in estimating an increased rate of post-grant review filings relative to *inter partes* review. The comment also did not address how the limited filing window relative to the filing of district court litigation for post-grant review would be addressed appropriately if the University of Houston study served as a basis for the estimates.

Comment 121: One comment suggested that the hourly rate for practitioners should be raised from $340 (the medium hourly rate from the AIPLA Report of the Economic Survey 2011) to $500. The comment asserts that using the median hourly rate from the AIPLA Report of the Economic Survey 2011 of $340 is analytically wrong and that, at a minimum, the higher mean rate of $371 from that survey should be used.

Response: The suggestion is adopted in part. The Office has adopted a mean hourly rate of $371 from the AIPLA

Report of the Economic Survey 2011, rather than the median hourly rate of $340 from that survey. The suggestion of a $500 hourly rate cannot be adopted because the comment did not provide any data to support the validity of hourly rate suggested and the Office believes, based on its experience, that $371 is a better estimate of the average hourly rate.

Comment 122: One comment suggested that reliance on the AIPLA Report of the Economic Survey 2011 is inappropriate as the survey is flawed. The comment asserts that the survey is unreliable for estimating paperwork burden under the Information Quality Act.

Response: In providing estimates of burden hours, the USPTO sometimes referenced the AIPLA Report of the Economic Survey 2011, as a benchmark for the estimates. While the costs reported in the survey were considered, the Office, in estimating the cost of the collection, also considered the work required to prepare and file the submissions.

Under the USPTO's Information Quality Guidelines (ICG), the AIPLA Report of the Economic Survey 2011 report is not a ''dissemination'' of information. The Guidelines state that ''dissemination'' means an ''agency initiated or sponsored distribution of information to the public.'' USPTO's ICG, Section IV, A, 1. Subsection (a) further defines ''agency initiated distribution of information to the public'' to mean ''information that the agency distributes or releases which reflects, represents, or forms any part of the support of the policies of the agency.'' *Id.* at Section IV, A, 1, a. The USPTO did not distribute or release the AIPLA Report of the Economic Survey 2011.

Likewise, the AIPLA Report of the Economic Survey 2011 does not qualify as an ''agency sponsored distribution of information'' under Subsection (b) of the Guidelines, which ''refers to situations where the agency has directed a third party to distribute or release information, or where the agency has the authority to review and approve the information before release.'' *Id.* at Section IV, A, 1, b. The USPTO did not commission the report, had no input into the structure of the report and does not rely exclusively upon the results of the report to arrive at estimates. No correction of the documents is required because the Office utilized the AIPLA Report of the Economic Survey 2011 in formulating some burden estimations. No correction is required under the Information Quality Act.

Comment 123: One comment suggested that the regulations imposed a substantial paperwork burden without a valid OMB Control Number.

Response: The suggestion is not adopted. OMB Control number 0651–0069 has been requested appropriately and is pending.

Comment 124: One comment suggested that the USPTO's estimates systematically ignore burdens and costs associated with the attorney's client company.

Response: See response to Comment 109.

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

List of Subjects in 37 CFR Part 42

Administrative practice and procedure, Inventions and patents, Lawyers.

Amendments to the Regulatory Text

For the reasons stated in the preamble, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office amends 37 CFR part 42, as added elsewhere in this issue of the **Federal Register**, as follows:

PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

■ 1. The authority citation for 37 CFR part 42 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), 6, 21, 23, 41, 135, 311, 312, 316, 321–326 and the Leahy-Smith America Invents Act, Pub. L. 112–29, sections 6(c), 6(f), and 18, 125 Stat. 284, 304, 311, and 329 (2011).

■ 2. Add subpart B to read as follows:

Subpart B—*Inter Partes* Review

General

Sec.
42.100 Procedure; pendency.
42.101 Who may petition for *inter partes* review.
42.102 Time for filing.
42.103 *Inter partes* review fee.
42.104 Content of petition.
42.105 Service of petition.
42.106 Filing date.
42.107 Preliminary response to petition.

Instituting Inter Partes Review

42.108 Institution of *inter partes* review.

After Institution of *Inter Partes* Review

42.120 Patent owner response.
42.121 Amendment of the patent.
42.122 Multiple proceedings.
42.123 Filing of supplemental information.

Subpart B—*Inter Partes* Review

General

§ 42.100 Procedure; pendency.

(a) An *inter partes* review is a trial subject to the procedures set forth in subpart A of this part.

(b) A claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.

(c) An *inter partes* review proceeding shall be administered such that pendency before the Board after institution is normally no more than one year. The time can be extended by up to six months for good cause by the Chief Administrative Patent Judge, or adjusted by the Board in the case of joinder.

§ 42.101 Who may petition for inter partes review.

A person who is not the owner of a patent may file with the Office a petition to institute an *inter partes* review of the patent unless:

(a) Before the date on which the petition for review is filed, the petitioner or real party-in-interest filed a civil action challenging the validity of a claim of the patent;

(b) The petition requesting the proceeding is filed more than one year after the date on which the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is served with a complaint alleging infringement of the patent; or

(c) The petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is estopped from challenging the claims on the grounds identified in the petition.

§ 42.102 Time for filing.

(a) A petition for *inter partes* review of a patent must be filed after the later of:

(1) The date that is nine months after the date of the grant of the patent or of the issuance of the reissue patent; or

(2) If a post-grant review is instituted as set forth in subpart C of this part, the date of the termination of such post-grant review.

(b) The Director may impose a limit on the number of *inter partes* reviews that may be instituted during each of the first four one-year periods in which the amendment made to chapter 31 of title 35, United States Code, is in effect by providing notice in the Office's Official Gazette or **Federal Register**. Petitions filed after an established limit has been reached will be deemed untimely.

§ 42.103 *Inter partes* review fee.

(a) An *inter partes* review fee set forth in § 42.15(a) must accompany the petition. (b) No filing date will be accorded to the petition until full payment is received.

§ 42.104 Content of petition.

In addition to the requirements of §§ 42.6, 42.8, 42.22, and 42.24, the petition must set forth:

(a) *Grounds for standing.* The petitioner must certify that the patent for which review is sought is available for *inter partes* review and that the petitioner is not barred or estopped from requesting an *inter partes* review challenging the patent claims on the grounds identified in the petition.

(b) *Identification of challenge.* Provide a statement of the precise relief requested for each claim challenged. The statement must identify the following:

(1) The claim;

(2) The specific statutory grounds under 35 U.S.C. 102 or 103 on which the challenge to the claim is based and the patents or printed publications relied upon for each ground;

(3) How the challenged claim is to be construed. Where the claim to be construed contains a means-plus-function or step-plus-function limitation as permitted under 35 U.S.C. 112(f), the construction of the claim must identify the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function;

(4) How the construed claim is unpatentable under the statutory grounds identified in paragraph (b)(2) of this section. The petition must specify where each element of the claim is found in the prior art patents or printed publications relied upon; and

(5) The exhibit number of the supporting evidence relied upon to support the challenge and the relevance of the evidence to the challenge raised, including identifying specific portions of the evidence that support the challenge. The Board may exclude or give no weight to the evidence where a party has failed to state its relevance or to identify specific portions of the evidence that support the challenge.

(c) A motion may be filed that seeks to correct a clerical or typographical mistake in the petition. The grant of such a motion does not change the filing date of the petition.

§ 42.105 Service of petition.

In addition to the requirements of § 42.6, the petitioner must serve the petition and exhibits relied upon in the petition as follows:

(a) The petition and supporting evidence must be served on the patent owner at the correspondence address of record for the subject patent. The petitioner may additionally serve the petition and supporting evidence on the patent owner at any other address known to the petitioner as likely to effect service.

(b) Upon agreement of the parties, service may be made electronically. Service may be by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL®. Personal service is not required.

§ 42.106 Filing date.

(a) *Complete petition.* A petition to institute *inter partes* review will not be accorded a filing date until the petition satisfies all of the following requirements:

(1) Complies with § 42.104;

(2) Effects service of the petition on the correspondence address of record as provided in § 42.105(a); and

(3) Is accompanied by the fee to institute required in § 42.15(a).

(b) *Incomplete petition.* Where a party files an incomplete petition, no filing date will be accorded, and the Office will dismiss the petition if the deficiency in the petition is not corrected within one month from the notice of an incomplete petition.

§ 42.107 Preliminary response to petition.

(a) The patent owner may file a preliminary response to the petition. The response is limited to setting forth the reasons why no *inter partes* review should be instituted under 35 U.S.C. 314. The response can include evidence except as provided in paragraph (c) of this section. The preliminary response is subject to the page limits under § 42.24.

(b) *Due date.* The preliminary response must be filed no later than three months after the date of a notice indicating that the request to institute an *inter partes* review has been granted a filing date. A patent owner may expedite the proceeding by filing an election to waive the patent owner preliminary response.

(c) *No new testimonial evidence.* The preliminary response shall not present new testimony evidence beyond that already of record, except as authorized by the Board.

(d) *No amendment.* The preliminary response shall not include any amendment.

(e) *Disclaim Patent Claims.* The patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a) of this chapter, disclaiming one or more claims in the patent. No *inter partes* review will be instituted based on disclaimed claims.

Instituting *Inter Partes* Review

§ 42.108 Institution of *inter partes* review.

(a) When instituting *inter partes* review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.

(b) At any time prior to institution of *inter partes* review, the Board may deny some or all grounds for unpatentability for some or all of the challenged claims. Denial of a ground is a Board decision not to institute *inter partes* review on that ground.

(c) Sufficient grounds. *Inter partes* review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed.

After Institution of *Inter Partes* Review

§ 42.120 Patent owner response.

(a) *Scope.* A patent owner may file a response to the petition addressing any ground for unpatentability not already denied. A patent owner response is filed as an opposition and is subject to the page limits provided in § 42.24.

(b) *Due date for response.* If no time for filing a patent owner response to a petition is provided in a Board order, the default date for filing a patent owner response is three months from the date the *inter partes* review was instituted.

§ 42.121 Amendment of the patent.

(a) *Motion to amend.* A patent owner may file one motion to amend a patent, but only after conferring with the Board.

(1) *Due date.* Unless a due date is provided in a Board order, a motion to amend must be filed no later than the filing of a patent owner response.

(2) *Scope.* A motion to amend may be denied where:

(i) The amendment does not respond to a ground of unpatentability involved in the trial; or

(ii) The amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.

(3) *A reasonable number of substitute claims.* A motion to amend may cancel a challenged claim or propose a reasonable number of substitute claims. The presumption is that only one

substitute claim would be needed to replace each challenged claim, and it may be rebutted by a demonstration of need.

(b) *Content.* A motion to amend claims must include a claim listing, show the changes clearly, and set forth:

(1) The support in the original disclosure of the patent for each claim that is added or amended; and

(2) The support in an earlier-filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.

(c) *Additional motion to amend.* In addition to the requirements set forth in paragraphs (a) and (b) of this section, any additional motion to amend may not be filed without Board authorization. An additional motion to amend may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement. In determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in paragraph (a)(1) of this section.

§ 42.122 Multiple proceedings and Joinder.

(a) *Multiple proceedings.* Where another matter involving the patent is before the Office, the Board may during the pendency of the *inter partes* review enter any appropriate order regarding the additional matter including providing for the stay, transfer, consolidation, or termination of any such matter.

(b) *Request for joinder.* Joinder may be requested by a patent owner or petitioner. Any request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any *inter partes* review for which joinder is requested. The time period set forth in § 42.101(b) shall not apply when the petition is accompanied by a request for joinder.

§ 42.123 Filing of supplemental information.

(a) *Motion to submit supplemental information.* Once a trial has been instituted, a party may file a motion to submit supplemental information in accordance with the following requirements:

(1) A request for the authorization to file a motion to submit supplemental information is made within one month of the date the trial is instituted.

(2) The supplemental information must be relevant to a claim for which the trial has been instituted.

(b) *Late submission of supplemental information.* A party seeking to submit supplemental information more than one month after the date the trial is instituted, must request authorization to file a motion to submit the information. The motion to submit supplemental information must show why the supplemental information reasonably could not have been obtained earlier, and that consideration of the supplemental information would be in the interests-of-justice.

(c) *Other supplemental information.* A party seeking to submit supplemental information not relevant to a claim for which the trial has been instituted must request authorization to file a motion to submit the information. The motion must show why the supplemental information reasonably could not have been obtained earlier, and that consideration of the supplemental information would be in the interests-of-justice.

■ 3. Add subpart C to read as follows:

Subpart C—Post-Grant Review

General

Sec.
42.200 Procedure; pendency.
42.201 Who may petition for a post-grant review.
42.202 Time for filing.
42.203 Post-grant review fee.
42.204 Content of petition.
42.205 Service of petition.
42.206 Filing date.
42.207 Preliminary response to petition.

Instituting Post-Grant Review

42.208 Institution of post-grant review.

After Institution of Post-Grant Review

42.220 Patent owner response.
42.221 Amendment of the patent.
42.222 Multiple proceedings.
42.223 Filing of supplemental information.
42.224 Discovery.

Subpart C—Post-Grant Review

General

§ 42.200 Procedure; pendency.

(a) A post-grant review is a trial subject to the procedures set forth in subpart A of this part.

(b) A claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.

(c) A post-grant review proceeding shall be administered such that pendency before the Board after institution is normally no more than one year. The time can be extended by up to six months for good cause by the Chief Administrative Patent Judge, or adjusted by the Board in the case of joinder.

(d) Interferences commenced before September 16, 2012, shall proceed under part 41 of this chapter except as the Chief Administrative Patent Judge, acting on behalf of the Director, may otherwise order in the interests-of-justice.

§ 42.201 Who may petition for a post-grant review.

A person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent unless:

(a) Before the date on which the petition for review is filed, the petitioner or real party-in-interest filed a civil action challenging the validity of a claim of the patent; or

(b) The petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is estopped from challenging the claims on the grounds identified in the petition.

§ 42.202 Time for filing.

(a) A petition for a post-grant review of a patent must be filed no later than the date that is nine months after the date of the grant of a patent or of the issuance of a reissue patent. A petition, however, may not request a post-grant review for a claim in a reissue patent that is identical to or narrower than a claim in the original patent from which the reissue patent was issued unless the petition is filed not later than the date that is nine months after the date of the grant of the original patent.

(b) The Director may impose a limit on the number of post-grant reviews that may be instituted during each of the first four one-year periods in which 35 U.S.C. 321 is in effect by providing notice in the Office's Official Gazette or **Federal Register**. Petitions filed after an established limit has been reached will be deemed untimely.

§ 42.203 Post-grant review fee.

(a) A post-grant review fee set forth in § 42.15(b) must accompany the petition.

(b) No filing date will be accorded to the petition until full payment is received.

§ 42.204 Content of petition.

In addition to the requirements of §§ 42.6, 42.8, 42.22, and 42.24, the petition must set forth:

(a) *Grounds for standing.* The petitioner must certify that the patent for which review is sought is available for post-grant review and that the petitioner is not barred or estopped from requesting a post-grant review challenging the patent claims on the grounds identified in the petition.

(b) *Identification of challenge.* Provide a statement of the precise relief requested for each claim challenged. The statement must identify the following:

(1) The claim;

(2) The specific statutory grounds permitted under 35 U.S.C. 282(b)(2) or (3) on which the challenge to the claim is based;

(3) How the challenged claim is to be construed. Where the claim to be construed contains a means-plus-function or step-plus-function limitation as permitted under 35 U.S.C. 112(f), the construction of the claim must identify the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function;

(4) How the construed claim is unpatentable under the statutory grounds identified in paragraph (b)(2) of this section. Where the grounds for unpatentability are based on prior art, the petition must specify where each element of the claim is found in the prior art. For all other grounds of unpatentability, the petition must identify the specific part of the claim that fails to comply with the statutory grounds raised and state how the identified subject matter fails to comply with the statute; and

(5) The exhibit number of the supporting evidence relied upon to support the challenge and the relevance of the evidence to the challenge raised, including identifying specific portions of the evidence that support the challenge. The Board may exclude or give no weight to the evidence where a party has failed to state its relevance or to identify specific portions of the evidence that support the challenge.

(c) A motion may be filed that seeks to correct a clerical or typographical mistake in the petition. The grant of such a motion does not change the filing date of the petition.

§ 42.205 Service of petition.

In addition to the requirements of § 42.6, the petitioner must serve the petition and exhibits relied upon in the petition as follows:

(a) The petition and supporting evidence must be served on the patent owner at the correspondence address of record for the subject patent. The petitioner may additionally serve the petition and supporting evidence on the patent owner at any other address known to the petitioner as likely to effect service.

(b) Upon agreement of the parties, service may be made electronically. Service may be by EXPRESS MAIL® or by means at least as fast and reliable as EXPRESS MAIL®. Personal service is not required.

§ 42.206 Filing date.

(a) *Complete petition.* A petition to institute a post-grant review will not be accorded a filing date until the petition satisfies all of the following requirements:

(1) Complies with § 42.204 or § 42.304, as the case may be,

(2) Effects service of the petition on the correspondence address of record as provided in § 42.205(a); and

(3) Is accompanied by the filing fee in § 42.15(b).

(b) *Incomplete petition.* Where a party files an incomplete petition, no filing date will be accorded and the Office will dismiss the request if the deficiency in the petition is not corrected within the earlier of either one month from the notice of an incomplete petition, or the expiration of the statutory deadline in which to file a petition for post-grant review.

§ 42.207 Preliminary response to petition.

(a) The patent owner may file a preliminary response to the petition. The response is limited to setting forth the reasons why no post-grant review should be instituted under 35 U.S.C. 324. The response can include evidence except as provided in paragraph (c) of this section. The preliminary response is subject to the page limits under § 42.24.

(b) *Due date.* The preliminary response must be filed no later than three months after the date of a notice indicating that the request to institute a post-grant review has been granted a filing date. A patent owner may expedite the proceeding by filing an election to waive the patent owner preliminary response.

(c) *No new testimonial evidence.* The preliminary response shall not present new testimony evidence beyond that already of record, except as authorized by the Board.

(d) *No amendment.* The preliminary response shall not include any amendment.

(e) *Disclaim Patent Claims.* The patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a), disclaiming one or more claims in the patent. No post-grant review will be instituted based on disclaimed claims.

Instituting Post-Grant Review

§ 42.208 Institution of post-grant review.

(a) When instituting post-grant review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.

(b) At any time prior to institution of post-grant review, the Board may deny some or all grounds for unpatentability for some or all of the challenged claims. Denial of a ground is a Board decision not to institute post-grant review on that ground.

(c) *Sufficient grounds.* Post-grant review shall not be instituted for a ground of unpatentability, unless the Board decides that the petition supporting the ground would, if unrebutted, demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed.

(d) *Additional grounds.* Sufficient grounds under § 42.208(c) may be a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.

After Institution of Post-Grant Review

§ 42.220 Patent owner response.

(a) *Scope.* A patent owner may file a response to the petition addressing any ground for unpatentability not already denied. A patent owner response is filed as an opposition and is subject to the page limits provided in § 42.24.

(b) *Due date for response.* If no date for filing a patent owner response to a petition is provided in a Board order, the default date for filing a patent owner response is three months from the date the post-grant review is instituted.

§ 42.221 Amendment of the patent.

(a) *Motion to amend.* A patent owner may file one motion to amend a patent, but only after conferring with the Board.

(1) *Due date.* Unless a due date is provided in a Board order, a motion to amend must be filed no later than the filing of a patent owner response.

(2) *Scope.* A motion to amend may be denied where:

(i) The amendment does not respond to a ground of unpatentability involved in the trial; or

(ii) The amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.

(3) *A reasonable number of substitute claims.* A motion to amend may cancel a challenged claim or propose a reasonable number of substitute claims. The presumption is that only one substitute claim would be needed to replace each challenged claim, and it may be rebutted by a demonstration of need.

(b) *Content.* A motion to amend claims must include a claim listing, show the changes clearly, and set forth:

(1) The support in the original disclosure of the patent for each claim that is added or amended; and

(2) The support in an earlier-filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.

(c) *Additional motion to amend.* In addition to the requirements set forth in paragraphs (a) and (b) of this section, any additional motion to amend may not be filed without Board authorization. An additional motion to amend may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement. In determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in paragraph (a)(1) of this section.

§ 42.222 Multiple proceedings and Joinder.

(a) *Multiple proceedings.* Where another matter involving the patent is before the Office, the Board may during the pendency of the post-grant review enter any appropriate order regarding the additional matter including providing for the stay, transfer, consolidation, or termination of any such matter.

(b) *Request for joinder.* Joinder may be requested by a patent owner or petitioner. Any request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any post-grant review for which joinder is requested.

§ 42.223 Filing of supplemental information.

(a) *Motion to submit supplemental information.* Once a trial has been instituted, a party may file a motion to submit supplemental information in accordance with the following requirements:

(1) A request for the authorization to file a motion to submit supplemental information is made within one month of the date the trial is instituted.

(2) The supplemental information must be relevant to a claim for which the trial has been instituted.

(b) *Late submission of supplemental information.* A party seeking to submit supplemental information more than one month after the date the trial is instituted, must request authorization to file a motion to submit the information. The motion to submit supplemental information must show why the supplemental information reasonably could not have been obtained earlier, and that consideration of the supplemental information would be in the interests-of-justice.

(c) *Other supplemental information.* A party seeking to submit supplemental information not relevant to a claim for which the trial has been instituted must request authorization to file a motion to submit the information. The motion must show why the supplemental information reasonably could not have been obtained earlier, and that consideration of the supplemental information would be in the interests-of-justice.

§ 42.224 Discovery.

Notwithstanding the discovery provisions of subpart A:

(a) Requests for additional discovery may be granted upon a showing of good cause as to why the discovery is needed; and

(b) Discovery is limited to evidence directly related to factual assertions advanced by either party in the proceeding.

■ 4. Add subpart D to read as follows:

Subpart D—Transitional Program for Covered Business Method Patents

Sec.
42.300 Procedure; pendency.
42.302 Who may petition for a covered business method patent review.
42.303 Time for filing.
42.304 Content of petition.

Subpart D—Transitional Program for Covered Business Method Patents

§ 42.300 Procedure; pendency.

(a) A covered business method patent review is a trial subject to the procedures set forth in subpart A of this part and is also subject to the post-grant review procedures set forth in subpart C except for §§ 42.200, 42.201, 42.202, and 42.204.

(b) A claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.

(c) A covered business method patent review proceeding shall be administered such that pendency before the Board after institution is normally no more than one year. The time can be extended by up to six months for good cause by the Chief Administrative Patent Judge.

(d) The rules in this subpart are applicable until September 15, 2020, except that the rules shall continue to apply to any petition for a covered business method patent review filed before the date of repeal.

§ 42.302 Who may petition for a covered business method patent review.

(a) A petitioner may not file with the Office a petition to institute a covered business method patent review of the patent unless the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner has been sued for infringement of the patent or has been charged with infringement under that patent. Charged with infringement means a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court.

(b) A petitioner may not file a petition to institute a covered business method patent review of the patent where the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is estopped from challenging the claims on the grounds identified in the petition.

§ 42.303 Time for filing.

A petition requesting a covered business method patent review may be filed any time except during the period in which a petition for a post-grant review of the patent would satisfy the requirements of 35 U.S.C. 321(c).

§ 42.304 Content of petition.

In addition to any other notices required by subparts A and C of this part, a petition must request judgment against one or more claims of a patent identified by patent number. In addition to the requirements of §§ 42.6, 42.8, 42.22, and 42.24 the petition must set forth:

(a) *Grounds for standing.* The petitioner must demonstrate that the patent for which review is sought is a covered business method patent, and that the petitioner meets the eligibility requirements of § 42.302.

(b) *Identification of challenge.* Provide a statement of the precise relief requested for each claim challenged. The statement must identify the following:

(1) The claim;

(2) The specific statutory grounds permitted under paragraph (2) or (3) of 35 U.S.C. 282(b), except as modified by section 18(a)(1)(C) of the Leahy-Smith America Invents Act (Pub. L. 112–29, 125 Stat. 284 (2011)), on which the challenge to the claim is based;

(3) How the challenged claim is to be construed. Where the claim to be construed contains a means-plus-function or step-plus-function limitation as permitted under 35 U.S.C. 112(f), the construction of the claim must identify the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function;

(4) How the construed claim is unpatentable under the statutory grounds identified in paragraph (b)(2) of this section. Where the grounds for

unpatentability are based on prior art, the petition must specify where each element of the claim is found in the prior art. For all other grounds of unpatentability, the petition must identify the specific part of the claim that fails to comply with the statutory grounds raised and state how the identified subject matter fails to comply with the statute; and

(5) The exhibit number of supporting evidence relied upon to support the challenge and the relevance of the evidence to the challenge raised, including identifying specific portions of the evidence that support the challenge. The Board may exclude or give no weight to the evidence where a party has failed to state its relevance or to identify specific portions of the evidence that support the challenge.

(c) A motion may be filed that seeks to correct a clerical or typographical mistake in the petition. The grant of such a motion does not change the filing date of the petition.

Dated: July 16, 2012.

David J. Kappos,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2012–17906 Filed 8–13–12; 8:45 am]

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Part IV

Department of Commerce

Patent and Trademark Office

37 CFR Part 42

Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No. PTO–P–2011–0087]

RIN 0651–AC75

Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (Office or USPTO) is revising the rules of practice to implement the provision of the Leahy-Smith America Invents Act (''AIA'') that requires the Office to issue regulations for determining whether a patent is for a technological invention in a transitional post-grant review proceeding for covered business method patents. The provision of the AIA will take effect on September 16, 2012, one year after the date of enactment. The AIA provides that this provision and any regulations issued under the provision will be repealed on September 16, 2020, with respect to any new petitions under the transitional program.

DATES: *Effective Date:* The changes in this final rule take effect on September 16, 2012.

Applicability Date: The changes in this final rule apply to any covered business method patent issued before, on, or after September 16, 2012.

FOR FURTHER INFORMATION CONTACT: Sally C. Medley, Administrative Patent Judge; Michael P. Tierney, Lead Administrative Patent Judge; Robert A. Clarke, Administrative Patent Judge; and Joni Y. Chang, Administrative Patent Judge; Board of Patent Appeals and Interferences, by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION:

Executive Summary: *Purpose:* On September 16, 2011, the AIA was enacted into law (Pub. L. 112–29, 125 Stat. 284 (2011)). The purpose of the AIA and this final rule is to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs. The preamble of this notice sets forth in detail the definitions of the terms ''covered business method patent'' and ''technological invention'' that the Board will use in conducting transitional covered business method patent review proceedings. The USPTO is engaged in a transparent process to create a timely, cost-effective alternative to litigation. Moreover, this rulemaking process is designed to ensure the integrity of the trial procedures. *See* 35 U.S.C. 326(b).

Summary of Major Provisions: This final rule sets forth the definitions of the terms ''covered business method patent'' and ''technological invention'' that the Office will use in conducting transitional covered business method patent review proceedings.

Costs and Benefits: This rulemaking is *not* economically significant, but is significant, under Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

Background: To implement sections 6 and 18 of the AIA, the Office published the following notices of proposed rulemaking: (1) *Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR 6879 (Feb. 9, 2012), to provide a consolidated set of rules relating to Board trial practice for *inter partes* review, post-grant review, derivation proceedings, and the transitional program for covered business method patents, and judicial review of Board decisions by adding new parts 42 and 90 including a new subpart A to title 37 of the Code of Federal Regulations (RIN 0651–AC70); (2) *Changes to Implement Inter Partes Review Proceedings,* 77 FR 7041 (Feb. 10, 2012), to provide rules specific to *inter partes* review by adding a new subpart B to 37 CFR part 42 (RIN 0651–AC71); (3) *Changes to Implement Post-Grant Review Proceedings,* 77 FR 7060 (Feb. 10, 2012), to provide rules specific to post-grant review by adding a new subpart C to 37 CFR part 42 (RIN 0651–AC72); (4) *Changes to Implement Transitional Program for Covered Business Method Patents,* 77 FR 7080 (Feb. 10, 2012), to provide rules specific to the transitional program for covered business method patents by adding a new subpart D to 37 CFR part 42 (RIN 0651–AC73); (5) *Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR 7095 (Feb. 10, 2012), to add a new rule that sets forth the definition of technological invention for determining whether a patent is for a technological invention for purposes of the transitional program for covered business method patents (RIN 0651–AC75); and (6) *Changes to Implement Derivation Proceedings,* 77 FR 7028 (Feb. 10, 2012), to provide rules specific to derivation proceedings by adding a new subpart E to 37 CFR part 42 (RIN 0651–AC74).

Additionally, the Office published a Patent Trial Practice Guide for the proposed rules in the **Federal Register** to provide the public an opportunity to comment. *Practice Guide for Proposed Trial Rules,* 77 FR 6868 (Feb. 9, 2012) (Request for Comments) (hereafter ''Practice Guide'' or ''Office Patent Trial Practice Guide''). The Office envisions publishing a revised Patent Trial Practice Guide for the final rules. The Office also hosted a series of public educational roadshows, across the country, regarding the proposed rules for the implementation of the AIA.

In response to the notices of proposed rulemaking and the Practice Guide notice, the Office received 251 submissions offering written comments from intellectual property organizations, businesses, law firms, patent practitioners, and others, including a United Stated senator who was a principal author of section 18 of the AIA. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. The Office's responses to the comments are provided in the 124 separate responses based on the topics raised in the 251 comments in the Response to Comments section *infra.*

Section 18 of the AIA provides that the Director may institute a transitional proceeding only for a patent that is a covered business method patent. In particular, section 18(d)(1) of the AIA specifies that a covered business method patent is a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions. Section 18(d)(2) of the AIA provides that the Director will issue regulations for determining whether a patent is for a technological invention. Consistent with these statutory provisions, this rulemaking provides regulations for determining whether a patent is for a technological invention. The AIA provides that the transitional program for the review of covered business method patents will take effect on September 16, 2012, one year after the date of enactment, and applies to any covered business method patent issued before, on, or after September 16, 2012. Section 18 of the AIA and the

regulations issued under this provision will be repealed on September 16, 2020. Section 18 of the AIA and the regulations issued will continue to apply after September 16, 2020, to any petition for a transitional proceeding that is filed before September 16, 2020.

Pursuant to section 18(d) of the AIA, the Office is prescribing regulations to set forth the definitions of the terms ''covered business method patent'' and ''technological invention'' in its regulation. In February 2012, the Office published two notices proposing changes to 37 CFR chapter I to implement sections 18(d)(1) and (d)(2) of the AIA. *See Changes to Implement Transitional Program for Covered Business Method Patents,* 77 FR 7080 (Feb. 10, 2012) and *Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR 7095 (Feb. 10, 2012).

This final rule revises the rules of practice to implement section 18(d)(1) of the AIA that provides the definition of the term ''covered business method patent'' and section 18(d)(2) of the AIA that provides that the Director will issue regulations for determining whether a patent is for a technological invention. This final rule sets forth the definitions in new subpart D of 37 CFR 42, specifically in § 42.301.

This rulemaking is one of a series of rules that the Office is promulgating directed to the new trials that were created by the AIA. The Office, in a separate rulemaking, revises the rules of practice to provide a consolidated set of rules relating to Board trial practice, adding part 42, including subpart A (RIN 0651–AC70). More specifically, subpart A of part 42 sets forth the policies, practices, and definitions common to all trial proceedings before the Board. In another separate rulemaking, the Office revises the rules of practice to implement the provisions of the AIA for the transitional program for covered business method patents (RIN 0651–AC71). In particular, that separate final rule adds a new subpart D to 37 CFR part 42 to provide rules specific to transitional post-grant review of covered business method patents. Further, that separate final rule adds a new subpart B to 37 CFR part 42 to provide rules specific to *inter partes* review, and a new subpart C to 37 CFR part 42 to provide rules specific to post-grant review. The notices are available on the USPTO Internet Web site at *www.uspto.gov.*

Discussion of Specific Rules

Title 37 of the Code of Federal Regulations, Chapter I, Part 42, Subpart D, Section 42.301, entitled ''Definitions'' is added as follows:

Section 42.301: Section 42.301 provides definitions specific to covered business method patent reviews.

Section 42.301(a) adopts the definition for covered business method patents provided in section 18(d)(1) of the AIA. Specifically, the definition provides that a *covered business method patent* means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

Section 42.301(b) sets forth the definition for technological invention for covered business method patent review proceedings. The definition of technological invention provides that in determining whether a patent is for a technological invention solely for purposes of the Transitional Program for Covered Business Methods, the following will be considered on a case-by-case basis: Whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art, and solves a technical problem using a technical solution. The Office recognizes that, in prescribing a regulation to define technological invention, the Office must consider the efficient administration of the proceedings by the Office, and its ability to complete them timely, consistent with 35 U.S.C. 326(b).

The definition is consistent with the legislative history of the AIA. *See, e.g.,* 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (''The 'patents for technological inventions' exception only excludes those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution and which requires the claims to state the technical features which the inventor desires to protect.''); 157 Cong. Rec. H4497 (daily ed. June 23, 2011) (statement of Rep. Smith) (''Patents for technological inventions are those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution.''); 157 Cong. Rec. S5428 (daily ed. Sept. 8, 2011) (statement of Sen. Coburn) (''Patents for technological inventions are those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution.'').

Response to Comments

The Office received about 47 written submissions of comments (from intellectual property organizations, businesses, law firms, patent practitioners, and others) in response to the proposed definitions. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. The Office's responses to the comments that are germane to the definitions adopted in this final rule are provided below:

Section 42.301(a)

Comment 1: Several comments suggested that the Office interpret ''financial product or service'' broadly.

Response: The definition set forth in § 42.301(a) for covered business method patent adopts the definition for covered business method patent provided in section 18(d)(1) of the AIA. In administering the program, the Office will consider the legislative intent and history behind the public law definition and the transitional program itself. For example, the legislative history explains that the definition of covered business method patent was drafted to encompass patents ''claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.'' 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer). This remark tends to support the notion that ''financial product or service'' should be interpreted broadly.

Comment 2: One comment noted that there is no proposed definition of the term ''financial product or service'' and suggested amending the proposed rule for covered business method patent to include two factors to consider on a case-by-case basis: (1) Whether the claimed subject matter is directed to an agreement between two parties stipulating the movement of money or other consideration now or in the future; and (2) whether the claimed subject matter is particular to the characteristics of financial institutions. Still other comments supported the Office's definition of a covered business method patent as is.

Response: The definition suggested by the comment for ''financial product or service'' is not adopted. That suggestion would appear to limit the scope of the definition of covered business method patents provided in section 18(d)(1) of the AIA, particularly the second prong of the proposed definition. In addition, the Office has considered the comment seeking to change the definition of a covered business method patent against the comments in support of the

definition set forth in the proposed § 42.301(a) and in section 18(d)(1) of the AIA. Upon consideration of the diverging comments, and the definition provided in the public law, the Office adopts proposed § 42.301(a), in this final rule, without any alterations.

Comment 3: One comment suggested that the Office should clarify that the term ''financial product or service'' should be limited to the products or services of the financial services industry. Still another comment stated that the term ''financial product or service'' is not limited to the products of the financial services industry.

Response: The suggestion to clarify that the term ''financial product or service'' is limited to the products or services of the financial services industry is not adopted. Such a narrow construction of the term would limit the scope of the definition of covered business method patents beyond the intent of section 18(d)(1) of the AIA. For example, the legislative history reveals that ''[t]he plain meaning of 'financial product or service' demonstrates that section 18 is not limited to the financial services industry.'' 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer). This remark tends to support the notion that ''financial product or service'' is not limited to the products or services of the financial services industry.

Comment 4: One comment suggested that the Office revise proposed § 42.301(a) to clarify that the determination of a ''covered business method patent'' would not be satisfied by merely reciting an operating environment related to data processing or management of a financial product or service, but that eligibility should be determined by what the patent claims.

Response: This suggestion is not adopted. The definition set forth in § 42.301(a) adopts the definition for a covered business method patent provided in section 18(d)(1) of the AIA. Specifically, the statutory language states that a covered business method patent is ''a patent that *claims* a method or corresponding apparatus for performing data processing * * *, except that the term does not include patents for technological inventions.'' (Emphasis added.) Consistent with the AIA, the definition set forth in § 42.301(a), as adopted in this final rule, is based on what the patent claims.

Comment 5: One comment suggested that the proposed definition is based on Class 705 of the United States Classification System and that the definition should be amended to include a specific reference to Class 705, including systems.

Response: The definition set forth in § 42.301(a) adopts the definition for covered business method patents provided in section 18(d)(1) of the AIA. The definition set forth in § 42.301(a) will not be altered to make reference to Class 705 of the United Classification System since doing so would be contrary to the definition set out in the public law. The legislative history reveals that

> [o]riginally, class 705 was used as the template for the definition of business method patents in section 18. However, after the bill passed the Senate, it became clear that some offending business method patents are issued in other sections. So the House bill changes the definition only slightly so that it does not directly track the class 705 language.

157 Cong. Rec. S5410 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer). This remark tends to support the notion that the definition of a covered business method patent should not be changed to refer to Class 705 of the United States Classification System. In addition, the Office received comments in support of the definition set forth in the proposed rule. Upon considering the AIA and legislative history, as well as those supporting comments in favor of the definition against the comment to change the definition, the Office has decided to adopt proposed § 42.301(a) in this final rule, without altering the proposed definition.

Section 42.301(b)

Comment 6: One comment asked whether it is the novel and unobvious technological feature that provides the technical solution to a technical problem or that the novel and unobvious technological feature does not necessarily need to be the technical solution to the technical problem.

Response: The definition in § 42.301(b) includes considering whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art and solves a technical problem using a technical solution. The reference ''and solves a technical problem using a technical solution'' is with respect to ''the claimed subject matter as a whole.''

Comment 7: One comment suggested that the definition is not actually a definition as it only states two factors to be considered, and that the Office did not have to use legislative history for the rule because Congress instructed the Office to use its own expertise. Still another comment suggested that the Office should not have based the definition on the legislative history.

Response: Section 18(d)(2) of the AIA provides that ''[t]o assist in implementing the transitional proceeding authorized by this subsection, the Director shall issue regulations for determining whether a patent is for a technological invention.'' Consistent with the AIA, the definition for technological invention, as adopted in this final rule, sets forth what is to be considered in determining whether a patent is for a technological invention. The Office disagrees that it should not have looked to the legislative history in formulating the definition. The Office, in determining the best approach for defining the term ''technological invention,'' concluded that the relied upon portion of the legislative history represented the best policy choice.

Comment 8: Several comments sought clarification on whether a single claim can make the patent a covered business method patent or whether it is the subject matter as a whole that is considered.

Response: The definition set forth in § 42.301(b) for a covered business method patent adopts the definition for covered business method patents provided in section 18(d)(1) of the AIA. Specifically, the language states that a covered business method patent is ''a patent that *claims* a method or corresponding apparatus for performing data processing * * *, except that the term does not include patents for technological inventions.'' (Emphasis added.) Consistent with the AIA, the definition, as adopted, therefore is based on what the patent claims. Determination of whether a patent is a covered business method patent will be made based on the claims. Similarly, determination of whether a patent is to a technological invention will be determined based on the claims of the patent. A patent having one or more claims directed to a covered business method is a covered business method patent for purposes of the review, even if the patent includes additional claims.

Comment 9: Several comments suggested that the definition should not be based on novelty or nonobviousness; some proposed a definition that eliminates ''novel and unobvious.'' Other comments fully supported the proposed definition set forth in the proposed rule.

Response: Under § 42.301(b), in determining whether a patent is for a technological invention solely for purposes of the Transitional Program for Covered Business Methods, the Office will consider whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art. Therefore, the definition in § 42.301(b) is consistent with the AIA and the

legislative history. Moreover, several comments supported the definition set forth in proposed § 42.301(b). Upon considering the AIA and the legislative history as well as the supporting comments in favor of the definition balanced against the comments to change the definition, the Office adopts the definition in proposed § 42.301(b), in this final rule, without alterations. Therefore, the Office did not adopt a definition that is not based on novelty or nonobviousness.

Comment 10: Several comments proposed using the standards of patent subject matter eligibility under 35 U.S.C. 101 to define whether a patent is for a technological invention. Still other comments opposed using a 35 U.S.C. 101 standard. Moreover, several comments fully supported the definition in proposed § 42.301(b).

Response: The definition in proposed § 42.301(b) is consistent with the AIA and the legislative history as discussed above. The suggestions to change the definition using the standards of patent subject matter eligibility under 35 U.S.C. 101 will not be adopted. Several comments supported the definition set forth in proposed § 42.301(b) while other comments opposed changing the definition based on the standards of patent subject matter eligibility under 35 U.S.C. 101. Upon considering the AIA and the legislative history as well as the comments in favor of the definition balanced against the comments to change the definition, the Office decided to adopt proposed § 42.301(b), in this final rule.

Comment 11: Several comments suggested applying the definition to limit reviews under the program while others suggested applying the definition not to limit reviews under the program.

Response: The Office will consider whether a patent is for a technological invention on a case-by-case basis and will take into consideration the facts of a particular case. Therefore, the Office did not adopt the suggestions to apply a definition to limit, or not to limit, reviews without considering the factors as applied to all of the reviews.

Comment 12: Several comments stated that the definition in proposed § 42.301(b) is confusing, circular, and ambiguous. Other comments fully supported the definition set forth in the proposed rule.

Response: The definition adopted in § 42.301(b) is based upon the legislative history of the AIA. The Office believes that the definition provides appropriate guidance to the public, taken in light of the legislative history, as well as the Supreme Court case law on patent eligible subject matter and the Office's existing guidelines. *See, e.g., Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of Bilski* v. *Kappos,* 75 FR 43922 (Jul. 27, 2010). The Office will consider whether a patent is for a technological invention on a case-by-case basis and will take into consideration the facts of a particular case. As applied to a particular case, only one result will occur. Moreover, additional guidance will be provided to the public as decisions are rendered applying the definition as they become available. Many comments fully supported the definition. Upon considering the AIA and the legislative history as well as the supporting comments in favor of the definition balanced against the comments to change the definition, the Office decided to adopt proposed § 42.301(b) in this final rule, and not to alter the definition as requested.

Comment 13: Several comments proposed various different definitions for technological invention. Other comments fully supported the definition set forth in the proposed rule.

Response: The Office appreciates and has considered the suggested definitions. Although the definitions have been considered, the Office is not adopting the definitions suggested in the comments. Specifically, the Office believes that the definition in § 42.301(b) is consistent with the legislative history of the AIA and more narrowly tailors the reviews that are instituted in view of that history. Moreover, several comments supported the definition set forth in the proposed rule. Upon considering the comments in favor of the definition balanced against those comments to change the definition, the Office has decided to adopt proposed § 42.301(b), in this final rule, and not alter the definition as requested.

Comment 14: One comment supported the definition set forth in proposed § 42.301(b), but encouraged the Office to include in the preamble of the final rule notice a reference to remarks made by Senator Durbin from the legislative history. One other comment suggested that the remarks of Senators Schumer and Coburn and Representative Smith should not be given controlling weight and in any event their remarks should be balanced against the remarks of others, including Senator Durbin. Both comments refer to the remarks made by Senator Durbin on September 8, 2011. 157 Cong. Rec. S5433 (daily ed. Sept. 8, 2011).

Response: The Office appreciates the comments. However, the specific remarks of Senator Durbin to which the Office is directed will not be included in the preamble as suggested. In the testimony to which the Office is directed, Senator Durbin provided broad examples of the kinds of patents that would not be subject to a transitional covered business method patent review. Although the comments are instructive, the comments identify very specific examples that are not necessarily suited for the preamble but are better addressed when reviewing the merits of a case.

Comment 15: Several comments suggested that the case-by-case approach is not specific enough and could create uncertainty. Other comments fully supported the definition set forth in proposed § 42.301(b).

Response: The definition in proposed § 42.301(b) was drafted to ensure flexibility in administering the transitional covered business method review program. In determining whether a patent is for a technological invention, the particular facts of a case will be considered. Additionally, more information on how the rule applies to specific factual situations will be available as decisions are issued. Therefore, the Office adopts proposed § 42.301(b) in this final rule without any alteration.

Office Patent Trial Practice Guide

Comment 16: Several comments suggested that the Office provide additional examples for what is a covered business method patent and what is a technological invention.

Response: The Office agrees that more examples would be helpful to the public. The Office anticipates publishing written decisions as soon as practical, after which more examples likely will be provided in the Office Patent Trial Practice Guide. The Office will make cases publicly available to provide more guidance in the future.

Comment 17: One comment stated that the provided examples in the Practice Guide for Proposed Trial Rules are inconsistent because a hedging machine and credit card reader are computers using known technologies.

Response: The Office disagrees that the examples of covered business method patents that are subject to a covered business method patent review are inconsistent with the examples of patents that claim a technological invention. The Practice Guide for Proposed Trial Rules provides examples of covered business method patents that are subject to a covered business method patent review. One example is a patent that claims a method for hedging risk in the field of commodities trading. Another example is a patent that claims a method for verifying

validity of a credit card transaction. Still other examples are given of a patent that claims a technological invention that would not be subject to a covered business method patent review. One example is a patent that claims a novel and nonobvious hedging machine for hedging risk in the field of commodities trading. Another example is a patent that claims a novel and nonobvious credit card reader for verifying the validity of a credit card transaction. The comment assumes that in all examples the machine or card reader is a computer using known technologies. However, no such qualifications were provided in the examples.

Rulemaking Considerations

The rulemaking considerations for the series of final rules implementing the administrative patent trials as required by the AIA have been considered together and are based upon the same assumptions, except where differences between the regulations and proceedings that they implement require additional or different information. Notably, this final rule is directed to the covered business method patent provision, and therefore, does not depend on or discuss the responses or information related to *inter partes* reviews, post-grant reviews other than covered business method patent reviews, and derivations. This final rule also provides the alternatives considered for the technological invention for the purposes of the covered business method patent review, provided in section B(6) below.

A. Administrative Procedure Act (APA)

This final rule revises the rules of practice concerning the procedure for requesting a covered business method patent review. The changes being adopted in this notice do not change the substantive criteria of patentability. These changes involve rules of agency practice, including related standards. *See, e.g.,* 35 U.S.C. 316(a)(5), as amended. These rules are procedural and/or interpretive rules. *See Bachow Commc'ns Inc.* v. *FCC,* 237 F.3d 683, 690 (D.C. Cir. 2001) (rules governing an application process are procedural under the Administrative Procedure Act); *Inova Alexandria Hosp.* v. *Shalala,* 244 F.3d 342, 350 (4th Cir. 2001) (rules for handling appeals were procedural where they did not change the substantive requirements for reviewing claims); *Nat'l Org. of Veterans' Advocates* v. *Sec'y of Veterans Affairs,* 260 F.3d 1365, 1375 (Fed. Cir. 2001) (rule that clarifies interpretation of a statute is interpretive); *JEM Broad. Co.* v. *F.C.C.,* 22 F.3d 320, 328 (D.C. Cir. 1994) (The rules are not legislative because they do not ''foreclose effective opportunity to make one's case on the merits''). Moreover, section 18(d)(2) of the AIA requires the Director to prescribe regulations for determining whether a patent is for a technological invention.

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law), and thirty-day advance publication is not required pursuant to 5 U.SC. 553(d) (or any other law). *See Cooper Techs. Co.* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), does not require notice and comment rule making for ''interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice'') (quoting 5 U.S.C. 553(b)(A)); *U.S.* v. *Gould,* 568 F.3d 459, 476 (4th Cir. 2009) (''The APA also requires publication of any substantive rule at least 30 days before its effective date, 5 U.S.C. § 553(d), except where the rule is interpretive * * * .''). The Office, however, published these proposed changes for comment as it sought the benefit of the public's views on the Office's proposed implementation of these provisions of the AIA. *See Changes to Implement Transitional Program for Covered Business Method Patents,* 77 FR 7080 (Feb. 10, 2012) (notice of proposed rulemaking) and *Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR 7095 (Feb. 10, 2012) (notice of proposed rulemaking).

The Office received one written submission of comments from the public regarding the Administrative Procedure Act (APA). Each component of that comment directed to the APA is addressed below.

Comment 18: One comment suggested that almost all of the proposed regulations were legislative and not interpretive rules. That leads the USPTO to omit required steps in the rulemaking process.

Response: At the outset, it should be noted that the Office did not omit any steps in the rulemaking process. Even though not legally required, the Office published notices of proposed rulemaking in the **Federal Register**, solicited public comment, and fully considered and responded to comments received. Although the Office sought the benefit of public comment, these rules are procedural and/or interpretive. *Stevens* v. *Tamai,* 366 F3d. 1325, 1333–34 (Fed. Cir. 2004) (upholding the Office's rules governing the procedure in patent interferences). The final written decisions on patentability which conclude the reviews will not be impacted by the regulations, adopted in this final rule, as the decisions will be based on statutory patentability requirements, *e.g.,* 35 U.S.C. 101 and 102.

Comment 19: One comment suggested that, even if the rules are merely procedural, reliance on *Cooper Techs.* v. *Dudas* was not appropriate and therefore notice and comment was required.

Response: These rules are consistent with the AIA requirements to prescribe regulations to set forth standards and procedures. The rules are procedural and/or interpretative. *Stevens* v. *Tamai,* 366 F3d. 1325, 1333–34 (Fed. Cir. 2004) (upholding the Office's rules governing the procedure in patent interferences). The Office nevertheless published notices of proposed rulemaking in the **Federal Register**, solicited public comment, and fully considered and responded to comments received. In both the notice of proposed rulemaking and this final rule, the Office cites *Cooper Techs. Co* v. *Dudas,* 536 F.3d 1330, 1336, 37 (Fed. Cir. 2008), for the proposition that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), does not require notice and comment rulemaking for ''interpretive rules, general statement of policy, or rules of agency organization, procedure or practice.'' The Office's reliance on *Cooper Technologies* is appropriate and remains an accurate statement of administrative law. In any event, the Office sought the benefit of public comment on the proposed rules and has fully considered and responded to the comments received.

B. Final Regulatory Flexibility Act Analysis

The Office estimates that 50 petitions for covered business method patent review will be filed each year in fiscal years 2013–2015. Fiscal year 2013 will be the first fiscal year in which the review proceeding will be available for an entire fiscal year.

The estimated number of covered business method patent review petitions is based on the number of *inter partes* reexamination requests filed in fiscal year 2011 for patents having an original classification in Class 705 of the United States Patent Classification System. Class 705 is the classification for patents directed to data processing in the following areas: financial, business practice, management, or cost/price determination. *See* Class 705 Data Processing: Financial, Business Practice, Management, or Cost/Price Determination (Jan. 2012), *available at*

http://www.uspto.gov/web/patents/classification/uspc705/sched705.pdf.

The following is the class definition and description for Class 705:

This is the generic class for apparatus and corresponding methods for performing *data processing* operations, in which there is a significant change in the data or for performing *calculation operations* wherein the apparatus or method is uniquely designed for or utilized in the *practice,* administration, or management of an *enterprise,* or in the processing of financial data.

This class also provides for apparatus and corresponding methods for performing *data processing* or *calculating operations* in which a charge for goods or services is determined.

This class additionally provides for subject matter described in the two paragraphs above in combination with cryptographic apparatus or method.

Subclasses 705/300–348 were established prior to complete reclassification of all project documents. Documents that have not yet been reclassified have been placed in 705/1.1. Until reclassification is finished a complete search of 705/300–348 should include a search of 705/1.1. Once the project documents in 705/1.1 have been reclassified they will be moved to the appropriate subclasses and this note will be removed.

Scope of the Class

1. The *arrangements* in this class are generally used for problems relating to administration of an organization, commodities or financial transactions.

2. Mere designation of an arrangement as a ''business machine'' or a document as a ''business form'' or ''business chart'' without any particular business function will not cause classification in this class or its subclasses.

3. For classification herein, there must be significant claim recitation of the data processing system or calculating computer and only nominal claim recitation of any external art environment. Significantly claimed apparatus external to this class, claimed in combination with apparatus under the class definition, which perform data processing or calculation operations are classified in the class appropriate to the external device unless specifically excluded therefrom.

4. Nominally claimed apparatus external to this class in combination with apparatus under the class definition is classified in this class unless provided for in the appropriate external class.

5. In view of the nature of the subject matter included herein, consideration of the classification schedule for the diverse art or environment is necessary for proper search.

See Classification Definitions (Jan. 2012), *available at http://www.uspto.gov/web/patents/classification/uspc705/defs705.htm.*

Accordingly, patents subject to covered business method patent review are anticipated to be typically classifiable in Class 705. It is anticipated that the number of patents in Class 705 that do not qualify as covered business method patents would approximate the number of patents classified in other classes that do qualify.

The Office received 20 requests for *inter partes* reexamination of patents classified in Class 705 in fiscal year 2011. The Office is estimating the number of petitions for covered business method patent review to be 50 requests due to an expansion of the grounds for which review may be requested including subject matter eligibility grounds, the greater coordination with litigation, and the provision that patents will be eligible for the proceeding regardless of filing date of the application which resulted in the patent.

The Office has updated its review of the entity status of patents for which *inter partes* reexamination was requested from October 1, 2000, to May 18, 2012. This data only includes filings granted a filing date, and does not include filings of improper requests. The first *inter partes* reexamination was filed on July 27, 2001. A summary of that review is provided in Table 1 below. As shown by Table 1, patents known to be owned by a small entity represented 32.09% of patents for which *inter partes* reexamination was requested. Based on an assumption that the same percentage of patents owned by small entities will be subject to covered business method patent review, it is estimated that 16 petitions for covered business method patent review would be filed to seek review of patents owned by a small entity annually in fiscal years 2013–2015.

TABLE 1—INTER PARTES REEXAMINATION REQUESTS FILED WITH PARENT ENTITY TYPE *

Fiscal year	*Inter partes* reexamination requests filed	Number filed where parent patent is small entity type	Percentage of small entity type of total
2012	226	85	37.61
2011	369	135	36.59
2010	255	89	34.9
2009	237	61	25.74
2008	155	51	32.9
2007	127	32	25.2
2006	61	16	26.23
2005	59	20	33.9
2004	26	5	19.23
2003	21	12	57.14
2002	4	1	25.00
2001	1	0	0.00
	1315	422	32.09

* Small entity status determined by reviewing preexamination small entity indicator for the parent patent.

The 16 petitions estimated to be filed annually involve only a minute fraction of the total of approximately 375,000 patents in force that are owned by small entities.

Based on the number of patents issued during fiscal years 1995 through 1999 that paid the small entity third stage maintenance fee, the number of patents issued during fiscal years 2000 through 2003 that paid the small entity second stage maintenance fee, the number of patents issued during fiscal years 2004 through 2007 that paid the small entity first stage maintenance fee, and the number of patents issued during fiscal years 2008 through 2011 that paid a small entity issue fee, there are approximately 375,000 patents owned by small entities in force as of October 1, 2011.

Furthermore, the Office recognizes that there would be an offset to this number for patents that expire earlier than 20 years from their filing date due to a benefit claim to an earlier application or due to a filing of a

terminal disclaimer. The Office likewise recognizes that there would be an offset in the opposite manner due to the accrual of patent term extension and adjustment. The Office, however, does not maintain data on the date of expiration by operation of a terminal disclaimer. Therefore, the Office has not adjusted the estimate of 375,000 patents owned by small entities in force as of October 1, 2011. While the Office maintains information regarding patent term extension and adjustment accrued by each patent, the Office does not collect data on the expiration date of patents that are subject to a terminal disclaimer. As such, the Office has not adjusted the estimate of 375,000 patents owned by small entities in force as of October 1, 2011, for accrual of patent term extension and adjustment, because in view of the incomplete terminal disclaimer data issue, any adjustment would be incomplete would be administratively burdensome to estimate. Thus, it is estimated that the number of small entity patents in force in fiscal years 2013–2015 will be approximately 375,000.

Based on the estimated number of patents in force, the number of small entity-owned patents impacted by covered business method patent review annually in fiscal years 2013–2015 (16 patents) would be less than 0.005% (16/375,000) of all patents in force that are owned by small entities.

1. Description of the Reasons That Action by the Office Is Being Considered

The Office is revising the rules of practice to implement the transitional program for covered business method patent review provisions of the AIA, which take effect September 16, 2012. Public Law 112–29, § 6(f), 125 Stat. 284, 311 (2011). The AIA requires the Office to issue regulations for determining whether a patent is for a technological invention in a transitional post-grant review proceeding for covered business method patents.

2. Statement of the Objectives of, and Legal Basis for, the Final Rule

The final rule is part of a series of rules that implement covered business method patent review as authorized by the AIA. Specifically the final rule provides a definition for determining whether a patent is for a technological invention for use in a transitional post-grant review proceeding for covered business method patents. The AIA requires that the Director prescribe rules for the covered business method patent reviews that result in a final determination not later than one year after the date on which the Director notices the institution of a proceeding. The one-year period may be extended for not more than six months if good cause is shown. *See* 35 U.S.C. 326(a)(11). The AIA also requires that the Director, in prescribing rules for covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely. *See* 35 U.S.C. 326(b). Consistent with the time periods provided in 35 U.S.C. 326(a)(11), those final rules are designed to result in a final determination by the Patent Trial and Appeal Board within one year of the notice of initiation of the review, except where good cause is shown to exist. This one-year review will enhance the economy and improve the integrity of the patent system and the efficient administration of the Office.

3. Statement of Significant Issues Raised by the Public Comments in Response to the IRFA and the Office's Response to Such Issues

The Office published IRFA analyses to consider the economic impact of the proposed rules on small entities, including an IRFA analysis for covered business methods. See Transitional Program for Covered Business Method Patents-Definition of Technological Invention, 77 FR 7095, 7097–7105 (Feb. 10, 2012).

The Office received one written submission of comments from the public concerning the Regulatory Flexibility Act, which was relevant to all three final rulemakings concerning contested cases. Each component of that comment directed to the Regulatory Flexibility Act is addressed below.

Comment 20: One comment argued that non-office costs and burden should include the burden on small entity patent owners, petitioners, and licensees, as well as settlement burdens, disruption of businesses, or effects on investment, business formation or employment. The comment further argued that prophylactic application steps (*e.g.*, filing of reissue applications) were not considered and that the offsets for *inter partes* reexamination's elimination were not appropriate.

Response: As explained in the notice of proposed rulemaking, the Office notes that *inter partes* reexamination is the appropriate baseline for estimating economic impacts because the use or outcome of the prior reexamination process and the new trial are largely the same. *See* OMB Circular A4, (e)(3). The Office estimated that the same number of patents would be subject to *inter partes* review as would have been subject to *inter partes* reexamination. The comment did not argue that this estimate was unreasonable or provide an alternative estimate. Considering the similarities in the grounds of review and the number of patents subject to the proceedings, it is anticipated that the existing *inter partes* reexamination process, if not eliminated for new filings, would have had similar impact on the economy as the new review proceedings and therefore the impacts noted in the comment would simply replace existing analogous impacts and effects in *inter partes* reexamination. The comment argues that no offset for the replaced process should be considered although OMB guidance provides otherwise. *See* OMB Circular A4. Additionally, although the comment argues that the new proceedings may result in patent owners taking additional prophylactic measures that would have their own burdens for small businesses, any patent owner motivated by the regulations adopted in this final rule to take prophylactic application steps would similarly have been motivated to take those steps under the former *inter partes* reexamination regime. Thus, the burdens on small entity patent owners, petitioners, and licensees, as well as settlement burdens, disruption of businesses, or effects on investment, business formation or employment that are caused by the final rules would have been similarly caused by the former *inter partes* reexamination proceedings as the same effects and impacts are caused by the two types of proceedings.

Additionally, the Office's estimates of the burden on small entities are likely overstated. As noted in the notice of proposed rulemaking, it is anticipated that the current significant overlap between district court litigation and *inter partes* reexamination may be reduced by improvement in the coordination between the two processes. *See Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR at 6903. Similarly, it is anticipated that the public burden will be reduced because the longer duration of the *inter partes* reexamination process will be reduced owing to the anticipated shorter duration of the new procedure. *Id.*

Comment 21: A comment indicated that the underlying data for the 98.7 hours of judge time for an *inter partes* review proceeding was not provided.

Response: Based on the Office's experience involving similar

proceedings, the Office estimates that, on average, an *inter partes* review proceeding will require 35 hours of judge time to make a decision on institution, 20 hours of judge time to prepare for and conduct hearings, 60 hours of judge time to prepare and issue a final decision, and 15 hours of judge time to prepare and issue miscellaneous interlocutory decisions. It is also estimated that 2.5% of proceedings will settle before a decision of whether to institute is made and another 2.5% of proceedings will terminate by patent owners filing a default judgment motion after institution. The Office estimates that 10% of proceedings will not be instituted and another 20% of proceedings will settle after institution. In settled cases it is estimated that 50% of the anticipated motions would not be filed. It should be appreciated that cases that terminate prior to the need to render a decision on institution, that do request an oral hearing or do not require a final decision because of an earlier termination, result in an average judge time per proceeding which is less than the time needed to perform all possible steps in a proceeding.

4. Description and Estimate of the Number of Affected Small Entities

A. *Size Standard and Description of Entities Affected.* The Small Business Administration's (SBA) small business size standards applicable to most analyses conducted to comply with the Regulatory Flexibility Act are set forth in 13 CFR 121.201. These regulations generally define small businesses as those with fewer than a specified maximum number of employees or less than a specified level of annual receipts for the entity's industrial sector or North American Industry Classification System (NAICS) code. As provided by the Regulatory Flexibility Act, and after consultation with the Small Business Administration, the Office formally adopted an alternate size standard as the size standard for the purpose of conducting an analysis or making a certification under the Regulatory Flexibility Act for patent-related regulations. *See Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations,* 71 FR 67109 (Nov. 20, 2006), 1313 *Off. Gaz. Pat. Office* 60 (Dec. 12, 2006). This alternate small business size standard is the SBA's previously established size standard that identifies the criteria entities must meet to be entitled to pay reduced patent fees. *See* 13 CFR 121.802. If patent applicants identify themselves on a patent application as qualifying for reduced patent fees, the Office captures this data in the Patent Application Location and Monitoring (PALM) database system, which tracks information on each patent application submitted to the Office.

Unlike the SBA's small business size standards set forth in 13 CFR 121.201, the size standard for USPTO is not industry-specific. Specifically, the Office's definition of small business concern for Regulatory Flexibility Act purposes is a business or other concern that: (1) Meets the SBA's definition of a ''business concern or concern'' set forth in 13 CFR 121.105; and (2) meets the size standards set forth in 13 CFR 121.802 for the purpose of paying reduced patent fees, namely, an entity: (a) Whose number of employees, including affiliates, does not exceed 500 persons; and (b) which has not assigned, granted, conveyed, or licensed (and is under no obligation to do so) any rights in the invention to any person who made it and could not be classified as an independent inventor, or to any concern which would not qualify as a non-profit organization or a small business concern under this definition. *See Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations,* 71 FR at 67112, 1313 *Off. Gaz. Pat. Office* at 63 (Dec. 12, 2006).

B. *Overview of Estimates of Number of Entities Affected.* The rules will apply to any small entity that either files a petition for covered business method patent review or owns a patent subject to such review. As discussed above (which is incorporated here), it is anticipated that 50 petitions for covered business method patent review will be filed annually in fiscal years 2013–2015. The Office has reviewed the percentage of patents owned by small entities for which *inter partes* reexamination was requested from October 1, 2000, to May 18, 2012. A summary of that review is provided in Table 1 above. As demonstrated by Table 1, patents known to be owned by a small entity represent 32.09% of patents for which an *inter partes* reexamination was requested. Based on an estimation that the same percentage of patents owned by small entities will be subject to the new review proceedings, it is estimated that 16 patents owned by small entities would be affected by covered business method patent review annually, and it is also estimated that no more than that number of small entities will file a petition for review.

The USPTO estimates that 2.5% of patent owners will file a request for adverse judgment (*e.g.*, a default judgment) prior to a decision to institute and that another 2.5% will file a request for adverse judgment or fail to participate after initiation. Specifically, an estimated two patent owners will annually file a request for adverse judgment or fail to participate after institution in covered business method proceedings. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%) from October 1, 2000, to May 18, 2012, it is estimated that one small entity will annually file such request or fail to participate in covered business method patent review.

Under the final rules, prior to determining whether to institute a review, the patent owner may file an optional patent owner preliminary response to the petition. Given the new time period requirements to file a petition for review before the Board relative to patent enforcement proceedings and the desirability of avoiding the cost of a trial and delays to related infringement actions, it is anticipated that 90% of petitions, other than those for which a request for adverse judgment is filed, will annually result in the filing of a patent owner preliminary response. Specifically, the Office estimates that 45 patent owners will file a preliminary response to a covered business method patent petition annually. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that 14 small entities will annually file a preliminary response to a covered business method patent review petition filed in fiscal years 2013–2015.

Under the final rules, the Office will determine whether to institute a trial within three months after the earlier of: (1) The submission of a patent owner preliminary response, (2) the waiver of filing a patent owner preliminary response, or (3) the expiration of the time period for filing a patent owner preliminary response. If the Office decides not to institute a trial, the petitioner may file a request for reconsideration of the Office's decision. In estimating the number of requests for reconsideration, the Office considered the percentage of *inter partes* reexaminations that were denied relative to those that were ordered (24 divided by 342, or 7%) in fiscal year 2011. *See* Reexaminations—FY 2011, *http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.* The Office also considered the impact of: (1) Patent owner preliminary responses newly authorized in 35 U.S.C. 323; (2) the enhanced thresholds for instituting reviews set forth in 35 U.S.C. 324(a),

which would tend to increase the likelihood of dismissing a petition for review; and (3) the more restrictive time period for filing a petition for review in 35 U.S.C. 325(b), which would tend to reduce the likelihood of dismissing a petition. Based on these considerations, it is estimated that approximately 10% of the petitions for review (5 divided by 49) would be dismissed annually.

Thus, the Office estimates that no more than five entities (two small entities) would be subject to a denial of the petition to initiate covered business method patent review annually. This estimate is based upon either the patent failing to meet the definition for technological invention or because the petitioner failed to meet the likelihood of success standard. Of the remaining 90% of petitions that proceed to trial, all entities (large or small) could be subject to the definition for technological invention since jurisdictional issues may be raised at any time.

During fiscal year 2011, the Office issued 21 decisions following a request for reconsideration of a decision on appeal in *inter partes* reexamination. The average time from original decision to decision on reconsideration was 4.4 months. Thus, the decisions on reconsideration were based on original decisions issued from July 2010 until June 2011. During this time period, the Office mailed 63 decisions on appeals in *inter partes* reexamination. *See* BPAI Statistics—Receipts and Dispositions by Technology Center, *http://www.uspto.gov/ip/boards/bpai/stats/receipts/index.jsp* (monthly data). Based on the assumption that the same rate of reconsideration (21 divided by 63 or 33.333%) will occur, the Office estimates that two requests for reconsideration (5 decisions not to institute multiplied by 33.333%) will be filed annually. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that annually one small entity will file a request for a reconsideration of a decision dismissing the petition for post-grant or covered business method patent review filed in fiscal years 2013–2015. Further, the Office estimates that it will issue 34 final written decisions for post-grant reviews, including cover business method patent reviews annually. Applying the same 33.333% rate, the Office estimates 11 requests for reconsiderations (34 multiplied by 33.333%) will be filed annually based on the final written decisions. Therefore, the Office estimates a total of 13 (2 + 11) requests for reconsiderations annually.

The Office reviewed motions, oppositions, and replies in a number of contested trial proceedings before the trial section of the Board. The review included determining whether the motion, opposition, and reply were directed to patentability grounds and non-priority non-patentability grounds. This series of final rules adopts changes to permit parties to agree to certain changes from the default process between themselves without filing a motion with the Board. Based on the changes in these final rules, the estimate of the number of motions has been revised downwardly so that it is now anticipated that post-grant reviews and covered business method patent reviews will have an average of 8 motions, oppositions, and replies per trial after institution. Settlement is estimated to occur in 20% of instituted trials at various points of the trial. In the trials that are settled, it is estimated that only 50% of the noted motions, oppositions, and replies would be filed. The Office envisions that most motions will be decided in a conference call or shortly thereafter.

After a trial has been instituted but prior to a final written decision, parties to a covered business method patent review may request an oral hearing. It is anticipated that 45 requests for oral hearings will be filed annually based on the number of requests for oral hearings in *inter partes* reexamination, the stated desirability for oral hearings during the legislative process, and the public input received prior to this final rule. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that annually 14 small entity patent owners or petitioners will file a request for oral hearing in the covered business method patent reviews instituted in fiscal years 2013–2015.

Parties to a covered business method patent review may file requests to treat a settlement as business confidential and requests for adverse judgment. A written request to make a settlement agreement available may also be filed. Given the short time period set for conducting trials, it is anticipated that the alternative dispute resolution options (such as arbitration for derivation proceedings) will be infrequently used. The Office estimates that two requests to treat a settlement as business confidential and ten requests for adverse judgment, default adverse judgment, or settlement notices will be filed annually. The Office also estimates that two requests to make a settlement available will be filed annually. Based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that one small entity will annually file a request to treat a settlement as business confidential and three small entities will annually file a request for adverse judgment, default adverse judgment notices, or settlement notices in the reviews instituted in fiscal years 2013–2015.

Parties to a covered business method patent review may seek judicial review of the final decision of the Board. Historically, 33% of decisions by examiners in *inter partes* reexamination proceedings have been appealed to the Board. Given the increased coordination with district court litigation, the Office has adjusted its estimate of the appeal rate to be 120% of the historic rate (40% of decisions); seven additional notices of appeal will be filed annually based on the decisions issued in the new covered business method patent review proceedings during fiscal years 2013–2015. Furthermore, based on the percentage of small entity-owned patents that were the subject of *inter partes* reexamination (32.09%), it is estimated that two small entities would seek judicial review of final decisions of the Board annually in the covered business method patent reviews instituted in fiscal years 2013–2015.

5. Description of the Reporting, Recordkeeping, and Other Compliance Requirements of the Final Rule, Including an Estimate of the Classes of Small Entities Which Will Be Subject to the Requirement and the Type of Professional Skills Necessary for Preparation of the Report or Record

The rules will apply to any small entity that petitions for a covered business method patent review or owns a patent subject to such review. The reviews would be limited to business method patents that are not patents for technological inventions. Under the final rules, a person who is not the owner of a patent may file a petition to institute a review of that patent if the person is currently a party to litigation based on the patent or charge with infringement, with a few exceptions. Given this, it is anticipated that a petition for review is likely to be filed by an entity practicing in the business method field for covered business methods.

Preparation of the petition would require analyzing the patent claims, locating evidence, supporting arguments of unpatentability, and preparing the petition seeking review of the patent. This final rule provides the procedural requirements setting forth which patents are eligible for review. Additional requirements are provided in

contemporaneous trial specific rulemaking. The procedures for petitions to institute a covered business method patent review include those set forth in §§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(3), 42.63, 42.65, 42.203, 42.205, and 42.302 through 42.304.

The skills necessary to prepare a petition for review and to participate in a trial before the Patent Trial and Appeal Board would be similar to those needed to prepare a request for *inter partes* reexamination and to represent a party in an *inter partes* reexamination before the Board. The level of skill typically is possessed by a registered patent practitioner having devoted professional time to the particular practice area, typically under the supervision of a practitioner skilled in the particular practice area. Where authorized by the Board, a non-registered practitioner may be admitted *pro hac vice,* on a case-by-case basis based on the facts and circumstances of the trial and party, as well as the skill of the practitioner.

The cost of preparing a petition for covered business method patent review is estimated to be 33.333% higher than the cost of preparing an *inter partes* review petition because the petition for covered business method patent review may seek to institute a proceeding on additional grounds such as subject matter eligibility. The American Intellectual Property Law Association's *AIPLA Report of the Economic Survey 2011* reported that the average cost of preparing a request for *inter partes* reexamination was $46,000. The Office believes, based on its experience, that $46,000 is an appropriate estimate. Based on the Office's consideration of the work required to prepare and file such a request, the Office estimates that the cost of preparing a petition for covered business method patent review would be $61,333.

The filing of a petition for review would also require payment by the petitioner of the appropriate petition fee to recover the aggregate cost for providing the review. The appropriate petition fee would be determined by the number of claims for which review is sought and the type of review. The fees for filing a petition for covered business method patent review would be: $35,800 to request review of 20 or fewer claims and $800 for each claim in excess of 20 for which review is sought.

In setting fees, the estimated information technology (IT) cost to establish the process and maintain the filing and storage system through FY 2017 is to be recovered by charging each petition an IT fee that has a base component of $1,705 for requests to review 20 or fewer claims. The IT component fee would increase $75 per claim in excess of 20. The remainder of the fee is to recover the cost for judges to determine whether to institute a review and conduct the review, together with a proportionate share of indirect costs, *e.g.,* rent, utilities, additional support, and administrative costs. Based on the direct and indirect costs, the fully burdened cost per hour for judges to decide a petition and conduct a review is estimated to be $258.32.

For a petition for covered business method patent review with 20 or fewer challenged claims, it is anticipated that about 130 hours of time for review by the judges will be required. An additional amount of time estimated to be slightly less than three hours of judge time would be required for each claim in excess of 20.

The rules permit the patent owner to file a preliminary response to the petition setting forth the reasons why no review should be initiated. The procedures for a patent owner to file a preliminary response as an opposition are set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.107, 42.120, 42.207, and 42.220. The patent owner is not required to file a preliminary response. The Office estimates that the preparation and filing of a patent owner preliminary response would require 91.6 hours of professional time and cost $34,000. The *AIPLA Report of the Economic Survey 2011* reported that the average cost for *inter partes* reexamination including of the request was $46,000, the first patent owner response and third party comments was $75,000 (*see* page I–175) and the mean hourly billing rate for professional time for attorneys in private firms was $371 (*see* page 8). Thus, the cost of the first patent owner reply and the third-party statement is $29,000, the balance of $75,000 minus $46,000. The Office finds these costs to be reasonable estimates. The patent owner reply and third-party statement, however, occur after the examiner has made an initial threshold determination and made only the appropriate rejections. Accordingly, it is anticipated that filing a patent owner preliminary response to a petition for review would cost more than the initial reply in a reexamination, or an estimated $34,000.

The Office will determine whether to institute a trial within three months after the earlier of: (1) The submission of a patent owner preliminary response, (2) the waiver of filing a patent owner preliminary response, or (3) the expiration of the time period for filing a patent owner preliminary response. If the Office decides not to institute a trial, the petitioner may file a request for reconsideration of the Office's decision. It is anticipated that a request for reconsideration will require 80 hours of professional time to prepare and file, at a cost of $371 per hour, for a total estimated cost of $29,680. This estimate is based on the complexity of the issues and desire to avoid time bars imposed by 35 U.S.C. 325(b).

Following institution of a trial, the parties may be authorized to file various motions, *e.g.,* motions to amend and motions for additional discovery. Where a motion is authorized, an opposition may be authorized, and where an opposition is authorized, a reply may be authorized. The procedures for filing a motion include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.22, 42.24(a)(5), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.221, and 42.223. The procedures for filing an opposition include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.207, and 42.220. The procedures for filing a reply include those set forth in §§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(c), 42.51, 42.52, 42.53, 42.54, 42.63, and 42.65. As discussed previously, the Office estimates that the average covered business method patent review will have a total of 8 motions, oppositions, and replies after institution. The Office envisions that most motions will be decided in a conference call or shortly thereafter.

After a trial has been instituted but prior to a final written decision, parties to a covered business method patent review may request an oral hearing. The procedure for filing requests for oral argument is set forth in § 42.70. The *AIPLA Report of the Economic Survey 2011* reported that the third quartile cost of an *ex parte* appeal with an oral argument is $12,000, while the third quartile cost of an *ex parte* appeal without an oral argument is $6,000. In view of the reported costs, which the Office finds reasonable, and the increased complexity of an oral hearing with multiple parties, it is estimated that the cost per party for oral hearings would be $6,800, or 18.3 hours of professional time ($6,800 divided by $371), or $800 more than the reported third quartile cost for an *ex parte* oral hearing.

Parties to a covered business method patent review may file requests to treat a settlement as business confidential, or file requests for adverse judgment. A written request to make a settlement agreement available may also be filed.

The procedures to file requests that a settlement be treated as business confidential are set forth in § 42.74(c). The procedures to file requests for adverse judgment are set forth in § 42.73(b). The procedures to file requests to make a settlement agreement available are set forth in § 42.74(c)(2). It is anticipated that requests to treat a settlement as business confidential will require two hours of professional time for a cost of $742. It is anticipated that requests for adverse judgment will require one hour of professional time a cost of $371. It is anticipated that requests to make a settlement agreement available will require one hour of professional time a cost of $371. The requests to make a settlement agreement available will also require payment of a fee of $400 specified in § 42.15(d). The fee is the same as that currently set forth in § 41.20(a) for petitions to the Chief Administrative Patent Judge.

Parties to a review proceeding may seek judicial review of the judgment of the Board. The procedures to file notices of judicial review of a Board decision, including notices of appeal and notices of election provided for in 35 U.S.C. 141, 142, 145, and 146, are set forth in §§ 90.1 through 90.3. The submission of a copy of a notice of appeal or a notice of election is anticipated to require six minutes of professional time at a cost of $37.10.

6. Description of Any Significant Alternatives to the Final Rules Which Accomplish the Stated Objectives of Applicable Statutes and Which Minimize Any Significant Economic Impact of the Rules on Small Entities

This Office considered significant alternatives such as: (1) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities. *See* 5 U.S.C. 603; *see also* 35 U.S.C. 41(h) (fee reduction for small business concerns not applicable to fees set under 35 U.S.C. 41(d)(2)).

A. Definition of Technological Invention

The definition set forth in this final rule is consistent with the AIA and the legislative history, and assists in implementing the transitional program for covered business method patents as required by section 18(d)(2) of the AIA. *See, e.g.,* 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (''The 'patents for technological inventions' exception only excludes those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution and which requires the claims to state the technical features which the inventor desires to protect.'').

With respect to the rules to define patents that are eligible for covered business method patent review of the AIA, the Office considered requiring less than, or exempting small entities from, § 42.304 (which defines the specific content requirement for a petition seeking a review under the transitional program for covered business method patents). The Office considered proposing that a technological invention be defined as any claimed invention in any patent having an original classification in any class other than Class 705 of the United States Patent Classification System. Adoption of the alternative definition, as applied to certain patents, would have been either overly narrow or overly broad. For example, there are patents that are originally classified in Class 705 which solve technical problems with technical solutions and which are patentable over the prior art based on a technological innovation. Similarly there are patents that are originally classified in classes other than Class 705 which fail to solve a technical problem with a technical solution and fail to be patentable over the prior art based on a technological innovation. For those reasons, the other considered definition was not adopted in view of the legislative history.

A covered business method patent review is a unique process subject, by statute, to strict periods for completion. Thus, the establishment of longer timetables would not be feasible and likely would result in increased costs.

B. Other Aspects of Proceedings

Size of petitions and motions: The Office considered whether to apply a page limit in covered business method proceedings in which a patent's inclusion in or exclusion from the definition is determined, and what a more appropriate page limit would be. The Office does not currently have a page limit on *inter partes* reexamination requests. The *inter partes* reexamination requests from October 1, 2010, to June 30, 2011, averaged 246 pages. Based on the experience of processing *inter partes* reexamination requests, the Office finds that the very large size of the requests has created a burden on the Office that hinders the efficiency and timeliness of processing the requests, and creates a burden on patent owners. The quarterly reported average processing time from the filing of a request to the publication of a reexamination certificate ranged from 28.9 months to 41.7 months in fiscal year 2009, from 29.5 months to 37.6 months in fiscal year 2010, and from 31.9 to 38.0 months in fiscal year 2011. *See* Reexaminations—FY 2011, available at *http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.*

By contrast, the Office has a page limit on the motions filed in contested cases, except where parties are specifically authorized to exceed the limitation. The typical contested case proceeding is subject to a standing order that sets a 50-page limit for motions and oppositions on priority, a 15-page limit for miscellaneous motions (§ 41.121(a)(3)) and oppositions (§ 41.122), and a 25-page limit for other motions (§ 41.121(a)(2)) and oppositions to other motions. In typical proceedings, replies are subject to a 15-page limit if directed to priority, five-page limit for miscellaneous issues, and ten-page limit for other motions. The average contested case was terminated in 10.1 months in fiscal year 2009, in 12 months in fiscal year 2010, and in nine months in fiscal year 2011. The percentage of contested cases terminated within two years was 93.7% in fiscal year 2009, 88.0% in fiscal year 2010, and 94.0% in fiscal year 2011. *See* BPAI Statistics—Performance Measures, available at *http://www.uspto.gov/ip/boards/bpai/stats/perform/index.jsp.*

Comparing the average time period for terminating a contested case, 10.0 to 12.0 months, with the average time period, during fiscal years 2009 through 2011, for completing an *inter partes* reexamination, 28.9 to 41.7 months, indicates that the average contested case takes from 24% (10.0/41.7) to 42% (12.0/28.9) of the time of the average *inter partes* reexamination. While several factors contribute to the reduction in time, limiting the size of the requests and motions is considered a significant factor. Section 42.24 thus provides page limits for petitions, motions, oppositions, and replies. 35 U.S.C. 326(b) provides considerations that are to be taken into account when prescribing regulations including the integrity of the patent system, the efficient administration of the Office, and the ability to complete the trials timely. The page limits set forth in this final rule is consistent with these considerations.

Federal courts routinely use page limits in managing motions practice as ''[e]ffective writing is concise writing.'' *Spaziano v. Singletary,* 36 F.3d 1028, 1031 n.2 (11th Cir. 1994). Many district courts restrict the number of pages that may be filed in a motion including, for example, the District of Delaware, the District of New Jersey, the Eastern District of Texas, the Northern, Central, and Southern Districts of California, and the Eastern District of Virginia.

Federal courts have found that page limits ease the burden on both the parties and the courts, and patent cases are no exception. *Eolas Techs., Inc.* v. *Adobe Sys., Inc.,* No. 6:09–CV–446, at 1 (E.D. Tex. Sept. 2, 2010) (''The Local Rules' page limits ease the burden of motion practice on both the Court and the parties.''); *Blackboard, Inc.* v. *Desire2Learn, Inc.,* 521 F. Supp. 2d 575, 576 (E.D. Tex. 2007) (The parties ''seem to share the misconception, popular in some circles, that motion practice exists to require federal judges to shovel through steaming mounds of pleonastic arguments in Herculean effort to uncover a hidden gem of logic that will ineluctably compel a favorable ruling. Nothing could be further from the truth.''); *Broadwater* v. *Heidtman Steel Prods., Inc.,* 182 F. Supp. 2d 705, 710 (S.D. Ill. 2002) (''Counsel are strongly advised, in the future, to not ask this Court for leave to file any memoranda (supporting or opposing dispositive motions) longer than 15 pages. The Court has handled complicated patent cases and employment discrimination cases in which the parties were able to limit their briefs supporting and opposing summary judgment to 10 or 15 pages.'' (Emphasis omitted)).

The Board's contested cases experience with page limits in motions practice is consistent with that of the Federal courts. The Board's use of page limits has shown it to be beneficial without being unduly restrictive for the parties. Page limits have encouraged the parties to focus on dispositive issues, and reducing costs for the parties and for the Board.

The Board's contested cases experience with page limits is informed by its use of different approaches over the years. In the early 1990s, page limits were not routinely used for motions, and the practice suffered from lengthy and unacceptable delays. To reduce the burden on the parties and on the Board and thereby reduce the time to decision, the Board instituted page limits in the late 1990s for every motion. Page limit practice was found to be effective in reducing the burdens on the parties and improving decision times at the Board. In 2006, the Board revised the page limit practice and allowed unlimited findings of fact and generally limited the number of pages containing argument. Due to abuses of the system, the Board recently reverted back to page limits for the entire motion (both argument and findings of fact).

The Board's current page limits are consistent with the 25-page limits in the Northern, Central, and Southern Districts of California and the Middle District of Florida and exceed the limits in the District of Delaware (20), the Northern District of Illinois (15), the District of Massachusetts (20), the Eastern District of Michigan (20), the Southern District of Florida (20), and the Southern District of Illinois (20).

In a typical proceeding before the Board, a party may be authorized to file a single motion for unpatentability based on prior art, a single motion for unpatentability based upon failure to comply with 35 U.S.C. 112, lack of written description, and/or enablement, and potentially another motion for lack of compliance with 35 U.S.C. 101, although a 35 U.S.C. 101 motion may be required to be combined with the 35 U.S.C. 112 motion. Each of these motions is currently limited to 25 pages in length, unless good cause is shown that the page limits are unduly restrictive for a particular motion.

A petition requesting the institution of a trial proceeding would be similar to motions currently filed with the Board. Specifically, petitions to institute a trial seek a final written decision that the challenged claims are unpatentable, where derivation is a form of unpatentability. Accordingly, a petition to institute a trial based on prior art would, under current practice, be limited to 25 pages, and by consequence, a petition raising unpatentability based on prior art and unpatentability under 35 U.S.C. 101 and/or 112 would be limited to 50 pages.

Under the final rules, a covered business method patent review petition would be based upon any grounds identified in 35 U.S.C. 321(b), *e.g.,* failure to comply with 35 U.S.C. 101, 102 (based on certain references), 103, and 112 (except best mode). Under current practice, a party would be limited to filing two or three motions, each limited to 25 pages, for a maximum of 75 pages. Where there is more than one motion for unpatentability based upon different statutory grounds, the Board's experience is that the motions contain similar discussions of technology and claim constructions. Such overlap is unnecessary where a single petition for unpatentability is filed. Thus, the 80-page limit is considered sufficient in all but exceptional cases.

The rule provides that petitions to institute a trial must comply with the stated page limits but may be accompanied by a motion that seeks to waive the page limits. The petitioner must show in the motion how a waiver of the page limits is in the interests of justice. A copy of the desired non-page limited petition must accompany the motion. Generally, the Board would decide the motion prior to deciding whether to institute the trial.

Current Board practice provides a limit of 25 pages for other motions and 15 pages for miscellaneous motions. The Board's experience is that such page limits are sufficient for the parties filing them and do not unduly burden the opposing party or the Board. Petitions to institute a trial would generally replace the current practice of filing motions for unpatentability, as most motions for relief are expected to be similar to the current contested cases miscellaneous motion practice. Accordingly, the 15-page limit is considered sufficient for most motions but may be adjusted where the limit is determined to be unduly restrictive for the relief requested.

Section 42.24(b) provides page limits for oppositions filed in response to motions. Current contested cases practice provides an equal number of pages for an opposition as its corresponding motion. This is generally consistent with motions practice in Federal courts. The rule would continue the current practice.

Section 42.24(c) provides page limits for replies. Current contested cases practice provides a 15-page limit for priority motion replies, a five-page limit for miscellaneous (procedural) motion replies, and a ten page limit for all other motions. The rule is consistent with current contested case practice for procedural motions. The rule provides a 15-page limit for reply to petitions requesting a trial, which the Office believes is sufficient based on current practice. Current contested case practice has shown that such page limits do not unduly restrict the parties and, in fact, have provided sufficient flexibility to parties not only to reply to the motion but also help to focus on the issues. Thus, it is anticipated that default page limits would minimize the economic impact on small entities by focusing on the issues in the trials.

The AIA requires that the Director, in prescribing rules for covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office,

and the ability of the Office to complete the instituted proceedings timely. *See* 35 U.S.C. 326(b). In view of the actual results of the duration of proceedings in *inter partes* reexamination (without page limits) and contested cases (with page limits), adopting procedures with reasonable page limits is consistent with the objectives set forth in the AIA. Based on our experience on the time needed to complete a non-page limited proceeding, the option of non-page limited proceedings was not adopted.

Fee Setting: 35 U.S.C. 321(a) requires the Director to establish fees to be paid by the person requesting the review in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review. In contrast to 35 U.S.C. 311(b) and 312(c), effective September 15, 2012, the AIA requires the Director to establish more than one fee for reviews based on the total cost of performing the reviews, and does not provide explicitly for refund of any part of the fee when the Director determines that the review should not be initiated.

35 U.S.C. 322(a)(1) further requires that the fee established by the Director under 35 U.S.C. 321 accompany the petition on filing. Accordingly, under the fee setting authority in 35 U.S.C. 321(a), it is reasonable that the Director set a number of fees for filing a petition based on the anticipated aggregate cost of conducting the review depending on the complexity of the review, and require payment of the fee upon filing of the petition.

Based on experience with contested cases and *inter partes* reexamination proceedings, the following characteristics of requests were considered as potential factors for fee setting as each would likely impact the cost of providing the new services. The Office also considered the relative difficulty in administrating each option in selecting the characteristics for which different fees should be paid for requesting review.

I. *Adopted Option.* Number of claims for which review is requested. The number of claims often impacts the complexity of the request and increases the demands placed on the deciding officials. *Cf. In re Katz Interactive Call Processing Patent Litig.,* 639 F.3d 1303, 1309 (Fed. Cir. 2011) (limiting number of asserted claims is appropriate to manage a patent case efficiently). Moreover, the number of claims for which review is requested can be easily determined and administered, which avoids delays in the Office and the impact on the economy or patent system that would occur if an otherwise meritorious petition is refused due to improper fee payment. Any subsequent petition could be time barred in view 35 U.S.C. 325.

II. *Alternative Option I.* Number of grounds for which review is requested. The Office has experience with large numbers of cumulative grounds being presented in *inter partes* reexaminations which often add little value to the proceedings. Allowing for a large number of grounds to be presented on payment of an additional fee(s) is not favored. Determination of the number of grounds in a request may be contentious and difficult and may result in a large amount of high-level petition work. As such, this option would have a negative impact on small entities. Moreover, contested cases instituted in the 1980s and early 1990s suffered from this problem as there was no page limit for motions and the parties had little incentive to focus the issues for decision. The resulting records were often a collection of disparate issues and evidence. This led to lengthy and unwarranted delays in deciding contested cases as well as increased costs for parties and the Office. Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for the covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

III. *Alternative Option II.* Pages of argument. The Office has experience with large requests in *inter partes* reexamination in which the merits of the proceedings could have been resolved in a shorter request. Allowing for unnecessarily large requests on payment of an additional fee(s) is not favored. Moreover, determination of what should be counted as ''argument'' as compared with ''evidence'' has often proven to be contentious and difficult as administered in the current *inter partes* reexamination appeal process.

In addition, the trial section of the Board recently experimented with motions having a fixed page limit for the argument section and an unlimited number of pages for the statement of facts. Unlimited pages for the statement of facts led to a dramatic increase in the number of alleged facts and pages associated with those facts. For example, one party used approximately ten pages for a single ''fact'' that merely cut and pasted a portion of a declarant's cross-examination. Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for the covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

IV. *Alternative Option III.* The Office considered an alternative fee setting regime in which fees would be charged at various steps in the review process: A first fee on filing of the petition, a second fee if instituted, a third fee on filing a motion in opposition to amended claims, etc. The alternative fee setting regime would hamper the ability of the Office to complete reviews timely, would result in dismissal of pending proceedings with patentability in doubt due to non-payment of required fees by third parties, and would be inconsistent with 35 U.S.C. 322 that requires the fee established by the Director be paid at the time of filing the petition. Accordingly, this alternative is inconsistent with objectives of the AIA that the Director, in prescribing rules for covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

V. *Alternative Option IV.* The Office considered setting reduced fees for small and micro entities and to provide refunds if a review is not instituted. However, 35 U.S.C. 41(d)(2) provides that the Office shall set the fee to recover the cost of providing the services. Fees set under this authority are not reduced for small entities. *See* 35 U.S.C. 42(h)(1), as amended. Moreover, the Office does not have authority to refund fees that were not paid by mistake or in excess of that owed. *See* 35 U.S.C. 42(d).

Discovery: The Office considered a procedure for discovery similar to the one available during district court litigation. Discovery of that scope has been criticized sharply, particularly when attorneys use discovery tools as tactical weapons, which hinder the ''just, speedy, and inexpensive determination of every action and proceeding.'' *See* introduction to *An E–Discovery Model Order, available at http://www.cafc.uscourts.gov/images/stories/announcements/Ediscovery_Model_Order.pdf.* Accordingly, this would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for the covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient

administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

Additional discovery increases trial costs and increases the expenditures of time by the parties and the Board. To promote effective discovery, the rule requires a showing of good cause to authorize additional requested discovery. To show good cause, a party must make a particular and specific demonstration of fact. The moving party must also show that it was fully diligent in seeking discovery, and that there is no undue prejudice to the non-moving party. Parties may, however, agree to additional discovery amongst themselves.

The Board will set forth a default scheduling order to provide limited discovery as a matter of right and provide parties with the ability to seek additional discovery on a case-by-case basis. In weighing the need for additional discovery, should a request be made, the Board would consider the economic impact on the opposing party. This would tend to limit additional discovery where a party is a small entity.

Pro Hac Vice: The Office considered whether to allow counsel to appear *pro hac vice.* In certain cases, highly skilled, but non-registered, attorneys have appeared satisfactorily before the Board in contested cases. The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause. The Board may impose conditions in recognizing counsel *pro hac vice,* including a requirement that counsel acknowledge that counsel is bound by the Office's Code of Professional Responsibility. Proceedings before the Office can be technically complex. The grant of a motion to appear *pro hac vice* is a discretionary action taking into account the specifics of the proceedings. Similarly, the revocation of *pro hac vice* is a discretionary action taking into account various factors, including incompetence, unwillingness to abide by the Office's Code of Professional Responsibility, prior findings of misconduct before the Office in other proceedings, and incivility.

The Board's past practice has required the filing of a motion by a registered patent practitioner seeking *pro hac vice* representation based upon a showing of: (1) How qualified the unregistered practitioner is to represent the party in the proceeding when measured against a registered practitioner, and (2) whether the party has a genuine need to have the particular unregistered practitioner represent it during the proceeding. This practice has proven effective in the limited number of contested cases where such requests have been granted. The final rule allows for this practice in the new proceedings authorized by the AIA.

The rules provide a limited delegation to the Board under 35 U.S.C. 2(b)(2) and 32 to regulate the conduct of counsel in Board proceedings. The rule delegates to the Board the authority to conduct counsel disqualification proceedings while the Board has jurisdiction over a proceeding. The rule also delegates to the Chief Administrative Patent Judge the authority to make final a decision to disqualify counsel in a proceeding before the Board for the purposes of judicial review. This delegation would not derogate from the Director the prerogative to make such decisions, nor would it prevent the Chief Administrative Patent Judge from further delegating authority to an administrative patent judge.

The Office considered broadly permitting practitioners not registered to practice by the Office to represent parties in trial as well as categorically prohibiting such practice. A prohibition on the practice would be inconsistent with the Board's experience, and more importantly, might result in increased costs particularly where a small entity has selected its district court litigation team and subsequently a patent review is filed after litigation efforts have commenced. Alternatively, broadly making the practice available would create burdens on the Office in administering the trials and in completing the trial within the established time frame, particularly if the selected practitioner does not have the requisite skill. In weighing the desirability of admitting a practitioner *pro hac vice,* the economic impact on the party in interest would be considered which would tend to increase the likelihood that a small entity could be represented by a non-registered practitioner. Accordingly, the alternatives to eliminate *pro hac vice* practice or to permit it more broadly would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for the covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

Threshold for Instituting a Review: The Office considered whether the threshold for instituting a review could be set as low as or lower than the threshold for *ex parte* reexamination. This alternative could not be adopted in view of the statutory requirements in 35 U.S.C. 324.

Default Electronic Filing: The Office considered a paper filing system and a mandatory electronic filing system (without any exceptions) as alternatives to the requirement that all papers are to be electronically filed, unless otherwise authorized.

Based on the Office's experience, a paper-based filing system increases delay in processing papers, delay in public availability, and the chance that a paper may be misplaced or made available to an improper party if confidential. Accordingly, the alternative of a paper-based filing system would have been inconsistent with objectives of the AIA that the Director, in prescribing rules for the covered business method patent reviews, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the instituted proceedings timely.

An electronic filing system (without any exceptions) that is rigidly applied would result in unnecessary cost and burdens, particularly where a party lacks the ability to file electronically. By contrast, under the adopted option, it is expected that the entity size and sophistication will be considered in determining whether alternative filing methods would be authorized.

7. Identification, to the Extent Practicable, of All Relevant Federal Rules Which May Duplicate, Overlap, or Conflict With the Final Rules

The following rules also provide processes involving patent applications and patents:

37 CFR 1.99 provides for the submission of information after publication of a patent application during examination by third parties.

37 CFR 1.171–1.179 provide for applications to reissue a patent to correct errors, including where a claim in a patent is overly broad.

37 CFR 1.291 provides for the protest against the issuance of a patent during examination.

37 CFR 1.321 provides for the disclaimer of a claim by a patentee.

37 CFR 1.501 and 1.502 provide for *ex parte* reexamination of patents. Under these rules, a person may submit to the Office prior art consisting of patents or printed publications that are pertinent to the patentability of any claim of a patent, and request reexamination of any claim in the patent on the basis of the cited prior art patents or printed publications. Consistent with 35 U.S.C. 302–307, *ex parte* reexamination rules

provide a different threshold for initiation, require the proceeding to be conducted by an examiner with a right of appeal to the Patent Trial and Appeal Board, and allow for limited participation by third parties.

37 CFR 1.902–1.997 provide for *inter partes* reexamination of patents. Similar to *ex parte* reexamination, *inter partes* reexamination provides a procedure in which a third party may request reexamination of any claim in a patent on the basis of the cited prior art patents and printed publication. The *inter partes* reexamination practice will be eliminated, except for requests filed before the effective date, September 16, 2012. *See* section 6(c)(3)(C) of the AIA.

Other countries have their own patent laws, and an entity desiring a patent in a particular country must make an application for patent in that country, in accordance with the applicable law. Although the potential for overlap exists internationally, this cannot be avoided except by treaty (such as the Paris Convention for the Protection of Industrial Property, or the Patent Cooperation Treaty (PCT)). Nevertheless, the Office believes that there are no other duplicative or overlapping foreign rules.

C. Executive Order 12866 (Regulatory Planning and Review)

This rulemaking has been determined to be significant for purposes of Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

Based on the petition and other filing requirements for initiating a review proceeding in which the definitions adopted in this final rule apply, the USPTO estimates the annual aggregate burden of the rules on the public to be $22,417,241.20 in fiscal years 2013–2015, which represents the sum of the estimated total annual (hour) respondent cost burden ($20,340,891.20) plus the estimated total annual non-hour respondent cost burden ($2,076,350) provided in Part O, Section II, of this notice, *infra.*

The USPTO expects several benefits to flow from the AIA and these rules. It is anticipated that the rules will reduce the time for reviewing patents at the USPTO. Specifically, 35 U.S.C. 326(a) provides that the Director prescribe regulations requiring a final determination by the Board within one year of initiation, which may be extended for up to six months for good cause. In contrast, currently for *inter partes* reexamination, the average time from the filing to the publication of a certificate ranged from 28.9 to 41.7 months during fiscal years 2009–2011. *See* Reexaminations—FY 2011, *available at http://www.uspto.gov/patents/Reexamination_operational_statistic_through_FY2011Q4.pdf.*

Likewise, it is anticipated that the rules will minimize duplication of efforts. In particular, the AIA provides more coordination between district court infringement litigation and covered business method patent review to reduce duplication of efforts and costs.

The *AIPLA Report of the Economic Survey 2011* reports that where the damages at risk are less than $1,000,000 the total cost of patent litigation was, on average, $916,000, where the damages at risk are between $1,000,000 and $25,000,000 the total cost was, on average, $2,769,000, and where the damages at risk exceed $25,000,000 the total cost was, on average, $6,018,000. The Office believes, based on its experience, that these estimates are reasonable. There may be a significant reduction in overall burden if, as intended, the AIA and the rules reduce the overlap between review at the USPTO of issued patents and validity determination during patent infringement actions. Data from the United States district courts reveals that 2,830 patent cases were filed in 2006, 2,896 in 2007, 2,909 in 2008, 2,792 in 2009, and 3,301 in 2010. *See* U.S. Courts, Judicial Business of the United States Courts, *available at www.uscourts.gov/uscourts/Statistics/Judicial Business/2010/appendices/C02ASep10.pdf* (last visited Nov. 11, 2011) (hosting annual reports for 1997 through 2010). Thus, the Office estimates that no more than 3,300 patent cases (the highest number of yearly filings between 2006 and 2010 rounded to the nearest 100) are likely to be filed annually. The aggregate burden estimate above ($22,417,241.20) was not offset by a reduction in burden based on improved coordination between district court patent litigation and the new *inter partes* review proceedings.

The Office received one written comment from the public regarding Executive Order 12866. Each component of that comment directed to Executive Order 12866 is addressed below.

Comment 22: One comment suggested that the proposed rules would have been classified more appropriately as significant under section 3(f)(4) of Executive Order 12866 because the proposed rules raise novel legal or policy issues arising out of legal mandates.

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The comment does not present what aspect(s) of the rule is believed to present novel legal or policy issues.

Comment 23: One comment suggested that the costs, including any prophylactic application steps resulting from the new proceedings, were not calculated appropriately when the Office offset the new burdens with those removed by elimination of the ability to file new *inter partes* reexamination under Executive Order 12866 and that when appropriately calculated, the cost would exceed the $100 million threshold for declaring the proposed rules significant under section 3(f)(1).

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The baseline costs that the Office used to determine the increased burden of the proposed rules properly included the burden on the public to comply with *inter partes* reexamination because those burdens existed before the statutory change, and that process was eliminated and replaced by the process adopted by the AIA as implemented this final rule. *See* OMB Circular A4, section (e)(3). *See also* response to Comment 20.

Comment 24: One comment argued that the $80,000,000 burden estimate is so close to $100,000,000 threshold, that, particularly in view of the difficulties in estimating burden, the Office should assume that it is likely that the proposed rules would have a $100,000,000 impact. One comment suggested that the Office should have conducted a Regulatory Impact Analysis.

Response: As stated in the notice of proposed rulemaking and in this final rule, the Office of Management and Budget designated the proposed rules as significant under Executive Order 12866, but not economically significant. The comment did not indicate what aspect of the estimate was likely to be wrong. Furthermore, $80,000,000 is twenty percent below the $100,000,000 threshold. Moreover, the Office's estimate did not take into account the reduction in burden due to decreased litigation. Thus, the Office's estimate is likely an overstatement of the estimated basis.

D. Executive Order 13563 (Improving Regulation and Regulatory Review)

The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and

applicable: (1) Made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided online access to the rule making docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13132 (Federalism)

This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

F. Executive Order 13175 (Tribal Consultation)

This rulemaking will not: (1) Have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

G. Executive Order 13211 (Energy Effects)

This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform)

This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996). This rulemaking carries out a statute designed to lessen litigation. *See* H.R. Rep. No. 112–98, at 45–48.

I. Executive Order 13045 (Protection of Children)

This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property)

This rulemaking will not affect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act

Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801–808), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the final rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this notice are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign based enterprises in domestic and export markets. Therefore, this notice is not expected to result in a ''major rule'' as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995

The changes set forth in this final rule do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

M. National Environmental Policy Act

This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321–4370h.

N. National Technology Transfer and Advancement Act

The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

O. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549) requires that the USPTO consider the impact of paperwork and other information collection burdens imposed on the public. This rulemaking involves information collection requirements which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549). The collection of information involved in this final rule was submitted to OMB under OMB control number 0651–0069 when the notice of proposed rulemaking was published. The Office published the title, description, and respondent description of the information collection, with an estimate of the annual reporting burdens, in the Notice ''Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,'' 77 FR 6879 (Feb. 9, 2012) (notice of proposed rulemaking) (RIN 0651–AC70) and the Notice ''Changes to Implement Transitional Program for Covered Business Method Patents,'' 77 FR 7080 (Feb. 10, 2012) (notice of proposed rulemaking) (RIN 0651–AC73).

The Office received one comment and made minor revisions to the requirements in the rule, as well as the burden estimates, as outlined below. Accordingly, the Office has resubmitted the proposed revision to the information collection requirements under 0651–0069. The proposed revision to the information collection requirements under 0651–0069 is available at OMB's Information Collection Web site (*www.reginfo.gov/public/do/PRAMain*).

This rulemaking will add the following to a collection of information:

(1) Petitions to institute a covered business method patent review (§§ 42.5, 42.6, 42.8, 42.11, 42.13, 42.20, 42.21, 42.22, 42.24(a)(3), 42.63, 42.65, 42.203, 42.205, and 42.302 through 42.304);

(2) Motions (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.22, 42.24(a)(5), 42.51 through 42.54, 42.63, 42.64, 42.65, 42.221, 42.123, and 42.223);

(3) Oppositions (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(b), 42.51, 42.52, 42.53, 42.54, 42.63, 42.64, 42.65, 42.207, and 42.220); and

(4) Replies provided for in 35 U.S.C. 321–329 (§§ 42.6, 42.8, 42.11, 42.13, 42.21, 42.23, 42.24(c), 42.51, 42.52, 42.53, 42.54, 42.63, and 42.65).

The rules also permit filing requests for oral argument (§ 42.70) provided for in 35 U.S.C. 326(a)(10), requests for rehearing (§ 42.71(c)), requests for adverse judgment (§ 42.73(b)), and requests that a settlement be treated as business confidential (§ 42.74(b)) provided for in 35 U.S.C. 327.

I. *Abstract:* The USPTO is required by 35 U.S.C. 131 and 151 to examine applications and, when appropriate, issue applications as patents.

Chapter 32 of title 35 U.S.C. in effect on September 16, 2012, provides for post-grant review proceedings allowing third parties to petition the USPTO to review the patentability of an issued patent under any ground authorized under 35 U.S.C. 282(b)(2). If a trial is initiated by the USPTO based on the petition, as authorized by the USPTO, additional motions may be filed by the petitioner. A patent owner may file a response to the petition and if a trial is instituted, as authorized by the USPTO, may file additional motions.

Section 18 of the AIA provides for a transitional program for covered business method patents which will employ the standards and procedures of the post-grant review proceeding with a few exceptions.

In estimating the number of hours necessary for preparing a petition to institute a covered business method patent review, the USPTO considered the estimated cost of preparing a request for *inter partes* reexamination ($46,000), the mean billing rate ($371 per hour), and the observation that the cost of *inter partes* reexamination has risen the fastest of all litigation costs since 2009 in the *AIPLA Report of the Economic Survey 2011.* Since additional grounds for instituting a review are provided for in a covered business method patent review compared with *inter partes* reexamination, the Office estimates the cost of preparing a petition to institute a review will be 33.333% more than the estimated cost of preparing a request for *inter partes* reexamination, or $61,333.

Considering the percentage of motions on patentability issues provides an appropriate estimate of transitional proceedings for covered business methods because grounds raised in those proceedings would be directed to the same issues. Accordingly, the USPTO reviewed recent contested cases before the trial section of the Board to estimate the average number of motions for any matter including priority, the subset of those motions directed to non-priority issues, the subset of those motions directed to non-priority patentability issues, and the subset of those motions directed to patentability issues based on a patent or printed publication on the basis of 35 U.S.C. 102 or 103. The review of current contested cases before the trial section of the Board indicated that approximately 15% of motions were directed to prior art grounds, 18% of motions were directed to other patentability grounds, 27% were directed to miscellaneous issues, and 40% were directed to priority issues. It was estimated that the cost per motion to a party in current contested cases before the trial section of the Board declines because of overlap in subject matter, expert overlap, and familiarity with the technical subject matter. Given the overlap of subject matter, a proceeding with fewer motions, such as a transitional proceeding for a covered business method patent will have a somewhat less than proportional decrease in costs since the overlapping costs will be spread over fewer motions as compared with a derivation proceeding.

It is estimated that the cost of a covered business method patent review would be 75% of the cost of current contested cases before the trial section of the Board to the end of the preliminary motion period. A covered business method patent review should have many fewer motions since only one party will have a patent that is the subject of the proceeding (compared with each party having at least a patent or an application in current contested cases before the trial section of the Board). Moreover, fewer issues can be raised since covered business method patent reviews will not have the priority-related issues that must be addressed in current contested cases before the trial section of the Board before the priority phase. Again, a 75% weighting factor should capture the typical costs of a covered business method patent review.

The title, description, and respondent description of the information collection are shown below with an estimate of the annual reporting burdens for the covered business method patent review provisions. Included in this estimate is the time for reviewing instructions, gathering and maintaining the data needed, and completing and reviewing the collection of information. This final rule implements the changes to Office practice necessitated by sections 6(d) and 18 of the AIA.

The public uses this information collection to request review and derivation proceedings and to ensure that the associated fees and documentation are submitted to the USPTO.

II. Data

Needs and Uses: The information supplied to the USPTO by a petition to institute a review as well as the motions authorized following the institution is used by the USPTO to determine whether to initiate a review under 35 U.S.C. 324 and to prepare a final decision under 35 U.S.C. 328.

OMB Number: 0651–0069.

Title: Patent Review and Derivation Proceedings.

Form Numbers: None.

Type of Review: New Collection.

Likely Respondents/Affected Public: Individuals or households, businesses or other for profit, not-for-profit institutions, farms, Federal Government, and state, local, or tribal governments.

Estimated Number of Respondents/Frequency of Collection: 100 respondents and 486 responses per year.

Estimated Time per Response: The USPTO estimates that it will take the public from 0.1 to 165.3 hours to gather the necessary information, prepare the documents, and submit the information to the USPTO.

Estimated Total Annual Respondent Burden Hours: 54,827.2 hours per year.

The table below summarizes the burden hours under the rules proposed in the notices of proposed rulemaking and the burden hours under this final rule.

Item	Proposed estimated time for response (hours)	Proposed estimated annual responses	Proposed estimated annual burden hours	Final estimated time for response (hours)	Final estimated annual responses	Final estimated annual burden hours
Petition for covered business method patent review	180.4	50	9,020	165.3	50	8,265
Reply to initial covered business method patent review	100	45	4,500	91.6	45	4,122

Item	Proposed estimated time for response (hours)	Proposed estimated annual responses	Proposed estimated annual burden hours	Final estimated time for response (hours)	Final estimated annual responses	Final estimated annual burden hours
Request for Reconsideration	80	14	1,120	80	13	1,040
Motions, replies and oppositions after institution in covered business method patent review	130	342	44,460	130	312	40,560
Request for oral hearing	20	45	900	18.3	45	823.5
Request to treat a settlement as business confidential	2	2	4	2	2	4
Request for adverse judgment, default adverse judgment or settlement	1	10	10	1	10	10
Request to make a settlement agreement available	1	2	2	1	2	2
Notice of judicial review of a Board decision (*e.g.,* notice of appeal under 35 U.S.C. 142)	0.1	5	0.5	0.1	7	0.7
Totals		515	60,016.50		486	54,827.2

Estimated Total Annual (hour) Respondent Cost Burden: $20,340,891.20 per year. The USPTO expects that the information in this collection will be prepared by attorneys. Using the professional rate of $371 per hour for attorneys in private firms, the USPTO estimates that the respondent cost burden for this collection will be approximately $20,340,891.20 per year (54,827.2 per year multiplied by $371 per hour).

Estimated Total Annual Non-hour Respondent Cost Burden: $2,076,350 per year. There are no capital start-up or maintenance costs associated with this information collection. However, this collection does have annual (non-hour) costs in the form of filing fees. There are filing fees associated with petitions for covered business method patent review and for requests to treat a settlement as business confidential. The total fees for this collection are calculated in the accompanying table. The USPTO estimates that the total fees associated with this collection will be approximately $2,076,350 per year.

Therefore, the total estimated cost annual burden in fiscal years 2013–2015 is estimated to be $23,864,141.20 (the sum of the estimated total annual (hour) respondent cost burden ($21,787,791.20) plus the estimated total annual non-hour respondent cost burden ($2,076,350)).

The table below summarizes the (non-hour) respondent cost burden under the rules proposed in the notices of proposed rulemaking and the (non-hour) respondent cost burden under this final rule.

The fees, including the fee structure, referenced in this rulemaking may be revisited and may be proposed to be set or adjusted in a notice of proposed rulemaking under section 10 of the AIA.

Items	Proposed estimated annual responses	Proposed fee amount	Proposed estimated annual fees	Final estimated annual responses	Final fee amount	Final estimated annual fees
Petition for covered business method patent review	50	$47,100	$2,355,000	50	* $41,400	$2,070,000
Reply to covered business method patent review petition	45	0	0	45	0	0
Request for Reconsideration	14	0	0	13	0	0
Motions, replies and oppositions after initiation in covered business method patent review	342	0	0	303	0	0
Motions in post-grant review or covered business method patent review with excess claims by small entity patent owners	n/a	n/a	n/a	3	370	1,110
Motions in post-grant review or covered business method patent review with excess claims by other than small entity patent owners	n/a	n/a	n/a	6	740	4,440
Request for oral hearing	45	0	0	45	0	0
Request to treat a settlement as business confidential	2	0	0	2	0	0
Request for adverse judgment, default adverse judgment or settlement	10	0	0	10	0	0
Request to make a settlement agreement available	2	400	800	2	400	800
Notice of judicial review of a Board decision (*e.g.,* notice of appeal under 35 U.S.C. 142)	5	0	0	7	0	0

Items	Proposed estimated annual responses	Proposed fee amount	Proposed estimated annual fees	Final estimated annual responses	Final fee amount	Final estimated annual fees
Totals	515		2,355,800	486		2,076,350

* Average.

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirement of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

The Office received one written submission of comments regarding the Paperwork Reduction Act. Each component of that comment directed the Paperwork Reduction Act is addressed below.

Comment 25: A comment suggested that *inter partes* reexamination is a very poor proxy for these proceedings because there have been very few completed proceedings relative to all filing of *inter partes* reexaminations from 2001 to 2011 and the comment claims that the completed proceeding were only the least complex of proceedings which the comment alleges results in a sampling bias.

Response: While only 305 *inter partes* reexamination proceedings have resulted in a certificate, the comment is not correct that only the least complex of proceedings have been completed. The number of filings of *inter partes* reexamination has increased considerably in the last three full years. *See Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions,* 77 FR at 6893. For example, in the last three years 824 or 64% of the 1,278 requests filed from 2001 to 2011 were filed. Considering that the average time from filing to certificate for the 305 certificates was 36.2 months and the median pendency was 32.9 months, it would have been more appropriate for the comment to consider the 305 certificates that have issued compared with the filings from 2001 to 2008. During that time period there were 467 requests filed, 14 requests were subsequently denied a filing date, 53 requests were denied on the merits, 246 had concluded with a certificate by September 30, 2011, and 154 were still pending on September 30, 2011. Of the 154 that were still pending, only one was before the examiner after a non-final rejection, only three had an action closing prosecution as the last action, and only three had a right of appeal notice as the last action. Most of the 154 proceedings were subject to appeal proceedings or were in the publication process. Accordingly, *inter partes* reexamination is an appropriate proxy.

Comment 26: One comment suggested that for matters not concurrently in litigation, the Office's two hour estimate for the public burden of settlement under the Paperwork Reduction Act was unreasonably low by a factor of 30–100 and must include the costs to arrive at the settlement in addition to the cost of submitting the agreement to the Office. The comment asserts that this burden is fully cognizable under the Paperwork Reduction Act.

Response: By statute, any petitioner seeking review of a covered business method must also be in litigation regarding the patent or have been charged with infringement. The comment only argued that for parties not in litigation, the cost of settlement was too low. Therefore, this comment is not pertinent to this rulemaking and is not adopted.

Comment 27: A comment requested that the Office set forth the basis for the number of petitions for review.

Response: As discussed above in item B, the Office considered the actual number of *inter partes* reexamination requests filed during FY 2001–2011 and the anticipated number of requests in FY 2012, the number of such requests of patents classified in Class 705, the number of interferences, and the differences between reexamination and the new review. The Office estimated the number of reviews based on the historical data on the number of filings in the most analogous proceedings. *See Transitional Program for Covered Business Method Patents—Definition of Technological Invention,* 77 FR at 7097.

Comment 28: One comment suggested that a projection for at least three years of growth in future filings is necessary because the PRA clearance is for three years. The comment also seeks disclosure of USPTO's estimation models.

Response: The suggestion has been adopted. The Office estimates no growth for petitions seeking review under the transitional program for covered business method patents during the three year period. Calculations for these numbers are provided in the supporting statement for this collection. In 2013, the number of eligible patents will include patents for which currently in litigation. In subsequent years, the number of eligible patents is expected to be reduced, because some proceedings will have been settled, while others will have been stayed pending a review. At the same time, as experience in the procedure becomes more widespread, the public would more likely seek a review. Because these two factors offset each other, the Office is anticipated zero growth for petitions for the covered business method patent review.

Comment 29: A comment noted that the distribution of claims for the review was not disclosed during the comment period. The comment asserts that failure to disclose underlying data in the Notice of Proposed Rulemaking violates the Paperwork Reduction Act (and other requirements).

Response: The distribution of claims for which review will be requested was estimated based on the number of claims for which *inter partes* reexamination was requested in the first 60 requests filed during the second quarter of FY 2011 as that data was the most timely when the proposed rule notices were drafted. That data was publically available when the notice of proposed rulemaking was published and remains available today. *See http://portal.uspto.gov/external/portal/pair.* A summary of that publicly available data is provided as follows: 40 of the 60 proceedings requested review of 20 or fewer claims; eight of the 60 requested review of between 21 and 30 claims; three of the 60 requested review of between 31 and 40 claims; six of the 60 requested review of between 41 and 50 claims; one of the 60 requested review of between 51 and 60 claims; one of the 60 requested review of between 61 and 70 claims; and one of the 60 requested review of between 91 and 100 claims. A second group of 20 proceedings filed after September 15, 2011, were reviewed to determine if the change to the statutory threshold resulted in a clear change in the number of claims for which review was requested. A summary of that data is provided as follows: 13 of 20 requested review of 20 or fewer claims; three of 20 requested review of between 21 and 30

claims; three of 20 requested review of between 31 and 40 claims; and one of 20 requested review of 53 claims.

Comment 30: One comment suggested that the estimate of the number of post-grant review proceedings should be doubled based on the analysis of the University of Houston of patent cases from 2005–2009. According to the comment, this analysis shows that for every 15 decisions involving printed prior art grounds, there were 13 decisions involving public use, ''on sale,'' or 35 U.S.C. 112.

Response: The suggestion is not adopted. While the Office agrees that many decisions involved public use, ''on sale,'' or 35 U.S.C. 112, the comment and the analysis by the University of Houston did not consider which decisions did not include a prior art grounds, but did include a public use, ''on sale,'' or 35 U.S.C. 112 ground. Only the subset of decisions including the newly available grounds could be used appropriately in estimating an increased rate of post-grant review filings relative to *inter partes* review. The comment also did not address how the limited filing window relative to the filing of district court litigation for post-grant review would be addressed appropriately if the University of Houston study served as a basis for the estimates.

Comment 31: One comment suggested that the hourly rate for practitioners should be raised from $340 (the medium hourly rate from the AIPLA economical survey referenced in the notice of proposed rulemaking) to $500. The comment asserts that using the median hourly rate from the AIPLA Economic Survey of $340 is analytically wrong and that, at a minimum, the higher mean rate of $371 from that survey should be used.

Response: The suggestion is adopted in part. The Office has adopted a mean hourly rate of $371 from the AIPLA Economic Survey, rather than the median hourly rate of $340 from that survey. The suggestion of a $500 hourly rate cannot be adopted because the comment did not provide any data to support the validity of hourly rate suggested and the Office believes, based on its experience, that $371 is a better estimate of the average hourly rate.

Comment 32: One comment suggested that reliance on the AIPLA economic survey was inappropriate as the survey is flawed. The comment asserts that the survey is unreliable for estimating paperwork burden under the Information Quality Act.

Response: In providing estimates of burden hours, the USPTO sometimes referenced the AIPLA economic survey report, as a benchmark for the estimates. While the costs reported in the survey were considered, the Office, in estimating the cost of the collection, also considered the work required to prepare and file the submissions.

Under the USPTO's Information Quality Guidelines (ICG), the AIPLA economic survey report is not a ''dissemination'' of information. The Guidelines state that ''dissemination'' means an ''agency initiated or sponsored distribution of information to the public.'' USPTO's ICG, Section IV, A, 1. Subsection (a) further defines ''agency initiated distribution of information to the public'' to mean ''information that the agency distributes or releases which reflects, represents, or forms any part of the support of the policies of the agency.'' *Id.* at Section IV, A, 1, a. The USPTO did not distribute or release the AIPLA economic survey report.

Likewise, the AIPLA economic survey report does not qualify as an ''agency sponsored distribution of information'' under Subsection (b) of the Guidelines, which ''refers to situations where the agency has directed a third party to distribute or release information, or where the agency has the authority to review and approve the information before release.'' *Id.* at Section IV, A, 1, b. The USPTO did not commission the report, had no input into the structure of the report and does not rely exclusively upon the results of the report to arrive at estimates. No correction of the documents is required because the Office utilized the AIPLA economic survey report in formulating some burden estimations. No correction is required under the Information Quality Act.

Comment 33: One comment suggested that the regulations imposed a substantial paperwork burden without a valid OMB Control Number.

Response: The suggestion is not adopted. OMB Control number 0651–0069 has been requested appropriately and is pending.

Comment 34: One comment suggested that the USPTO's estimates systematically ignore burdens and costs associated with the attorney's client company.

Response: See response to Comment 20.

List of Subjects

37 CFR Part 42

Administrative practice and procedure, Inventions and patents, Lawyers.

Amendments to the Regulatory Text

For the reasons stated in the preamble, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office amends 37 CFR part 42, as added elsewhere in this issue of the **Federal Register**, as follows:

PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

■ 1. The authority citation for 37 CFR part 42 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), 6, 21, 23, 41, 135, 311, 312, 316, 321–326 and AIA, Pub. L. 112–29, §§ 6(c), 6(f), and 18, 125 Stat. 284, 304, 311, and 329 (2011).

■ 2. Add § 42.301 to subpart D to read as follows:

§ 42.301 Definitions.

In addition to the definitions in § 42.2, the following definitions apply to proceedings under this subpart D:

(a) *Covered business method patent* means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

(b) *Technological invention.* In determining whether a patent is for a technological invention solely for purposes of the Transitional Program for Covered Business Methods (section 42.301(a)), the following will be considered on a case-by-case basis: whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.

Dated: July 16, 2012.

David J. Kappos,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2012–17904 Filed 8–13–12; 8:45 am]

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Part V

Department of Commerce

Patent and Trademark Office

37 CFR Part 42

Office Patent Trial Practice Guide; Rule

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No. PTO–P–2011–0094]

Office Patent Trial Practice Guide

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Notice of practice guide.

SUMMARY: The Leahy-Smith America Invents Act (AIA) establishes several new trial proceedings to be conducted by the Patent Trial and Appeal Board (Board) including *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings. In separate rulemakings, the United States Patent and Trademark Office (Office or USPTO) is revising the rules of practice to implement these provisions of the AIA that provide for the trial proceedings before the Board. The Office publishes in this notice a practice guide for the trial final rules to advise the public on the general framework of the regulations, including the structure and times for taking action in each of the new proceedings.

DATES: *Effective Date:* This practice guide applies to *inter partes* review, post-grant review, and covered business method patent review proceedings commencing on or after September 16, 2012, as well as derivation proceedings commencing on or after March 16, 2013.

FOR FURTHER INFORMATION CONTACT: Michael Tierney, Lead Administrative Patent Judge, Board of Patent Appeals and Interferences (will be renamed as Patent Trial and Appeal Board on September 16, 2012), by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION:

Executive Summary: The patent trial regulations lay out a framework for conducting the proceedings aimed at streamlining and converging the issues for decision. In doing so, the Office's goal is to conduct proceedings in a timely, fair, and efficient manner. Further, the Office has designed the proceedings to allow each party to determine the preferred manner of putting forward its case, subject to the guidance of judges who determine the needs of a particular case through procedural and substantive rulings throughout the proceedings.

Background: The Leahy-Smith America Invents Act establishes several new trial proceedings to be conducted by the Board including: (1) *Inter partes* review (IPR); (2) post-grant review (PGR); (3) a transitional program for covered business method patents (CBM); and (4) derivation proceedings. The AIA requires the Office to promulgate rules for the proceedings, with the PGR, IPR, and CBM rules to be in effect one year after AIA enactment and the derivation rules to be in effect 18 months after AIA enactment.

Consistent with the statute, the Office published a number of notices of proposed rulemaking in February of 2012, and requested written comments on the Office's proposed implementation of the new trial proceedings of the AIA. The Office also hosted a series of public educational roadshows, across the country, regarding the proposed rules.

Additionally, the Office published a practice guide based on the proposed trial rules in the **Federal Register** to provide the public an opportunity to comment. *Practice Guide for Proposed Trial Rules,* 77 FR 6868 (Feb. 9, 2012) (Request for Comments) (hereafter ''Practice Guide for Proposed Trial Rules'' or ''Office Patent Trial Practice Guide''). This Office Patent Trial Practice Guide is intended to advise the public on the general framework of the rules, including the structure and times for taking action in each of the new proceedings.

In response to the notices of proposed rulemaking and the Practice Guide notice, the Office received 251 submissions of written comments from intellectual property organizations, businesses, law firms, patent practitioners, and others, including a United States senator who was a principal author of section 18 of the AIA. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. In light of the comments, the Office has made modifications to the proposed rules to provide clarity and to balance the interests of the public, patent owners, patent challengers, and other interested parties, in light of the statutory requirements and considerations, such as the effect of the regulations on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete the proceedings timely.

For the implementation of sections 3, 6, 7, and 18 of the AIA that are related to administrative trials and judicial review of Board decisions, the Office is publishing the following final rules in separate notices in the **Federal Register**: (1) *Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions* (RIN 0651–AC70); (2) *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents* (RIN 0651–AC71); (3) *Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention* (RIN 0651–AC75); and (4) *Changes to Implement Derivation Proceedings* (RIN 0651–AC74). The Office also provides responses to the public written comments in these final rules in the Response to Comments sections of the notices.

Further, the Office revised the Office Patent Trial Practice Guide based on the final rules. The Office has been working diligently to publish all of the final rules related to the new AIA trial proceedings and the Office Patent Trial Practice Guide in the **Federal Register** concurrently. Due to certain limitations, however, the Office Patent Trial Practice and the specific final rule for derivation proceedings will be published in the **Federal Register** after the other final rules. In particular, the specific rules for derivation, *i.e.,* §§ 42.404 through 42.412, will be published at a later date.

Statutory Requirements: The AIA provides certain minimum requirements for each of the new proceedings. Provided below is a brief overview of these requirements.

Proceedings begin with the filing of a petition to institute a trial. The petition must be filed with the Board consistent with any time period required by statute and be accompanied by the evidence the petitioner seeks to rely upon. *See, e.g.,* 35 U.S.C. 135(a) and 311(c), as amended, and § 42.3 (references to § 42.x or § 1.x refer to title 37 of the Code of Federal Regulations). For IPR, PGR, and CBM, the patent owner is afforded an opportunity to file a preliminary response. 35 U.S.C. 313, as amended, and 35 U.S.C. 323.

The Board acting on behalf of the Director may institute a trial where the petitioner establishes that the standards for instituting the requested trial are met taking into account any preliminary response filed by the patent owner. Conversely, the Board may not authorize a trial where the information presented in the petition, taking into account any patent owner preliminary response, fails to meet the requisite standard for instituting the trial. *See e.g.,* 35 U.S.C. 314, as amended, and 35 U.S.C. 324. Where there are multiple matters in the Office involving the same patent, the Board may determine how

the proceedings will proceed, including providing for a stay, transfer, consolidation, or termination of any such matter. *See, e.g.,* 35 U.S.C. 315, as amended, and 35 U.S.C. 325.

The AIA requires that the Board conduct AIA trials and that the Director prescribe regulations concerning the conduct of those trials. 35 U.S.C. 6, 135, and 316, as amended, and 35 U.S.C. 326. For example, for IPR, PGR, and CBM, the AIA mandates the promulgation of rules including motions to seal, procedures for filing supplemental information, standards and procedures for discovery, sanctions for improper use of the proceeding, entry of protective orders, and oral hearings. *See, e.g.,* 35 U.S.C. 316(a), as amended, and 35 U.S.C. 326. Additionally, the AIA mandates the promulgation of rules for IPR, PGR, and CBM concerning the submission of a patent owner response with supporting evidence and allowing the patent owner a motion to amend the patent. *Id.*

A petitioner and a patent owner may terminate the proceeding with respect to the petitioner by filing a written agreement with the Board, unless the Board has already decided the merits of the proceeding before the request for termination is filed. *See, e.g.,* 35 U.S.C. 317, as amended, and 35 U.S.C. 327. If no petitioner remains in the proceeding, the Board may terminate the review or proceed to a final written decision. For derivation proceedings, the parties may arbitrate issues in the proceeding, but nothing precludes the Office from determining the patentability of the claimed inventions involved in the proceeding. 35 U.S.C. 135, as amended. Where a trial has been instituted and not dismissed, the Board will issue a final written decision with respect to the involved patent and/or applications. 35 U.S.C. 135 and 35 U.S.C. 318, as amended, and 35 U.S.C. 328.

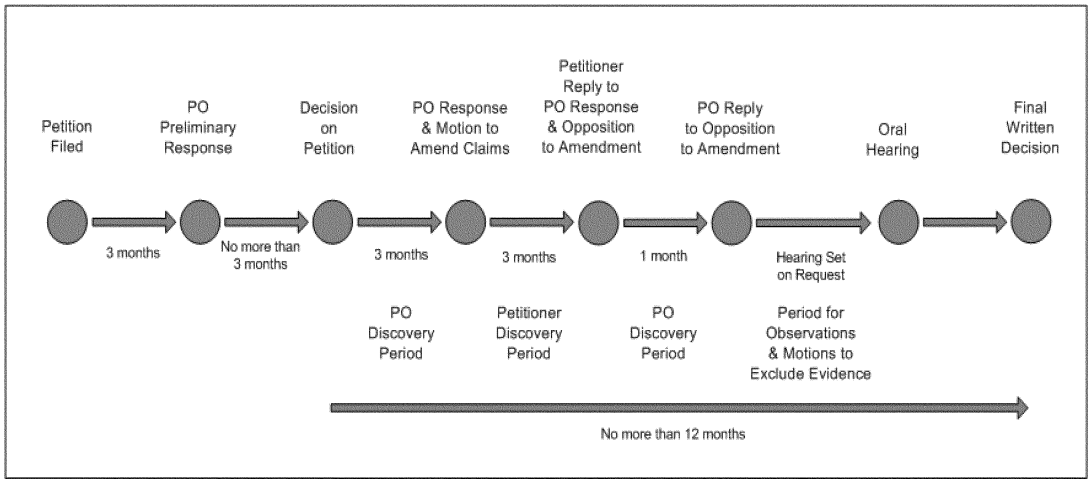
For IPR, PGR, and CBM, the AIA requires that the Office consider the effect of the regulations on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete the proceedings. 35 U.S.C. 316, as amended, and 35 U.S.C. 326. In developing the general trial rules, as well as the specific rules for the individual proceedings, the Office has taken these considerations into account. Further, the specific rules for the individual proceedings take into account the jurisdictional and timing requirements for the particular proceedings.

General Overview of Proceedings: Generally, the proceedings begin with the filing of a petition that identifies all of the claims challenged and the grounds and supporting evidence on a claim-by-claim basis. Within three months of notification of a filing date, the patent owner in an IPR, PGR, or CBM proceeding may file a preliminary response to the petition, including a simple statement that the patent owner elects not to respond to the petition. The Board acting on behalf of the Director will determine whether to institute a trial within three months of the date the patent owner's preliminary response was due or was filed, whichever is first.

In instituting a trial, the Board will narrow the issues for final decision by authorizing the trial to proceed only on the challenged claims for which the threshold standards for the proceeding have been met. Further, the Board will identify, on a claim-by-claim basis, the grounds on which the trial will proceed. Any claim or issue not included in the authorization for review will not be part of the trial. A party dissatisfied with the Board's determination to institute a trial may request rehearing as to points believed to have been overlooked or misapprehended. *See* § 42.71(d) and (c).

The Board will enter a Scheduling Order (Appendix A) concurrent with the decision to institute a trial. The Scheduling Order will set due dates for the trial taking into account the complexity of the proceeding but ensuring that the trial is completed within one year of institution.

For example, a Scheduling Order for an IPR or PGR might, consistent with §§ 42.120 and 42.220, provide a three month deadline for patent owner discovery and for filing a patent owner response and motion to amend. Once the patent owner's response and motion to amend have been filed, the Scheduling Order might provide the petitioner with three months for discovery and for filing a petitioner's reply to the response and the petitioner's opposition to the amendment. The Scheduling Order might then provide the patent owner with one month for discovery and for filing a patent owner reply to petitioner's opposition to a patent owner amendment. A representative timeline is provided below:



Sequence of discovery. Once instituted, absent special circumstances, discovery will proceed in a sequenced fashion. For example, the patent owner may begin deposing the petitioner's declarants once the proceeding is instituted. After the patent owner has filed a patent owner response and any motion to amend the claims, the petitioner may depose the patent owner's declarants. Similarly, after the petitioner has filed a reply to the patent

owner's response and an opposition to an amendment, the patent owner may depose the petitioner's declarants and file a reply in support of its claim amendments. Where the patent owner relies upon new declaration evidence in support of its amendments, the petitioner will be authorized to depose the declarants and submit observations on the deposition. Once the time for taking discovery in the trial has ended, the parties will be authorized to file motions to exclude evidence believed to be inadmissible. Admissibility of evidence is generally governed by the Federal Rules of Evidence.

Sequence of filing responses and motions. An initial conference call will be held about one month from the date of institution to discuss the motions that the parties intend to file and to determine if any adjustment needs to be made to the Scheduling Order. The patent owner may file a patent owner's response and/or a motion to amend the claims by the time set in the Scheduling Order. The petitioner will then file a reply to the patent owner's response and any opposition to the patent owner's amendment. Both parties will then be permitted an opportunity to file motions to exclude an opponent's evidence believed to be inadmissible. After all motions have been filed, the parties will be afforded an opportunity to have an oral argument at the Board.

Summary of the Rules: The following is a general summary of the rules for the proceedings.

I. General Procedures

The rules are to be construed so as to ensure the just, speedy, and inexpensive resolution of a proceeding and, where appropriate, the rules may be modified to accomplish these goals. § 42.1(b); § 42.5(a) and (b).

A. Jurisdiction and Management of the Record

1. *Jurisdiction:* 35 U.S.C. 6(b), as amended, provides that the Board is to conduct derivation proceedings, *inter partes* reviews, and post-grant reviews. The Board also conducts the transitional program for covered business method reviews, which are subject to Board review under 35 U.S.C. 6(b), as amended, 35 U.S.C. 326(c), and Public Law 112–29, section 18. The Board therefore will have exclusive jurisdiction within the Office over every application and patent that is involved in a derivation, IPR, PGR, or CBM proceeding. *Ex parte* reexamination proceedings and *inter partes* reexamination proceedings are not ''involved'' patents (as defined in § 42.2) in derivation, IPR, PGR, and CBM proceedings and are thus treated separately except as ordered by the Board.

2. *Prohibition on Ex Parte Communications:* All substantive communications with the Board regarding a proceeding must include all parties to the proceeding, except as otherwise authorized. § 42.5(d). The prohibition on *ex parte* communications does not extend to: (1) Ministerial communications with support staff (for instance, to arrange a conference call); (2) conference calls or hearings in which opposing counsel declines to participate; (3) informing the Board in one proceeding of the existence or status of a related Board proceeding; or (4) reference to a pending case in support of a general proposition (for instance, citing a published opinion from a pending case or referring to a pending case to illustrate a systemic problem).

Arranging a conference call with the Board. The Board encourages the use of conference calls to raise and resolve issues in an expedited manner. The Board envisions that most of the procedural issues arising during a proceeding will be handled during a conference call or shortly thereafter, *i.e.,* in a matter of days. When arranging a conference call, parties should be prepared to discuss with a Trial Section paralegal why the call is needed and what materials may be needed during the call, *e.g.,* a particular exhibit.

Refusal to participate. The Board has the discretion to permit a hearing or conference call to take place even if a party refuses to participate. In such cases, the Board may order as a condition for the call additional safeguards, such as the recording of the communication and the entry of the recording into the record.

B. Counsel

Need for lead and back-up counsel. A party represented by counsel must designate both a lead as well as a back-up counsel who can conduct business on behalf of the lead counsel, as instances may arise where lead counsel may be unavailable. § 42.10(a).

Power of attorney. A power of attorney must be filed with the designation of counsel, unless the designated counsel is already counsel of record. § 42.10(b).

Pro hac vice. The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause, and subject to the requirement that lead counsel is a registered practitioner. § 42.10(c). The Board may impose other considerations as well. *Id.* Proceedings before the Office can be technically complex. For example, it is expected that amendments to a patent will be sought. The grant of a motion to appear *pro hac vice* is a discretionary action taking into account the specifics of the proceedings. Similarly, the revocation of *pro hac vice* is a discretionary action taking into account various factors, including incompetence, unwillingness to abide by the Office's Rules of Professional Conduct, and incivility.

The Office expects that lead counsel will, and back-up counsel may, participate in all hearings and conference calls with the Board and will sign all papers submitted in the proceeding. In addition, the role of back-up counsel is to conduct business with the Office on behalf of lead counsel when lead counsel is not available. Actions not conducted before the Office (*e.g.,* taking of deposition) may be conducted by lead or back-up counsel.

C. Electronic Filing

Electronic filing is the default manner in which documents are to be filed with the Board. § 42.6(b). Electronic filing of legal documents is being implemented across the country in state and federal courts. The use of electronic filing aids in the efficient administration of the proceeding, improves public accessibility, and provides a more effective document management system for the Office and parties. The manner of submission will be established by the Board. The Board will publish electronic submission information on its Web site (www.uspto.gov/PTAB) in August of 2012. Due to system constraints, no single uploaded file may exceed 250 megabytes in size.

Paper filing may be used where appropriate, but must be accompanied by a motion explaining the need for non-electronic filing. § 42.6(b). Based upon experience with contested cases, the Board does not expect to receive many requests to file paper submissions. Circumstances where a paper filing may be warranted include those occasions where the Office's electronic filing system is unable to accept filings. Alternatively, if a problem with electronic filing arises during normal business hours, a party may contact the Board and request a one-day extension of time for due dates that are set by rule or orders of the Board. § 42.5. In the unlikely event that an administrative patent judge is not available to rule on the extension, the Board may grant an extension the day after the paper is due, which includes situations where electronic filing problems are shown to have occurred.

D. Mandatory Notices

The rules require that parties to a proceeding provide certain mandatory notices, including identification of the real parties-in-interest, related matters, lead and back-up counsel, and service information. § 42.8. Where there is a change of information, a party must file a revised notice within 21 days of the change. § 42.8(a)(3).

1. *Real Party-in-Interest or Privy:* The core functions of the ''real party-in-interest'' and ''privies'' requirement to assist members of the Board in identifying potential conflicts, and to assure proper application of the statutory estoppel provisions. The latter, in turn, seeks to protect patent owners from harassment via successive petitions by the same or related parties, to prevent parties from having a ''second bite at the apple,'' and to protect the integrity of both the USPTO and Federal Courts by assuring that all issues are promptly raised and vetted. *Cf.* Fed. R. Civ. P. 17(a) (Advisory Committee Note to 1966 Amendment to Rule 17(a)) (''[T]he modern function of the rule in its negative aspect is simply to protect the defendant against a subsequent action by the party actually entitled to recover, and to insure generally that the judgment will have its proper effect as res judicata.''). The USPTO will apply traditional common-law principles with these goals in mind and parties will be well-served to factor in these considerations when determining whom to identify.

Whether a party who is not a named participant in a given proceeding nonetheless constitutes a ''real party-in-interest'' or ''privy'' to that proceeding is a highly fact-dependent question. *See generally Taylor* v. *Sturgell,* 553 U.S. 880 (2008); 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice & Procedure §§ 4449, 4451 (2d ed. 2011) (hereinafter ''Wright & Miller''). Such questions will be handled by the Office on a case-by-case basis taking into consideration how courts have viewed the terms ''real party-in-interest'' and ''privy.'' *See, e.g., Taylor,* 553 U.S. at 893–895 and 893 n.6 (noting that ''[t]he list that follows is meant only to provide a framework [for the decision], not to establish a definitive taxonomy''). Courts invoke the terms ''real party-in-interest'' and ''privy'' to describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion. Accordingly, courts have avoided rigid definitions or recitation of necessary factors. Similarly, multiple Federal Rules invoke the terms without attempting to define them or what factors trigger their application. *See, e.g.,* Fed. R. Civ. P. 17; Fed. Cir. R. 47.4.

The typical common-law expression of the ''real party-in-interest'' (the party ''who, according to the governing substantive law, is entitled to enforce the right'') does not fit directly into the AIA trial context. *See* 6A Charles Alan Wright, Arthur R. Miller, Mary Kay Kane, & Richard L. Marcus, Federal Practice & Procedure Civil section 1543 (3d ed. 2011) (discussing Fed. R. Civ. P. 17). That notion reflects standing concepts, but no such requirement exists in the IPR or PGR context, although it exists in the CBM context. In an IPR or PGR proceeding, there is no ''right'' being enforced since any entity (other than the patent owner) may file an IPR or PGR petition. However, the spirit of that formulation as to IPR and PGR proceedings means that, at a general level, the ''real party-in-interest'' is the party that desires review of the patent. Thus, the ''real party-in-interest'' may be the petitioner itself, and/or it may be the party or parties at whose behest the petition has been filed. In this regard, the Office's prior application of similar principles in the *inter partes* reexamination context offers additional guidance. *See generally In re Guan et al. Inter Partes* Reexamination Proceeding, Control No. 95/001,045, Decision Vacating Filing Date (Aug. 25, 2008). Similar considerations apply to CBM proceedings, although the statute governing those proceedings also requires that the party seeking the proceeding, or its real party-in-interest or privy, have been sued for infringing the subject patent, or been charged with infringement under that patent.

The notion of ''privity'' is more expansive, encompassing parties that do not necessarily need to be identified in the petition as a ''real party-in-interest.'' The Office intends to evaluate what parties constitute ''privies'' in a manner consistent with the flexible and equitable considerations established under federal caselaw. Ultimately, that analysis seeks to determine whether the relationship between the purported ''privy'' and the relevant other party is sufficiently close such that both should be bound by the trial outcome and related estoppels. This approach is consistent with the legislative history of the AIA, which indicates that Congress included ''privies'' within the parties subject to the statutory estoppel provisions in an effort to capture ''the doctrine's practical and equitable nature,'' in a manner akin to collateral estoppel. In that regard, the legislative history endorsed the expression of ''privy'' as follows:

> The word ''privy'' has acquired an expanded meaning. The courts, in the interest of justice and to prevent expensive litigation, are striving to give effect to judgments by extending ''privies'' beyond the classical description. The emphasis is not on the concept of identity of parties, but on the practical situation. Privity is essentially a shorthand statement that collateral estoppel is to be applied in a given case; there is no universally applicable definition of privity. The concept refers to a relationship between the party to be estopped and the unsuccessful party in the prior litigation which is sufficiently close so as to justify application of the doctrine of collateral estoppel.

154 Cong. Rec. S9987 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (citing *Cal. Physicians' Serv.* v. *Aoki Diabetes Research Inst.,* 163 Cal.App.4th 1506 (Cal. App. 2008)); *see also* 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (incorporating prior 2008 statement). Subsequent legislative history expanded on the prior discussion of ''privy'' by noting that ''privity is an equitable rule that takes into account the 'practical situation,' and should extend to parties to transactions and other activities relating to the property in question.'' 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

There are multiple factors relevant to the question of whether a non-party may be recognized as a ''real party-in-interest'' or ''privy.'' *See, e.g., Taylor,* 553 U.S. at 893–895 and 893 n.6 (noting that ''[t]he list that follows is meant only to provide a framework [for the decision], not to establish a definitive taxonomy''). A common consideration is whether the non-party exercised or could have exercised control over a party's participation in a proceeding. *See, e.g., id.* at 895; *see generally* Wright & Miller section 4451. The concept of control generally means that ''it should be enough that the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties.'' Wright & Miller § 4451. Courts and commentators agree, however, that there is no ''bright-line test'' for determining the necessary quantity or degree of participation to qualify as a ''real party-in-interest'' or ''privy'' based on the control concept. *Gonzalez* v. *Banco Cent. Corp.,* 27 F.3d 751, 759 (1st Cir. 1994). *See also* Wright & Miller section 4451 (''The measure of control by a nonparty that justifies preclusion cannot be defined rigidly.''). Accordingly, the rules do not enumerate particular factors regarding a ''control'' theory of ''real party-in-interest'' or ''privy'' under the statute.

Additionally, many of the same considerations that apply in the context of ''*res judicata*'' will likely apply in the

''real party-in-interest'' or ''privy'' contexts. *See Gonzalez,* 27 F.3d at 759; *see generally* Wright & Miller section 4451. Other considerations may also apply in the unique context of statutory estoppel. *See generally, e.g., In re Arviv Reexamination Proceeding,* Control No. 95/001,526, Decision Dismissing section 1.182 and section 1.183 Petitions, at 6 (Apr. 18, 2011); *In re Beierbach Reexamination Proceeding,* Control No. 95/000,407, Decision on section 1.182 and section 1.183 Petitions, at 6 (July 28, 2010); *In re Schlecht Inter Partes Reexamination Proceeding,* Control No. 95/001,206, Decision Dismissing Petition, at 5 (June 22, 2010); *In re Guan Inter Partes Reexamination Proceeding,* Control No. 95/001,045, Decision Vacating Filing Date, at 8 (Aug. 25, 2008).

The Office has received requests to state whether particular facts will qualify a party as a ''real party-in-interest'' or ''privy.'' Some fact-combinations will generally justify applying the ''real party-in-interest'' or ''privy'' label. For example, a party that funds and directs and controls an IPR or PGR petition or proceeding constitutes a ''real party-in-interest,'' even if that party is not a ''privy'' of the petitioner. But whether something less than complete funding and control suffices to justify similarly treating the party requires consideration of the pertinent facts. *See, e.g., Cal. Physicians,* 163 Cal.App.4th at 1523–25 (discussing the role of control in the ''privy'' analysis, and observing that ''preclusion can apply even in the absence of such control''). The Office will handle such questions on a case-by-case basis taking into consideration how courts have viewed the terms. Similarly, while generally a party does not become a ''real party-in-interest'' or a ''privy'' of the petitioner merely through association with another party in an unrelated endeavor, slight alterations in the facts, as well as consideration of other facts, might result in a different conclusion. So, for example, if Trade Association X files an IPR petition, Party A does not become a ''real party-in-interest'' or a ''privy'' of the Association simply based on its membership in the Association. Similarly, if Party A is part of a Joint Defense Group with Party B in a patent infringement suit, and Party B files a PGR petition, Party A is not a ''real party-in-interest'' or a ''privy'' for the purposes of the PGR petition based solely on its participation in that Group. That is not to say that Party A's membership in Trade Association X, or the Joint Defense Group, in those scenarios is irrelevant to the determination; deeper consideration of the facts in the particular case is necessary to determine whether Party A is a ''real party-in-interest'' or a ''privy'' of the petitioner. Relevant factors include: Party A's relationship with the petitioner; Party A's relationship to the petition itself, including the nature and/or degree of involvement in the filing; and the nature of the entity filing the petition. In short, because rarely will one fact, standing alone, be determinative of the inquiry, the Office cannot prejudge the impact of a particular fact on whether a party is a ''real party-in-interest'' or ''privy'' of the petitioner.

2. *Related Matters:* Parties to a proceeding are to identify any other judicial or administrative matter that would affect, or be affected by, a decision in the proceeding. Judicial matters include actions involving the patent in federal court. Administrative matters include every application and patent claiming, or which may claim, the benefit of the priority of the filing date of the party's involved patent or application as well as any *ex parte* and *inter partes* reexaminations for an involved patent.

3. *Identification of Service Information:* Parties are required to identify service information to allow for efficient communication between the Board and the parties. § 42.8. Additionally, while the Board is authorized to provide notice by means other than mailing to the correspondence address of record, it is ultimately the responsibility of the applicant or patent owner to maintain a proper correspondence address in the record. *Ray* v. *Lehman,* 55 F.3d 606, 610 (Fed. Cir. 1995).

Under § 42.6(e), service may be made electronically upon agreement of the parties. For example, the parties could agree that electronic filing with the Board of a document constitutes electronic service.

E. Public Availability and Confidentiality

The rules aim to strike a balance between the public's interest in maintaining a complete and understandable file history and the parties' interest in protecting truly sensitive information.

1. *Public Availability:* The record of a proceeding, including documents and things, shall be made available to the public, except as otherwise ordered. § 42.14. Accordingly, a document or thing will be made publicly available, unless a party files a motion to seal that is then granted by the Board.

2. *Confidential information:* The rules identify confidential information in a manner consistent with Federal Rule of Civil Procedure 26(c)(1)(G), which provides for protective orders for trade secret or other confidential research, development, or commercial information. § 42.54.

3. *Motion To Seal:* A party intending a document or thing to be sealed may file a motion to seal concurrent with the filing of the document or thing. § 42.14. The document or thing will be provisionally sealed on receipt of the motion and remain so pending the outcome of the decision on motion.

4. *Protective Orders:* A party may file a motion to seal where the motion contains a proposed protective order, such as the default protective order in Appendix B. § 42.54. Specifically, protective orders may be issued for good cause by the Board to protect a party from disclosing confidential information. § 42.54. Guidelines on proposing a protective order in a motion to seal, including a Standing Protective Order, are provided in Appendix B. The document or thing will be protected on receipt of the motion and remain so, pending the outcome of the decision on motion.

5. *Confidential Information in a Petition:* A petitioner filing confidential information with a petition may, concurrent with the filing of the petition, file a motion to seal with a proposed protective order as to the confidential information. A petitioner filing information under seal with a petition is not required to serve the confidential information. § 42.55.

A petitioner may seek entry of the default protective order in Appendix B or may seek entry of an alternative protective order. Where the petitioner seeks entry of the default protective order, the patent owner will be given access to the confidential information prior to institution of the trial by agreeing to the terms of a default order. § 42.55(a). The Board anticipates that a patent owner may use the Board's electronic filing system to agree to the default protective order and would, upon confirmation of the agreement by the Board, be given access to the provisionally sealed information.

Where a petitioner files a motion to seal with the petition that seeks entry of a protective order other than the default protective order, a patent owner may only access the sealed confidential information prior to the institution of the trial by:

(1) Agreeing to the terms of the protective order requested by the petitioner;

(2) Agreeing to the terms of a protective order that the parties file jointly; or

(3) Obtaining entry of a protective order (*e.g.,* the default protective order).

For example, the patent owner could arrange a conference call with the Board and opposing party, and provide a suitable basis for entering the default protective order as opposed to the petitioner's proposed protective order. § 42.55(b). The Board anticipates that a patent owner may use the Board's electronic filing system to agree to the protective order requested by the petitioner and would, upon confirmation of the agreement by the Board, be given access to the provisionally sealed information. Similarly, the Board anticipates that a patent owner may use the Board's electronic filing system to file a protective order that the parties jointly agree to and would, upon confirmation of the agreement by the Board, be given access to the provisionally sealed information. Alternatively, the patent owner would be given access on entry of a protective order by the Board.

The rule seeks to streamline the process of seeking protective orders prior to the institution of the review while balancing the need to protect confidential information against an opponent's ability to access information used to challenge the opponent's claims.

6. *Expungement of Confidential Information:* Confidential information that is subject to a protective order ordinarily would become public 45 days after denial of a petition to institute a trial or 45 days after final judgment in a trial. There is an expectation that information will be made public where the existence of the information is referred to in a decision to grant or deny a request to institute a review or is identified in a final written decision following a trial. A party seeking to maintain the confidentiality of information, however, may file a motion to expunge the information from the record prior to the information becoming public. § 42.56. The rule balances the needs of the parties to submit confidential information with the public interest in maintaining a complete and understandable file history for public notice purposes. The rule encourages parties to redact sensitive information, where possible, rather than seeking to seal entire documents.

7. *Derivation:* A party in a derivation submitting dates of conception to establish inventorship may wish to file the information under seal. Where the dates of conception are filed under seal, a party may request that an opponent not be given access to the conception dates until the opponent's conception dates have been provided to the Board.

F. Discovery

Discovery is a tool to develop a fair record and to aid the Board in assessing the credibility of witnesses. To streamline the proceedings, the rules and Scheduling Order provide a sequenced discovery process upon institution of the trial. Specifically, each party will be provided respective discovery periods, beginning with the patent owner. The sequenced discovery allows parties to conduct meaningful discovery before they are required to submit their respective motions and oppositions during the trial. Thus, discovery before the Board is focused on what the parties reasonably need to respond to the grounds raised by an opponent. In this way, the scope of the trial continually narrows.

1. *Routine Discovery:* Routine discovery includes: (1) Production of any exhibit cited in a paper or testimony; (2) the cross-examination of the other sides declarants; and (3) relevant information that is inconsistent with a position advanced during the proceeding. Routine discovery places the parties on a level playing field and streamlines the proceeding. Board authorization is not required to conduct routine discovery, although the Board will set the times for conducting this discovery in its Scheduling Order.

(a) *Inconsistent Statements:* The following situations exemplify instances where disclosures of inconsistent statements are to be made. Example 1: where a petitioner relies upon an expert affidavit alleging that a method described in a patent cannot be carried out, the petitioner would be required to provide any non-privileged work undertaken by, or on behalf of, the petitioner that is inconsistent with the contentions in the expert's affidavit. Example 2: where a patent owner relies upon surprising and unexpected results to rebut an allegation of obviousness, the patent owner should provide the petitioner with non-privileged evidence that is inconsistent with the contention of unexpected properties.

(b) *Witness Expenses:* The burden and expense of producing a witness for redirect or cross-examination should normally fall on the party presenting the witness. Thus, a party presenting a witness's testimony by affidavit should arrange to make the witness available for cross-examination. This applies to witnesses employed by a party as well as experts and non-party witnesses. If there are associated expenses such as expert witness fees or travel, those should be borne by the party presenting the testimony. Should the witness's testimony be presented by transcript, the same rules apply, and the witness fees and expenses should be borne by the presenting party.

(c) *Document Translation:* All proceedings before the Board will be conducted in English. Translations therefore must be provided for: (1) Those documents produced in discovery under § 42.51; and (2) all documents relied on, or otherwise used, during the proceedings. Unless accompanied by an English language translation, such documents in a language other than English will not be considered by the Board.

2. *Additional Discovery:* A request for additional discovery must be in the form of a motion, although the parties may agree to discovery amongst themselves. § 42.51(b)(2). The types of discovery available under the Federal Rules of Civil Procedure can be sought by the parties. The standard for granting such requests varies with the proceeding. An ''interests of justice'' standard applies in IPR and derivations, whereas the more liberal ''good cause'' standard applies in PGR and CBM. *Id.* An additional discovery request could be granted under either standard, for example, when a party raises an issue where the evidence on that issue is uniquely in the possession of the party that raised it.

3. *Compelled Testimony:* A party can request authorization to compel testimony under 35 U.S.C. 24. If a motion to compel testimony is granted, testimony may be (1) *ex parte,* subject to subsequent cross-examination, or (2) *inter partes. Therriault* v. *Garbe,* 53 USPQ2d 1179, 1184 (BPAI 1999). Prior to moving for or opposing compelled testimony, the parties should discuss which procedure is appropriate. *See* Appendix D for guidance on compelled testimony.

4. *Mandatory Initial Disclosures:* Section 42.51(a) provides for mandatory initial disclosures, either by agreement (subparagraph (a)(1)) or, where the parties fail to reach an agreement, by motion, if granted (subparagraph (a)(2)). To proceed under § 42.51(a)(1), the parties must submit any agreement reached on initial disclosures no later than the filing of the patent owner's preliminary response, or by the expiration of the time period for filing such a response. *See* § 42.51(a)(1)(i).

Where the parties agree to mandatory initial disclosures under § 42.51(a)(1), two options are available as follows:

Option 1

This first option is modeled after Rule 26(a)(1)(A) of the Federal Rules of Civil Procedure, and requires disclosure of the following information: (1) the name and, if known, the address and telephone number of each individual likely to have discoverable information—along with the subjects of that information—that the disclosing party may use to support its claims or defenses, unless the use would be solely for impeachment; and (2) a copy—or a description by category and location—of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses, unless the use would be solely for impeachment.

Option 2

This second option is more extensive, and includes the following disclosures listed under both items I and II:

I. If the petition seeks cancellation of one or more claims in whole or part on the basis of the existence of an alleged prior non-published public disclosure, the petitioner will provide a statement: (1) Identifying, to the extent known by the petitioner, the names and information sufficient to contact all persons other than those offering affidavits or declarations who are reasonably likely to know of the alleged prior non-published public disclosure; (2) indicating which of such persons are within the control of petitioner, or who have otherwise consented to appear for a testimony in connection with the proceeding; (3) indicating which, if any, of such persons are represented by petitioner's counsel; (4) identifying all documents and things within petitioner's possession, custody, or control referring to or relating to the alleged prior non-published public disclosure; and (5) identifying all things relating to the alleged prior non-published public disclosure, including a complete description, photographs, the chemical analysis (if the chemical composition is in issue), and computer code (for computer-related subject matter), and their locations, and whether petitioner will produce such things for inspection, analysis, testing, and sampling.

II. If the petition seeks cancellation of one or more claims in whole or in part on the basis of the alleged obviousness of one or more of the claims, the petitioner will provide a statement: (1) identifying, to the extent known by the petitioner, the names and information sufficient to contact all persons other than those offering affidavits or declarations who are reasonably likely to have information regarding the secondary indicia of non-obviousness; (2) indicating which of such persons are within the control of petitioner, or have otherwise consented to appear for a testimony in connection with the proceeding; (3) indicating which, if any, of such persons are represented by petitioner's counsel; (4) identifying all documents and things within petitioner's possession, custody, or control referring to or relating to such secondary indicia of non-obviousness; and (5) identifying all things relating to the secondary indicia of non-obviousness, including a complete description, photographs, the chemical analysis (if the chemical composition is in issue), and computer code (for computer-related subject matter), and their locations, and whether petitioner will produce such things for inspection, analysis, testing, and sampling.

Under § 42.51(a)(1)(ii), upon institution of a trial, the parties may automatically take discovery of the information identified in the initial disclosures. Accordingly, the initial disclosures of a party shall be filed as exhibits as soon as reasonably practicable to permit discovery related to that information. *See* § 42.51(a)(1)(i).

5. *Live Testimony:* Cross-examination may be ordered to take place in the presence of an administrative patent judge, which may occur at the deposition or oral arugment. Occasionally, the Board will require live testimony where the Board considers the demeanor of a witness critical to assessing credibility. Examples of where such testimony has been ordered in previous contested cases before the Board include cases where derivation is an issue, where misconduct is alleged to have occurred during the proceeding, or where testimony is given through an interpreter. *See* Appendix D for guidance on testimony.

6. *Times and Locations for Witness Cross-Examination:* Under § 42.53(c)(1), the default time limits for compelled direct examination, cross-examination, and redirect examination are seven hours for direct examination, four hours for cross-examination, and two hours for redirect examination. Similarly, under § 42.53(c)(2), the default time limits for cross-examination, redirect examination, and recross-examination for uncompelled direct testimony are seven hours for cross-examination, four hours for redirect examination, and two hours for recross-examination. *See* Appendix D: Testimony Guidelines, for more information.

The rules do not provide for a specific location for taking testimony other than providing that the testimony may be taken at any reasonable location in the United States. The Board expects that the parties will be able to agree upon a reasonable location but will be available to handle the issue, typically via conference call, where the parties are unable to agree.

7. *E-Discovery:* The cost of e-discovery in patent infringement cases has led a number of courts to adopt special e-discovery rules. Notably, the Federal Circuit Advisory Committee drafted and adopted a Model Order Limiting E-Discovery in Patent Cases that is available on the Federal Circuit's Web site: *www.cafc.uscourts.gov*. *See also* Federal Rule of Evidence 502. In the interest of promoting economic and procedural efficiency in these proceedings, the Office adopts a default Model Order Regarding E-Discovery (Appendix C) based on the Federal Circuit's Model Order, modified to reflect the differences in statutory requirements. *See also* Rule 502 of the Federal Rules of Evidence. Except for routine discovery under the provisions of § 42.51(b)(1), it is expected that the default Model Order will be entered in a proceeding whenever discovery of Electronically Stored Information (ESI) is sought by the parties, whether under the other discovery provisions of § 42.51, or the compelled discovery provisions of § 42.52. Should a party desire to obtain production of ESI as part of additional discovery under § 42.51, § 42.52, or any other provision of the rules, the matter should be raised with the Board in a timely fashion before the discovery is scheduled to take place.

II. Petitions and Motions Practice

A. General Motions Practice Information

1. *Motions practice:* The proceedings begin with the filing of a petition that lays out the petitioner's grounds and supporting evidence for the requested proceeding. Additional relief in a proceeding must be requested in the form of a motion. § 42.20(a).

2. *Prior authorization:* Generally, a motion will not be entered without prior Board authorization. § 42.20(b). Exceptions include motions where it is impractical for a party to seek prior Board authorization, and motions for which authorization is automatically granted. Motions where it is not practical to seek prior Board authorization include motions to seal and motions filed with a petition, such as motions to waive page limits. Motions where authorization is

automatically granted, without a conference with the Board, include requests for rehearing, observations on cross-examination, and motions to exclude evidence. The Board expects that the Scheduling Order will pre-authorize and set times for the filing of observations on cross-examination and motions to exclude evidence based on inadmissibility. *See* Appendix A, Scheduling Order.

Typically, authorization for a motion is obtained during an initial conference call, which generally occurs within one month of the institution of IPR, PGR, CBM, and derivation proceedings. Additionally, where more immediate relief is required or the request arises after the initial conference call, a party should institute a conference call to obtain such authorization. Typically, the Board will decide procedural issues raised in a conference call during the call itself or shortly thereafter, thereby avoiding the need for additional briefing. The Board has found that this practice simplifies a proceeding by focusing the issues early, reducing costs and efforts associated with motions that are beyond the scope of the proceeding. By taking an active role in the proceeding, the Board can eliminate delay in the proceeding and ensure that attorneys are prepared to resolve the relevant disputed issues.

3. *Page Limits:* Petitions, motions, patent owner preliminary responses, patent owner responses, oppositions, and replies filed in proceedings are subject to page limits in order to streamline the proceedings. § 42.24. The rules set a limit of 60 pages for petitions requesting *inter partes* reviews and derivation proceedings, 80 pages for petitions requesting post-grant review and covered business method patent reviews, and 15 pages for motions. § 42.24(a). Patent owner preliminary responses to a petition and patent owner responses to a petition are limited to an equal number of pages as the corresponding petition, and oppositions are limited to an equal number of pages as the corresponding motion. § 42.24(b). Replies to patent owner responses to petitions are limited to 15 pages and replies to oppositions are limited to five pages. § 42.24(c).

Federal courts routinely use page limits to manage motions practice as ''[e]ffective writing is concise writing.'' *Spaziano* v. *Singletary,* 36 F.3d 1028, 1031 n.2 (11th Cir. 1994). Federal courts have found that page limits ease the burden on both the parties and the courts, and patent cases are no exception. *Broadwater* v. *Heidtman Steel Prods., Inc.,* 182 F. Supp. 2d 705, 710 (S.D. Ill. 2002) (''Counsel are strongly advised, in the future, to not ask this Court for leave to file any memoranda (supporting or opposing dispositive motions) *longer than 15 pages.* The Court has handled complicated patent cases and employment discrimination cases in which the parties were able to limit their briefs supporting and opposing summary judgment to 10 or 15 pages.'').

Although parties are given wide latitude in how they present their cases, the Board's experience is that the presentation of an overwhelming number of issues tends to detract from the argument being presented, and can cause otherwise meritorious issues to be overlooked or misapprehended. Thus, parties should avoid submitting a repository of all the information that a judge could possibly consider, and instead focus on concise, well-organized, easy-to-follow arguments supported by readily identifiable evidence of record. Another factor to keep in mind is that the judges of the Board are familiar with the general legal principles involved in issues which come before the Board. Accordingly, extended discussions of general patent law principles are not necessary.

The Office provides the following practical guidance regarding compliance with the page limits. A party is not required to submit a statement of material fact in its briefing. § 42.22. Further, double spacing is not required for claim charts. § 42.6(a)(2)(iii).

4. *Testimony Must Disclose Underlying Facts or Data:* The Board expects that most petitions and motions will rely upon affidavits of experts. Affidavits expressing an opinion of an expert must disclose the underlying facts or data upon which the opinion is based. *See* Fed. R. Evid. 705; and § 42.65. Opinions expressed without disclosing the underlying facts or data may be given little or no weight. *Rohm & Haas Co.* v. *Brotech Corp.,* 127 F.3d 1089, 1092 (Fed. Cir. 1997) (nothing in the Federal Rules of Evidence or Federal Circuit jurisprudence requires the fact finder to credit unsupported assertions of an expert witness).

5. *Tests and Data:* Parties often rely on scientific tests and data to support their positions. Examples include infrared spectroscopy graphs, high-performance liquid-chromatography data, etc. In addition to providing the explanation required in § 42.65, a party relying on a test or data should provide any other information the party believes would assist the Board in understanding the significance of the test or the data.

6. *Objective Indicia of Nonobviousness:* The Board expects that most petitions will raise issues of obviousness. In determining whether the subject matter of a claim would have been obvious over the prior art, the Board will review any objective evidence of nonobviousness proffered by the patent owner where appropriate.

B. Petition

Proceedings begin with the filing of a petition. The petition lays out the petitioner's grounds for review and supporting evidence, on a claim-by-claim basis, for instituting the requested proceeding.

1. *Filing date—Minimum Procedural Compliance:* To obtain a filing date, the petition must meet certain minimum standards. *See, e.g.,* § 42.106. Generally, the standards required for a petition are those set by statute for the proceeding requested. *See, e.g.,* 35 U.S.C. 312(a). For example, an IPR requires that a complete petition be filed with the required fee, and include a certificate of service for the petition, fee, and evidence relied upon. § 42.106. A complete petition for IPR requires that the petitioner certify that the patent is eligible for IPR and that the petitioner is not barred or estopped from requesting the review, and that the petitioner identify the claims being challenged and the specific basis for the challenge. § 42.104. Similar petition requirements apply to PGR (§ 42.204) and derivations (§ 42.404). CBM proceedings also require a petition demonstrate that the patent for which review is sought is a covered business method patent. § 42.304.

2. *Burden of Proof for Statutory Institution Thresholds:* The burden of proof in a proceeding before the Board is a preponderance of the evidence standard. § 42.1(d).

3. *Specific Requirements for Petition:* A petitioner must certify that the patent or application is available for review and that the petitioner is not barred or estopped from seeking the proceeding. §§ 42.104, 42.204, 42.304, and 42.405. Additionally, a petitioner must identify each claim that is challenged and the specific statutory grounds on which each challenge to the claim is based, provide a claim construction for the challenged claims, and state the relevance of the evidence to the issues raised. *Id.* For IPR, PGR, and CBM proceedings, a petitioner must also identify how the construed claim is unpatentable over the relevant evidence. §§ 42.104(b), 42.204(b), and 42.304(b).

4. *Covered Business Method/ Technological Invention:* A petitioner in a CBM proceeding must demonstrate that the patent for which review is sought is a covered business method patent. § 42.304(a). Covered business

method patents by definition do not include patents for technological inventions.

The following claim drafting techniques would not typically render a patent a technological invention:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

The following are examples of covered business method patents that are subject to a CBM review proceeding:

(a) A patent that claims a method for hedging risk in the field of commodities trading.

(b) A patent that claims a method for verifying validity of a credit card transaction.

The following are examples of patents that claim a technological invention that would not be subject to a CBM review proceeding:

(a) A patent that claims a novel and non-obvious hedging machine for hedging risk in the field of commodities trading.

(b) A patent that claims a novel and non-obvious credit card reader for verifying the validity of a credit card transaction.

5. *Claim Charts:* While not required, a petitioner may file a claim chart to explain clearly and succinctly what the petitioner believes a claim means in comparison to something else, such as another claim, a reference, or a specification. Where appropriate, claim charts can streamline the process of identifying key features of a claim and comparing those features with specific evidence. Claim charts submitted as part of a petition, motion, patent owner preliminary response, patent owner response, opposition, or reply count towards applicable page limits, but are not required to be double-spaced, e.g., to reduce the number of pages in a petition, claim charts in the petition may be single-spaced. A claim chart from another proceeding that is submitted as an exhibit, however, will not count towards page limits.

6. *Claim Construction:* Regarding the need for a claim construction, where appropriate, it may be sufficient for a party to provide a simple statement that the claim terms are to be given their broadest reasonable interpretation, as understood by one of ordinary skill in the art and consistent with the disclosure. Alternatively, where a party believes that a specific term has meaning other than its plain meaning, the party should provide a statement identifying a proposed construction of the particular term and where the disclosure supports that meaning.

The Office has for decades employed the broadest reasonable interpretation standard to construe claims before the Office, and it will continue to do so in IPR, PGR, and CBM proceedings for construing challenged claims as well as any amended or new claims. §§ 42.100(b), 42.200(b), and 42.300(b). This approach ensures that the public can clearly understand the outer limits applicants and patentees will attribute to their claims. On the other hand, inconsistent results would become a major issue if the Office adopted a standard of claim construction other than the broadest reasonable interpretation for IPR, PGR, and CBM proceedings. As the AIA contemplates, there may be multiple proceedings involving related patents or patent applications in the Office at a particular time. For example, there may be an IPR of a patent that is also subject to an *ex parte* reexamination, where the patent is part of a family of co-pending applications all employing the same claim terminology. The Office applies the broadest reasonable interpretation standard in those proceedings, and major difficulties would arise where the Office is handling multiple proceedings with different applicable claim construction standards.

An essential purpose of the broadest reasonable claim interpretation standard in the amendment process is to encourage a patent owner to fashion clear, unambiguous claims. Only through the use of the broadest reasonable claim interpretation standard can the Office ensure that uncertainties of claim scope are removed or clarified. Since patent owners have the opportunity to amend their claims during IPR, PGR, and CBM trials, unlike in district court proceedings, they are able to resolve ambiguities and overbreadth through this interpretive approach, producing clear and defensible patents at the lowest cost point in the system. Patent owners in IPR, PGR, and CBM proceedings will be permitted to file a first motion to amend the patent, after conferring with the Board. §§ 42.121(a) and 42.221(a). Moreover, although there is no need to permit multiple opportunities to amend to justify the application of the broadest reasonable interpretation standard in an Office proceeding, patent owners in IPR, PGR, and CBM proceedings may file an additional motion to amend when there is a good cause showing, or a joint request of the petitioner and the patent owner to materially advance a settlement. §§ 42.121(c) and 42.221(c). Thus, the Board will apply the broadest reasonable interpretation standard during IPR, PGR, and CBM proceedings, consistent with the Office's practice in other proceedings.

C. Patent Owner Preliminary Response

For IPR, PGR, and CBM proceedings, a patent owner may file a preliminary response no later than three months after the grant of a filing date. §§ 42.107(b) and 42.207(b). The preliminary response may present evidence other than new testimonial evidence to demonstrate that no review should be instituted. §§ 42.107(c) and 42.207(c). New testimonial evidence may be permitted where a party demonstrates that such evidence is in the interests of justice. For example, the Board may permit new testimonial evidence where it addresses issues relating to the petitioner's standing, or where the Board determines that consideration of the identified evidence is necessary in the interests of justice as the evidence demonstrates that the trial may not be instituted.

Potential patent owner preliminary responses include:

(1) The petitioner is statutorily barred from pursuing a review.

(2) The references asserted to establish that the claims are unpatentable are not in fact prior art.

(3) The prior art lacks a material limitation in all of the independent claims.

(4) The prior art teaches or suggests away from a combination that the petitioner is advocating.

(5) The petitioner's claim interpretation for the challenged claims is unreasonable.

(6) If a petition for post-grant review raises 35 U.S.C. 101 grounds, a brief explanation as to how the challenged claims are directed to a patent-eligible invention.

Where a patent owner seeks to expedite the proceeding, the patent owner may file an election to waive the patent owner preliminary response. §§ 42.107(b) and 42.207(b). No adverse inference will be taken by such an election. Moreover, a patent owner may file a statutory disclaimer of one or more challenged claims to streamline the proceedings. Where no challenged claims remain, the Board would terminate the proceeding. Where one or more challenged claims remain, the

Board's decision on institution would be based solely on the remaining claims. *See Sony Computer Entm't Am. Inc.* v. *Dudas,* 2006 WL 1472462 (E.D.Va. 2006).

D. Institution of Review

1. *Statutory Threshold Standards:* Generally, the Director may institute a proceeding where a petitioner meets the threshold standards. There is a different statutory threshold standard for institution of each type of proceeding. Each of the statutory threshold standards is summarized below.

(a) *Inter Partes* Review: 35 U.S.C. 314(a), as amended, provides that the Director may not authorize institution of an *inter partes* review, unless the Director determines that the information presented in the petition filed under 35 U.S.C. 311, as amended, and any response filed under 35 U.S.C. 313, as amended, shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition. The ''reasonable likelihood'' standard is a somewhat flexible standard that allows the Board room to exercise judgment.

(b) *Post-Grant Review:* 35 U.S.C. 324(a) provides that the Director may not authorize institution of a post-grant review, unless the Director determines that the information presented in the petition filed under 35 U.S.C. 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable. The ''more likely than not'' standard requires greater than 50% chance of prevailing. In addition, 35 U.S.C. 324(b) provides that the determination required under 35 U.S.C. 324(a) may also be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.

(c) *Covered Business Method Patent Review:* Section 18(a)(1) of the AIA provides that the transitional proceeding for covered business method patents will be regarded as, and will employ the standards and procedures of, a post-grant review under chapter 32 of title 35 United States Code, subject to certain exceptions. Section 18(a)(1)(B) of the AIA specifies that a person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or person's real party-in-interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent. A covered business method patent means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

(d) *Derivation:* 35 U.S.C. 135(a), as amended, provides that an applicant for a patent may file a petition to institute a derivation proceeding. 35 U.S.C. 135(a), as amended, provides that the petition must state with particularity the basis for finding that a named inventor in the earlier application derived the claimed invention from an inventor named in the petitioner's application and, without authorization, filed the earlier application. The petition must be filed within one year of the first publication by the earlier applicant of a claim to the same or substantially the same invention, must be made under oath, and must be supported by substantial evidence. 35 U.S.C. 135(a), as amended, also provides that the Director may institute a derivation proceeding, if the Director determines that the petition demonstrates that the standards for instituting a derivation proceeding are met.

2. *Considerations in Instituting a Review:* The Board institutes the trial on behalf of the Director. § 42.4(a). In instituting the trial, the Board will consider whether or not a party has satisfied the relevant statutory institution standard. As part of its consideration, the Board may take into account whether the same or substantially the same prior art or arguments were previously presented to the Office under 35 U.S.C. 325(d).

The Board, in determining whether to institute, may take into account whether the review could be completed timely. For example, the Board may decline to institute a proceeding where the Board determines that it could not complete the proceeding timely. Specifically, the Board could exercise its discretion to decline to institute a petition that seeks review of several hundred claims based upon a thousand references and the patent owner demonstrates that a determination of patentability would require testimony of dozens of non-party controlled witnesses in foreign countries for which the testimony would need to be compelled.

3. *Content of Decision on Whether To Institute:* In instituting a trial, the Board will streamline the issues for final decision by authorizing the trial to proceed only on the challenged claims for which the threshold standards for the proceeding have been met. Further, the Board will identify, on a claim-by-claim basis, the grounds on which the trial will proceed. Any claim or issue not included in the authorization for review is not part of the trial.

Where no trial is instituted, a decision to that effect will be provided. The Board expects that the decision will contain a short statement as to why the standards were not met, although this may not be necessary in all cases. A party dissatisfied with a decision whether or not to institute may file a request for rehearing before the Board, but the Board's determination on whether to institute a trial is final and nonappealable. 35 U.S.C. 135(a) and 314(d), as amended; 35 U.S.C. 324(e); and § 42.71(c).

4. *Scheduling Order:* The Board expects that a Scheduling Order (Appendix A) will be provided concurrent with the decision to institute the proceeding. The Scheduling Order will set due dates for taking action accounting for the complexity of the proceeding but ensuring that the trial is completed within one year of institution. Furthermore, the parties may request changes to the due dates at the initial conference call, and stipulate different dates for Due Dates 1 through 5 (earlier or later, but no later than Due Date 6). *See* Appendix A.

E. Initial Conference Call (One Month After Instituting Trial)

The Board expects to initiate a conference call within about one month from the date of institution of the trial to discuss the Scheduling Order and any motions that the parties anticipate filing during the trial. Generally, the Board would require a list of proposed motions to be filed no later than two business days prior to the conference call. An accurate motions list is necessary to provide the Board and the opposing parties adequate notice to prepare for the conference call and to plan for the proceeding. The Board's contested cases experience demonstrates that discussing the proposed motions before the motions are authorized to be filed aids the administration of justice by: (1) Helping the Board and counsel adjust the schedule for taking action; (2) permitting the Board to determine whether the listed motions are both necessary and sufficient to resolve the issues raised; and (3) revealing the possibility that there may be a dispositive issue that may aid the settlement of the trial. Submission of a list would not preclude the filing of additional motions not contained in the list. However, the Board may require prior authorization to file an additional motion and the set times are not likely

to change as a consequence of the new motion.

F. Patent Owner Response

For IPR, PGR, and CBM, the patent owner will be provided an opportunity to respond to the petition once a trial has been instituted. 35 U.S.C. 316(a)(8), as amended, and 35 U.S.C. 326(a)(8). For a derivation proceeding, the applicant or patent owner alleged to have derived the invention will be provided an opportunity to respond to the petition once the trial has been instituted. 35 U.S.C. 135(b), as amended.

The patent owner response is filed as an opposition to the petition and is subject to the page limits provided in § 42.24. §§ 42.120 and 42.220. The response should identify all the involved claims that are believed to be patentable and state the basis for that belief. Additionally, the response should include any affidavits or additional factual evidence sought to be relied upon and explain the relevance of such evidence. As with the petition, the response may contain a claim chart identifying key features of a claim and comparing those features with specific evidence. Where the patent owner elects not to file a response, the patent owner will arrange for a conference call with the Board to discuss whether or not the patent owner will file a request for adverse judgement. § 42.73(b).

G. Motions To Amend

1. *IPR, PGR, and CBM Amendments:* Patent owners in IPR, PGR, and CBM may file motions to amend the claims subject to certain conditions. §§ 42.121 and 42.221.

First Motion to Amend: Although patent owners may file a first motion to amend and need not obtain prior Board authorization, the patent owner is still required to confer with the Board before filing the motion. § 42.121(a) or 42.221(a). During this conference call, it is envisioned that the judge would provide guidance to the patent owner and petitioner regarding the motion including how the filing of the motion will impact the schedule. For example, if a patent holder files a motion to amend the claims, adjustment to the schedule and authorization to conduct additional discovery may be appropriate.

Additional Motion to Amend. Patent owners seeking to file any additional motion to amend claims in the patent under § 42.121(c) or 42.221(c) must seek authorization from the Board to file the motion to amend. The filing of the additional motion typically would be authorized if a joint request by the petitioner and patent owner is made to materially advance a settlement. Alternatively, filing of the additional motion may be authorized on a showing of good cause. In determining whether to authorize such an additional motion to amend, the Board will consider, among other factors, whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in § 42.121(a)(1) or 42.221(a)(1). For example, in the event that the petitioner is authorized to submit additional information that was not available to the petitioner before the petition was filed regarding the patentability of an original claim, the entry of the additional evidence will increase the likelihood that an additional motion to amend will be authorized. Other factors, such as the time remaining for the trial, the degree to which the additional evidence impacts the patentability of the claims being sought to be amended, and whether the additional evidence was known to the patent owner before the time period set in §§ 42.121(a) or 42.221(a) expired, may also be considered in deciding whether the motion should be authorized.

Due Date. A motion to amend must be filed no later than the time period for filing a patent owner response, unless a different due date is provided in a Board order. § 42.121(a) or 42.221(a). The Office envisions that most motions to amend will be due three months after a trial is instituted.

Contents of Motion To Amend. Any motion to amend must also comply the content requirements of §§ 42.121(b) or 42.221(b). Sections 42.121(b) and 42.221(b) require that any motion to amend include a claim listing, show the changes being sought clearly, and describe how the original disclosure of the patent and any relied upon prior application supports each claim that is added or amended. A patent owner may not enlarge the scope of the claims of the patent or add new matter, 35 U.S.C. 316(d)(3) and 326(d)(3), and it is envisioned that the amendment that will be sought by most patent owners is a replacement of a set of broader claims with a set of narrower claims. Where a motion seeks to replace an original patent claim with a new claim, the new claim should be identified as a proposed substitute claim and all changes relative to the original claim clearly discussed. Any motion to amend must also set forth the support in the original disclosure of the patent as well as any application for which benefit of the filing date of the earlier filed disclosure is sought.

Claim Construction. The Board will interpret claims using the broadest reasonable construction, which is consistent with the statute and legislative history of the AIA. *See, e.g.,* 35 U.S.C. 316(a)(2) and (a)(9), as amended, and § 42.100(b). In certain circumstances, claim construction under the broadest reasonable interpretation will differ from that of district court. A patent owner, however, will have opportunities to amend its claims during an administrative trial before the Board. *See, e.g.,* § 42.121. When filing a motion to amend, a patent owner may demonstrate that the scope of the amended claim is substantially identical to that of the original patent claim, as the original patent claim would have been interpreted by a district court. In such cases, a patent owner may request that the Board determine that the amended claim and original patent claim are substantially identical within the meaning of 35 U.S.C. 252.

2. *Amendments in Derivation Proceedings:* The filing of a motion to amend claims by a petitioner or respondent in a derivation proceeding will be authorized upon a showing of good cause. § 42.20. An example of good cause is where the amendment materially advances settlement between the parties or seeks to cancel claims. The Board expects, however, that a request to cancel all of a party's disputed claims will be treated as a request for adverse judgment. § 42.73(b).

3. *General Practice Tips on Amendments:* Motions to amend claims are expected to be filed by the due dates set for filing a patent owner response. For authorization to file a motion to amend sought later in the proceeding, a demonstration of good cause will be required. Motions to amend filed late in the proceeding may impair a petitioner's ability to mount a full response in time to meet the statutory deadline for the proceeding. To reduce the number of issues in dispute, however, motions to cancel claims will generally be permitted even late in the proceeding, as will motions to amend to correct simple and obvious typographical errors.

A motion to amend must be accompanied by the proposed amendment. *See, e.g.,* § 42.121(b). Claims filed by amendments should be filed as substitute claims. The amendment should clearly state whether each claim is ''original,'' ''cancelled,'' ''replaced by proposed substitute,'' ''proposed substitute for original claim X,'' or ''proposed new claim.''

Amendments should clearly state where the specification and any drawings support all the limitations in the proposed substitute claims. If the Board is unable to determine how the specification and drawings support the proposed substitute claims, the motion to amend may be denied.

Motions to amend should clearly state the patentably distinct features for proposed substitute claims. This will aid the Board in determining whether the amendment narrows the claims and if the amendment is responsive to the grounds of unpatentability involved in the trial. Moreover, a motion to amend may be denied, without prejudice, if it is determined that patent owner's original claims are patentable.

The number of substitute claims must be ''reasonable.'' There is a general presumption that only one substitute claim would be needed to replace each challenged claim. §§ 42.121(a) and 42.221(a). This presumption may be rebutted by a demonstration of need. The presumption balances the one-year timeline for final decision against the patent owner's need to appropriately define the invention.

The following is an example of what may be included in a motion to amend. The example sets forth a proposed substitute claim that replaces original patent claims 1–3, a proposed substitute claim that replaces original patent claim 4, and a proposed new claim reciting newly claimed subject matter.

Original patent claims:

Claim 1: A bucket comprising:

A shell; and

an attached handle.

Claim 2: The bucket of claim 1 wherein the shell is made of wood.

Claim 3: The bucket of claim 1 wherein the handle is made of metal.

Claim 4: The bucket of claim 1 wherein the bucket has a volume of 2–5 gallons.

Claim listing in a motion to amend:

Claims 1–4 (cancelled).

Claim 5 (substitute for original claims 1–3): A bucket comprising:

A shell made of wood; and

an attached handle made of metal.

Claim 6 (substitute for original claim 4): The bucket of claim 5 wherein the bucket has a volume of 2–5 gallons.

Claim 7 (new claim) The bucket of claim 5 wherein the metal handle is at least partially made of alloy X.

Discussion of proposed changes:

Proposed claim 5 combines the features originally claimed in claims 1–3 into a single claim. Proposed claim 6 further defines proposed claim 5 by reciting the limitation originally recited in claim 4.

Proposed claim 7 further defines the invention of proposed claim 5 by requiring the metal handle to be at least partially made of alloy X.

Support for claimed subject matter.

Paragraph 14 of the original disclosure of the application which issued as the patent under review describes an embodiment where the shell of the bucket is made of wood and the handle of the bucket is made of metal. Paragraph 15 of the same specification describes a volume of 2–5 gallons as a useful volume for the bucket described in the specification. Paragraph 32 of the same specification describes the use of alloy X in making the metal handle.

Parent application X similarly describes an embodiment where the shell of the bucket is made of wood and the handle is made of metal at paragraph 14. Parent application X does not describe a bucket having a volume of 2–5 gallons or alloy X.

H. Petitioner Opposition to Amendment

A petitioner will be afforded an opportunity to fully respond to a patent owner's motion to amend. The time for filing an opposition generally will be set in a Scheduling Order. No authorization is needed to file an opposition to a motion to amend. Petitioners may respond to new issues arising from proposed substitute claims including evidence responsive to the amendment. 35 U.S.C. 316(a) and 326(a). This includes the submission of new expert declarations that are directed to the proposed substitute claims.

I. Petitioner Reply to Patent Owner Response and Patent Owner Reply to Opposition To Amend

A reply may only respond to arguments raised in the corresponding opposition. § 42.23. While replies can help crystalize issues for decision, a reply that raises a new issue or belatedly presents evidence will not be considered and may be returned. The Board will not attempt to sort proper from improper portions of the reply. Examples of indications that a new issue has been raised in a reply include new evidence necessary to make out a *prima facie* case for the patentability or unpatentability of an original or proposed substitute claim, and new evidence that could have been presented in a prior filing.

J. Other Motions

There are many types of motions that may be filed in a proceeding in addition to motions to amend. Examples of additional motions include motions to exclude evidence, motions to seal, motions for joinder, motions to file supplemental information, motions for judgment based on supplemental information, motions for observations on cross-examination, etc.

Where a party believes it has a basis to request relief on a ground not identified in the rules, the party should contact the Board and arrange for a conference call with the Board and opposing party to discuss the requested relief with the judge handling the proceeding.

When filing the motion, the party must comply with the appropriate requirements. For example, a motion to submit supplemental information must meet the requirements of § 42.123 or § 42.223: (1) A request for the authorization to file a motion to submit supplemental information is made within one month of the date the trial is instituted; and (2) the supplemental information must be relevant to a claim for which the trial has been instituted. Further, a party seeking to submit supplemental information more than one month after the date the trial is instituted, must request authorization to file a motion to submit the information. Such a motion to submit supplemental information must show why the supplemental information reasonably could not have been obtained earlier, and that consideration of the supplemental information would be in the interests-of-justice. § 42.123(b) or § 42.223(b).

K. Challenging Admissibility

A party wishing to challenge the admissibility of evidence must object timely to the evidence at the point it is offered and then preserve the objection by filing a motion to exclude the evidence. § 42.64(a), (b)(1), and (c). The time for filing a motion to exclude evidence will be set in the Scheduling Order. A motion to exclude evidence must:

(a) Identify where in the record the objection originally was made;

(b) Identify where in the record the evidence sought to be excluded was relied upon by an opponent;

(c) Address objections to exhibits in numerical order; and

(d) Explain each objection.

A motion to exclude must explain why the evidence is not admissible (*e.g.,* relevance or hearsay) but may not be used to challenge the sufficiency of the evidence to prove a particular fact.

L. Observations on Cross-Examination

In the event that cross-examination occurs after a party has filed its last substantive paper on an issue, such cross-examination may result in testimony that should be called to the Board's attention, but the party does not

believe a motion to exclude the testimony is warranted. The Board may authorize the filing of observations to identify such testimony and responses to observations, as defined below.

The party taking the cross-examination files the observations. The opposing party may file a response to an observation. The opposing party may not file observations without express prior authorization.

An observation should be a concise statement of the relevance of identified testimony to an identified argument or portion of an exhibit (including another part of the same testimony). Any response should be equally concise. An observation (or response) is not an opportunity to raise new issues, re-argue issues, or pursue objections. Each observation should be in the following form:

In exhibit __, on page __, lines__, the witness testified __. This testimony is relevant to the __ on page __ of __. The testimony is relevant because __.

The entire observation should not exceed one short paragraph. The Board may refuse entry of excessively long or argumentative observations (or responses).

M. Oral Argument

Each party to a proceeding will be afforded an opportunity to present their case before at least three members of the Board. The time for requesting an oral argument is normally set in the Scheduling Order but may be modified on a case-by-case basis.

Generally, a petitioner to a hearing will go first followed by the patent owner or respondent after which a rebuttal may be given by the petitioner. The order may be reversed, *e.g.,* where the only dispute is whether the patent owner's proposed substitute claims overcome the grounds for unpatentability set forth in the petition.

Special equipment or needs. A party should advise the Board as soon as possible before an oral argument of any special needs. Examples of such needs include additional space for a wheel chair, an easel for posters, or an overhead projector. Parties should not make assumptions about the equipment the Board may have on hand. Such requests should be directed in the first instance to a Board Trial Division paralegal at 571–272–9797.

Demonstrative exhibits. The Board has found that elaborate demonstrative exhibits are more likely to impede than help an oral argument. The most effective demonstrative exhibits tend to be a handout or binder containing the demonstrative exhibits. The pages of each exhibit should be numbered to facilitate identification of the exhibits during the oral argument, particularly if the argument is recorded.

Live testimony. The Board does not envision that live testimony is necessary at oral argument. However, parties may file a motion for live testimony in appropriate situations.

No new evidence and arguments. A party may rely upon evidence that has been previously submitted in the proceeding and may only present arguments relied upon in the papers previously submitted. No new evidence or arguments may be presented at the oral argument.

N. Settlement

There are strong public policy reasons to favor settlement between the parties to a proceeding. The Board will be available to facilitate settlement discussions, and where appropriate, may require a settlement discussion as part of the proceeding. The Board expects that a proceeding will terminate after the filing of a settlement agreement, unless the Board has already decided the merits of the proceeding. 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327.

O. Final Decision

For IPR, PGR, and CBM, the Board will enter a final written decision not more than one year from the date a trial is instituted, except that the time may be extended up to six months for good cause. The Board expects that a final written decision will address the issues necessary for resolving the proceeding.

In the case of derivation proceedings, although not required by statute, the Board expects to provide a final decision not more than one year from the institution of the proceeding. The Board will provide a final decision as to whether an inventor named in the earlier application derived the claimed invention from an inventor named in the petitioner's application and filed the earlier application claiming such invention without authorization.

P. Rehearing Requests

A party dissatisfied with a decision of the Board may file a request for rehearing. § 42.71. The burden of showing that a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and where each matter was previously addressed in a motion, an opposition, or a reply. Evidence not already of record at the time of the decision will not be admitted absent a showing of good cause. The opposing party should not file a response to a request for rehearing absent a request from the Board. The Board envisions that, absent a need for additional briefing by an opponent, requests for rehearing will be decided approximately one month after receipt of the request.

APPENDIX A–1: Scheduling Order for *Inter Partes* Review, Post-Grant Review, and Covered Business Method Patents Review (based on the trial rules).

A. DUE DATES

This order sets due dates for the parties to take action after institution of the proceeding. The parties may stipulate different dates for DUE DATES 1 through 5 (earlier or later, but no later than DUE DATE 6). A notice of the stipulation, specifically identifying the changed due dates, must be promptly filed. The parties may not stipulate an extension of DUE DATES 6–7.

In stipulating different times, the parties should consider the effect of the stipulation on times to object to evidence (§ 42.64(b)(1)), to supplement evidence (§ 42.64(b)(2)), to conduct cross-examination, and to draft papers depending on the evidence and cross-examination testimony (*see* section B, below).

1. DUE DATE 1

The patent owner is not required to file anything in response to the petition. The patent owner may file—

a. A patent owner's response to the petition, and

b. A motion to amend the patent.

Any response or amendment must be filed by DUE DATE 1. If the patent owner elects not to file anything, the patent owner must arrange a conference call with the parties and the Board.

2. DUE DATE 2

Any reply to the patent owner's response, and opposition to the motion to amend, filed by petitioner under § 42.23 must be filed by DUE DATE 2.

3. DUE DATE 3

The patent owner must file any reply to the petitioner's opposition to patent owner's motion to amend by DUE DATE 3.

4. DUE DATE 4

a. The petitioner must file any motion for an observation on the cross-examination testimony of a reply witness (*see* section C, below) by DUE DATE 4. § 42.20.

b. Each party must file any motion to exclude evidence (§ 42.64(c)) and any request for oral argument (§ 42.70(a)) by DUE DATE 4.

5. DUE DATE 5

a. The patent owner must file any reply to a petitioner observation on cross-examination testimony by DUE DATE 5.

b. Each party must file any opposition to a motion to exclude evidence by DUE DATE 5.

6. DUE DATE 6

Each party must file any reply for a motion to exclude evidence by DUE DATE 6.

B. CROSS–EXAMINATION

Except as the parties might otherwise agree, for each due date—

1. Cross-examination begins after any supplemental evidence is due. §§ 42.64(b) and 42.53(d)(2).

2. Cross-examination ends no later than a week before the filing date for any paper in which the cross-examination testimony is expected to be used. *Id.*

C. MOTION FOR OBSERVATION ON CROSS–EXAMINATION

A motion for observation on cross-examination provides the petitioner with a mechanism to draw the Board's attention to relevant cross-examination testimony of a reply witness, since no further substantive paper is permitted after the reply. The observation must be a concise statement of the relevance of the precisely identified testimony to a precisely identified argument or portion of an exhibit. Each observation should not exceed a single, short paragraph. The patent owner may respond to the observation. Any response must be equally concise and specific.

DUE DATE APPENDIX

DUE DATE 1: Patent owner's response to the petition. Patent owner's motion to amend the patent.	3 months.
DUE DATE 2: Petitioner's reply to patent owner response to petition. Petitioner's opposition to motion to amend.	3 months.
DUE DATE 3: Patent owner's reply to petitioner opposition.	1 month.
DUE DATE 4: Petitioner's motion for observation regarding cross-examination of reply witness. Motion to exclude evidence. Request for oral argument.	3 weeks.
DUE DATE 5: Patent owner's response to observation. Opposition to motion to exclude.	2 weeks.
DUE DATE 6: Reply to opposition to motion to exclude.	1 week.
DUE DATE 7: Oral argument	Set on request.

APPENDIX A–2: Scheduling Order for Derivation Proceedings.

A. DUE DATES

This order sets due dates for the parties to take action in this proceeding. The parties may stipulate different dates for DUE DATES 1 through 5 (earlier or later, but not later than DUE DATE 6). A notice of the stipulation, specifically identifying the changed due dates, must be promptly filed. The parties may not stipulate an extension of DUE DATES 6–7.

In stipulating different times, the parties should consider the effect of the stipulation on times to object to evidence (§ 42.64(b)(1)), to supplement evidence (§ 42.64(b)(2)), to conduct cross-examination, and to draft papers depending on the evidence and cross-examination testimony (*see* section B, below).

1. DUE DATE 1

The respondent is not required to file anything in response to the petition. The respondent may file—

a. A response to the petition, and

b. A motion to amend, if authorized.

Any such response or motion to amend must be filed by DUE DATE 1. If the respondent elects not to file anything, the respondent must arrange a conference call with the parties and the Board.

2. DUE DATE 2

The petitioner must file any reply to the respondent's response and opposition to motion to amend by DUE DATE 2.

3. DUE DATE 3

The respondent must file any reply to the petitioner's opposition by DUE DATE 3.

4. DUE DATE 4

a. The petitioner must file any observation on the cross-examination testimony of a reply witness (*see* section C, below) by DUE DATE 4.

b. Each party must file any motion to exclude evidence (§ 42.64(c)) and any request for oral argument (§ 42.70(a)) by DUE DATE 4.

5. DUE DATE 5

a. The respondent must file any response to a petitioner observation on cross-examination testimony by DUE DATE 5.

b. Each party must file any opposition to a motion to exclude evidence by DUE DATE 5.

6. DUE DATE 6

Each party must file any reply for a motion to exclude evidence by DUE DATE 6.

B. CROSS–EXAMINATION

Except as the parties might otherwise agree, for each due date—

1. Cross-examination begins after any supplemental evidence is due. §§ 42.64(b) and 42.53(d)(2).

2. Cross-examination ends no later than a week before the filing date for any paper in which the cross-examination testimony is expected to be used. *Id.*

C. MOTION FOR OBSERVATION ON CROSS–EXAMINATION

A motion for observation on cross-examination provides the petitioner with a mechanism to draw the Board's attention to relevant cross-examination testimony of a reply witness, since no further substantive paper is permitted after the reply. The observation must be a concise statement of the relevance of the precisely identified testimony to a precisely identified argument or portion of an exhibit. Each observation should not exceed a single, short paragraph. The patent owner may respond to the observation. Any response must be equally concise and specific.

DUE DATE APPENDIX

DUE DATE 1: Respondent response to the petition. Respondent motion to amend.	3 months.
DUE DATE 2: Petitioner reply to Respondent response to petition. Petitioner opposition to Respondent's motion to amend.	3 months.
DUE DATE 3: Respondent reply to petitioner opposition.	1 month.
DUE DATE 4: Petitioner motion for observation regarding cross-examination of reply witness. Motion to exclude. Request for oral argument.	3 weeks.
DUE DATE 5: Respondent response to observation. Opposition to motion to exclude.	2 weeks.
DUE DATE 6: Reply to opposition to motion to exclude.	1 week.
DUE DATE 7: Oral argument	Set on request.

APPENDIX B: Protective Order Guidelines (based on the trial rules).

(a) *Purpose.* This document provides guidance on the procedures for filing of motions to seal and the entry of protective orders in proceedings before the Board. The protective order governs the protection of confidential information contained in documents, discovery, or testimony adduced, exchanged, or filed with the Board. The parties are encouraged to agree on the entry of a stipulated protective order. Absent such agreement, the default standing protective order will be automatically entered.

(b) *Timing; lifting or modification of the Protective Order.* The terms of a protective order take effect upon the filing of a Motion to Seal by a party, and remain in place until lifted or modified by the Board either on the motion of a party for good cause shown or *sua sponte* by the Board.

(c) *Protective Order to Govern Treatment of Confidential Information.* The terms of a protective order govern the treatment of the confidential portions of documents, testimony, and other information designated as confidential, as well as the filing of confidential documents or discussion of confidential information in any papers filed with the Board. The Board shall have the authority to enforce the terms of the Protective Order, to provide remedies for its breach, and to impose sanctions on a party and a party's representatives for any violations of its terms.

(d) *Contents.* The Protective Order shall include the following terms:

(1) *Designation of Confidential Information.* The producing party shall have the obligation to clearly mark as ''PROTECTIVE ORDER MATERIAL'' any documents or information considered to be confidential under the Protective Order.

(2) *Persons Entitled to Access to Confidential Information.* A party receiving confidential information shall strictly restrict access to that information to the following individuals who first have signed and filed an Acknowledgement as provided herein:

(A) *Parties.* Persons who are owners of a patent involved in the proceeding and other persons who are named parties to the proceeding.

(B) *Party Representatives.* Representatives of record for a party in the proceeding.

(C) *Experts.* Retained experts of a party in the proceeding who further certify in the Acknowledgement that they are not a competitor to any party, or a consultant for, or employed by, such a competitor with respect to the subject matter of the proceeding.

(D) *In-house counsel.* In-house counsel of a party.

(E) *Other Employees of a Party.* Employees, consultants, or other persons performing work for a party, other than in-house counsel and in-house counsel's support staff, who sign the Acknowledgement, shall be extended access to confidential information only upon agreement of the parties or by order of the Board upon a motion brought by the party seeking to disclose confidential information to that person. The party opposing disclosure to that person shall have the burden of proving that such person should be restricted from access to confidential information.

(F) *The Office.* Employees and representatives of the U.S. Patent and Trademark Office who have a need for access to the confidential information shall have such access without the requirement to sign an Acknowledgement. Such employees and representatives shall include the Director, members of the Board and staff, other Office support personnel, court reporters, and other persons acting on behalf of the Office.

(G) *Support Personnel.* Administrative assistants, clerical staff, court reporters, and other support personnel of the foregoing persons who are reasonably necessary to assist those persons in the proceeding. Such support personnel shall not be required to sign an Acknowledgement, but shall be informed of the terms and requirements of the Protective Order by the person they are supporting who receives confidential information.

(3) *Protection of Confidential Information.* Persons receiving confidential information shall take reasonable care to maintain the confidentiality of that information, including:

(A) Maintaining such information in a secure location to which persons not authorized to receive the information shall not have access;

(B) Otherwise using reasonable efforts to maintain the confidentiality of the information, which efforts shall be no less rigorous than those the recipient uses to maintain the confidentiality of information not received from the disclosing party;

(C) Ensuring that support personnel of the recipient who have access to the confidential information understand and abide by the obligation to maintain the confidentiality of information received that is designated as confidential; and

(D) Limiting the copying of confidential information to a reasonable number of copies needed to conduct the proceeding and maintaining a record of the locations of such copies, which similarly must be kept secure.

(4) *Treatment of Confidential Information.* Persons receiving confidential information shall use the following procedures to maintain confidentiality of documents and other information—

(A) *Documents and Information Filed With the Board.*

(i) A party may file documents or information with the Board under seal, together with a non-confidential description of the nature of the confidential information that is under seal and the reasons why the information is confidential and should not be made available to the public. The submission shall be treated as confidential and remain under seal, unless upon motion of a party and after a hearing on the issue, or *sua sponte,* the Board determines that the documents or information do not qualify for confidential treatment.

(ii) Where confidentiality is alleged as to some but not all of the information submitted to the Board, the submitting party shall file confidential and non-confidential versions of its submission, together with a Motion to Seal the confidential version setting forth the reasons why the information redacted from the non-confidential version is confidential and should not be made publicly available. The non-confidential version of the submission shall clearly indicate the locations of information that has been redacted. The confidential version of the submission shall be filed under seal. The redacted information shall remain under seal, unless upon motion of a party and after a hearing on the issue, or *sua sponte,* the Board determines that some or all of the redacted information does not qualify for confidential treatment.

(B) *Documents and Information Exchanged Among the Parties.* Information designated as confidential that is disclosed to another party during discovery or other proceedings before the Board shall be clearly marked as ''PROTECTIVE ORDER MATERIAL'' and shall be produced in a manner that maintains its confidentiality.

(5) *Confidential Testimony.* Any person providing testimony in a proceeding may, on the record during the testimony, preliminarily designate the entirety of the person's testimony and all transcriptions thereof as confidential, pending further review. Within ten days of the receipt of the transcript of the testimony, that person, or that person's representative, shall advise the opposing party of those portions of the testimony to which a claim of confidentiality is to be maintained, and the reasons in support of that claim. Such portions shall be treated as confidential and maintained under seal in any filings to the Board unless, upon motion of a party and after a hearing on the issue, or *sua sponte,* the Board determines that some or all of the redacted information does not qualify for confidential treatment.

(6) *Other Restrictions Imposed By the Board.* In addition to the foregoing, the Board may, in its discretion, include other terms and conditions in a Protective Order it enters in any proceeding.

(7) *Requirement of Acknowledgement.* Any person receiving confidential information during a proceeding before the Board shall, prior to receipt of any confidential information, first sign an Acknowledgement, under penalty of perjury, stating the following:

(A) The person has read the Protective Order and understands its terms;

(B) The person agrees to be bound by the Protective Order and will abide by its terms;

(C) The person will use the confidential information only in connection with that proceeding and for no other purpose;

(D) The person shall only extend access to the confidential information to support personnel, such as administrative assistants, clerical staff, paralegals, and the like, who are reasonably necessary to assist him or her in the proceeding. The person shall inform such support personnel of the terms and requirements of the Protective Order prior to disclosure of any confidential information to such support personnel and shall be personally responsible for their compliance with the terms of the Protective Order; and

(E) The person agrees to submit to the jurisdiction of the Office for purposes of enforcing the terms of the Protective Order and providing remedies for its breach.

(e) *Filing of Executed Protective Order.* The party filing a Motion to Seal shall include with its supporting papers a copy of a proposed Protective Order, signed by the party or its representative of record, certifying that the party accepts and agrees to the terms of the Protective Order. Prior to the receipt of confidential information, any other party to the proceeding also shall file a copy of the proposed Protective Order, signed by the party or its representative of record, certifying that the party accepts and agrees to the terms of the proposed Protective Order. The proposed Protective Order shall remain in effect until superseded by a Protective Order entered by the Board.

(f) *Duty To Retain Acknowledgements.* Each party to the proceeding shall maintain a signed Acknowledgement from each person acting on its behalf who obtains access to confidential information after signing an Acknowledgement, as set forth herein, and shall produce such Acknowledgements to the Office upon request.

(g) *Motion to Seal.* A party may file an opposition to the motion that may include a request that the terms of the proposed Protective Order be modified including limiting the persons who are entitled to access under the Order. Any such opposition shall state with particularity the grounds for modifying the proposed Protective Order. The party seeking the modification shall have the burden of proving that such modifications are necessary. While the motion is pending, no disclosure of confidential information shall be made to the persons for whom disclosure is opposed, but the filing of the motion shall not preclude disclosure of the confidential information to persons for whom disclosure is not opposed and shall not toll the time for taking any action in the proceeding.

(h) *Other Proceedings.* Counsel for a party who receives confidential information in a proceeding will not be restricted by the Board from representing that party in any other proceeding or matter before the Office. Confidential information received in a proceeding, however, may not be used in any other Office proceeding in which the providing party is not also a party.

(i) *Disposal of Confidential Information.* Within one month after final termination of a proceeding, including any appeals, or within one month after the time for appeal has expired, each party shall assemble all copies of all confidential information it has received, including confidential information provided to its representatives and experts, and shall destroy the confidential information and provide a certification of destruction to the party who produced the confidential information.

DEFAULT PROTECTIVE ORDER

The following Standing Protective Order will be automatically entered into the proceeding upon the filing of a petition for review or institution of a derivation:

Standing Protective Order

This standing protective order governs the treatment and filing of confidential information, including documents and testimony.

1. Confidential information shall be clearly marked ''PROTECTIVE ORDER MATERIAL.''

2. Access to confidential information is limited to the following individuals who have executed the acknowledgment appended to this order:

(A) *Parties.* Persons who are owners of a patent involved in the proceeding and other persons who are named parties to the proceeding.

(B) *Party Representatives.* Representatives of record for a party in the proceeding.

(C) *Experts.* Retained experts of a party in the proceeding who further certify in the Acknowledgement that they are not a competitor to any party, or a consultant for, or employed by, such a competitor with respect to the subject matter of the proceeding.

(D) *In-house counsel.* In-house counsel of a party.

(E) *Other Employees of a Party.* Employees, consultants or other persons performing work for a party, other than in-house counsel and in-house counsel's support staff, who sign the Acknowledgement shall be extended access to confidential information only upon agreement of the parties or by order of the Board upon a motion brought by the party seeking to disclose confidential information to that person. The party opposing disclosure to that person shall have the burden of proving that such person should be restricted from access to confidential information.

(F) *The Office.* Employees and representatives of the Office who have a need for access to the confidential information shall have such access without the requirement to sign an Acknowledgement. Such employees and representatives shall include the Director, members of the Board and their clerical staff, other support personnel, court reporters, and other persons acting on behalf of the Office.

(G) *Support Personnel.* Administrative assistants, clerical staff, court reporters and other support personnel of the foregoing persons who are reasonably necessary to assist those persons in the proceeding shall not be required to sign an Acknowledgement, but shall be informed of the terms and requirements of the Protective Order by the person they are supporting who receives confidential information.

3. Persons receiving confidential information shall use reasonable efforts to maintain the confidentiality of the information, including:

(A) Maintaining such information in a secure location to which persons not authorized to receive the information shall not have access;

(B) Otherwise using reasonable efforts to maintain the confidentiality of the information, which efforts shall be no less rigorous than those the recipient uses to maintain the confidentiality of information not received from the disclosing party;

(C) Ensuring that support personnel of the recipient who have access to the confidential information understand and abide by the obligation to maintain the confidentiality of information received that is designated as confidential; and

(D) Limiting the copying of confidential information to a reasonable number of copies needed for conduct of the proceeding and maintaining a record of the locations of such copies.

4. Persons receiving confidential information shall use the following procedures to maintain the confidentiality of the information:

(A) *Documents and Information Filed With the Board.*

(i) A party may file documents or information with the Board under seal, together with a non-confidential description of the nature of the confidential information that is under seal and the reasons why the information is confidential and should not be made available to the public. The submission shall be treated as confidential and remain under seal, unless, upon motion of a party and after a hearing on the issue, or *sua sponte,* the Board determines that the documents or information do not to qualify for confidential treatment.

(ii) Where confidentiality is alleged as to some but not all of the information submitted to the Board, the submitting party shall file confidential and non-confidential versions of its submission, together with a Motion to Seal the confidential version setting forth the reasons why the information redacted from the non-confidential version is confidential and should not be made available to the public. The nonconfidential version of the submission shall clearly indicate the locations of information that has been redacted. The confidential version of the submission shall be filed under seal. The redacted information shall remain under seal unless, upon motion of a party and after a hearing on the issue, or *sua sponte,* the Board determines that some or all of the redacted information does not qualify for confidential treatment.

(B) *Documents and Information Exchanged Among the Parties.* Information designated as confidential that is disclosed to another party during discovery or other proceedings before the Board shall be clearly marked as ''PROTECTIVE ORDER MATERIAL'' and shall be produced in a manner that maintains its confidentiality.

(j) *Standard Acknowledgement of Protective Order.* The following form may be used to acknowledge a protective order and gain access to information covered by the protective order:

[CAPTION]

Standard Acknowledgment for Access to Protective Order Material

I ____, affirm that I have read the Protective Order; that I will abide by its terms; that I will use the confidential information only in connection with this proceeding and for no other purpose; that I will only allow access to support staff who are reasonably necessary to assist me in this proceeding; that prior to any disclosure to such support staff I informed or will inform them of the requirements of the Protective Order; that I am personally responsible for the requirements of the terms of the Protective Order and I agree to submit to the jurisdiction of the Office and the United States District Court for the Eastern District of Virginia for purposes of enforcing the terms of the Protective Order and providing remedies for its breach.

[Signature]

APPENDIX C: Model Order Regarding E-Discovery in Trials Before the Patent Trial and Appeal Board

The Board pursuant to § 42.5 orders as follows:

1. This Order supplements all other discovery rules and orders. It streamlines Electronically Stored Information (ESI) production to promote ''the just, speedy, and inexpensive resolution'' of this proceeding in a manner consistent with § 42.1.

2. This Order may be modified for good cause. The parties shall jointly submit any

proposed modifications within one month after the initiation date of the proceeding or by the date of the initial conference call, whichever is earlier. If the parties cannot resolve their disagreements regarding these modifications, the parties shall submit their competing proposals and a summary of their dispute within the specified time period.

3. Costs will be shifted for disproportionate ESI production requests. Likewise, a party's nonresponsive or dilatory discovery tactics will be cost-shifting considerations. *See* 35 U.S.C. 316(a)(6), as amended, and 326(a)(6).

4. A party's meaningful compliance with this Order and efforts to promote efficiency and reduce costs will be considered in cost-shifting determinations.

5. Unless otherwise authorized by the Board or agreed to by the parties, any production of ESI pursuant to §§ 42.51 or 42.52 shall not include metadata. However, fields showing the date and time that the document was sent and received, as well as the complete distribution list, shall generally be included in the production if such fields exist.

6. General ESI production under §§ 42.51 and 42.52 (with the exception of routine discovery under § 42.51(b)(1)) shall not include email or other forms of electronic correspondence (collectively ''email''). To obtain additional production of email, absent an agreement between the parties to produce, the parties must propound specific email production requests, which requests require prior Board authorization.

7. Email production requests, where authorized by the Board or permitted by agreement of the parties, shall be propounded for specific issues only, rather than general discovery of a party's products or business.

8. Email production requests, where authorized by the Board or permitted by agreement of the parties, shall be phased to occur after a party's initial production under § 42.51(b)(1).

9. Where email production requests are authorized by the Board or permitted by agreement of the parties, such requests shall identify the custodian, search terms, and time frame. The parties shall cooperate to identify proper custodians, proper search terms, and proper time frame.

10. Each requesting party shall limit its email production requests to a total of five custodians per producing party for all such requests. The parties may jointly agree to modify this limit without the Board's leave. The Board shall consider contested requests for up to five additional custodians per producing party, upon showing a need based on the size, complexity, and issues of this specific proceeding.

11. Each party shall limit its email production requests to a total of five search terms per custodian per party. The parties may jointly agree to modify this limit without the Board's leave. The Board shall consider contested requests for up to five additional search terms per custodian, upon showing a need based upon the size, complexity, and issues of this specific proceeding. The search terms shall be narrowly tailored to particular issues. Indiscriminate terms, such as producing company's name or its product name, are inappropriate unless combined with narrowing search criteria that sufficiently reduce the risk of overproduction. A conjunctive combination of multiple words or phrases (*e.g.,* ''computer'' and ''system'') narrows the search and shall count as a single search term. A disjunctive combination of multiple words or phrases (*e.g.,* ''computer'' or ''system'') broadens the search, and thus each word or phrase shall count as a separate search term unless they are variants of the same word. Use of narrowing search criteria (*e.g.,* ''and,'' ''but not,'' ''w/x'') is encouraged to limit the production, and shall be considered when determining whether to shift costs for disproportionate discovery.

12. The receiving party shall not use ESI that the producing party asserts is attorney-client privileged or work product protected to challenge the privilege or protection.

13. Pursuant to Federal Rule of Evidence 502(b), the inadvertent production of an attorney-client privileged or work product protected ESI is not a waiver of such protection providing the holder of the privilege or protection took reasonable steps to prevent disclosure and the discloser promptly took reasonable steps to rectify the error.

14. Similar to Federal Rule of Evidence 502(d), the mere production of ESI in the proceeding as part of a mass production shall not itself constitute a waiver of privilege for any purpose before the Office.

APPENDIX D: Testimony Guidelines

Introduction

In trials before the Board, uncompelled direct testimony is almost always presented by affidavit or declaration. § 42.53(a). All other testimony (including cross-examination, redirect examination, and compelled direct testimony) occurs by oral examination.

Consistent with the policy expressed in Rule 1 of the Federal Rules of Civil Procedure, and corresponding § 42.1(b), unnecessary objections, ''speaking'' objections, and coaching of witnesses in proceedings before the Board are strictly prohibited. Cross-examination testimony should be a question and answer conversation between the examining lawyer and the witness. The defending lawyer must not act as an intermediary, interpreting questions, deciding which questions the witness should answer, and helping the witness formulate answers while testifying.

The testimony guidelines that follow are based on those set forth in the Federal Rules of Civil Procedure, supplemented by the practices followed in several federal district courts.

Examination and Cross-examination Outside the Presence of the Board

1. The examination and cross-examination of a witness proceed as they would in a trial under the Federal Rules of Evidence, except that Rule 103 (Rulings on Evidence) does not apply. After putting the witness under oath or affirmation, the officer must record the testimony by audio, audiovisual, or stenographic means. Testimony must be recorded by the officer personally, or by a person acting in the presence and under direction of the officer.

2. An objection at the time of the examination—whether to evidence, to a party's conduct, to the officer's qualifications, to the manner of taking the testimony, or any aspect of the testimony—must be noted on the record, but the examination still proceeds; testimony is taken subject to any such objection.

3. An objection must be stated concisely in a non-argumentative and non-suggestive manner. Counsel must not make objections or statements that suggest an answer to a witness. Objections should be limited to a single word or term. Examples of objections that would be properly stated are: ''Objection, form''; ''Objection, hearsay''; ''Objection, relevance''; and ''Objection, foundation.'' Examples of objections that would not be proper are: ''Objection, I don't understand the question''; ''Objection, vague''; ''Objection, take your time answering the question''; and ''Objection, look at the document before you answer.'' An objecting party must give a clear and concise explanation of an objection if requested by the party taking the testimony or the objection is waived.

4. Counsel may instruct a witness not to answer only when necessary to preserve a privilege, to enforce a limitation ordered by the Board, or to present a motion to terminate or limit the testimony.

5. Unless otherwise agreed by the parties or ordered by the Board, the testimony is limited in duration to the times set forth in § 42.53(c). The Board may allow additional time if needed to examine the witness fairly or if the witness, another person, or any other circumstance impedes or delays the examination.

6. Once the cross-examination of a witness has commenced, and until cross-examination of the witness has concluded, counsel offering the witness on direct examination shall not: (a) Consult or confer with the witness regarding the substance of the witness' testimony already given, or anticipated to be given, except for the purpose of conferring on whether to assert a privilege against testifying or on how to comply with a Board order; or (b) suggest to the witness the manner in which any questions should be answered.

7. An attorney for a witness shall not initiate a private conference with the witness or call for a break in the proceedings while a question is pending, except for the purpose of determining whether a privilege should be asserted.

8. The Board may impose an appropriate sanction—including the reasonable expenses and attorneys' fees incurred by any party—on a person who impedes, delays, or frustrates the fair examination of the witness.

9. At any time during the testimony, the witness or a party may move to terminate or limit the testimony on the ground that it is being conducted in bad faith or in a manner that unreasonably annoys, embarrasses, or oppresses the witness or party. The witness or party must promptly initiate a conference call with the Board to discuss the proposed motion. § 42.20(b). If the objecting witness or party so demands, the testimony must be

suspended for the time necessary to obtain a ruling from the Board, except as the Board may otherwise order.

Dated: July 16, 2012.

David J. Kappos,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2012–17908 Filed 8–13–12; 8:45 am]

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Part VI

Department of Commerce

Patent and Trademark Office

37 CFR Parts 1, 3, 5, *et al.*

Changes To Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act; Final Rule

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Parts 1, 3, 5, 10, and 41

[Docket No.: PTO–P–2011–0074]

RIN 0651–AC68

Changes To Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (Office) is revising the rules of practice to implement the inventor's oath or declaration provisions of the Leahy-Smith America Invents Act (AIA). The AIA permits a person to whom the inventor has assigned, or is under an obligation to assign, the invention, or who otherwise shows sufficient proprietary interest in the matter, to make the application for patent. The AIA also streamlines the requirements for the inventor's oath or declaration, and permits a substitute statement in lieu of an oath or declaration in certain circumstances. The Office is revising the rules of practice relating to the inventor's oath or declaration, including reissue oaths or declarations, and substitute statements signed by a person other than an inventor, and to provide for assignments containing oath or declaration statements. Additionally, the Office is revising the rules of practice relating to the inventor's oath or declaration to allow applicants to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance. Finally, to better facilitate processing of patent applications, the Office is revising and clarifying the rules of practice for power of attorney and prosecution of an application by an assignee.

DATES: *Effective Date:* The changes in this final rule take effect on September 16, 2012.

Applicability Date: The changes to 37 CFR 1.9, 1.12, 1.14, 1.17(g), 1.27, 1.32, 1.33, 1.36, 1.41, 1.42, 1.43, 1.45, 1.46, 1.53(f) and (h), 1.55, 1.56, 1.63, 1.64, 1.66, 1.67, 1.76, 1.78, 1.81, 1.105, 1.131, 1.153, 1.162, 1.172, 1.175, 1.211, 1.215, 1.321, 1.421, 1.422, 1.424, 1.431, 1.491, 1.495(a), (c), and (h), 1.497, 3.31, 3.71, 3.73, and 41.9, and the removal of 37 CFR 1.47 and 1.432, apply only to patent applications filed under 35 U.S.C. 111(a) or 363 on or after September 16, 2012.

FOR FURTHER INFORMATION CONTACT: Hiram H. Bernstein ((571) 272–7707), Senior Legal Advisor; or Eugenia Jones ((571) 272–7727), Senior Legal Advisor; or Terry J. Maciejewski ((571) 272–7730), Technical Writer-Editor, Office of Patent Legal Administration, directly by telephone, or by mail addressed to: Mail Stop Comments-Patents, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313–1450, marked to the attention of the Hiram H. Bernstein.

SUPPLEMENTARY INFORMATION:

Executive Summary: Purpose: Section 4 of the AIA amends the patent laws to change the practice regarding the inventor's oath or declaration and filing of an application by a person other than the inventor. Section 20 of the AIA amends the patent laws to remove the ''without any deceptive intention'' provisions. This final rule revises the rules of practice to implement these provisions of sections 4 and 20 of the AIA. The changes in sections 4 and 20 of the AIA take effect on September 16, 2012, and apply to patent applications filed, or proceedings commenced, on or after September 16, 2012.

Summary of Major Provisions: The Office is revising the rules of practice to permit a person to whom the inventor has assigned or is under an obligation to assign an invention to file and prosecute an application for patent as the applicant, and to permit a person who otherwise shows sufficient proprietary interest in the matter to file and prosecute an application for patent as the applicant on behalf of the inventor. Formerly, a person to whom the inventor had assigned an invention could file and prosecute an application for patent, but the inventor was considered the applicant. The Office is also revising the rules of practice to require that juristic entities take action in a patent application via a registered practitioner.

The Office is revising the rules of practice to eliminate a number of former requirements pertaining to the inventor's oath or declaration and correction of inventorship. The Office is revising the rules of practice to permit applicants to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance. The Office is revising the rules of practice to provide for the filing of a substitute statement in lieu of an oath or declaration by an inventor if the inventor is deceased, under legal incapacity, or cannot be found or reached after diligent effort, or is under an obligation to assign the invention but has refused to execute an oath or declaration.

The Office is also revising the rules of practice to remove the provisions which set forth ''without any deceptive intention'' requirements. The Office is further revising the rules pertaining to reissue practice to eliminate the requirement for a supplemental reissue oath or declaration, and to require that the inventor's oath or declaration identify a claim that the application seeks to broaden if the reissue application seeks to enlarge the scope of the claims of the patent.

The Office is also revising the rules of practice to harmonize the practice regarding foreign priority claims with the practice regarding domestic benefit claims by requiring that both foreign priority claims and domestic benefit claims be set forth in an application data sheet.

Costs and Benefits: This rulemaking is not economically significant as that term is defined in Executive Order 12866 (Sept. 30, 1993).

Background: The AIA was enacted into law on September 16, 2011. *See* Pub. L. 112–29, 125 Stat. 284 (2011). Section 4 of the AIA amends 35 U.S.C. 115 and 118 to change the practice regarding the inventor's oath or declaration and filing of an application by a person other than the inventor. *See* 125 Stat. at 293–94. Section 20 of the AIA amends 35 U.S.C. 116, 184, 251, and 256 (and other sections) to remove the provisions which set forth a ''without any deceptive intention'' requirement. *See* 125 Stat. at 333–34. This final rule revises the rules of practice to implement the provisions of section 4 of the AIA and to remove the ''without any deceptive intention'' language due to the changes to 35 U.S.C. 116, 184, 251, and 256 in section 20 of the AIA.

Section 4(a) of the AIA amends 35 U.S.C. 115 to change the requirements for the inventor's oath or declaration as follows.

Amended 35 U.S.C. 115(a) provides that an application filed under 35 U.S.C. 111(a) or that commences the national stage under 35 U.S.C. 371 must include, or be amended to include, the name of the inventor for any invention claimed in the application. 125 Stat. at 293. 35 U.S.C. 115(a) also provides that, except as otherwise provided in 35 U.S.C. 115, each individual who is the inventor or a joint inventor of a claimed invention in an application must execute an oath or declaration in connection with the application. 125 Stat. at 293–94.

Amended 35 U.S.C. 115(b) provides that an oath or declaration under 35 U.S.C. 115(a) must contain statements that the application was made or was authorized to be made by the affiant or

declarant, and the individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application. 125 Stat. at 294. There is no longer a requirement in the statute that the inventor must state his country of citizenship or that the inventor believes himself or herself to be the ''first'' inventor of the subject matter (process, machine, manufacture, or composition of matter) sought to be patented.

Amended 35 U.S.C. 115(c) provides that the Director may specify additional information relating to the inventor and to the invention that is required to be included in an oath or declaration under 35 U.S.C. 115(a). *Id.*

Amended 35 U.S.C. 115(d)(1) provides that, in lieu of execution of an oath or declaration by an inventor under 35 U.S.C. 115(a), the applicant for patent may provide a substitute statement under the circumstances described in 35 U.S.C. 115(d)(2), and such additional circumstances as the Director specifies by regulation. *Id.* 35 U.S.C. 115(d)(2) provides that an applicant may provide a substitute statement where an inventor is unable to file the oath or declaration under 35 U.S.C. 115(a) because the individual is deceased, under legal incapacity, or cannot be found or reached after diligent effort, or an individual is under an obligation to assign the invention but has refused to make the oath or declaration required under 35 U.S.C. 115(a). *Id.* Therefore, while an assignee, a person under an obligation to assign the invention (an ''obligated assignee''), or a person who otherwise shows sufficient proprietary interest in the matter may make an application for patent as provided for in 35 U.S.C. 118, an oath or declaration (or an assignment containing the required statements) by each inventor is still required, except in the circumstances set forth in 35 U.S.C. 115(d)(2) and in any additional circumstances specified by the Director in the regulations. The contents of a substitute statement are set forth in 35 U.S.C. 115(d)(3). Specifically, 35 U.S.C. 115(d)(3) provides that the substitute statement must identify the individual with respect to whom the statement applies, set forth the circumstances for the permitted basis for filing the substitute statement in lieu of the oath or declaration under 35 U.S.C. 115(a), and contain any additional information, including any showing, required by the Director. *Id.*

Amended 35 U.S.C. 115(e) provides for making the statements required under 35 U.S.C. 115(b) and (c) in an assignment of record and specifically permits an individual who is under an obligation of assignment of an application to include the required statements in the assignment executed by the individual, in lieu of filing the statements separately. *Id.*

Amended 35 U.S.C. 115(f) provides that a notice of allowance under 35 U.S.C. 151 may be provided to an applicant only if the applicant has filed each required oath or declaration under 35 U.S.C. 115(a), substitute statement under 35 U.S.C. 115(d), or recorded assignment meeting the requirements of 35 U.S.C. 115(e). *Id.*

The changes to 35 U.S.C. 115 in the AIA do not affect 35 U.S.C. 111(a)(2), which continues to require that an application filed under 35 U.S.C. 111(a) include an oath or declaration as prescribed by 35 U.S.C. 115, and 35 U.S.C. 111(a)(3), which continues to permit the oath or declaration to be submitted after the filing date of the application, but within such period and under the conditions prescribed by the Director, including payment of the currently charged surcharge. *See* 35 U.S.C. 111(a)(2)(C) and (a)(3), and 37 CFR 1.16(f). Likewise, 35 U.S.C. 371(c) continues to require an oath or declaration complying with the requirements of 35 U.S.C. 115 for an international application to enter the national stage, and 35 U.S.C. 371(d) continues to require the oath or declaration to be submitted within the period prescribed by the Director, and with the payment of any surcharge required by the Director, if not submitted by the date of the commencement of the national stage. *See* 35 U.S.C. 371(c)(4) and (d).

Amended 35 U.S.C. 115(g)(1) provides that the requirements under 35 U.S.C. 115 shall not apply to an individual named as the inventor or a joint inventor in an application that claims benefit under 35 U.S.C. 120, 121, or 365(c) of an earlier-filed application, if: (1) An oath or declaration meeting the requirements of 35 U.S.C. 115(a) was executed by the individual and was filed in connection with the earlier-filed application; (2) a substitute statement meeting the requirements of 35 U.S.C. 115(d) was filed in connection with the earlier-filed application with respect to the individual; or (3) an assignment meeting the requirements of 35 U.S.C. 115(e) was executed with respect to the earlier-filed application by the individual and was recorded in connection with the earlier-filed application. 125 Stat. at 294–95. 35 U.S.C. 115(g)(2) provides that the Director may still require a copy of the executed oath or declaration, the substitute statement, or the assignment filed in connection with the earlier-filed application to be filed in the later-filed application. *Id.*

Amended 35 U.S.C. 115(h)(1) provides that any person making a statement under 35 U.S.C. 115 may withdraw, replace, or otherwise correct the statement at any time. 35 U.S.C. 115(h)(1) also provides that the Director shall establish regulations under which additional statements may be filed when a change is made in the naming of the inventor requiring the filing of one or more additional statements under 35 U.S.C. 115. *Id.* 35 U.S.C. 115(h)(2) provides that if an individual has executed an oath or declaration meeting the requirements of 35 U.S.C. 115(a) or an assignment meeting the requirements of 35 U.S.C. 115(e), then the Director may not require that individual to subsequently make any additional oath, declaration, or other equivalent statement in connection with the application or any patent issuing thereon. *Id.* 35 U.S.C. 115(h)(3) provides that a patent shall not be invalid or unenforceable based upon the failure to comply with a requirement under this section if the failure is remedied as provided under 35 U.S.C. 115(h)(1). *Id.*

Amended 35 U.S.C. 115(i) provides that any declaration or statement filed pursuant to 35 U.S.C. 115 must contain an acknowledgement that any willful false statement made in the declaration or statement is punishable under 18 U.S.C. 1001 by fine or imprisonment of not more than 5 years, or both. *Id.* This is similar to the requirements in pre-existing 35 U.S.C. 25 for the use of a declaration in lieu of an oath in an Office proceeding. *See* 35 U.S.C. 25(b) (''Whenever such written declaration is used, the document must warn the declarant that willful false statements and the like are punishable by fine or imprisonment, or both (18 U.S.C. 1001).'').

Section 4(a)(2) of the AIA amends 35 U.S.C. 121 to eliminate the sentence that provided for the Director to dispense with signing and execution by the inventor in a divisional application when the divisional application is directed solely to subject matter described and claimed in the original application as filed. *Id.* This amendment to 35 U.S.C. 121 is consistent with 35 U.S.C. 115(g)(1) because the inventor named in a divisional application would not need to execute an oath or declaration or equivalent statement for the divisional application regardless of whether the divisional application is directed solely to subject matter described and claimed in the original application.

Section 4(a)(3) of the AIA amends 35 U.S.C. 111(a) to insert ''or declaration'' after ''oath.'' *Id.*

Section 4(b)(1) of the AIA amends 35 U.S.C. 118 to change the practice regarding the filing of an application by a person other than the inventor. First, 35 U.S.C. 118 is amended to provide that a person to whom the inventor has assigned, or is under an obligation to assign, the invention may make an application for patent. 125 Stat. at 296. Second, 35 U.S.C. 118 is amended to provide that a person who otherwise shows sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties. *Id.* Under amended 35 U.S.C. 118, the Director may continue to provide whatever notice to the inventor that the Director considers to be sufficient. *Id.* 35 U.S.C. 118 is also amended to provide that if a patent is granted on an application filed under 35 U.S.C. 118, the patent shall be granted to the real party in interest. *Id.* Amended 35 U.S.C. 116 (35 U.S.C. 116(b)) continues to provide that if a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself and the omitted inventor. *See* 35 U.S.C. 116(b). Likewise, 35 U.S.C. 117 continues to provide that legal representatives of deceased inventors and of those under legal incapacity may make application for patent upon compliance with the requirements and on the same terms and conditions applicable to the inventor. *See* 35 U.S.C. 117.

Section 4(b)(2) of the AIA amends 35 U.S.C. 251 to provide for the filing of a reissue application by an assignee of the entire interest if the application for the original patent was filed by the assignee of the entire interest. *Id.*

Section 4(c) of the AIA amends 35 U.S.C. 112 to change, *inter alia,* the undesignated paragraphs to subsections. *Id.* Section 4(d) makes conforming amendments to 35 U.S.C. 111(b) to make reference to the subsections of 35 U.S.C. 112. 125 Stat. at 296–97.

Section 4(e) of the AIA provides that the amendments made by Section 4 shall take effect on, and shall apply to any patent application filed on or after, September 16, 2012. 125 Stat. at 297.

Section 20 of the AIA amends 35 U.S.C. 116, 184, 251, and 256 to eliminate ''without any deceptive intention'' clauses from each portion of the statute. 125 Stat. at 333–34. Section 20 of the AIA provides that its amendments shall take effect on, and shall apply to proceedings commenced on or after September 16, 2012. 125 Stat. at 335. This change should not be taken as an endorsement for applicants and inventors to act with ''deceptive intention'' in proceedings before the Office. As discussed previously, 35 U.S.C. 115(i) requires that any declaration or statement filed pursuant to 35 U.S.C. 115 must contain an acknowledgement that any willful false statement made in the declaration or statement is punishable under 18 U.S.C. 1001 by fine or imprisonment of not more than five (5) years, or both.

General Discussion Regarding Implementation: The Office proposed changes and requested comments on the changes to the rules of practice to implement section 4 of the AIA in a notice of proposed rulemaking published in January 2012. *See Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act,* 77 FR 982–1003 (Jan. 6, 2012) (notice of proposed rulemaking). The public submitted a number of comments suggesting that the Office take a more robust approach to implementing the changes in section 4 of the AIA, rather than shoehorn those provisions into existing Office practices. In this final rule, the Office is making a number of changes to the implementation of section 4 of the AIA in view of the input from the public.

Changes Concerning Who May Apply for a Patent (the Applicant): The Office took the position in the notice of proposed rulemaking that the change to 35 U.S.C. 118 did not permit the assignee to be the applicant except in the situations enumerated in 35 U.S.C. 115(d)(2). *See Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act,* 77 FR at 983. The public submitted a number of comments suggesting that the changes to 35 U.S.C. 118 permit an assignee or an obligated assignee to be the applicant even in situations other than those enumerated in 35 U.S.C. 115(d)(2). The Office has revised the position taken in the notice of proposed rulemaking based on the public comments, and is now taking the position that the changes to 35 U.S.C. 115 and 118 permit an assignee to file an application for patent as the applicant.

35 U.S.C. 118, as amended by the AIA, permits (but does not require) a person to whom the inventor has assigned (assignee) or is under an obligation to assign (obligated assignee) the invention to make the application for patent. That section also permits a person who otherwise shows sufficient proprietary interest in the matter to make an application for patent on behalf of, and as agent for, the inventor. The legislative history of the AIA makes clear that the change to 35 U.S.C. 118 is designed to: (1) Make it easier for an assignee to file a patent application; (2) allow obligated assignees (entities to which the inventor is obligated to assign the application) to file applications; and (3) allow a person who has a sufficient proprietary interest in the invention to file an application to preserve that person's rights and those of the inventor. *See* H.R. Rep. 112–98, at 44 (2011). 35 U.S.C. 115, as amended by the AIA, still requires each inventor to execute an oath or declaration, except in the limited circumstances specified in 35 U.S.C. 115(d), even if the application has been filed by the assignee or an obligated assignee.

Traditionally, being the applicant (or the person who may ''make the application'') under 35 U.S.C. chapter 11 has been synonymous with being the person who must execute the oath or declaration under 35 U.S.C. 115. However, 35 U.S.C. 115, as amended by the AIA, separates the applicant from the person who must execute the oath or declaration under 35 U.S.C. 115. Therefore, the Office now reads 35 U.S.C. 116, 117, and 118 in view of the public comment to specify the circumstances under which a person other than the inventor may be the applicant, but 35 U.S.C. 115 defines who must execute the oath or declaration that is required by 35 U.S.C. 115.

As the AIA distinguishes between the ''applicant'' and the person who must execute the oath or declaration under 35 U.S.C. 115, the Office is separating the regulations pertaining to being the applicant from the regulations pertaining to execution of the inventor's oath or declaration. Specifically, the regulations pertaining to being the applicant are as follows: (1) 37 CFR 1.41 pertains to inventorship; (2) 37 CFR 1.42 pertains to the applicant for patent (which may be the inventor or may be the assignee); (3) 37 CFR 1.43 pertains to applications by the legal representative of a deceased or legally incapacitated inventor; (4) 37 CFR 1.45 pertains to joint inventors and applications by remaining joint inventors; and (5) 37 CFR 1.46 pertains to applications by the assignee, obligated assignee, or person who otherwise shows sufficient proprietary interest in the matter, or to applications in which the assignee has taken over prosecution to the exclusion of the inventor. The regulations pertaining to

the inventor's oath or declaration are as follows: (1) 37 CFR 1.63 pertains to an inventor's oath or declaration under 35 U.S.C. 115(a) or an assignment under 35 U.S.C. 115(e) that contains the statements required in an inventor's oath or declaration by the inventor or a joint inventor; and (2) 37 CFR 1.64 pertains to a substitute statement under 35 U.S.C. 115(d) if the inventor is deceased, is legally incapacitated, cannot be found or reached after a diligent effort was made, or has refused to execute the oath or declaration.

To further clarify the rules, and because of the statutory change from an inventor-applicant system to an assignee-applicant system, the Office explains the terms ''applicant'' and ''assignee'' as now used in the rules of practice. The term ''applicant'' means the inventor (all joint inventors collectively) if there is no assignee, or if the assignee has opted not to file (make) the application for patent and not to take over prosecution to the exclusion of the inventor. The term ''applicant'' means the assignee (or obligated assignee or person who otherwise shows sufficient proprietary interest in the matter) if the assignee (or obligated assignee or person who otherwise shows sufficient proprietary interest in the matter) has filed the application for patent, or if the assignee has taken over prosecution of the application to the exclusion of the inventor. The term ''assignee'' means the assignee of the entire right, title and interest in the application regardless of whether the assignee filed the application for patent or has taken over prosecution of the application to the exclusion of the inventor.

Under 35 U.S.C. 118, as amended, provides that where the Director grants a patent on an application filed under 35 U.S.C. 118 by a person other than the inventor, the Office must grant the patent to the real party in interest. Therefore, the Office is requiring applicants other than the inventor to notify the Office of any change in the real party in interest in a reply to a notice of allowance. Absent any such notification, the Office will presume no change has occurred and will grant the patent to the real party in interest of record.

The Office plans to continue to use the inventor's name for application and patent identification purposes as inventor names tend to provide a more distinct identification than assignee names.

Changes to Oath or Declaration Practice: The Office proposed in the notice of proposed rulemaking to require that an oath or declaration include the names of all inventors, as well as the ''reviewed and understands'' and ''duty to disclose'' clauses formerly required by 37 CFR 1.63(b)(2) and (b)(3). *See Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act,* 77 FR at 1000. The public submitted a number of comments suggesting that the Office should not require that an oath or declaration name all of the inventors or require any statements other than those required by 35 U.S.C. 115(b).

The Office is, in this final rule, streamlining a number of oath or declaration requirements (vis-a-vis both the proposed and former requirements) based upon the public comments. First, the Office is revising 37 CFR 1.63 to state that an inventor's oath or declaration need not indicate the name of each inventor if the applicant provides an application data sheet indicating the legal name, residence, and mailing address of each inventor. Second, the Office is revising 37 CFR 1.63 to eliminate the requirement that an inventor's oath or declaration state that the person executing the oath or declaration has reviewed and understands the contents of the application, and acknowledges the duty to disclose to the Office all information known to the person to be material to patentability as defined in 37 CFR 1.56. 37 CFR 1.63 will simply state that a person may not execute an oath or declaration for an application unless that person has reviewed and understands the contents of the application, and is aware of the duty to disclose to the Office all information known to the person to be material to patentability as defined in 37 CFR 1.56. Third, the Office is revising 37 CFR 1.63 to eliminate the requirements that any declaration under 35 U.S.C. 115 contain an acknowledgement that willful false statements may jeopardize the validity of the application or any patent issuing thereon, and that all statements made of the declarant's own knowledge are true and that all statements made on information and belief are believed to be true. Finally, since 35 U.S.C. 115 no longer contains a requirement that the inventor identify his country of citizenship, the Office will no longer require this information in the oath or declaration.

As revised by the AIA, 35 U.S.C. 115 (entitled ''Inventor's oath or declaration'') provides for an oath or declaration (35 U.S.C. 115(a)), substitute statement (35 U.S.C. 115(d)), and an assignment-statement (35 U.S.C. 115(e)), and any substitute statement or assignment-statement must contain a willful false statements clause pursuant to 35 U.S.C. 115(i). The requirement for the willful false statements clause has the effect of making a substitute statement under 35 U.S.C. 115(d) or an assignment-statement under 35 U.S.C. 115(e) properly denominated as a ''declaration.'' *See* previous discussion of 35 U.S.C. 115(i). Consistent with these statutory provisions, and the provisions of 35 U.S.C. 111(a) and 371(c) which require that an application contain an ''oath or declaration'' as prescribed by 35 U.S.C. 115 (*see* 35 U.S.C. 111(a)(2)(C) and 371(c)(4)), the Office is employing the phrase ''inventor's oath or declaration'' in the rules of practice to mean an oath or declaration as provided for in 35 U.S.C. 115(a), a substitute statement as provided for in 35 U.S.C. 115(d), or an assignment-statement as provided for in 35 U.S.C. 115(e).

Specifically, when the rules reference ''an inventor's oath or declaration,'' it means an oath or declaration under 35 U.S.C. 115(a), substitute statement under 35 U.S.C. 115(d), or assignment-statement under 35 U.S.C. 115(e) executed by or with respect to an individual (whether the inventor or a joint inventor) for an application. The phrase ''the inventor's oath or declaration'' means the oaths or declarations under 35 U.S.C. 115(a), substitute statements under 35 U.S.C. 115(d), or assignment-statements under 35 U.S.C. 115(e) executed by the inventive entity. With respect to an application naming more than one inventor, any reference to ''the inventor's oath or declaration'' means the oaths, declarations, or substitute statements that have been collectively executed by or with respect to all of the joint inventors, unless otherwise clear from the context.

The Office proposed in the notice of proposed rulemaking to continue the practice of requiring the inventor's oath or declaration before examination. *See Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act,* 77 FR at 984–85. The public submitted a number of comments suggesting that the Office should not require the inventor's oath or declaration before an application is in condition for allowance. Based upon the public comments, the Office is providing in this final rule that applicants may postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance if the applicant provides an application data sheet before examination indicating the name, residence, and mailing address of each inventor. The Office will continue the

practice permitted by 35 U.S.C. 111(a)(3) of requiring a surcharge (currently $130) to recover the cost of the special processing and additional notices for original (non-reissue) applications that are not complete on filing. If the applicant, however, provides a signed application data sheet providing the name, residence, and mailing address of each inventor, the Office will not require an additional fee beyond the surcharge simply to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

The Office indicated in the notice of proposed rulemaking that the Office needs to know who the inventors are prior to examination and that postponing the requirement for the inventor's oath or declaration until allowance would add to overall patent pendency. *See Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act,* 77 FR at 984. The Office is proposing in a separate rulemaking an additional fee of $1,000 ($500 for a small entity, and $250 for a micro entity) for a request to correct inventorship in an application after the first Office action on the merits to encourage reasonable diligence and a bona fide effort in ascertaining the actual inventorship and providing that information to the Office prior to examination. The Office is also considering proposing (in a separate rulemaking) changes to the patent term adjustments provisions of 37 CFR 1.704 (defining the circumstances that constitute a failure of the applicant to engage in reasonable efforts to conclude processing or examination of an application, and which result in a reduction of patent term adjustment) to ensure that applicants who delay the issuance of a notice of allowance under 35 U.S.C. 151 do not gain patent term adjustment as a consequence of their delay.

Applicants entering the national stage under 35 U.S.C. 371 from an international application under the Patent Cooperation Treaty (PCT) must be mindful of the patent term adjustment consequences of this course of action. The Office is changing its rules to provide that a PCT international application enters the national stage when the applicant files the fee required by 35 U.S.C. 371(c)(1) (the national fee provided in 35 U.S.C. 41(a)), and the documents required by 35 U.S.C. 371(c)(2) (a copy of the international application (unless not required under 35 U.S.C. 371(a) or already communicated by the International Bureau), and a translation into the English language of the international application, if it was filed in another language)) within the period set in 37 CFR 1.495. The fourteen-month time frame in 35 U.S.C. 154(b)(1)(A)(i)(II) for issuing an Office action under 35 U.S.C. 132 or notice of allowance under 35 U.S.C. 151 is measured from ''the date on which an international application fulfilled the requirements of section 371,'' which includes the filing of the inventor's oath or declaration. *See* 35 U.S.C. 371(c)(4). This process is discussed in detail in the Manual of Patent Examining Procedure (MPEP). *See* MPEP § 1893.03(b) (8th ed. 2001) (Rev. 8, July 2010).

Changes Pertaining to Substitute Statements: In the notice of proposed rulemaking, the Office proposed to require a petition with showings and a fee for applicants executing a substitute statement in lieu of an oath or declaration as required by former 37 CFR 1.47. *See Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act,* 77 FR at 988–89, and 999. The public submitted a number of comments suggesting that the Office should not require proof or showings from applicants executing a substitute statement in lieu of an oath or declaration. The Office is in this final rule streamlining a number of proposed substitute statement requirements (vis-a-vis both the proposed and former requirements of 37 CFR 1.47) based upon the public comments. For an assignee or obligated assignee filing the application as the applicant, the final rule provides that the documentary evidence of ownership (*e.g.,* assignment for an assignee, employment agreement for an obligated assignee) should be recorded as provided for in 37 CFR part 3 no later than the date the issue fee is paid in the application. For a person who otherwise shows sufficient proprietary interest in the matter to file the application as the applicant, the final rule provides that the showing of proprietary interest must be filed in the application, the fee set forth in 37 CFR 1.17(g) paid, and a petition granted before the person who has shown sufficient proprietary interest in the matter will be considered the applicant. The fee for persons who otherwise show sufficient proprietary interest in the matter is to recover the cost of the special processing and *Official Gazette* notice required for applications that are filed and prosecuted on behalf of the nonsigning inventor by a person who is not the assignee or obligated assignee.

The Office will also provide that an assignee, an obligated assignee, or a person who otherwise shows sufficient proprietary interest in the matter who is the applicant may execute a substitute statement in lieu of an oath or declaration if the applicant identifies: (1) The circumstances permitting the person to execute the substitute statement in lieu of an oath or declaration (*e.g.,* whether the nonsigning inventor cannot be reached after a diligent effort was made, or has refused to execute the oath or declaration); (2) the person executing the substitute statement with respect to the nonsigning inventor and the relationship of such person to the nonsigning inventor; and (3) the last known address of the nonsigning inventor.

Changes Pertaining to Reissue Practice: Consistent with the amendments made to 35 U.S.C. 115 and 251, the Office is revising reissue practice (vis-a-vis the former requirements) to: (1) Delete the requirement for a reissue inventor's oath or declaration to include a statement that all errors arose without any deceptive intent on the part of the applicant; (2) eliminate the requirement for a supplemental inventor's oath or declaration; (3) require the inventor's oath or declaration for a reissue application to identify a claim that the application seeks to broaden if the reissue application seeks to enlarge the scope of the claims of the patent (a basis for the reissue is the patentee claiming less than the patentee had the right to claim in the patent); and (4) clarify that a single claim containing both a broadening and a narrowing of the claimed invention is to be treated as a broadening. These changes will provide for more efficient processing of reissue applications and improve the quality of patents, in accordance with the intent of the AIA. In order to implement the conforming amendment made to 35 U.S.C. 251 in section 4(b)(2) of the AIA, the Office is also revising the rules to permit an assignee of the entire interest who filed an application under 35 U.S.C. 118 that was patented to sign the inventor's oath or declaration in a reissue application of such patent (even if the reissue application is a broadening reissue).

Miscellaneous Changes: The Office, under the authority provided by 35 U.S.C. 2(b)(2), is also revising the rules of practice for power of attorney, prosecution of an application by an assignee, and foreign priority and domestic benefit claims to facilitate prosecution of applications and improve the quality of patents. Juristic entities (organizations) who seek to prosecute an application, including taking over prosecution of an application, will need

to do so via a registered practitioner. The Office's experience is that the vast majority of juristic entities act via a registered practitioner, but a small number attempt to prosecute applications ''pro se.''

Other changes (vis-a-vis the former regulations) include: (1) Streamlining correction of inventorship, correction of an inventor's name, and changes in the order of the names of joint inventors; (2) providing for the carryover of a power of attorney in continuing applications, where no inventors are being added in the continuing application; (3) permitting practitioners who have acted only in a representative capacity in an application to change the correspondence address after a patent has issued; (4) accepting the signature of a practitioner of record on a statement under 37 CFR 3.73(c) on behalf of an assignee without requiring further evidence of the practitioner's authority to act on behalf of the assignee; (5) providing a procedure for handling conflicts between different purported assignees attempting to control prosecution; and (6) harmonizing the practice regarding foreign priority claims with the practice regarding domestic benefit claims by requiring both types of claims to be set forth in an application data sheet.

Changes for consistency with section 4(c) of the AIA (amending 35 U.S.C. 112 to change, *inter alia,* the undesignated paragraphs to subsections) will be made in a separate rulemaking that implements miscellaneous post patent provisions of the AIA.

Discussion of Specific Rules

The following is a discussion of the amendments to Title 37 of the Code of Federal Regulations, parts 1, 3, 5, 10, and 41 that are implemented in this final rule:

37 CFR Part 1

Section 1.1: Section 1.1(e) is amended to update the mail stop designation for communications relating to patent term extensions under 35 U.S.C. 156 to make it consistent with the Office's list of mail stops. Mail stops assist the Office in routing correspondence to the office or area assigned with treating it. Use of mail stops is not required but is strongly recommended, even where the documents are submitted via the Office's electronic filing system-Web (EFS-Web). A mail stop designation can help the Office more quickly identify the type of document if the applicant did not select the correct document code when uploading a document through EFS-Web. For this reason, use of mail stops is encouraged.

Applicants are reminded that initial requests for patent term extension may not be submitted via EFS-Web and must be filed in paper. These initial requests are handled differently by Office personnel than other types of official patent correspondence. Therefore, the use of a mail stop will help ensure that initial requests are properly recognized and processed in a timely manner.

Section 1.4: Section 1.4(e)(2) provides that a payment by credit card that is not being made via the Office's electronic filing systems (*e.g.,* EFS-Web, the Electronic Patent Assignment System (EPAS), or the Finance On-line Shopping Web page for patent maintenance fees), may only be submitted with an original handwritten signature personally signed in permanent dark ink or its equivalent by that person. This change will avoid possible controversies regarding use of an S-signature (§ 1.4(d)(2)) instead of a handwritten signature (§ 1.4(d)(1)) for credit card payments, *e.g.,* a request for refund where there is a change of purpose by the applicant and the request is based on use of an S-signature rather than a handwritten signature. An S-signature includes any signature made by electrical or mechanical means, and any other mode of making or applying a signature not covered by a handwritten signature. *See* § 1.4(d)(2). Section 1.4(e)(1) contains the language of former § 1.4(e).

An original handwritten signature is required only when the credit card payment is being made in paper and thus the Office's Card Payment Form, PTO–2038, or an equivalent, is being used. A submission via the Central Facsimile Number is considered a paper submission and requires an original handwritten signature. Applicants are reminded that neither Form PTO–2038 nor an equivalent should be filed via EFS-Web.

Section 1.5: Section 1.5(a) is amended to indicate that letters directed to the Office concerning applications for patent should state the name of the first listed inventor, rather than the name of the applicant. As discussed previously, the Office plans to continue to use the inventor's name for application and patent identification purposes as inventor names tend to provide a more distinct identification than assignee name.

Section 1.9: Section 1.9(a) is amended to indicate that the terms ''national application'' and ''nonprovisional application'' as used in 37 CFR chapter I with respect to international applications filed under the PCT refer to an international application filed under the PCT in which the basic national fee under 35 U.S.C. 41(a)(1)(F) has been paid. Section 1.9(b) is amended to indicate that the term ''international application'' as used in 37 CFR chapter I refers to an international application for patent filed under the PCT prior to entering national processing at the Designated Office stage. This change is being made to avoid the situation in which a PCT ''international application'' that is pending as to the U.S. is neither an international application (because national processing at the Designated Office stage has begun) nor a nonprovisional application (because the application has not yet entered the national stage under § 1.491). The use of the terms ''national application'' and ''nonprovisional application'' for such applications will identify the stage at which the application currently resides.

Section 1.12: Sections 1.12(b) and (c) are amended to indicate that a request for access to assignment records of an application maintained in confidence under 35 U.S.C. 122(a) must include written authority of an inventor, the applicant, the assignee or an assignee of an undivided part interest, or a patent practitioner of record, unless by petition having the requisite showing. This change is for consistency with the change in practice concerning who is the applicant for patent in § 1.42.

Section 1.14: Section 1.14(c) is amended to indicate that a request to access an application maintained in confidence under 35 U.S.C. 122(a) must be signed by: (1) The applicant; (2) a patent practitioner of record; (3) the assignee or an assignee of an undivided part interest; (4) the inventor or a joint inventor; or (5) a registered attorney or agent named in the papers accompanying the application papers filed under § 1.53 or the national stage documents filed under § 1.495, if a power of attorney has not been appointed under § 1.32. This change is for consistency with the change in practice concerning who is the applicant for patent in § 1.42.

Section 1.14(f) is amended to limit publication of notice in the *Official Gazette* of an application filed by someone other than the inventor to the filing of an application on behalf of an inventor by a person who otherwise shows sufficient propriety interest in the matter.

Section 1.16: Section 1.16(f) is amended to refer to ''the inventor's oath or declaration'' rather than ''oath or declaration.'' This change to § 1.16(f), as well as the use of ''the inventor's oath or declaration'' in other rules, *e.g.,* §§ 1.17(i), 1.51(b)(2), 1.52(b) and (c), 1.53, 1.77(a)(6), 1.136(c)(1), 1.153(b),

1.154(a)(6), 1.162, and 1.163(b)(6), 1.175, 1.492(h), and 1.495(c)(1)(ii), is for consistency with the use of the phrase ''the inventor's oath or declaration'' to denote: (1) the oath or declaration under 35 U.S.C. 115(a), substitute statement under 35 U.S.C. 115(d), or assignment-statement under 35 U.S.C. 115(e) executed by or with respect to the inventor for an application naming only one inventor; and (2) the oaths or declarations under 35 U.S.C. 115(a), substitute statements under 35 U.S.C. 115(d), or assignment-statements under 35 U.S.C. 115(e) that collectively have been executed by or with respect to all of the joint inventors for an application naming joint inventors.

Section 1.17: Section 1.17(g) is amended to refer to the filing of an application on behalf of an inventor by a person who otherwise shows sufficient proprietary interest in the matter under § 1.46, rather than the filing of an application by other than all the inventors or by a person not the inventor under former § 1.47. This change is for consistency with the changes to applicant practice in §§ 1.42, 1.43, 1.45, and 1.46. Thus, an assignee or obligated assignee will no longer be required to file a petition and fee to be considered the applicant or to execute a substitute statement (in lieu of an oath or declaration) with respect to a nonsigning inventor.

Section 1.17(i) is amended to refer to supplying the name or names of the inventor or inventors in an application without either an application data sheet or an inventor's oath or declaration (rather than just without an oath or declaration as prescribed by § 1.63). This change is for consistency with the changes to practice for naming the inventors in § 1.41.

Section 1.27: Section 1.27(c)(2) is amended to indicate that a written assertion of small entity status can be signed by: (1) The applicant (§ 1.42 or § 1.421); (2) a patent practitioner of record or a practitioner acting in a representative capacity under § 1.34; (3) the inventor or a joint inventor, if the inventor is the applicant; or (4) the assignee. This change is for consistency with the change in practice concerning who is the applicant for patent in § 1.42. This change also results in any written assertion being signed by or on behalf of the real party in interest, rather than by a party who no longer has a financial interest in the application.

Section 1.31: Section 1.31 is amended to provide that an applicant for patent may file and prosecute the applicant's own case, or the applicant may give power of attorney so as to be represented by one or more patent practitioners or joint inventors, except that a juristic entity (*e.g.,* organizational assignee) must be represented by a patent practitioner even if the juristic entity is the applicant. This change is for consistency with the change in practice concerning who is the applicant for patent in § 1.42. Thus, all papers submitted on behalf of a juristic entity must be signed by a patent practitioner unless otherwise specified, § 1.33(b)(3). Juristic entities include corporations (MPEP § 409.03(b)) or other non-human entities created by law and given certain legal rights. This change is because juristic entities have been attempting to prosecute patent applications before the Office *pro se* and requesting additional assistance from examiners. Juristic entities attempting to prosecute patent applications before the Office *pro se* also make more procedural errors that result in delays in prosecution. Accordingly, this change will facilitate a reduction in the Office's backlog and pendency by reducing prosecution delays caused by procedural errors.

Section 1.31 also provides that the Office cannot aid in the selection of a patent practitioner.

Section 1.32: Section 1.32(a)(2) is amended to provide that the term ''power of attorney'' means a written document by which a principal authorizes one or more patent practitioners or joint inventors to act on the principal's behalf. Section 1.32(a)(3) is amended to provide that the term ''principal'' means the applicant (§ 1.42) for an application for patent and the patent owner for a patent, including a patent in a supplemental examination or reexamination proceeding, and that the principal executes a power of attorney designating one or more patent practitioners or joint inventors to act on the principal's behalf. Section 1.32(a)(4) is amended to provide that the term ''revocation'' means the cancellation by the principal of the authority previously given to a patent practitioner or joint inventor to act on the principal's behalf. Section 1.32(a)(6) is added to provide that the term ''patent practitioner of record'' means a patent practitioner who has been granted a power of attorney in an application, patent, or other proceeding in compliance with § 1.32(b), and that the terms ''practitioner of record'' and ''attorney or agent of record'' also mean a patent practitioner who has been granted a power of attorney in an application, patent, or other proceeding in compliance with § 1.32(b). These changes are for consistency with the change in practice concerning the applicant for patent in § 1.42.

Section 1.32(b) is amended to provide that a power of attorney must: (1) Be in writing; (2) name one or more representatives in compliance with § 1.32(c); (3) give the representative power to act on behalf of the principal; and (4) be signed by the applicant for patent (§ 1.42) or the patent owner. This provision also applies in reissue applications, supplemental examination proceedings, and reexamination proceedings. These changes are for consistency with the change in practice concerning who is the applicant for patent in § 1.42.

Section 1.32(b)(4) provides that a patent owner who was not the applicant under § 1.46 must appoint any power of attorney in compliance with §§ 3.71 and 3.73. This covers a patent owner in a reissue application who was not the applicant under § 1.46 in the application for the original patent, as well as a patent owner in a supplemental examination or reexamination proceeding who was not the applicant under § 1.46.

Section 1.32(d) is added to provide that a power of attorney from a prior national application for which benefit is claimed under 35 U.S.C. 120, 121, or 365(c) in a continuing application may have effect in the continuing application if a copy of the power of attorney from the prior application is filed in the continuing application unless: (1) The power of attorney was granted by the inventor; and (2) the continuing application names an inventor who was not named as an inventor in the prior application. Former § 1.63(d)(4) provided that, when filing continuation and divisional applications and including a copy of a declaration from the parent application, applicants should ''identify'' in the continuation or divisional any change in power of attorney that occurred after the filing of the parent application. The requirement in former § 1.63(d)(4) to ''identify'' the change in power of attorney has been interpreted differently by applicants, with varying success of the Office recognizing the change in power of attorney. Attempts to comply have included: filing a copy of the power of attorney from the parent, filing a copy of only the notice of acceptance of power of attorney, and making a statement about the power of attorney in a transmittal letter that accompanied the continuation or divisional application. Sometimes applicants did not accurately identify the change in power of attorney (*e.g.,* the power of attorney document in the parent application appointed specific practitioners by name and registration number, but the papers filed in the continuation or

divisional application directed the Office to recognize the practitioners associated with a customer number as having power of attorney). Specifically requiring a copy of the power of attorney in the continuing application in all situations (even where a change in power did not occur in the prior application) will make the record clear with respect to who has power of attorney.

The Office does not recommend that practitioners use a combined declaration and power of attorney document, and no longer provides a combined declaration and power of attorney form on its Internet Web site. The power of attorney should be from the assignee where one exists. Otherwise, the assignee may be paying the bill, while the inventor is providing the power of attorney, thereby possibly raising an issue as to who is the practitioner's client. Additionally, relationships between an assignee and the inventors may deteriorate. It is not uncommon in these situations for inventors to stop cooperating and in some cases file powers of attorney in an attempt to control prosecution of the application.

Section 1.32(e) is added to provide that if the power of attorney was granted by the originally named inventive entity and an added inventor pursuant to § 1.48 does not provide a power of attorney consistent with the power of attorney granted by the originally named inventive entity, the addition of the inventor results in the loss of that power of attorney upon grant of the § 1.48 request. This provision does not preclude a practitioner from acting pursuant to § 1.34, if applicable.

Section 1.33: Section 1.33(a) is amended to specify that if an applicant provides more than one correspondence address (in a single paper or in different papers), the Office will select one of the specified addresses for use as the correspondence address and, if given, may select the correspondence address associated with a Customer Number over a typed correspondence address. This change pertains to the problem that arises when applicants provide multiple correspondence addresses in a single paper (*e.g.,* providing both a typed correspondence address and a Customer Number in a single paper) or multiple papers (*e.g.,* an oath or declaration, a transmittal letter, and a preliminary amendment that each includes a different correspondence address), and the Office inadvertently does not select the correspondence address actually desired by applicant. The Office may then need to re-mail papers to the desired address. This change does not affect the hierarchy provided in § 1.76(d) for inconsistencies between an application data sheet and other documents. This change is designed to encourage applicants to review their submissions carefully to ensure that the Office receives clear instructions regarding the correspondence address.

Section 1.33(a) also provides that the correspondence address may be changed by the parties set forth in § 1.33(b)(1) (a patent practitioner of record) or § 1.33(b)(3) (the applicant under § 1.42)). Section 1.33(a) also provides that prior to the appointment of any power of attorney under § 1.32(b), the correspondence address may also be changed by any patent practitioner named in the application transmittal papers who acts in a representative capacity under the provisions of § 1.34. Section 1.33(a) no longer discusses the filing of an oath or declaration under § 1.63 as the Office is revising the rules to allow applicants to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

Sections 1.33(b)(1) and (2) are amended to provide that amendments and other papers, except for written assertions pursuant to § 1.27(c)(2)(iii) or (c)(2)(iv), filed in the application must be signed by: (1) A patent practitioner of record; (2) a patent practitioner not of record who acts in a representative capacity under the provisions of § 1.34; or (3) the applicant (§ 1.42). Section 1.33(b)(3) also provides that unless otherwise specified (*e.g.,* terminal disclaimers and § 3.73(c) statements), all papers submitted on behalf of a juristic entity must be signed by a patent practitioner, as § 1.31 provides that a juristic entity may prosecute a patent application only through a patent practitioner.

Section 1.33(f) is added to replace former § 1.63(d)(4) with respect to the correspondence address. Where application papers (*e.g.,* the inventor's oath or declaration) from a prior application are used in a continuing application and the correspondence address was changed during the prosecution of the prior application, an application data sheet or separate paper identifying the correspondence address to be used for the continuing application must be submitted. Otherwise, the Office may not recognize the change of correspondence address effected during the prosecution of the prior application. Historically, some applicants would file continuing applications with copies of papers from the prior application that include correspondence addresses to former law firms or correspondence addresses that are no longer current. This change will facilitate the processing of patent applications by the Office by making it easier to determine the correct correspondence address and reduce the number of instances where the Office mails correspondence to an incorrect address.

Section 1.33(g) is added to provide that a practitioner acting in a representative capacity whose correspondence address is the correspondence address of record in an application may change the correspondence address after the patent has issued, provided that the change of correspondence address is accompanied by a statement that notice has been given to the patentee or owner. Section 1.33(g) provides a means for practitioners acting in a representative capacity in an application to effect a change in correspondence address after the patent has granted but would not provide authority to a practitioner acting under § 1.34 to change the correspondence address in an application. *See* § 1.33(a).

Practitioners that file and prosecute an application in a representative capacity, pursuant to § 1.34, usually provide their business address as the correspondence address of record. Once the patent issues, practitioners have attempted to withdraw as attorney or agent by filing a petition, and also attempt to change the correspondence address to direct correspondence to the patentee's or owner's address. Such attempts have not been successful as the rules did not permit the correspondence address to be changed by a practitioner acting in a representative capacity, nor would the Office grant withdrawal where a practitioner is not of record. *See Change in Procedure for Requests to Withdraw from Representation In a Patent Application,* 1329 *Off. Gaz. Pat. Office* 99 (Apr. 8, 2008). There have been instances where practitioners acting in a representative capacity have indicated that they have repeatedly requested that the client change the correspondence address, but the client has refused to submit the change of correspondence address to the Office. Section 1.33(g) will permit practitioners to change the correspondence address after a patent has issued where practitioners have provided notice to the patentees or owners.

Section 1.36: Section 1.36(a) is amended to change ''by an applicant for patent (§ 1.41(b)) or an assignee of the entire interest of the applicant, or the owner of the entire interest of a patent'' to ''by the applicant or patent owner.'' An assignee conducting prosecution of a national patent application does so as

the applicant (note that all papers submitted on behalf of a juristic entity must be signed by a patent practitioner). Thus, there is no need to refer separately to the applicant and an assignee of the entire interest of the applicant. This change is for consistency with the change in practice concerning the applicant for patent in § 1.42. In addition, the patent owner is the owner of the entire interest of a patent. Section 1.36(a) is also amended to change the parenthetical ''or fewer than all of the assignees of the entire interest of the applicant or, in a reexamination proceeding, fewer than all the owners of the entire interest of a patent'' in the third sentence to ''or fewer than all patent owners in a supplemental examination or reexamination proceeding.'' Section 1.36(a) is also amended to change the phrase ''but the assignee of the entire interest of the applicant may revoke previous powers of attorney and give another power of attorney of the assignee's own selection as provided in § 1.32(b)'' in the ultimate sentence to ''but the assignee may become the applicant under § 1.46(c) and revoke any previous power of attorney and grant a power of attorney as provided in § 1.32(b).''

Section 1.41: Section 1.41(a) provides that an application must include, or be amended to include, the name of the inventor for any invention claimed in the application (the inventorship). *See* 35 U.S.C. 115(a). As discussed previously, the ''applicant'' is provided for in § 1.42.

Section 1.41(b) provides that the applicant may name the inventorship of a nonprovisional application under 35 U.S.C. 111(a) in the application data sheet in accordance with § 1.76 or the inventor's oath or declaration. Section 1.41(b) specifically provides that the inventorship of a nonprovisional application under 35 U.S.C. 111(a) is the inventor or joint inventors set forth in the application data sheet in accordance with § 1.76 filed before or concurrently with the inventor's oath or declaration. An application data sheet must be signed (§ 1.76(e)) to comply with § 1.76. An unsigned application data sheet is treated as only an application transmittal letter. *See* § 1.76(e). Section 1.41(b) also provides that if an application data sheet is not filed before or concurrently with the inventor's oath or declaration, the inventorship is the inventor or joint inventors set forth in the inventor's oath or declaration, except as provided for in §§ 1.53(d)(4) (continued prosecution applications) and 1.63(d) (continuing applications). Section 1.41(b) also provides that once an application data sheet or the inventor's oath or declaration is filed in a nonprovisional application, any correction of inventorship must be pursuant to § 1.48. Section 1.41(b) finally provides that if neither an application data sheet nor the inventor's oath or declaration is filed during the pendency of a nonprovisional application, the inventorship is the inventor or joint inventors set forth in the application papers filed pursuant to § 1.53(b), unless the applicant files a paper, including the processing fee set forth in § 1.17(i), supplying the name or names of the inventor or joint inventors.

Applicants who wish to take advantage of the ability to name the inventors in an application data sheet rather than the inventor's oath or declaration should take care to ensure that an application data sheet under § 1.76 that is signed in compliance with § 1.33(b) is present on filing, or at least is filed prior to the filing of any inventor's oath or declaration in the application. If an inventor's oath or declaration is filed in the application prior to the filing of an application data sheet under § 1.76 that is signed in compliance with § 1.33(b), the inventorship named in the inventor's oath or declaration controls. For example, if an inventor's oath or declaration naming only inventor ''A'' is present on filing without an accompanying application data sheet, and a signed application data sheet naming inventors ''A'' and ''B'' is subsequently filed in the application, the application will be treated as naming only inventor ''A'' (the inventor provided in the inventor's oath or declaration) until the inventorship is corrected under § 1.48(a).

Section 1.41(c) provides that the inventorship of a provisional application is the inventor or joint inventors set forth in the cover sheet as prescribed by § 1.51(c)(1). Section 1.41(c) also provides that once a cover sheet as prescribed by § 1.51(c)(1) is filed in a provisional application, any correction of inventorship must be pursuant to § 1.48. Section 1.41(c) finally provides that if a cover sheet as prescribed by § 1.51(c)(1) is not filed during the pendency of a provisional application, the inventorship is the inventor or joint inventors set forth in the application papers filed pursuant to § 1.53(c), unless the applicant files a paper including the processing fee set forth in § 1.17(q), supplying the name or names of the inventor or joint inventors.

Section 1.41(d) provides that in either a nonprovisional application under 35 U.S.C. 111(a) filed without an application data sheet or the inventor's oath or declaration, or in a provisional application filed without a cover sheet as prescribed by § 1.51(c)(1), the name and residence of each person believed to be an actual inventor should be provided when the application papers pursuant to § 1.53(b) or § 1.53(c) are filed.

Section 1.41(e) provides that the inventorship of an international application entering the national stage under 35 U.S.C. 371 is the inventor or joint inventors set forth in the application data sheet in accordance with § 1.76 filed with the initial submission under 35 U.S.C. 371. Thus, the applicant in an international application may change inventorship as to the U.S. at the time of national stage entry by simply filing an application data sheet in accordance with § 1.76 with the initial submission under 35 U.S.C. 371 naming the inventor or joint inventors. Section 1.41(e) also provides that unless the initial submission under 35 U.S.C. 371 is accompanied by an application data sheet in accordance with § 1.76 setting forth the inventor or joint inventors, the inventorship is the inventor or joint inventors set forth in the international application, which includes any change effected under PCT Rule 92*bis.* Section 1.41(e) does not provide the ability to name the inventors or joint inventors via the inventor's oath or declaration even when an application data sheet in accordance with § 1.76 is not provided.

Section 1.42: Section 1.42 defines who is the applicant for a patent.

Section 1.42(a) provides that the word ''applicant'' when used in this title refers to the inventor or all joint inventors, or to the person applying for a patent as provided in §§ 1.43, 1.45, or 1.46.

Section 1.42(b) provides that if a person is applying for a patent as provided in § 1.46, the word ''applicant'' refers to the assignee, the person to whom the inventor is under an obligation to assign the invention, or the person who otherwise shows sufficient proprietary interest in the matter, who is applying for a patent under § 1.46 and not the inventor. Section 1.46 (discussed subsequently) implements 35 U.S.C. 118 and provides that a person to whom the inventor has assigned or is under an obligation to assign the invention may make an application for patent, and that a person who otherwise shows sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties.

Section 1.42(c) provides that if fewer than all joint inventors are applying for a patent as provided in § 1.45, the phrase ''the applicant'' means the joint inventors who are applying for the patent without the omitted inventor(s).

Section 1.42(d) provides that any person having authority may deliver an application and fees to the Office on behalf of the applicant. However, an oath or declaration, or substitute statement in lieu of an oath or declaration, may be executed only in accordance with § 1.63 or 1.64, a correspondence address may be provided only in accordance with § 1.33(a), and amendments and other papers must be signed in accordance with § 1.33(b).

Section 1.42(e) provides that the Office may require additional information where there is a question concerning ownership or interest in an application, and a showing may be required from the person filing the application that the filing was authorized where such authorization comes into question.

Section 1.43: Section 1.43 provides that if an inventor is deceased or under legal incapacity, the legal representative of the inventor may make an application for patent on behalf of the inventor; and that if an inventor dies during the time intervening between the filing of the application and the granting of a patent thereon, the letters patent may be issued to the legal representative upon proper intervention. *See* 35 U.S.C. 117 (''[l]egal representatives of deceased inventors and of those under legal incapacity may make application for patent upon compliance with the requirements and on the same terms and conditions applicable to the inventor''). Section 1.43 refers to § 1.64 concerning the execution of a substitute statement by a legal representative in lieu of an oath or declaration.

Section 1.45: Section 1.45 pertains to an application for patent by joint inventors. Section 1.45(a) provides that joint inventors must apply for a patent jointly, and that each joint inventor must make the inventor's oath or declaration required by § 1.63, except as provided for in § 1.64. *See* 35 U.S.C. 116(a) (''[w]hen an invention is made by two or more persons jointly, they shall apply for patent jointly and each make the required oath, except as otherwise provided in this title.''). Section 1.45(a) also provides that if a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the other joint inventor or inventors may make the application for patent on behalf of themselves and the omitted inventor. *See* 35 U.S.C. 116(b) (''[i]f a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself and the omitted inventor.''). Section 1.45(a) also cross-references § 1.64 concerning the execution of a substitute statement by the other joint inventor or inventors in lieu of an oath or declaration.

Sections 1.45(b) and (c) contain the provisions of pre-existing §§ 1.45(b) and (c).

Section 1.46: Section 1.46 is amended to provide for the filing of an application for patent by an assignee, a person to whom the inventor is under an obligation to assign the invention, or a person who otherwise shows sufficient proprietary interest in the matter under 35 U.S.C. 118. Section 1.46(a) provides that a person to whom the inventor has assigned or is under an obligation to assign an invention may make an application for patent. Section 1.46(a) also provides that a person who otherwise shows sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties. The ability for a person who otherwise shows sufficient proprietary interest in the matter was previously set forth in former § 1.47(b), which restricted such ability to situations in which all of the inventors refused to execute the application, or could not be found or reached after diligent effort.

Section 1.46(b) provides that if an application under 35 U.S.C. 111 is made by a person other than the inventor under § 1.46(a), the application must contain an application data sheet under § 1.76 specifying in the applicant information section (§ 1.76(b)(7)) the assignee, the person to whom the inventor is under an obligation to assign the invention, or the person who otherwise shows sufficient proprietary interest in the matter. Section 1.46(b) further provides that if the application is the national stage of an international application, the person who is identified in the international stage as an applicant for the United States is the person specified as the original applicant for the national stage. While identifying the party making the application for patent (the applicant) in an application data sheet is not a filing date requirement, a delay in naming the applicant under § 1.46 in an application data sheet may cause it to appear that the applicant is the inventor and thus requiring the party to proceed under §§ 3.71 and 3.73 to become the applicant.

Section 1.46(b)(1) provides that if the applicant is the assignee or person to whom the inventor is under an obligation to assign an invention, the documentary evidence of ownership (*e.g.,* assignment for an assignee, employment agreement for an obligated assignee) should be recorded as provided for in 37 CFR part 3 no later than the date the issue fee is paid in the application. Section 1.46(b)(2) provides that if the applicant is a person who otherwise shows sufficient proprietary interest in the matter, such applicant must submit a petition including: (1) The fee set forth in § 1.17(g); (2) a showing that such person has sufficient proprietary interest in the matter; and (3) a statement that making the application for patent by a person who otherwise shows sufficient proprietary interest on behalf of and as agent for the inventor is appropriate to preserve the rights of the parties. A discussion of the evidence necessary for a showing that a person has sufficient proprietary interest in the matter is set forth in MPEP § 409.03(f).

Section 1.46(c) provides that any request to correct or update the name of the applicant after an applicant has been specified under § 1.46(b) must include an application data sheet under § 1.76 specifying the correct or updated name of the applicant in the applicant information section (§ 1.76(b)(7)). Thus, if there is no change in the applicant itself but just the applicant's name (due to a correction or name change), the applicant need only submit an application data sheet specifying the correct or updated name of the applicant in the applicant information section (§ 1.76(b)(7)). Section 1.46(c) also provides that any request to change the applicant after an original applicant has been specified under § 1.46(b) must include an application data sheet under § 1.76 specifying the applicant in the applicant information section (§ 1.76(b)(7)) and must comply with §§ 3.71 and 3.73. Thus, if there is a change of applicant under § 1.46(b) (either from the inventor to the assignee, or from one assignee to another assignee), the new applicant must establish its ownership of the application under §§ 3.71(b) and 3.73.

Section 1.46(d) provides that even if the whole or a part interest in the invention or in the patent to be issued is assigned or obligated to be assigned, an oath or declaration must be executed by the actual inventor or each actual joint inventor, except as provided for in § 1.64. This provision is similar to the provisions of former § 1.46. Section 1.46

also refers to § 1.64 concerning the execution of a substitute statement by an assignee, person to whom the inventor is under an obligation to assign the invention, or a person who otherwise shows sufficient proprietary interest in the matter.

Section 1.46(e) provides that if a patent is granted on an application filed under § 1.46 by a person other than the inventor, the patent shall be granted to the real party in interest (*e.g.,* the current assignee for an application that has been assigned). Otherwise, the patent may be issued to the assignee or jointly to the inventor and the assignee as provided in § 3.81.

Section 1.46(e) also provides that where a real party in interest has filed an application under § 1.46, the applicant shall notify the Office of any change in the real party in interest no later than payment of the issue fee, and that the Office will treat the absence of such a notice as an indication that there has been no change in the real party in interest. This provision implements the requirement of 35 U.S.C. 118 that: ''[i]f the Director grants a patent on an application filed under this section by a person other than the inventor, the patent shall be granted to the real party in interest and upon such notice to the inventor as the Director considers to be sufficient.'' Section 3.81 provides that an ''application may issue in the name of the assignee * * * where a request for such issuance is submitted with payment of the issue fee.'' This is accomplished by providing the assignee information in box 3 of the Part B—Fee(s) Transmittal form, PTOL–85B. The use of box 3 will be required where the real party in interest has changed from filing of the application and the application was filed pursuant to § 1.46.

Section 1.46(f) provides that the Office may publish notice of the filing of the application by a person who otherwise shows sufficient proprietary interest in the *Official Gazette.*

Section 1.47: Section 1.47 is removed and reserved. As discussed previously, execution of a substitute statement in lieu of an oath or declaration is now provided for in § 1.64.

Section 1.48: Section 1.48 is amended to no longer include a ''without deceptive intention'' requirement as this requirement has been eliminated from 35 U.S.C. 116 in section 20 of the AIA. Section 1.48 is also amended to no longer require the written consent of any assignee as the Office does not require express written consent by an assignee to other amendments to an application.

Section 1.48(a) provides for correction of inventorship in a nonprovisional application filed either under 35 U.S.C. 111(a) or resulting from an international application in which the basic national fee under 35 U.S.C. 41(a)(1)(F) has been paid. Section 1.48(a) provides that any request to correct or change the inventorship once the inventorship has been established under § 1.41 must include: (1) An application data sheet in accordance with § 1.76 that identifies each inventor by his or her legal name; and (2) the processing fee set forth in § 1.17(i). Due to the streamlining of the requirements for correction of inventorship, it is no longer necessary to have separate provisions based upon whether the correction is necessitated by the original inventorship being in error or by an amendment to the claims.

Section 1.48(b) also provides that an oath or declaration as required by § 1.63, or a substitute statement in compliance with § 1.64, will be required for any actual inventor who has not yet executed such an oath or declaration.

Section 1.48(c) is currently reserved.

Section 1.48(d) provides for correction of inventorship in a provisional application filed under 35 U.S.C. 111(b). Section 1.48(d) provides that once a cover sheet as prescribed by § 1.51(c)(1) is filed in a provisional application, any request to correct or change the inventorship must include: (1) a request, signed by a party set forth in § 1.33(b), to correct the inventorship that identifies each inventor by his or her legal name; and (2) the processing fee set forth in § 1.17(q).

Section 1.48(e) provides that the Office may require such other information as may be deemed appropriate under the particular circumstances surrounding the correction of inventorship.

Section 1.48(f) provides for corrections to the name of the inventor or a joint inventor, or the order of the names of joint inventors. Due to the streamlining of the requirements for correction of inventorship, it is no longer necessary to have distinct procedures for correction of inventorship and for correction to the name of an inventor or to the order of the names of the inventors. Corrections to the name of an inventor or to the order of the names of the inventors were formerly provided for as exception processes, such as under § 1.182. *See* MPEP §§ 605.04(b), (c), and (f). Section 1.48(f) specifically provides that any request to correct or update the name of the inventor or a joint inventor, or the order of the names of joint inventors, in a nonprovisional application must include: (1) An application data sheet in accordance with § 1.76 that identifies each inventor by his or her legal name in the desired order; and (2) the processing fee set forth in § 1.17(i).

Section 1.48(g) provides that the provisions of § 1.48 do not apply to reissue applications. Section 1.48(g) also refers to §§ 1.171 and 1.175 for correction of inventorship in a patent via a reissue application.

Section 1.48(h) provides a cross reference to § 1.324 for correction of inventorship in a patent.

Section 1.48(i) provides for correction of inventorship in an interference or contested case before the Patent Trial and Appeal Board. Section 1.48(i) provides that in an interference under part 41, subpart D, of this title, a request for correction of inventorship in an application must be in the form of a motion under § 41.121(a)(2) of this title. Section 1.48(i) also provides that in a contested case under part 42, subpart D, of this title, a request for correction of inventorship in an application must be in the form of a motion under § 42.22 of this title. Section 1.48(i) finally provides that the motion under §§ 41.121(a)(2) or 42.22 of this title must comply with the requirements of § 1.48(a).

Section 1.51: Section 1.51(b)(2) is amended to refer to ''the inventor's oath or declaration'' and to cross-reference §§ 1.63 and 1.64. *See* previous discussion of § 1.16(f).

Section 1.52: Section 1.52(b) and (c) are amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.52(b) is amended to also refer to supplemental examination proceedings.

Section 1.52(c) is amended to provide that interlineation, erasure, cancellation, or other alteration of the application papers may be made before or after the signing of the inventor's oath or declaration referring to those application papers, provided that the statements in the inventor's oath or declaration remain applicable to those application papers. Thus, § 1.52(c) no longer prohibits changes after execution of the inventor's oath or declaration. Section 1.52(c) also provides that a substitute specification (§ 1.125) may be required if the application papers do not comply with paragraphs (a) and (b) of this section.

Section 1.52(d) is amended to be limited to nonprovisional or provisional applications filed under 35 U.S.C. 111(a) and (b), respectively.

Section 1.53: Section 1.53 is amended to change the phrase ''oath or declaration'' to the phrase ''the inventor's oath or declaration'' throughout. *See* previous discussion of § 1.16(f).

Section 1.53(c) is also amended to replace ''the first paragraph of 35 U.S.C. 112'' with ''35 U.S.C. 112(a)'' for consistency with the change to 35 U.S.C. 112 in the AIA.

Section 1.53(c)(3) is also amended to replace ''the second paragraph of 35 U.S.C. 112'' with ''35 U.S.C. 112(b)'' for consistency with the change to 35 U.S.C. 112 in the AIA.

Section 1.53(f) is amended to revise the missing parts practice to allow applicants to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

Section 1.53(f)(1) provides for a notice (if the applicant has provided a correspondence address) if the application does not contain the basic filing fee, the search fee, or the examination fee, or if the application under § 1.53(b) does not contain the inventor's oath or declaration. Section 1.53(f)(1) provides that applicant must pay the basic filing fee, search fee, and examination fee, and pay the surcharge if required by § 1.16(f) within the time period set in the notice to avoid abandonment. Section 1.53(f)(3) (discussed subsequently) sets forth the time period for filing the inventor's oath or declaration in an application under § 1.53(b) (an application under § 1.53(d) uses the inventor's oath or declaration from the prior application) and provides the conditions under which an applicant may postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

Section 1.53(f)(2) provides for the situation where applicant has not provided a correspondence address in an application under § 1.53(b), and the application does not contain the basic filing fee, the search fee, or the examination fee, or does not contain the inventor's oath or declaration. Section 1.53(f)(2) provides that if the applicant has not provided a correspondence address, the applicant must pay the basic filing fee, search fee, and examination fee, and pay the surcharge if required by § 1.16(f), within two months from the filing date of the application to avoid abandonment. As discussed previously, § 1.53(f)(3) (discussed subsequently) sets forth the time period for filing the inventor's oath or declaration in an application under § 1.53(b) and provides the conditions under which an applicant may postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

Section 1.53(f)(3) sets forth the time period for filing the inventor's oath or declaration in an application under § 1.53(b) and provides the conditions under which an applicant may postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance. Section 1.53(f)(3) specifically provides that the inventor's oath or declaration in an application under § 1.53(b) must also be filed within the period specified in § 1.53(f)(1) or (f)(2), except that the filing of the inventor's oath or declaration may be postponed until the application is otherwise in condition for allowance under the conditions specified in § 1.53(f)(3)(i) through (f)(3)(ii). Section 1.53(f)(3)(i) provides that the application must be an original (non-reissue) application that contains an application data sheet in accordance with § 1.76 identifying: (1) each inventor by his or her legal name; and (2) a mailing address where the inventor customarily receives mail, and residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor. Section 1.53(f)(3)(ii) provides that the applicant must file an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor no later than the expiration of the time period set in the ''Notice of Allowability'' to avoid abandonment, when the applicant is notified in a ''Notice of Allowability'' that an application is otherwise in condition for allowance. The time period set in a ''Notice of Allowability'' is not extendable. *See* § 1.136(c). The Office may dispense with the notice provided for in § 1.53(f)(1) if an oath or declaration under § 1.63, or substitute statement under § 1.64, executed by or with respect to each actual inventor has been filed before the application is in condition for allowance.

Under former practice, the Office issued a Notice to File Missing Parts if an application under § 1.53(b) did not contain the basic filing fee, the search fee, or the examination fee, or the inventor's oath or declaration. If the Office issued a Notice to File Missing Parts, the applicant was given a time period (usually two months) within which to file the missing basic filing fee, the search fee, the examination fee, or the inventor's oath or declaration and pay the surcharge required by § 1.16(f) to avoid abandonment. *See* MPEP § 601.01(a). The Office is modifying this process such that if an application under § 1.53(b) contains the applicable filing fees (basic filing fee, search fee, the examination fee, any applicable excess claims fee, and any applicable application size fee), the surcharge required by § 1.16(f), and a signed application data sheet providing the information required by § 1.53(f)(3)(i), but does not include the inventor's oath or declaration, the Office will not issue a Notice to File Missing Parts requiring the applicant to file the inventor's oath or declaration. If an application under § 1.53(b) that does not contain the inventor's oath or declaration also does not contain the applicable filing fees, or the surcharge required by § 1.16(f), or a signed application data sheet providing the information required by § 1.53(f)(3)(i), the Office will issue a Notice to File Missing Parts giving the applicant a time period (usually two months) within which to file the missing filing fees, the surcharge required by § 1.16(f), or signed application data sheet providing the information required by § 1.53(f)(3)(i) (or the inventor's oath or declaration) to avoid abandonment. In either situation, the inventor's oath or declaration will not be required within the period for reply to the Notice to File Missing Parts if the applicant provides a signed application data sheet providing the information required by § 1.53(f)(3)(i) within the period for reply to the Notice to File Missing Parts. The filing fees and surcharge required by § 1.16(f), however, must be filed within the period for reply to the Notice to File Missing Parts to avoid abandonment.

If an application is in condition for allowance and includes an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor, the Office will issue a ''Notice of Allowability'' (PTOL–37) and a ''Notice of Allowance and Fee(s) Due'' (PTOL–85). If an application is in condition for allowance but does not include an oath or declaration in compliance with § 1.63, or a substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor, the Office will issue a ''Notice of Allowability'' (PTOL–37) (but not a ''Notice of Allowance and Fee(s) Due'' (PTOL–85)) giving the applicant three months to file an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor, to avoid abandonment. This three-month time period is not extendable under § 1.136(a). The ''Notice of Allowance and Fee(s) Due'' (PTOL–85)) will not be issued until the application includes an oath or declaration in compliance with § 1.63, or substitute statement in compliance

with § 1.64, executed by or with respect to each actual inventor.

Section 1.53(f)(4) contains the provisions of former § 1.53(f)(3).

Section 1.53(f)(5) contains the provisions of former § 1.53(f)(4).

Section 1.53(f)(6) contains the provisions of former § 1.53(f)(5).

Section 1.53(h) is amended to provide an exception for the situation in which the inventor's oath or declaration is not filed until the application is otherwise in condition for allowance under § 1.53(f)(3).

Section 1.55: Sections 1.55(a)(1)(i), (c), and (d)(1)(ii) are amended to require a foreign priority claim be identified in an application data sheet (§ 1.76). 35 U.S.C. 119(b) does not specify the particular location in the application for setting forth a claim to the benefit of a prior foreign application. Additionally, § 1.55 formerly did not specify where in the application a foreign priority claim must be, but former § 1.63(c) required that the foreign priority claim be in an application data sheet or identified in the oath or declaration. The change to § 1.55 in this final rule establishes a single location for the foreign priority claim in the application data sheet, which would facilitate application processing by providing practitioners with a clear location for the foreign priority claim, and the Office with one location to locate the foreign priority claim quickly. Formerly, the Office had to look at the specification, amendments to the specification, the oath or declaration, the application data sheet (if provided), and elsewhere to determine the priority claim. In addition, when applicants provided inconsistent information relating to the claim for foreign priority, the Office had to then determine which priority claim governed.

Additionally, providing this information in a single location will facilitate review of patents and patent application publications, because applications frequently set forth a benefit and/or foreign priority claim in the first sentence(s) of the specification, which is superseded by an application data sheet that includes a different benefit or foreign priority claim, and thus the benefit claim and/or foreign priority information contained on the front page of the patent or patent application publication is different from the benefit claim and/or foreign priority claim included in the first sentence(s) of the specification. While the benefit and/or foreign priority claim on the front page of the patent or patent application publication is usually correct, anyone (including an examiner, a practitioner or the public) reviewing the patent or patent application publication must review the file history of the application to be certain of its correctness. Since most applications are filed with an application data sheet, requiring the benefit and/or foreign priority claims to be included in the application data sheet will not require most practitioners to change their practice.

35 U.S.C. 119(b) provides that the foreign application is identified by specifying the application number, country or intellectual property authority, and filing date of each foreign application for which priority is claimed. Section 1.55(a)(1) and (c) thus provide that the foreign priority claim must identify the foreign application for which priority is claimed by specifying the application number, country (or intellectual property authority), day, month, and year of its filing. In addition, § 1.55(a)(1)(i) requires identification of any foreign application having a filing date before that of the application for which priority is claimed by specifying the application number, country (or intellectual property authority), day, month, and year of its filing. Providing this information in the application data sheet constitutes the claim for foreign priority as required by 35 U.S.C. 119(b) and § 1.55(a).

Section 1.56: Section 1.56(c)(3) is amended to indicate that its provisions also apply to every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, the applicant, an assignee, or anyone to whom there is an obligation to assign the application. This change is for consistency with the change in practice concerning who is the applicant for patent in § 1.42.

Section 1.59: Section 1.59(a)(2) is amended to refer to any preliminary amendment present on the filing date of the application in the parenthetical for consistency with § 1.115(a)(1).

Section 1.63: Section 1.63(a) provides that the inventor, or each individual who is a joint inventor of a claimed invention, in an application for patent must execute an oath or declaration directed to the application, except as provided for in § 1.64. *See* 35 U.S.C. 115(a). Section 1.63(a) further provides that an oath or declaration must: (1) Identify the inventor or joint inventor exeuting the oath or declaration by his or her legal name; (2) identify the application to which it is directed; (3) include a statement that the person executing the oath or declaration believes the named inventor or joint inventor to be the original inventor or an original joint inventor of a claimed invention in the application for which the oath or declaration is being submitted; and (4) state that the application was made or was authorized to be made by the person executing the oath or declaration. The requirements that an oath or declaration include a statement that the person executing the oath or declaration believes the named inventor or joint inventor to be the original inventor or an original joint inventor of a claimed invention in the application for which the oath or declaration is being submitted, and state that the application was made or was authorized to be made by the person executing the oath or declaration are requirements of 35 U.S.C. 115(a) and (b). The requirements that an oath or declaration must identify the inventor or joint inventor executing the oath or declaration by his or her legal name and identify the application to which it is directed are necessary for the Office to ensure that there is compliance with the requirement of 35 U.S.C. 115(a) that each individual who is the inventor or a joint inventor of a claimed invention in an application for patent has executed an oath or declaration in connection with the application (except as provided in 35 U.S.C. 115).

Section 1.63(a)(1) simplifies the requirement for the inventor's name to be his or her legal name without reference to a family or given name. The requirement for the inventor's legal name is sufficient, given that individuals do not always have both a family name and a given name, or have varying understandings of what a ''given'' name requires.

Section 1.63(a)(2) contains the language of former § 1.63(b)(1) (requiring identification of the application to which the oath or declaration is directed).

Section 1.63(a)(3) no longer includes a requirement for identifying the country of citizenship for each inventor, as this information is no longer required by 35 U.S.C. 115.

Section 1.63(a)(4) no longer includes the requirement that the person executing the oath or declaration state that he or she is believed to be the ''first'' inventor, as this statement is no longer provided for by 35 U.S.C 115(b)(2) and would not be consistent with a first inventor to file system. Section 1.63(a)(4) does include a requirement from 35 U.S.C. 115(b)(1), not present in former 35 U.S.C. 115 or § 1.63, that the oath or declaration state that the application was made or was authorized to be made by the person executing the oath or declaration.

Section 1.63(b) provides that unless such information is supplied in an

application data sheet in accordance with § 1.76, the oath or declaration must also identify: (1) each inventor by his or her legal name; and (2) a mailing address where the inventor customarily receives mail, and (3) residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor. Therefore, the applicant is not required to name each inventor in a single oath or declaration as long as the inventorship is provided in an application data sheet in accordance with § 1.76. This will permit each joint inventor to execute an oath or declaration stating only that the joint inventor executing the oath or declaration is an original joint inventor of the claimed invention in the application for which the oath or declaration is being submitted. The phrase ''application data sheet in accordance with § 1.76'' requires that the application data sheet be signed in compliance with § 1.33(b). An unsigned application data sheet will be treated only as a transmittal letter.

The requirement for identification of a mailing address is clarified by noting that it is the address where the inventor ''customarily receives mail,'' which may encompass an address where the inventor works, a post office box, or other address where mail is received even if it is not the main mailing address of the inventor. The mailing address is for the benefit of the inventor in the event that the Office would need to contact the inventor directly.

Section 1.63 is also amended to eliminate the requirement for identifying the claim for foreign priority under § 1.55 in the oath or declaration. This change reflects the Office's desire to have claims for foreign priority under § 1.55 and claims for domestic benefit under § 1.78 be presented in an application data sheet (§ 1.76). The former requirement that the domestic claim for benefit be placed in the first sentence(s) of the specification or an application data sheet (§ 1.76), while requiring that a foreign priority claim be identified in an oath or declaration or application data sheet, has led to confusion by applicants as to the proper placement of these priority or benefit claims and to Office processing issues of such claims. As section 3 of the AIA placed foreign priority claims on equal footing with domestic benefit claims in regard to what may be relied upon as a prior art date, it is important that there be one unified place that the Office and the public rely upon in determining these claims. Accordingly, §§ 1.55 and 1.78 are amended to provide a unified way (the application data sheet) to present the claims that will lead to a more reliable placement of the claims in a printed patent or a patent application publication.

Section 1.63(c) provides that a person may not execute an oath or declaration for an application unless that person has reviewed and understands the contents of the application, including the claims, and is aware of the duty to disclose to the Office all information known to the person to be material to patentability as defined in § 1.56. Thus, an oath or declaration under § 1.63 is no longer required to contain the ''reviewed and understands'' clause and ''duty to disclose'' clause of former § 1.63(b)(2) and (b)(3). However, § 1.63 still requires that a person executing an oath or declaration for an application review and understand the contents of the application, and be aware of the duty of disclosure under § 1.56. Section 1.63(c) also provides that there is no minimum age for a person to be qualified to execute an oath or declaration, but the person must be competent to execute, *i.e.,* understand, the document that the person is executing. This provision contains the language of former § 1.63(a)(1).

Section 1.63(d) implements the provisions of 35 U.S.C. 115(g). Section 1.63(d)(1) provides that a newly executed oath or declaration under § 1.63, or substitute statement under § 1.64, is not required under § 1.51(b)(2) and § 1.53(f) or § 1.497 for an inventor in a continuing application that claims the benefit under 35 U.S.C. 120, 121, or 365(c) in compliance with § 1.78 of an earlier-filed application, provided that an oath or declaration in compliance with § 1.63, or substitute statement under § 1.64, was executed by or with respect to such inventor and was filed in the earlier-filed application, and a copy of such oath, declaration, or substitute statement showing the signature or an indication thereon that it was executed, is submitted in the continuing application. Section 1.63(d)(2) provides that the inventorship of a continuing application filed under 35 U.S.C. 111(a) is the inventor or joint inventors specified in the application data sheet filed before or concurrently with the copy of the inventor's oath or declaration from the earlier-filed application. If an application data sheet is not filed before or concurrently with the copy of the inventor's oath or declaration from the earlier-filed application, the inventorship is the inventorship set forth in the copy of the inventor's oath or declaration from the earlier-filed application, unless the copy of the inventor's oath or declaration is accompanied by a statement signed pursuant to § 1.33(b) stating the name of each inventor in the continuing application. Section 1.63(d)(3) provides that any new joint inventor named in the continuing application must provide an oath or declaration in compliance with § 1.63, except as provided for in § 1.64.

Section 1.63(e) implements the provisions of 35 U.S.C. 115(e). Section 1.63(e)(1) provides that an assignment may also serve as an oath or declaration required by § 1.63 if the assignment: (1) includes the information and statements required under § 1.63(a) and (b); and (2) a copy of the assignment is recorded as provided for in 37 CFR part 3. The assignment, including the information and statements required under § 1.63(a) and (b), must be executed by the individual who is under the obligation of assignment. Section 1.63(e)(2) provides that any reference to an oath or declaration under § 1.63 includes an assignment as provided for in § 1.63(e).

Applicants should be mindful of the change to § 3.31 requiring a conspicuous indication, such as by use of a check-box on the assignment cover sheet, to alert the Office that an assignment submitted with an application is submitted for a dual purpose: recording in the assignment database, such as to support a power of attorney, and for use in the application as the oath or declaration. Assignments cannot be recorded unless an application number is provided against which the assignment is to be recorded. When an assignment is submitted for recording along with a paper application, the assignment is separated from the paper application and forwarded to the Assignment Recordation Branch for recording in its database at the time where the application is assigned an application number. The assignment does not become part of the application file. If the applicant indicates that an assignment-statement is also an oath or declaration, the Office will scan the assignment into the Image File Wrapper (IFW) file for the application before forwarding it to the Assignment Recordation Branch. Failure to utilize the check-box will result in a Notice to File Missing Parts of Nonprovisional Application requiring an inventor's oath or declaration as the assignment will not be made part of the application file nor will the Office recognize that the § 1.63 oath or declaration requirement has been satisfied. A copy of the assignment would need to be submitted in reply to the Notice along with the surcharge for the late submission of the inventor's oath or declaration.

For EFS–Web filing of application papers, EFS–Web does not accept

assignments for recording purposes when filing an application. *See Legal Framework for Electronic Filing System—Web (EFS–Web),* 74 FR 55200, 55202 (Oct. 27, 2009). Recording of assignments may only be done electronically in EPAS (Electronic Patent Assignment System), notwithstanding the existence of a link from EFS–Web to EPAS that can be utilized to file an assignment after the application is filed. Accordingly, for EFS–Web submissions, all assignments submitted on filing of the application or later submitted will be made of record in the application (entered into the Image File Wrapper (IFW)), and will not be forwarded to the Assignment Recordation Branch for recordation by the Office. Thus, an assignment must be submitted to the Assignment Recordation Branch in order to comply with § 1.63(e)(1)(ii). If an applicant files the assignment-statement for recording via EPAS and utilizes the check-box, the Office will place a copy of the assignment-statement in the related application file.

Section 1.63(f) provides that with respect to an application naming only one inventor, any reference to the inventor's oath or declaration in 37 CFR chapter I also includes a substitute statement executed under § 1.64. Thus, any requirement in 37 CFR chapter I for the inventor's oath or declaration with respect to an application naming only one inventor is met if an oath or declaration under § 1.63, an assignment-statement under § 1.63(e), or a substitute statement under § 1.64 executed by or with respect to the inventor is filed.

Section 1.63(f) also provides that with respect to an application naming more than one inventor, any reference to the inventor's oath or declaration in 37 CFR chapter I means the oaths, declarations, or substitute statements that have been collectively executed by or with respect to all of the joint inventors, unless otherwise clear from the context. Thus, any requirement in 37 CFR chapter I for the inventor's oath or declaration with respect to an application naming more than one inventor is met if an oath or declaration under § 1.63, an assignment-statement under § 1.63(e), or a substitute statement under § 1.64 executed by or with respect to each joint inventor is filed.

Section 1.63(g) provides that an oath or declaration under § 1.63, including the statement provided for in § 1.63(e), must be executed (*i.e.,* signed) in accordance either with § 1.66, or with an acknowledgment that any willful false statement made in such declaration or statement is punishable under 18 U.S.C. 1001 by fine or imprisonment of not more than five (5) years, or both. *See* 35 U.S.C. 115(i). The inventor's oath or declaration must be executed (*i.e.,* signed) by the inventor or the joint inventors, unless the oath or declaration is a substitute statement under § 1.64, which must be signed by the party or parties making the statement, or an assignment under § 1.63(e), which must be signed by the individual who is under the obligation of assignment of the patent application.

35 U.S.C. 115(h)(1) provides that any person making a statement under this section may at any time ''withdraw, replace, or otherwise correct the statement at any time.'' Section 1.63(h) provides that an oath or declaration filed at any time pursuant to 35 U.S.C. 115(h)(1) will be placed in the file record of the application or patent, but may not necessarily be reviewed by the Office. Oaths or declarations submitted pursuant to 35 U.S.C. 115(h)(1) that are filed prior to the mailing of a notice of allowance in an application would continue to be reviewed by the Office for compliance with 35 U.S.C. 115 and the applicable regulations. Oaths or declarations submitted pursuant to 35 U.S.C. 115(h)(1) that are filed after the mailing of a notice of allowance in an application or patent would generally not be reviewed by the Office. Section 1.63(h) further provides that any request for correction of the named inventorship must comply with § 1.48 in an application and § 1.324 in a patent. This is a reminder that the mere submission of an oath or declaration pursuant to 35 U.S.C. 115(h)(1) will not operate to correct inventorship in compliance with § 1.48 in an application and § 1.324 in a patent.

The provisions in former § 1.63 concerning the power of attorney in a continuing application are now contained in § 1.32 and the correspondence address in a continuing application are now contained in § 1.33(f).

Section 1.64: Section 1.64 implements the substitute statement provisions of 35 U.S.C. 115(d). The provisions of former § 1.64 concerning who must execute an oath or declaration are now contained in § 1.63 with respect to an oath, declaration, or assignment-statement under § 1.63 and are now contained within § 1.64 with respect to who may execute a substitute statement.

Section 1.64(a) provides that an applicant under § 1.43, 1.45 or 1.46 may execute a substitute statement in lieu of an oath or declaration under § 1.63 if the inventor is deceased, is under a legal incapacity, has refused to execute the oath or declaration under § 1.63, or cannot be found or reached after diligent effort. 35 U.S.C. 115(d) provides that, in lieu of execution of an oath or declaration by an inventor, the applicant for patent may provide a substitute statement under the circumstances described in 35 U.S.C. 115(d)(2) and such additional circumstances as the Director specifies by regulation. *See* 35 U.S.C. 115(d)(1). The circumstances set forth in 35 U.S.C. 115(d)(2) in which the applicant may provide a substitute statement are the situations where the inventor is deceased, under legal incapacity, or cannot be found or reached after diligent effort, or is under an obligation to assign the invention but has refused to execute the oath or declaration. *See* 35 U.S.C. 115(d)(2).

As discussed previously, 35 U.S.C. 115(d)(1) provides that the applicant for patent may provide a substitute statement in lieu of execution of an oath or declaration by an inventor under 35 U.S.C. 115(a) under such additional circumstances as the Director specifies by regulation. The Office is permitting the applicant to provide a substitute statement in lieu of an oath or declaration whenever the inventor has refused to execute the oath or declaration, even if the inventor is not under an obligation to assign the invention. 35 U.S.C. 118 and § 1.46, as adopted in this final rule, provide that a person who otherwise shows sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties. Thus, § 1.64, as adopted in this final rule, permits a person who otherwise shows sufficient proprietary interest in the matter to execute a substitute statement in lieu of execution of an oath or declaration by the inventor or a joint inventor if the inventor or a joint refuses to join in an application for patent regardless of whether there is an obligation to assign. 35 U.S.C. 116(b) and § 1.45, as adopted in this final rule, provide that if a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself and the omitted inventor. *See* 35 U.S.C. 116(b). Thus, § 1.64, as adopted in this final rule, permits another joint inventor to execute a substitute statement in lieu of execution of an oath or declaration by the omitted inventor if a joint inventor refuses to join in an application for patent regardless of whether there is an obligation to assign the invention. If the

Office does not permit the applicant to also provide a substitute statement in lieu of an oath or declaration whenever the inventor or a joint inventor has refused to execute the oath or declaration (even if the inventor or joint inventor is not under an obligation to assign the invention), a person who otherwise shows sufficient proprietary interest in the matter who provides a showing that such action is appropriate to preserve the rights of the parties, or the remaining inventor or inventors, may be the applicant under either 35 U.S.C. 118 or 116(b), respectively, but may be precluded from providing a substitute statement in lieu of an oath or declaration. This is consistent with existing Office practice under which a person who otherwise shows sufficient proprietary interest in the matter or the remaining inventor or inventors may execute the oath or declaration as the applicant if all of the inventors have refused to execute the oath or declaration.

Section 1.64(b) provides that a substitute statement under § 1.64 must: (1) comply with the requirements of § 1.63(a), identifying the inventor or joint inventor with respect to whom a substitute statement in lieu of an oath or declaration is executed, and stating upon information and belief the facts which such inventor is required to state; (2) identify the person executing the substitute statement and the relationship of such person to the inventor or joint inventor with respect to whom the substitute statement is executed, and unless such information is supplied in an application data sheet in accordance with § 1.76, the residence and mailing address of the person signing the substitute statement; and (3) identify the circumstances permitting the person to execute the substitute statement in lieu of an oath or declaration under § 1.63, namely whether the inventor is deceased, is under a legal incapacity, cannot be found or reached after a diligent effort was made, or has refused to execute the oath or declaration under § 1.63. Section 1.64(b) also provides that, unless such information is supplied in an application data sheet in accordance with § 1.76, the substitute statement must also identify: (1) each inventor by his or her legal name; and (2) the last known mailing address where the inventor customarily receives mail, and last known residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor who is not deceased or under a legal incapacity.

Section 1.64(c) provides that a person may not execute a substitute statement under § 1.64 for an application unless that person has reviewed and understands the contents of the application, including the claims, and is aware of the duty to disclose to the Office all information known to the person to be material to patentability as defined in § 1.56.

Section 1.64(d) provides that any reference to an inventor's oath or declaration also includes a substitute statement provided for in § 1.64.

Section 1.64(e) provides that a substitute statement under § 1.64 must contain an acknowledgment that any willful false statement made in such statement is punishable under 18 U.S.C. 1001 by fine or imprisonment of not more than five (5) years, or both.

Section 1.64(f) provides that a nonsigning inventor or legal representative may subsequently join in the application by submitting an oath or declaration under § 1.63. Section 1.64(f) also provides that the submission of an oath or declaration by a nonsigning inventor or legal representative in an application filed under § 1.43, 1.45 or 1.46 will not permit the nonsigning inventor or legal representative to revoke or grant a power of attorney.

Section 1.66: Section 1.66 is amended to eliminate the special provisions for oaths taken before an officer in a country other than the United States.

Section 1.67: Section 1.67 provides for a supplemental inventor's oath or declaration (which includes oaths, declarations, assignment-statements under § 1.63(e), and substitute statements under § 1.64) under 35 U.S.C. 115(h).

Section 1.67(a) provides that the applicant may submit an inventor's oath or declaration meeting the requirements of § 1.63, § 1.64, or § 1.162 to correct any deficiencies or inaccuracies present in an earlier-filed inventor's oath or declaration. *See* 35 U.S.C. 115(h)(1). Section 1.67(a) also provides that deficiencies or inaccuracies due to the failure to meet the requirements of § 1.63(b) in an oath or declaration may be corrected with an application data sheet in accordance with § 1.76, except that any correction of inventorship must be pursuant to § 1.48.

Section 1.67(b) provides that a supplemental inventor's oath or declaration under § 1.67 must be executed by the person whose inventor's oath or declaration is being withdrawn, replaced, or otherwise corrected.

Section 1.67(c) provides that the Office will not require a person who has executed an oath or declaration in compliance with 35 U.S.C. 115 and § 1.63 or § 1.162 for an application to provide an additional inventor's oath or declaration for the application. *See* 35 U.S.C. 115(h)(2).

Section 1.67(d) contains the provision of former § 1.67(b) that no new matter may be introduced into a nonprovisional application after its filing date even if an inventor's oath or declaration is filed to correct deficiencies or inaccuracies present in the earlier-filed oath or declaration.

Section 1.76: Section 1.76(a) is amended to clarify that an application data sheet may be submitted in a provisional application under 35 U.S.C. 111(b), a nonprovisional application under 35 U.S.C. 111(a), or a national stage application under 35 U.S.C. 371. Section 1.76(a) is also amended to require that an application data sheet must be submitted to claim priority to or the benefit of a prior-filed application under 35 U.S.C. 119, 120, 121, or 365 for consistency with the changes to §§ 1.55 and 1.78. Including foreign priority and domestic benefit claims in the Office's Application Data Sheet form (PTO/SB/14) can benefit applicants as the data can be loaded directly into the Office's electronic systems; thus ensuring the data is accurately captured. The data will only load directly into the Office's electronic systems when the PTO/SB/14 is submitted as an EFS–Web Fillable Form, rather than a scanned portable document format (PDF) image submitted electronically via EFS–Web. Section 1.76(a) is also amended to provide that the provisions of § 1.76(c)(2) (discussed subsequently) are an exception to the requirement that an application data sheet must contain all of the section headings listed in § 1.76(b), with any appropriate data for each section heading.

Section 1.76(b)(1) is amended to pertain to inventor information, rather than applicant information. As discussed previously, the Office plans to continue to use the inventor's name for application and patent identification purposes as inventor names tend to provide a more distinct identification than assignee name. Section 1.76(b)(1) indicates that inventor information includes the legal name, residence, and mailing address of the inventor or each joint inventor.

Section 1.76(b)(3) is amended to eliminate a suggested classification, by class and subclass, and the Technology Center, from the application information portion of the application data sheet. This information is no longer utilized by the Office in view of internal changes relating to how applications are classified.

Section 1.76(b)(5) is amended to provide that domestic benefit information includes the application number, the filing date, the status (including patent number if available), and relationship of each application for which a benefit is claimed under 35 U.S.C. 119(e), 120, 121, or 365(c). Section 1.76(b)(5) further provides that providing this information in the application data sheet constitutes the specific reference required by 35 U.S.C. 119(e) or 120, and § 1.78(a)(2) or § 1.78(a)(5).

Section 1.76(b)(7) is amended to pertain to ''applicant'' rather than ''assignee'' information. Section 1.76(b)(7) provides that applicant information includes the name (either natural person or juristic entity) and address of the legal representative, assignee, person to whom the inventor is under an obligation to assign the invention, or person who otherwise shows sufficient proprietary interest in the matter who is the applicant under § 1.43 or 1.46. Thus, § 1.76(b)(7) provides for the situation in which the applicant is a person other than the inventor under § 1.43 (legal representative) or § 1.46 (assignee, person to whom the inventor is under an obligation to assign the invention, or person who otherwise shows sufficient proprietary interest in the matter). This section may be left blank if the applicant is the inventor or is the remaining joint inventor or inventors (§ 1.45).

As discussed previously, § 1.46(b) provides that if an application is filed by the assignee, a person to whom the inventor is under an obligation to assign the invention, or a person who otherwise shows sufficient proprietary interest in the matter, the application must contain an application data sheet under § 1.76 specifying the assignee, person to whom the inventor is under an obligation to assign the invention, or person who otherwise shows sufficient proprietary interest in the matter in the applicant information section. As also discussed previously, § 1.46(c) provides that any request to correct or update the name of the applicant, or change the applicant, must include an application data sheet under § 1.76 specifying the applicant in the applicant information section. Section 1.76(b)(7) continues to provide that providing assignment information in the application data sheet does not substitute for compliance with any requirement of 37 CFR part 3 to have an assignment recorded by the Office.

Section 1.76(c) is amended to eliminate the distinction between an application data sheet and a supplemental application data sheet. An application data sheet provided on filing and an application data sheet submitted after the filing date of the application are both considered an application data sheet.

Section 1.76(c)(1) provides that information in a previously submitted application data sheet, the inventor's oath or declaration under § 1.63, § 1.64, or § 1.67, or otherwise of record, may be corrected or updated until payment of the issue fee by a new application data sheet providing corrected or updated information, except that inventorship changes must comply with the requirements of § 1.48, foreign priority and domestic benefit information changes must comply with §§ 1.55 and 1.78, and correspondence address changes must comply with § 1.33(a).

Section 1.76(c)(2) provides that an application data sheet providing corrected or updated information may include all of the sections listed in § 1.76(b) or only those sections containing changed or updated information. Section 1.76(c)(2) further provides that the application data sheet must include the section headings listed in § 1.76(b) for each section included in the application data sheet, and must identify the information that is being changed, with underlining for insertions, and strike-through or brackets for text removed, except that identification of information being changed is not required for an application data sheet included with an initial submission under 35 U.S.C. 371.

Section 1.76(d) governs the situation in which there are inconsistencies between the application data sheet and other documents.

Section 1.76(d)(1) provides that the most recent submission will govern (control) with respect to inconsistencies as between the information provided in an application data sheet, a designation of a correspondence address, or by the inventor's oath or declaration, except that: (1) the most recent application data sheet will govern with respect to foreign priority (§ 1.55) or domestic benefit (§ 1.78) claims; and (2) the naming of the inventorship is governed by § 1.41 and changes to inventorship or the names of the inventors is governed by § 1.48. Section 1.76(d)(1) no longer references ''an amendment to the specification'' as governing with respect to inconsistencies in view of the changes to § 1.78.

Section 1.76(d)(2) provides that the information in the application data sheet will govern when the inconsistent information is supplied at the same time by a designation of correspondence address or the inventor's oath or declaration.

Section 1.76(d)(3) provides that the Office will capture bibliographic information from the application data sheet. Section 1.76(d)(3) further provides that the Office will generally not review the inventor's oath or declaration to determine if the bibliographic information contained therein is consistent with the bibliographic information provided in an application data sheet. Section 1.76(d)(3) further provides that incorrect bibliographic information contained in an application data sheet may be corrected as provided in § 1.76(c)(1).

Section 1.76(e) provides that an application data sheet must be signed in compliance with § 1.33(b). Section 1.76(e) further provides that an unsigned application data sheet will be treated only as a transmittal letter. Thus, an unsigned application data sheet will not be effective to provide the name of the inventor for any invention claimed in the application (§ 1.41(b)), to make a claim to priority of a foreign application (§§ 1.55(a)(1)(i), (c) and (d)(1)(ii)), or make a claim to the benefit of a prior-filed domestic application (§§ 1.78(a)(2)(iii) and (a)(5)(iii)).

The Office published a notice in March of 2008 indicating that the requirement under § 1.14(h)(2) that the written authority must be submitted on a separate document is waived in the event the applicant files a properly executed oath or declaration (*e.g.,* the modified Form PTO/SB/01) with the Authorization to Permit Access to Application by Participating Offices. *See Enhancement of Priority Document Exchange Program and USPTO Declaration Form,* 1328 *Off. Gaz. Pat. Office* 90, 91 (Mar. 11, 2008). In view of the changes to §§ 1.63 and 1.76 in this final rule, the Office is now providing that the requirement under § 1.14(h)(2) that the written authority must be submitted on a separate document is not applicable if the applicant files a properly executed application data sheet (*e.g.,* the modified Form PTO/SB/14) with the Authorization to Permit Access to Application by Participating Offices

Section 1.77: Section 1.77(a)(6) is amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.78: Section 1.78(a)(2)(iii) is amended to provide that the reference to the prior-filed application that is required for benefit claim to a prior-filed nonprovisional application or international application designating the U.S. by a nonprovisional application must be in the application data sheet.

Sections 1.78(a)(5)(iii) is amended to provide that the reference requirement for a benefit claim to a prior-filed provisional application by a nonprovisional application must be in the application data sheet.

Providing this information in the application data sheet constitutes the specific reference required by 35 U.S.C. 119(e) or 120. The patent statute requires that a claim to the benefit of (specific reference to) a provisional application (35 U.S.C. 119(e)(1)) or nonprovisional application (35 U.S.C. 120) be in the application. Since the application data sheet (if provided) is considered part of the application, the specific reference to an earlier filed provisional or nonprovisional application in the application data sheet meets the ''specific reference'' requirement of 35 U.S.C. 119(e)(1) or 120.

Providing this information in a single location will also facilitate more efficient processing of applications, as the Office will only have to look at one location for the benefit claim and the most recent application data sheet will govern. Formerly, the Office had to look at the specification, amendments to the specification and the application data sheet if provided to determine the benefit claim. When applicants provided inconsistent information among the three sources, the Office had to then determine which benefit claim governs in accordance with the rule.

Providing this information in a single location will facilitate review of patents and patent application publications, because applications frequently provide a benefit and/or foreign priority claim in the first sentence(s) of the specification, which is amended by an application data sheet that includes a different benefit or foreign priority claim, and thus the benefit claim and/or foreign priority information contained on the front page of the patent or patent application publication is different from the benefit claim and/or foreign priority claim included in the first sentence(s) of the specification. While the benefit and/or foreign priority claim on the front page of the patent or patent application publication is usually correct, anyone (including an examiner, a practitioner or the public) reviewing the patent or patent application publication must review the file history of the application. Since most applications are filed with an application data sheet, requiring benefit and/or foreign priority claims be included in the application data sheet will not require most practitioners to change their practice.

Section 1.78(a)(5)(iv) is amended to delete the reference to ''an amendment'' and to delete the word ''Supplemental.'' Section 1.78(a)(5)(iv) is also amended to change thre phrase ''withdrawing the benefit claim'' to ''eliminating the reference under this paragraph to the prior-filed provisional application.''

Section 1.78(c) is amended to change ''assignee'' to ''applicant.'' This change is for consistency with the change in practice concerning who is the applicant for patent in § 1.42.

Section 1.81: Section 1.81(a) is amended to change ''his or her invention'' to ''the invention.'' This change is for consistency with the change in practice concerning who is the applicant for patent in § 1.42.

Section 1.105: Section § 1.105 is amended to remove § 1.105(a)(2) (and redesignate §§ 1.105(a)(3) and (a)(4) as §§ 1.105(a)(2) and (a)(3), respectively) as an assignee that has asserted its right to prosecute the application is the applicant. *See* § 1.46.

Section 1.131: Section 1.131(a) is amended to change ''the inventor of the subject matter of the rejected claim, the owner of the patent under reexamination, or the party qualified under §§ 1.42, 1.43, or 1.47'' to ''the applicant or patent owner.'' This change is for consistency with the change in practice concerning who is the applicant for patent in § 1.42.

Section 1.136: Section 1.136(c)(1) is amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.153: Section 1.153(b) is amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.154: Section 1.154(a)(6) is amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.162: Section 1.162 is amended to state that the inventor named for a plant patent application must be the person who has invented or discovered and asexually reproduced the new and distinct variety of plant for which a patent is sought. This change from ''applicant'' to ''inventor'' is for consistency with the change in practice concerning who is the applicant for patent in § 1.42. Section 1.162 is also amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.163: Section 1.163(b)(6) is amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.172: Section 1.172(a) is revised to state that the reissue applicant is the original patentee, or the current patent owner if there has been an assignment. Section 1.172(a) requires that a reissue application be accompanied by the written consent of all assignees, if any, currently owning an undivided interest in the patent, and that all assignees consenting to the reissue must establish their ownership in the patent by filing in the reissue application a submission in accordance with the provisions of § 3.73(c). Section 1.172(b) provides that a reissue will be granted to the original patentee, his legal representatives or assigns as the interest may appear.

Section 1.175: Section 1.175(a) provides that the inventor's oath or declaration for a reissue application, in addition to complying with the requirements of § 1.63, § 1.64, or§ 1.67, must also specifically identify at least one error pursuant to 35 U.S.C. 251 being relied upon as the basis for reissue and state that the applicant believes the original patent to be wholly or partly inoperative or invalid by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than the patentee had the right to claim in the patent. Examples of proper error statements are discussed in MPEP § 1414, II. The reissue oath or declaration may identify more than one specific error that forms the basis of the reissue, but at least one error must be identified.

Section 1.175(b) provides that if the reissue application seeks to enlarge the scope of the claims of the patent (a basis for the reissue is the patentee claiming less than the patentee had the right to claim in the patent), the inventor's oath or declaration for a reissue application must identify a claim that the application seeks to broaden.

Section 1.175(b) indicates that a claim is a broadened claim if the claim is broadened in any respect for purposes of 35 U.S.C. 251. *See Tillotson, Ltd.* v. *Walbro Corp.,* 831 F.2d 1033, 1037 n.2 (Fed. Cir. 1987), *In re Ruth,* 278 F.2d 729, 730 (CCPA 1960), and *In re Rogoff,* 261 F.2d 601, 603 (CCPA 1958). The requirement that a claim broadened in any respect be treated as a broadened claim is important to determine who can sign the reissue oath or declaration. It also is important because a reissue application that broadens the scope of the original patent may only be filed within two years from the grant of the original patent. *See* 35 U.S.C. 251(d).

Section 1.175(c) provides that the inventor, or each individual who is a joint inventor of a claimed invention, in a reissue application must execute an oath or declaration for the reissue application, except as provided for in § 1.64, and except that the inventor's oath or declaration for a reissue application may be signed by the

assignee of the entire interest if: (1) The application does not seek to enlarge the scope of the claims of the original patent; or (2) the application for the original patent was filed under § 1.46 by the assignee of the entire interest. See 35 U.S.C. 251(c).

Section 1.175(d) provides that where all errors previously identified in the inventor's oath or declaration for a reissue application pursuant to § 1.175(a) are no longer being relied upon as the basis for reissue, the applicant must identify an error being relied upon as the basis for reissue. Thus, a supplemental reissue oath or declaration is no longer required where all errors previously identified in the inventor's oath or declaration for a reissue application pursuant to § 1.175(a) are no longer being relied upon as the basis for reissue. However, the applicant must still identify an error being relied upon as the basis for reissue (*e.g.,* in the remarks of an amendment). A new reissue oath or declaration would be still required if the reissue oath or declaration pursuant to § 1.175(a) fails to identify any error or fails to identify at least one error of the type that would support a reissue. *See* MPEP § 1402.

Section 1.175 does not contain a requirement for supplemental reissue oaths or declarations in view of the change to 35 U.S.C. 251 in section 20 of the AIA (*i.e.,* removal of the ''without any deceptive intention'' provision in section 20 of the AIA).

Section 1.175(e) provides that the inventor's oath or declaration for a reissue application required by § 1.175(a) may be submitted under the provisions of § 1.53(f), except that the provisions of § 1.53(f)(3) do not apply to a reissue application. Thus, the inventor's oath or declaration for a reissue application must be present before a reissue application will be examined.

Section 1.175(f) provides that the requirement for the inventor's oath or declaration for a continuing reissue application that claims the benefit under 35 U.S.C. 120, 121, or 365(c) in compliance with § 1.78 of an earlier-filed reissue application may be satisfied by a copy of the inventor's oath or declaration from the earlier-filed reissue application, provided that: (1) The inventor, or each individual who is a joint inventor of a claimed invention, in the reissue application executed an inventor's oath or declaration for the earlier-filed reissue application, except as provided for in § 1.64; (2) the continuing reissue application does not seek to enlarge the scope of the claims of the original patent; or (3) the application for the original patent was filed under § 1.46 by the assignee of the entire interest. Thus, the requirement for the inventor's oath or declaration for a continuing reissue application may be satisfied by a copy of the inventor's oath or declaration from the earlier-filed reissue application except when all of the following conditions exist: (1) The inventor's oath or declaration for the earlier-filed reissue application was executed by the patent owner and not by or with respect to the inventor, (2) the continuing reissue application seeks to enlarge the scope of the claims of the original patent; and (3) the application for the original patent was not filed under § 1.46 by the assignee of the entire interest. Section 1.175(f) further provides that if all errors identified in the inventor's oath or declaration from the earlier-filed reissue application are no longer being relied upon as the basis for reissue, the applicant must identify an error being relied upon as the basis for reissue.

Section 1.175(g) provides that an oath or declaration filed at any time pursuant to 35 U.S.C. 115(h)(1), will be placed in the file record of the reissue application, but may not necessarily be reviewed by the Office.

Section 1.211: Section 1.211(c) is amended to no longer require ''an executed oath or declaration'' for publication of the application. Section 1.211(c) is also amended to state that the Office may delay publishing any application until it includes ''the inventor's oath or declaration or application data sheet containing the information specified in § 1.63(b)'' and to no longer reference a petition under § 1.47. These changes are due to the change to §§ 1.53 and 1.495 to allow applicants to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

Section 1.215: Section 1.215(a) is amended to replace ''executed oath or declaration'' with ''application data sheet and/or the inventor's oath or declaration.'' This change is due to the change to §§ 1.53 and 1.495 to allow applicants to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

Section 1.215(b) is amended to state that the patent application publication will include the name of the assignee, person to whom the inventor is under an obligation to assign the invention, or person who otherwise shows sufficient proprietary interest in the matter if that information is provided in the application data sheet in an application filed under § 1.46.

Section 1.215(c) is amended to replace ''oath or declaration'' with ''application data sheet and/or the inventor's oath or declaration.'' This change is due to the change to §§ 1.53 and 1.495 to allow applicants to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

Section 1.321: Section 1.321(b) is amended to provide that a terminal disclaimer must be signed by the applicant or an attorney or agent of record and state the present extent of applicant's ownership interest in the patent to be granted.

Section 1.324: Section 1.324 is amended to no longer include a ''without deceptive intention'' requirement (as this requirement has been eliminated from 35 U.S.C. 256 in section 20 of the AIA). Section 1.324(a) provides that whenever through error a person is named in an issued patent as the inventor, or an inventor is not named in an issued patent, the Director, pursuant to 35 U.S.C. 256, may, on application of all the parties and assignees, or on order of a court before which such matter is called in question, issue a certificate naming only the actual inventor or inventors. *See* 35 U.S.C. 256.

Section 1.324(b) provides that any request to correct inventorship of a patent pursuant to 1.324(a) must be accompanied by: (1) A statement from each person who is being added as an inventor and each person who is currently named as an inventor either agreeing to the change of inventorship or stating that he or she has no disagreement in regard to the requested change; (2) a statement from all assignees of the parties submitting a statement under 1.324(b)(1) agreeing to the change of inventorship in the patent, which statement must comply with the requirements of § 3.73(c); and (3) the fee set forth in § 1.20(b).

Section 1.324(c) provides a cross reference to § 1.48 for correction of inventorship in an application.

Section 1.324(d) provides that in an interference under part 41, subpart D, of this title, a request for correction of inventorship in a patent must be in the form of a motion under § 41.121(a)(2) of this title, and that in a contested case under part 42, subpart D, of this title, a request for correction of inventorship in a patent must be in the form of a motion under § 42.22 of this title. Section 1.324(d) further provides that the motion under § 41.121(a)(2) or 42.22 of this title must comply with the requirements of § 1.324.

Section 1.414: Section 1.414(c)(2) is amended to replace ''[a]ccepting for

national stage examination international applications which satisfy the requirements of 35 U.S.C. 371'' with ''[n]ational stage processing for international applications entering the national stage under 35 U.S.C. 371.'' As discussed previously, an international application does not satisfy the requirements of 35 U.S.C. 371 until the inventor's oath or declaration has been filed. Thus, under the changes to inventor's oath or declaration practice in this final rule, the Office must process and conduct national examination of international applications before they satisfy the requirements of 35 U.S.C. 371.

Section 1.421: Section 1.421(b) is amended to provide that ''[a]lthough the United States Receiving Office will accept international applications filed by any applicant who is a resident or national of the U.S. for international processing, for the purposes of the designation of the U.S., an international application will be accepted by the Patent and Trademark Office for the national stage only if the applicant is the inventor or other person as provided in § 1.422 or § 1.424.'' Section 1.421(b) continues to provide that joint inventors must jointly apply for an international application.

Section 1.421 is amended to delete the provision of former § 1.421(c) that for purposes of designations other than the U.S., international applications may be filed by the assignee or owner. This provision is deleted in view of the changes to 35 U.S.C. 118 under the AIA.

Sections 1.421(c), (d), and (e) contain the provisions of former §§ 1.421(d), (e), and (f), respectively.

Section 1.421(f) contains the provisions of former § 1.421(g), except for the provision that the submission of a separate power of attorney may be excused upon the request of another applicant where one or more inventors cannot be found or reached after diligent effort, and that such a request must be accompanied by a statement explaining to the satisfaction of the Director the lack of the signature concerned.

Section 1.422: Section 1.422 is amended to provide that if an inventor is deceased or under legal incapacity, the legal representative of the inventor may be an applicant in an international application which designates the United States.

Section 1.423: Section 1.423 is removed and reserved as its provisions are now in § 1.422.

Section 1.424: Section 1.424 is added to provide for an assignee, obligated assignee, or person who otherwise shows sufficient proprietary interest in the matter as the applicant under 35 U.S.C. 118 in an international application.

Section 1.424(a) provides that a person to whom the inventor has assigned or is under an obligation to assign the invention may be an applicant in an international application which designates the U.S. Section 1.424(a) also provides that a person who otherwise shows sufficient proprietary interest in the matter may be an applicant in an international application which designates the U.S. on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties.

Section 1.424(b) provides that neither any showing required under § 1.424(a) nor documentary evidence of ownership or proprietary interest will be required or considered by the Office in the international stage, but such showings will be required in the national stage in accordance with the conditions and requirements of § 1.46.

Section 1.431: Section 1.431(b)(3)(iii) is amended to reference §§ 1.421, 1.422 and 1.424 for consistency with the removal of § 1.423 and the addition of § 1.424.

Section 1.491: Section 1.491(b) is amended by stating that an international application enters the national stage when the applicant has filed ''the documents and fees required by 35 U.S.C. 371(c)(1) and (c)(2) within the period set in § 1.495'' rather than ''the documents and fees required by 35 U.S.C. 371(c) within the period set in § 1.495.'' 35 U.S.C. 371 provides that ''[a]fter an international application has entered the national stage, no patent may be granted or refused thereon before the expiration of the applicable time limit under [PCT Article 28 or 41], except with the express consent of the applicant.'' *See* 35 U.S.C. 371(e). 35 U.S.C. 371, however, does not define when an international application enters the national stage. The Office formerly defined when an international application enters the national stage as when the applicant files the documents and fees required by 35 U.S.C. 371(c) within the period set in § 1.495, which means that an international application would not enter the national stage until the applicant files the inventor's oath or declaration. *See* 35 U.S.C. 371(c)(4). As the Office is changing inventor's oath or declaration practice to allow applicants to postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance, the Office would be examining international applications prior to national stage entry under the definition of national stage entry provided in former § 1.491(b).

Section 1.491(c) is added to state that an international application fulfills the requirements of 35 U.S.C. 371 when all applicable requirements of 35 U.S.C. 371, including commencement under 35 U.S.C. 371(b) or (f), have been satisfied. As discussed previously, the fourteen-month time frame in 35 U.S.C. 154(b)(1)(A)(i)(II) for issuing an Office action under 35 U.S.C. 132 or notice of allowance under 35 U.S.C. 151 is measured from ''the date on which an international application fulfilled the requirements of section 371 of this title'' (not the date of commencement of national stage processing or entry into the national stage). An international application does not fulfill the requirements of 35 U.S.C. 371 until the applicant files the inventor's oath or declaration. *See* 35 U.S.C. 371(c)(4) and MPEP § 1893.03(b). Thus, § 1.491(c) is added as a reminder to PCT applicants that an international application fulfills the requirements of 35 U.S.C. 371 only when all applicable requirements of 35 U.S.C. 371 have been satisfied.

Section 1.492: Section 1.492(h) is amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.495: Section 1.495(a) is amended to remove the sentence that stated ''international applications for which the requirements of § 1.495 are timely fulfilled will enter the national stage and obtain an examination as to the patentability of the invention in the United States of America'' as the sentence was confusing.

Section 1.495(c)(1)(ii) is amended to refer to ''the inventor's oath or declaration.'' *See* previous discussion of § 1.16(f).

Section 1.495(c)(2) provides that a notice under § 1.495(c)(1) will set a time period within which applicant must provide any omitted translation, search fee set forth in § 1.492(b), examination fee set forth in § 1.492(c), and any application size fee required by § 1.492(j) in order to avoid abandonment of the application. Section 1.495(c)(3) (discussed subsequently) sets forth the time period for filing the inventor's oath or declaration and provides the conditions under which an applicant may postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance.

Section 1.495(c)(3) sets forth the time period for filing the inventor's oath or declaration and provides the conditions under which an applicant may postpone filing the inventor's oath or declaration until the application is otherwise in condition for allowance. Section

1.495(c)(3) specifically provides that the inventor's oath or declaration must also be filed within the period specified in § 1.495(c)(2), except that the filing of the inventor's oath or declaration may be postponed until the application is otherwise in condition for allowance under the conditions specified in §§ 1.495(c)(3)(i) through (c)(3)(iii). Section 1.495(c)(3)(i) provides that the application must contain an application data sheet in accordance with § 1.76 filed prior to the expiration of the time period set in any notice under § 1.495(c)(1) identifying: (1) Each inventor by his or her legal name; and (2) a mailing address where the inventor customarily receives mail, and residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor. Section 1.495(c)(3)(ii) provides that the applicant must file an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor no later than the expiration of the time period set in the ''Notice of Allowability'' to avoid abandonment, when the applicant is notified in a ''Notice of Allowability'' that an application is otherwise in condition for allowance. The time period set in a ''Notice of Allowability'' is not extendable. *See* § 1.136(c). The Office may dispense with the notice provided for in § 1.495(c)(1) if an oath or declaration under § 1.63, or substitute statement under § 1.64, executed by or with respect to each actual inventor has been filed before the application is in condition for allowance.

Under former practice, the Office issued a Notification of Missing Requirements if the basic national fee and copy of the international application (if required under § 1.495(b)(1)) have been received by the expiration of thirty months from the priority date, but the inventor's oath or declaration has not been filed. If the Office issued a Notification of Missing Requirements, the applicant was given a time period (the later of two months from the date of the notice or thirty-two months from the priority date) within which to file the inventor's oath or declaration and pay the surcharge required by § 1.492(h) to avoid abandonment. *See* MPEP § 1893.01(e). The Office is modifying this practice such that if a signed application data sheet providing the information required by § 1.495(c)(3)(i) has been received, but not the inventor's oath or declaration, the Office will not issue a Notification of Missing Requirements requiring the applicant to file the inventor's oath or declaration. This change will not affect the practice of issuing a Notification of Missing Requirements if another requirement is missing (*e.g.,* an English translation of the international application required under § 1.495(c) or the surcharge required by § 1.492(h) for filing the inventor's oath or declaration after the date of commencement). If the basic national fee and required copy of the international application have been received by the expiration of thirty months from the priority date, but neither the inventor's oath or declaration as required under § 1.497 nor a signed application data sheet providing the information required by § 1.495(c)(3)(i) have been received, the Office will issue a Notification of Missing Requirements giving the applicant a time period (at least two months) within which to file the inventor's oath or declaration (or signed application data sheet providing the information required by § 1.495(c)(3)(i)) and surcharge required by § 1.492(h) (unless previously paid) to avoid abandonment. In this situation, the inventor's oath or declaration will not be required within the period for reply to the Notification of Missing Requirements if the applicant provides a signed application data sheet providing the information required by § 1.495(c)(3)(i) within the period for reply to the Notification of Missing Requirements. The surcharge required by § 1.492(h), and any other item required by the Notification, however, must be filed within the period for reply to the Notification of Missing Requirements to avoid abandonment.

If an application is in condition for allowance and includes an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor, the Office will issue a ''Notice of Allowability'' (PTOL–37) and a ''Notice of Allowance and Fee(s) Due'' (PTOL–85). If an application is in condition for allowance but does not include an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor, the Office will issue a ''Notice of Allowability'' (PTOL–37) (but not a ''Notice of Allowance and Fee(s) Due'' (PTOL–85)) giving the applicant three months to file an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor, to avoid abandonment. This three-month time period is not extendable under § 1.136(a). The ''Notice of Allowance'' (PTOL–85) will not be issued until the application includes an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor.

Section 1.495(c)(3)(iii) provides that an international application in which the basic national fee under 35 U.S.C. 41(a)(1)(F) has been paid and for which an application data sheet in accordance with § 1.76 has been filed may be treated as complying with 35 U.S.C. 371 for purposes of eighteen-month publication under 35 U.S.C. 122(b) and § 1.211 *et seq.* Section 4508 of the American Inventors Protection Act of 1999 provides that its eighteen-month publication provisions apply to applications (other than for a design patent) filed under 35 U.S.C. 111(a) on or after November 29, 2000, and to applications in compliance with 35 U.S.C. 371 that resulted from international applications filed under 35 U.S.C. 363 on or after November 29, 2000. *See* Pub. L. 106–113, 113 Stat. 1501, 1501A–566 through 1501A–567 (1999). As discussed previously, an international application is not in compliance with 35 U.S.C. 371 until the applicant files the inventor's oath or declaration. *See* 35 U.S.C. 371(c)(4). Thus, this provision permits the Office to treat an international application in which the basic national fee under 35 U.S.C. 41(a)(1)(F) has been paid and for which an application data sheet in accordance with § 1.76 has been filed as complying with 35 U.S.C. 371 for purposes of eighteen-month publication.

There is a distinction between treating an international application without the inventor's oath or declaration as complying with 35 U.S.C. 371 for purposes of eighteen-month publication and treating an international application without the inventor's oath or declaration as fulfilling the requirements of 35 U.S.C. 371 for patent term adjustment purposes. The PCT provides for eighteen-month publication (PCT Article 21) and thus the publication by the Office of an international application that is in compliance with 35 U.S.C. 371 is a republication of the application. *See Changes to Implement Eighteen-Month Publication of Patent Applications,* 65 FR 57021, 57045 (Sept. 20, 2000) (comment 47 and response). Patent term adjustment, however, has an impact on the rights of third parties to the application process (the public). *See* 35 U.S.C. 282(c) (provides a defense based

upon invalidity of an extension under 35 U.S.C. 154(b)).

Sections 1.495(c)(4) and (c)(5) contain the provisions of former § 1.495(c)(3) and (c)(4).

Section 1.495(g) provides that if the documents and fees contain conflicting indications as between an application under 35 U.S.C. 111 and a submission to enter the national stage under 35 U.S.C. 371, the documents and fees will be treated as a submission to enter the national stage under 35 U.S.C. 371. It is Office experience that, in most cases, documents and fees that contain such conflicting indications were intended as submissions under 35 U.S.C. 371.

Section 1.495(h) is amended to delete the provision that if the requirements of § 1.495(b) are complied with within thirty months from the priority date, but either any required translation of the international application or the oath or declaration are not timely filed, an international application will become abandoned as to the U.S. upon expiration of the time period set pursuant to § 1.495(c).

Section 1.496: Section 1.496 is amended to provide that national stage applications having paid therein the search fee as set forth in § 1.492(b)(1) and examination fee as set forth in § 1.492(c)(1) may be amended subsequent to the date of commencement of national stage processing only to the extent necessary to eliminate objections as to form or to cancel rejected claims. Section 1.496 also provides that such national stage applications will be advanced out of turn for examination. Section 1.496 is also amended to eliminate the language concerning when international applications are otherwise taken up for examination as relating to an unnecessary internal Office instruction.

Section 1.497: Section 1.497(a) provides that when an applicant of an international application desires to enter the national stage under 35 U.S.C. 371 pursuant to § 1.495, and a declaration in compliance with § 1.63 has not been previously submitted in the international application under PCT Rule 4.17(iv) within the time limits provided for in PCT Rule 26*ter*.1, the applicant must file the inventor's oath or declaration. Section 1.497(a) further provides that the inventor, or each individual who is a joint inventor of a claimed invention, in an application for patent must execute an oath or declaration in accordance with the conditions and requirements of § 1.63, except as provided for in § 1.64.

Section 1.497(b) provides that an oath or declaration under § 1.63 will be accepted as complying with 35 U.S.C. 371(c)(4) if it complies with the requirements of §§ 1.63(a), (c) and (g). Section 1.497(b) provides that a substitute statement under § 1.64 will be accepted as complying with 35 U.S.C. 371(c)(4) if it complies with the requirements of §§ 1.64(b)(1), (c) and (e) and identifies the person executing the substitute statement. Section 1.497(b) further provides that if a newly executed inventor's oath or declaration under § 1.63 or substitute statement under § 1.64 is not required pursuant to § 1.63(d), submission of the copy of the previously executed oath, declaration, or substitute statement under § 1.63(d)(1) is required to comply with 35 U.S.C. 371(c)(4).

Section 1.497(c) provides that if an oath or declaration under § 1.63, or substitute statement under § 1.64, meeting the requirements of § 1.497(b) does not also meet the requirements of § 1.63 or 1.64, an oath, declaration, substitute statement, or application data sheet in accordance with § 1.76 to comply with § 1.63 or § 1.64 will be required.

Section 1.530: Section 1.530(l)(1) is amended to eliminate the ''without deceptive intention'' requirement (as this requirement has been eliminated from 35 U.S.C. 256 in section 20 of the AIA).

Section 1.730: Section 1.730(b)(1) is amended to change the reference to ''3.73(b)'' to ''3.73(c)'' for consistency with the change to § 3.73.

37 CFR Part 3

Section 3.31: Section 3.31(h) is amended to provide that the assignment cover sheet required by § 3.28 must contain a conspicuous indication of an intent to utilize the assignment as the required oath or declaration under § 1.63. This implements the provision of 35 U.S.C. 115(e) which allows use of an assignment in lieu of an oath or declaration to meet the oath or declaration requirements of § 1.63. *See* previous discussion of § 1.63(e).

Section 3.71: Section 3.71(a) is amended to provide that one or more assignees as defined in § 3.71(b) may conduct prosecution of a national patent application as the applicant under § 1.46 of this title, or conduct prosecution of a supplemental examination or reexamination proceeding, to the exclusion of the inventor or previous applicant or patent owner. Section 3.71(a) formerly provided that an assignee may take over prosecution of a national patent application to the exclusion of the inventor or previous assignee. As discussed previously, in view of the changes to § 1.46 to implement the provisions of 35 U.S.C. 118, an assignee who files the application or takes over prosecution of a national patent application does so as the applicant under § 1.46. Section 3.71(a) also includes a reference to the supplemental examination proceedings that have been added by section 12 of the AIA. Section 3.71(a) also provides that conflicts between purported assignees are handled in accordance with § 3.73(c)(3).

Section 3.71(b) provides that the assignee(s) who may conduct either the prosecution of a national application for patent as the applicant under § 1.46 of this title or a supplemental examination or reexamination proceeding are: (1) a single assignee who is the assignee of the entire right, title and interest in the application or patent, or (2) all partial assignees, or all partial assignees and inventors who have not assigned their right, title and interest in the application or patent, who together own the entire right, title and interest in the application or patent. Section 3.71(b) provides that a partial assignee is any assignee having less than the entire right, title and interest in the application or patent. Section 3.71(b) further provides that the word ''assignee'' as used in this chapter means with respect to patent matters the single assignee of the entire right, title and interest in the application or patent if there is such a single assignee, or all of the partial assignees, or all of the partial assignees and inventors who have not assigned their interest in the application or patent, who together own the entire right, title and interest in the application or patent.

Section 3.71(c) provides that an assignee becomes of record as the applicant in a national patent application under § 1.46 of this title, and in a supplemental examination or reexamination proceeding, by filing a statement in compliance with § 3.73(c) that is signed by a party who is authorized to act on behalf of the assignee.

Section 3.73: Section 3.73(a) provides with respect to patents that the original applicant is presumed to be the owner of an application for an original patent, and any patent that may issue therefrom, unless there is an assignment. Thus, in view of the changes to § 1.46 to implement the provisions of 35 U.S.C. 118, the presumption is now that the original applicant (and not the inventor(s)) is the owner of an application for an original patent. Section 3.73(a) continues to provide with respect to trademarks that the original applicant is presumed to be the owner of a trademark application or

registration, unless there is an assignment.

Section 3.73(b) is amended to provide only for trademark matters (patent matters are provided for in § 3.73(c)). Section 3.73(b) provides that in order to request or take action in a trademark matter, the assignee must establish its ownership of the trademark property of § 3.73(a) to the satisfaction of the Director, and that the establishment of ownership by the assignee may be combined with the paper that requests or takes the action. Section 3.73(b) further provides that ownership is established by submitting to the Office a signed statement identifying the assignee, accompanied by either: (1) documentary evidence of a chain of title from the original owner to the assignee (*e.g.,* copy of an executed assignment), which documents submitted to establish ownership may be required to be recorded pursuant to § 3.11 in the assignment records of the Office as a condition to permitting the assignee to take action in a matter pending before the Office; or (2) a statement specifying where documentary evidence of a chain of title from the original owner to the assignee is recorded in the assignment records of the Office (*e.g.,* reel and frame number).

Section 3.73(c) provides that in order to request or take action in a patent matter, an assignee who is not the original applicant must establish its ownership of the patent property of § 3.73(a) to the satisfaction of the Director, and that the establishment of ownership by the assignee may be combined with the paper that requests or takes the action. Section 3.73(c) further provides that ownership is established by submitting to the Office a signed statement identifying the assignee, accompanied by either: (1) Documentary evidence of a chain of title from the original owner to the assignee (*e.g.,* copy of an executed assignment), and that the submission of the documentary evidence must be accompanied by a statement affirming that the documentary evidence of the chain of title from the original owner to the assignee was or concurrently is being submitted for recordation pursuant to § 3.11; or (2) a statement specifying where documentary evidence of a chain of title from the original owner to the assignee is recorded in the assignment records of the Office (*e.g.,* reel and frame number).

Section 3.73(c)(2) provides that if the submission is by an assignee of less than the entire right, title and interest (*e.g.,* more than one assignee exists), the Office may refuse to accept the submission as an establishment of ownership unless: (1) Each assignee establishes the extent (by percentage) of its ownership interest, so as to account for the entire right, title and interest in the application or patent by all parties including inventors; or (2) each assignee submits a statement identifying the parties including inventors who together own the entire right, title and interest and stating that all the identified parties own the entire right, title and interest.

Section 3.73(c)(3) provides that if two or more purported assignees file conflicting statements under § 3.73(c)(1), the Director will determine which, if any, purported assignee will be permitted to control prosecution of the application. This provision sets out the Office's practice for treating two or more conflicting statements under § 3.73(c), currently discussed in MPEP § 324, IX.

Section 3.73(d) provides that the submission establishing ownership under § 3.73(b) (for trademark matters) or § 3.73(c) (for patent matters) must show that the person signing the submission is a person authorized to act on behalf of the assignee by: (1) Including a statement that the person signing the submission is authorized to act on behalf of the assignee; (2) being signed by a person having apparent authority to sign on behalf of the assignee; or (3) for patent matters only, being signed by a practitioner of record.

37 CFR Part 5

Section 5.25: Sections 5.25(a)(3)(iii) and 5.25(b) are amended to deleted the ''without deceptive intention'' clauses for consistency with the change to 35 U.S.C. 184 in section 20 of the AIA.

37 CFR Part 10

Section 10.23: Section 10.23(c)(11) is removed and reserved. Section 1.52(c) no longer prohibits changes to the application papers after execution of the inventor's oath or declaration. Thus, § 10.23 is amended to eliminate the clause concerning knowingly filing or causing to be filed an application containing any material alteration made in the application papers after the signing of the accompanying oath or declaration without identifying the alteration at the time of filing the application papers (except as permitted by § 1.52(c)) as conduct which constitutes a violation of § 10.23.

37 CFR Part 41

Section 41.9: Section 41.9(a) is amended to change the reference to ''3.73(b)'' to ''§§ 3.71 and 3.73.''

Comments and Responses to Comments: As discussed previously, the Office published a notice on January 6, 2012, proposing to change the rules of practice to implement the inventor's oath or declaration provisions of section 4 of the AIA. *See Changes to Implement the Inventor's Oath or Declaration Provisions of the Leahy-Smith America Invents Act,* 77 FR at 982–1003. The Office received thirty-one written comments from intellectual property organizations, academia, industry, law firms, individual patent practitioners, and the general public in response to this notice. The comments and the Office's responses to the comments follow:

A. Assignee Filing.
B. Oath/Declaration.
  1. Time of submission.
  2. Averments.
  3. Inventors named.
  4. Copies in continuing applications.
  5. Supplemental Oath or Declaration.
  6. Effective date.
  7. Miscellaneous.
C. Substitute statements.
D. Combined declaration and assignment.
  1. Generally.
  2. Recordation of assignments.
E. Power of attorney.
F. PCT.
G. Reissue applications.
H. Application data sheet (§ 1.76).
  1. Domestic benefit and foreign priority claims.
  2. Form requirements.
I. Miscellaneous rules.
  1. Mail stop (§ 1.1(e)).
  2. Signatures (§ 1.4).
  3. Juristic entity (§ 1.31).
  4. Correspondence address (§ 1.33).
  5. Person making declaration (§ 1.64).
  6. Noncompliant declarations (§ 1.67).
  7. Statement under § 3.73.
  8. Lack of deceptive intent.

A. Assignee Filing

Comment 1: A number of comments questioned the Office permitting assignee filing only under the narrow exceptions of death, incapacity, absence or refusal. A number of comments suggested that the rules be revised to recognize that ''applicant'' and ''inventor'' are no longer interchangeable because assignees, parties to whom an inventor is obligated to assign, and parties with a sufficient proprietary interest in the matter, can also be applicants. One comment stated that by replacing the language in 35 U.S.C. 118 (which formerly permitted filing by other than the inventor only in the situations where the inventor was unwilling or unavailable to execute the oath or declaration) with broader language, Congress has in 35 U.S.C. 118 authorized an assignee to file an application for a patent as the applicant. A number of comments requested that the rules be revised for submission of

the inventor statements in applications filed by assignees and obligated assignees to simplify the submission of the inventor statements, facilitate the process by which an assignee or obligated assignee may file and prosecute applications, and accomplish greater international harmonization. One comment suggested that, in the interest of procedural harmonization with the patent laws of other countries, the Office should dispense with the oath or declaration entirely. One comment, however, expressed agreement with most of the changes in the notice of proposed rulemaking, and agreement with the requirement that inventors must execute oaths or declarations.

Response: The Office agrees that the AIA changes 35 U.S.C. 118 to permit an assignee, an obligated assignee, or a person who otherwise shows sufficient proprietary interest in the matter to make an application as the ''applicant.'' Accordingly, this final rule revises the rules of practice to provide that assignees, obligated assignees (parties to whom an inventor is obligated to assign) and parties who otherwise show sufficient proprietary interest in the matter may file an application for patent as the applicant. Historically, being the applicant was synonymous with being the one to execute the oath or declaration under 35 U.S.C. 115. However, the AIA amends 35 U.S.C. 115 to separate being the applicant from being the one who must execute the oath or declaration under 35 U.S.C. 115 (normally the inventor). Thus, 35 U.S.C. 115 and 118, as amended by the AIA, provide that an application may be filed by a person other than the inventor as the applicant, but 35 U.S.C. 115 still also requires an oath or declaration from the inventor (except in certain situations). The situations in which the applicant for patent may submit a substitute statement in lieu of an oath or declaration with respect to an inventor are set forth in 35 U.S.C. 115(d)(2).

Comment 2: A number of comments requested that the Office recognize the ability of assignees, obligated assignees, and persons who otherwise show sufficient proprietary interest in the matter to file an application and have requested that the requirements be simplified. A few comments suggested that in the case of an assignment or obligation to assign, no documents should be required to perfect the right to file the application. The comments stated that an application filed by the assignee or an obligated assignee plus an oath or declaration by the inventors would be sufficient. One comment suggested that the Office should require no more than a copy of the assignment to perfect the right to execute an oath or declaration, as the inventor no longer has a property interest and thus the assignee should be able to make the application without additional requirements. One comment suggested that the Office permit assignees to make certifications regarding ownership in the application data sheet.

Some comments recognized that the Office would likely want documents containing ''proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties'' where an application is filed by a party with sufficient proprietary interest. However, two comments stated that there is no need for the Office to review these documents to determine sufficiency, but rather the Office should only review them to determine whether they appear to satisfy the requirements for submission, with one comment stating that any challenge to a filing should be made in court. One comment requested that the Office not include any confidential documents used as ''proof'' in the public image file wrapper. The comment suggested that the Office could state in the file wrapper that certain agreements were reviewed by the Office and found to fulfill the criteria.

Response: Section 1.46 as adopted in this final rule permits the filing of applications by assignees, obligated assignees, and persons who otherwise show sufficient proprietary interest in the matter with an application data sheet identifying the party filing the application (the applicant). For assignees and obligated assignees, documentary evidence of an ownership interest should be recorded no later than the date the issue fee is paid. *See* § 1.46(b)(1).

Section 1.46 provides that parties who otherwise show sufficient proprietary interest in the matter must also submit a petition with documentary evidence of the sufficient proprietary interest. 35 U.S.C. 118 provides that a party with sufficient proprietary interest may file an application, but the filing is done on behalf of and as agent for the inventors on proof of the pertinent facts. The Office believes that the petition is necessary in these situations to determine whether an appropriate party is filing the application, which requires some additional review as to the assertion of sufficient proprietary interest. It is not the intent of the Office to make a definitive factual determination of the showing of sufficiency of the proprietary interest, but the showing will be reviewed to ensure that the party has a valid basis for being treated as the applicant for patent on behalf of and as agent for the inventors.

The documentary evidence submitted to establish proof of sufficient proprietary interest is not always as clear-cut as an assignment or a document showing an obligation to assign. Thus, it is appropriate that the documentary evidence be visible in the file record when the application becomes available to the public.

Comment 3: A number of comments suggested that all that should be required on filing is a two-part statement affirming: (1) that the applicant is either the inventor, or is authorized by the inventor to file the application, and (2) that the applicant has filed with the application or will file an inventor statement under 35 U.S.C. 115 before receiving a notice of allowance. In addition to the two-part statement, one comment suggested that every application as filed could be required to contain identifying information essential to the orderly processing of the application, such as the name of the inventor, the name of the applicant (if different from the inventor), residence, and correspondence address. A number of comments suggested that, other than the two-part statement and identifying information, no more than the minimum averments mandated by 35 U.S.C. 115(b) should be required in an inventor statement.

Response: In response to the comments, this final rule revises § 1.63 to require only the statements that are required by 35 U.S.C. 115(b), provided that an application data sheet is submitted to provide inventor and other application information.

Comment 4: A number of comments suggested that the application data sheet should be used to provide inventor information instead of an oath or declaration. The comments suggested that the vast majority of applications do not have inventorship or assignment issues and the process of dealing with the formalities should be deferred until an indication of allowable subject matter. Another comment stated that the assignee-applicant is in the best position to decide who is to be named as an inventor, based on a legal analysis of what it takes to be an inventor, and the Office on its own should not raise inventorship issues, as such issues are best handled through a derivation action or a court action. One comment noted that early submission of the declaration can be difficult for foreign applicants and entities whose inventors are no longer available.

Response: The Office needs the correct identification of the inventive

entity prior to examination of the application to determine whether an exception under 35 U.S.C. 102(b), as amended in the AIA, is applicable and to conduct a double patenting analysis. Accordingly, an applicant may file the application and identify the inventive entity in either an application data sheet under § 1.76 or in the inventor's oath or declaration. If an application data sheet is submitted with the application or within the period provided in §§ 1.53(f)(1) or (f)(2), an applicant may postpone submission of the inventor's oath or declaration until the application is in condition for allowance. The Office does not generally question whether the identified inventive entity is the inventor except in interference and contested cases.

Comment 5: One comment suggested that the proposed rules not include a requirement for notification of a change in ownership no later than payment of the issue fee.

Response: 35 U.S.C. 118 requires the Office to grant the patent to the real party in interest where the application was filed under 35 U.S.C. 118 by a person other than the inventor. In order for the Office to carry out this statutory mandate, the Office must be notified of any change in the real party in interest no later than payment of the issue fee. Therefore, § 1.46, as adopted in this final rule, requires applicants to notify the Office of any change in the real party in interest no later than payment of the issue fee in the situation where a real party in interest has filed the application under § 1.46.

B. Oath/Declaration

1. Time of Submission

Comment 6: A number of comments suggested that, in view of 35 U.S.C. 115(f), the Office should not require applicants to file the inventor's oath or declaration until the application is in condition for allowance. One comment supported early submission of the oath or declaration as better for the examination process and patent pendency.

Response: In response to the comments, this final rule permits delaying submission of the inventor's oath or declaration until the application is otherwise in condition for allowance. The inventor's oath or declaration will not be required within the period specified in §§ 1.53(f)(1) or (f)(2) but may be filed when the application is otherwise in condition for allowance if the application is an original (non-reissue) application that contains an application data sheet in accordance with § 1.76 identifying: (1) Each inventor by his or her legal name; and (2) a mailing address where the inventor customarily receives mail, and residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor.

It should be noted that 35 U.S.C. 115(f) does not provide that an applicant is entitled as a matter of right to postpone submission of the inventor's oath or declaration until an application is in condition for allowance. The Office's authority to set the period (and conditions) under which the inventor's oath or declaration may be submitted after the filing date of an application is set forth in 35 U.S.C. 111(a)(3) (''The application must be accompanied by the fee required by law. The fee and oath *or declaration* may be submitted after the specification and any required drawing are submitted, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Director.'') and (a)(4) (''Upon failure to submit the fee and oath *or declaration* within such prescribed period, the application shall be regarded as abandoned, unless it is shown to the satisfaction of the Director that the delay in submitting the fee and oath *or declaration* was unavoidable or unintentional.''). *See* 35 U.S.C. 111(a)(3) and (a)(4) (AIA changes emphasized). Some previous legislative proposals (*e.g.,* S. 515 and H.R. 1260 in the 111th Congress) would have changed this provision to delete any reference to an oath (or declaration) such that the Office could not set the period (and conditions) under which the inventor's oath or declaration could be submitted after the filing date of an application. However, the AIA maintains the existing provisions of 35 U.S.C. 111(a)(3) and (a)(4), adding only ''or declaration'' after every instance. Thus, the Office retains the authority to set the period (and conditions) under which the inventor's oath or declaration must be submitted.

It should also be noted that 35 U.S.C 115(f) does not require the Office to permit applicants to postpone submission of the inventor's oath or declaration until allowance. The Office previously proposed under existing 35 U.S.C. 111 and 115 to permit applicants to delay submission of an oath or declaration until the expiration of a time period set in the ''Notice of Allowability.'' *See Changes to Implement the Patent Business Goals,* 63 FR 53497, 53503–06 (Oct. 5, 1998). The Office, however, did not proceed with that proposal. *See Changes to Implement the Patent Business Goals,* 64 FR 53771, 53773–74 (Oct. 4, 1999). Thus, the only effect of 35 U.S.C. 115(f) is to preclude the Office from issuing a notice of allowance until each required inventor's oath or declaration has been filed.

Comment 7: Two comments expressed concern about the fees to be charged for the late submission of an oath or declaration. One comment stated that 35 U.S.C. 111(a) and 371 do not require a surcharge for submitting the oath or declaration after the filing date. One comment stated that the preliminary proposed patent fee schedule published February 7, 2012, indicated that the $130 surcharge would be increased to $140 and that no actual unit cost was associated with this fee because there was no specific activity supporting it other than collecting and depositing the fee. The comment stated that this contradicts the Office's statement in the notice of proposed rulemaking that applications filed without an oath or declaration require special processing. The comment also questioned the proposed fee of $3,000 for filing the oath or declaration up to the notice of allowance on the same basis that there is no specific activity supporting the fee other than collecting and depositing the fee.

Response: The notice of proposed rulemaking did not propose, and this final rule does not adopt, any change to the late filing surcharge under § 1.16(f). As discussed previously, 35 U.S.C. 111(a)(3) provides that: ''The fee and oath or declaration may be submitted after the specification and any required drawing are submitted, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Director.'' While the Office is not ''required'' to charge this surcharge, the Office is permitted to require it. The surcharge is due to the additional processing costs incurred when the inventor's oath or declaration is submitted after filing of the application and the initial processing of the application. The fact that the cost of the additional processing of the later-submitted oath or declaration is not tracked separately from other pre-examination costs does not negate the existence of this cost. In addition, under the changes in this final rule the Office will incur additional costs due to the need to track submission of the inventor's oath or declaration up to allowability of the application.

The Office published materials on its Internet Web site in February 2012, associated with a rulemaking to set and adjust patent fees using the authority provided in section 10 of the AIA, which proposed a $3,000 fee to

postpone submission of the inventor's oath or declaration until the application is in condition for allowance. The final rule to set and adjust patent fees under section 10 of the AIA will not include this proposal.

Comment 8: One comment suggested that examiners should be properly compensated for any additional work required by delays in establishing the proper inventorship.

Response: The Office will require that the inventorship be named in an application data sheet (or the inventor's oath or declaration) prior to examination. Thus, the inventorship will be established before an application is examined and examiners should not experience any delays with respect to the establishment of the proper inventorship. Additionally, compensation of examiners is not a subject of this rulemaking.

2. Averments

Comment 9: A number of comments suggested that the Office should not require the inventor's oath or declaration to contain any statements other than the statements required by 35 U.S.C. 115(b).

Response: 35 U.S.C. 115(c) provides that the Office may specify additional information relating to the inventor and to the invention that is required to be included in an oath or declaration under 35 U.S.C. 115(a). In response to comments, however, the Office is requiring that an oath or declaration contain only the averments required by 35 U.S.C. 115(b), if the inventor information is provided in an application data sheet. The Office has not retained regulatory averments to be made in the inventor's oath or declaration, such as acknowledgement of the duty of disclosure under § 1.56. However, a person may not execute an oath or declaration unless that person has reviewed and understands the contents of the application, including the claims, and is aware of the duty to disclose to the Office all information that is material to patentability. *See* § 1.63(c).

Comment 10: One comment stated that the averment in proposed § 1.63(a)(5) that the application ''was made or authorized to be made by the inventor'' should not be required in an oath or declaration that is signed by the assignee.

Response: 35 U.S.C. 115(b)(1) requires that an oath or declaration contain a statement that the application was made or was authorized to be made by the affiant or declarant irrespective of whether the application was filed by the assignee. Therefore, § 1.63(a)(4) requires the oath or declaration to state that the application was made or was authorized to be made by the person executing the oath or declaration.

3. Inventors Named

Comment 11: A number of comments suggested that the Office should not require the inventor's oath or declaration to provide the names of all of the inventors, which could be provided together in another document (such as an application data sheet).

Response: An inventor executing an oath or declaration need only identify himself or herself as an inventor, provided an application data sheet is submitted to identify the complete inventive entity.

Comment 12: One comment stated that proposed § 1.63(d)(2) should be deleted since the naming of the inventive entity should be established by filing an application data sheet in a continuing application and thus there would be no need to request removal of inventors.

Response: A request to remove one or more inventors is retained for those situations where an application data sheet is not supplied concurrently with or before submission of the inventor's oath or declaration.

4. Copies in Continuing Applications

Comment 13: One comment suggested that the Office scan the inventor statement or assignment into the Office's image file wrapper (IFW) system so that a copy of any previously filed statement would not be required in a later-filed application claiming benefit.

Response: Consistent with pre-existing practice and the notice of proposed rulemaking, the Office is requiring a copy of the oath or declaration or an assignment serving as the oath or declaration in continuing applications so that the Office can determine whether an oath or declaration has been executed by or with respect to each inventor in a continuing application.

Comment 14: One comment questioned whether a combination assignment and oath or declaration in a parent application would need to be recorded against a continuation or a divisional application when also used in the continuation or divisional application. The comment also questioned whether the assignee listed on such an assignment would still need to be the owner when submitting the oath or declaration in the continuation or divisional application.

Response: Section 1.63(d)(1) provides that a newly executed oath or declaration under § 1.63 is not required for a continuing application where a copy of the oath or declaration from the earlier-filed application is provided. Where the oath or declaration is set forth in an assignment document that was recorded against the parent application, there is no requirement that the copy be again recorded against the continuing application. 35 U.S.C. 115(g)(1) provides that the requirement under 35 U.S.C. 115 for an oath or declaration shall not apply to an individual named as the inventor or a joint inventor in an application that claims benefit under 35 U.S.C. 120, 121, or 365(c) of an earlier-filed application, if: (1) An oath or declaration meeting the requirements of 35 U.S.C. 115(a) was executed by the individual and was filed in connection with the earlier-filed application; (2) a substitute statement meeting the requirements of 35 U.S.C. 115(d) was filed in connection with the earlier-filed application with respect to the individual; or (3) an assignment meeting the requirements of 35 U.S.C. 115(e) was executed with respect to the earlier-filed application by the individual and was recorded in connection with the earlier-filed application.

Comment 15: One comment asserted an inconsistency between proposed § 1.63(d)(1)(iii) which requires a new oath or declaration from those inventors being added and § 1.63(d)(2), which permits deletion by a separate paper without a new oath or declaration. The comment indicated that it is not clear how the statements in the oath or declaration filed in the parent application can remain true where a copy of the declaration from the parent is filed along with declarations executed by only the newly added inventors. Other comments noted that proposed §§ 1.63(a)(4) and (a)(6) would prevent the use of a copy of an oath or declaration in continuation-in-part applications and possibly continuation and divisional applications.

Response: Section 1.63(d), as adopted in this final rule, provides for use of a copy of the inventor's oath or declaration from a prior-filed application in a continuing application, including a continuation-in-part application. 35 U.S.C. 115(g) does not require a new inventor's oath or declaration if: (1) An oath or declaration meeting the requirements of 35 U.S.C. 115(a) was executed by the individual and was filed in connection with the earlier-filed application; (2) a substitute statement meeting the requirements of 35 U.S.C. 115(d) was filed in connection with the earlier-filed application with respect to the individual; or (3) an

assignment meeting the requirements of 35 U.S.C. 115(e) was executed with respect to the earlier-filed application by the individual and was recorded in connection with the earlier-filed application. Thus, an additional inventor's oath or declaration would be necessary in a continuing application only for an inventor for whom an oath or declaration was not submitted in the prior-filed application. Section 1.63(d), as adopted in this final rule, does not include the proposed requirement that the statements in the copy of the inventor's oath or declaration from a prior-filed application also be applicable to the continuing application.

5. Supplemental Oath or Declaration

Comment 16: One comment asserted that once a one-time statement from an inventor has been made in satisfaction of 35 U.S.C. 115, 35 U.S.C. 115(h)(2) precludes the Office from requiring any supplemental oath or declaration. Several comments objected to proposed § 1.67 and asserted that the Office was proposing to merely retain requirements for supplemental oaths, notwithstanding the statutory prohibition against them.

Response: Section 1.67(c) provides that the Office will not require a person who has executed an oath or declaration in compliance with 35 U.S.C. 115 and § 1.63 or § 1.162 to provide an additional oath or declaration. 35 U.S.C. 115(h)(2) precludes the Office from requiring a supplemental oath or declaration only if the initial oath or declaration complied with 35 U.S.C. 115 and § 1.63 or § 1.162.

Comment 17: One comment expressed concern about the elimination of supplemental oaths (proposed § 1.67(b)), as they give the inventor the opportunity to object to the assignee's interpretation of the invention which may be broader than the inventor's understanding of the description. The comment noted the existing requirement that reissue oaths or declarations be signed by the inventors when one or more claims are being broadened, and suggested that inventors be permitted to request ''post grant review'' to clarify new matter issues that may arise from differences in interpretation.

Response: 35 U.S.C. 115(h)(1) and § 1.67 provide that an applicant may submit an inventor's oath or declaration to correct any deficiencies or inaccuracies present in an earlier-filed inventor's oath or declaration. 35 U.S.C. 115(h)(2) provides that supplemental statements are not required where the oath or declaration meets 35 U.S.C. 115(a) or the assignment meets the requirements of 35 U.S.C. 115(e). Inventors still must execute an oath or declaration except under the permitted circumstances. Thus, inventors would still have an opportunity to review the application in connection with the execution of the oath or declaration and raise any concerns regarding breadth of the claimed invention with the assignee. Moreover, an inventor may have access to the application file and can follow the prosecution. 35 U.S.C. 321(a) provides that a person who is not the owner may request post grant review of a patent.

6. Effective Date

Comment 18: One comment questioned whether the Office would accept oaths or declarations (1) In an application filed prior to September 16, 2012, in which the oath or declaration is filed on or after September 16, 2012; and (2) in an application filed on or after September 16, 2012, where the oath or declaration was executed prior to September 16, 2012. One comment suggested that the Office clarify § 1.63 to address applications that bridge the effective date of the rule to make clear that a new declaration will not be required in a continuing application where the prior declaration was compliant with the new required statutory statements. A few comments recommended that oaths or declarations filed before September 16, 2012, be grandfathered in and accepted in continuing applications filed on or after September 16, 2012, even though the oaths or declarations contain the language in former 35 U.S.C. 115 and not the language in new 35 U.S.C. 115(b).

Response: The changes to 35 U.S.C. 115 in the AIA apply to any application filed on or after September 16, 2012. Accordingly, the date of execution of the oath or declaration is not relevant, particularly as the Office does not check such dates of execution. MPEP § 602.05. For applications filed prior to September 16, 2012, any oath or declaration filed before, on, or after September 16, 2012, must comply with the oath and declaration rules in effect prior to September 16, 2012. Any oath or declaration submitted in an application filed on or after September 16, 2012, (regardless of the date of execution of the oath or declaration) must meet the requirements of 35 U.S.C. 115 as amended by the AIA.

With respect to continuing applications, 35 U.S.C. 115(g)(1)(A) provides an exception to a newly executed oath or declaration only where the oath or declaration in the earlier-filed application meets the requirements of amended 35 U.S.C. 115(a) which must include the required statements in 35 U.S.C. 115(b). Accordingly, a copy of an oath or declaration from a prior application filed before September 16, 2012, must meet the requirements of 35 U.S.C. 115 as amended by the AIA.

Nevertheless, in view of the changes to permit applicants to postpone the submission of the inventor's oath or declaration until the application is otherwise in condition for allowance, the Office will no longer review an oath or declaration in an application under 35 U.S.C. 111(a) for compliance with § 1.63 (or a substitute statement for compliance with § 1.64) during the examination process. The Office will review applications to determine whether the application includes an oath or declaration executed by or with respect to each inventor when the application is in condition for allowance.

7. Miscellaneous

Comment 19: One comment noted that 35 U.S.C. 115 requires ''the name of the inventor,'' whereas proposed § 1.63(a)(2) requires identification by ''his or her full name without any abbreviation (except for a middle initial)'' and thus places further restrictions on what would otherwise be an uncomplicated requirement. Another comment stated that the rules should permit an inventor to abbreviate his or her first name if he or she is known by his or her middle name.

Response: The Office agrees that the phrase ''his or her full name without any abbreviation (except for a middle initial)'' is more complicated than necessary. The requirement for identification of the name of the inventor in the rules of practice (*e.g.,* § 1.63(a)(1)) will be for the legal name of the inventor.

Comment 20: One comment suggested eliminating the requirement for the residence in that: (1) It is still unclear what is intended by residence (*e.g.,* city, state, province, prefecture, etc.); (2) many inventors would prefer to keep their residence private, especially where the mailing address is the place of employment; and (3) it requires assignees to violate their domestic privacy laws in some countries (*e.g.,* United Kingdom) by requiring inventors to make residence information publicly available.

Response: The comment appears to confuse the separate requirements for residence and mailing address. The residence, as noted in MPEP § 605.02, is a city and either a state or foreign country, while a mailing address, as noted in MPEP § 605.03, is where one customarily receives mail, such as one's

home or business address. Additionally, a post office box may be used as the mailing address. The Office reviews residence information to ensure that a residence is provided, but the Office does not review the manner in which the residence is stated. Thus, applicants should not have concerns about distinctions between province and prefecture.

Comment 21: One comment requested revising the title to be ''Inventor's oath or declaration'' to distinguish the declaration requirements in § 1.63 from who may apply for a patent, which should be addressed by § 1.41.

Response: The Office agrees that the title of § 1.63 should read ''Inventor's oath or declaration.'' The title has been revised as suggested.

Comment 22: One comment stated that proposed § 1.63(c)(2) needs to be corrected for grammatical clarity since it is unclear how a reference itself would constitute an assignment.

Response: Section 1.63(e)(2) contains the language of proposed § 1.63(c)(2). The provision merely explains that the phrase ''oath or declaration'' under § 1.63 as referred to in the rules covers a combination assignment and oath or declaration document.

Comment 23: One comment suggested that since a ''wet'' signature is required for a declaration, the practitioner should be allowed to obtain a ''wet'' signature for the practitioner's file and then submit an S-signature by the practitioner with a notice to the Office that a ''wet'' signature is on file with this practitioner and will be supplied to the Office if requested.

Response: An oath or declaration may be signed either with a wet (handwritten, per § 1.4(d)(1)) signature or an S-signature (*e.g.,* a printed name inserted between forward slashes, per § 1.4(d)(2)), regardless of whether the oath or declaration is filed with the Office in paper, facsimile transmitted, or filed via the Office's Electronic Filing System (EFS-Web). An S-signature is any signature not covered by § 1.4(d)(1), and an S-signature must be personally inserted by the signer per § 1.4(d)(2)(i). The practice suggested in the comment would not have the signer personally insert the S-signature. Thus, it would not be a proper signature by the inventor.

Comment 24: One comment suggested retaining in § 1.63 the statement that no minimum age is required to sign an oath or declaration.

Response: Section 1.63(c) continues to recite that there is no minimum age for a person to be qualified to execute an oath or declaration.

Comment 25: One comment requested information as to whether the Office will have updated forms to reflect the proposed rule changes at the same time the rules take effect.

Response: The Office will have revised forms available prior to the effective date of this final rule.

C. Substitute Statements

Comment 26: Several comments questioned the need for proof of facts regarding the inventor who is not executing the inventor's oath or declaration when filing a substitute statement where an assignee, party to whom an inventor is under an obligation to assign or a party who otherwise shows sufficient proprietary interest in the matter files the application.

Response: In response to the comments, the Office is discontinuing the practice of routinely requiring proof of facts when an oath or declaration is not executed by each inventor. Section 1.64 provides that an applicant under §§ 1.43, 1.45 or 1.46 may execute a substitute statement with identifying information regarding (1) the inventor and the person executing the statement, and (2) the particular permitted circumstances involved, *e.g.,* the inventor cannot be reached or has refused to execute the oath or declaration. Furthermore, a person may not execute a substitute statement unless that person has reviewed and understands the contents of the application and is aware of the duty to disclose to the Office all information that is material to patentability. Proof of the circumstances (*e.g.,* attempts to contact the inventor) is no longer required.

Comment 27: One comment expressed concern about the effect of 35 U.S.C. 115(d)(2)(B). The comment identified the situation where one joint inventor refuses to execute the oath or declaration and since none of the inventors are under an obligation to assign, the other executing inventors may not be able to provide a substitute statement on behalf of the nonsigning inventor.

Response: 35 U.S.C. 116(b) provides that if a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself and the omitted inventor. Section 1.45, as amended in this final rule, permits the other joint inventor or inventors to make the application for patent as the applicant on behalf of themselves and the omitted inventor if a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort. 35 U.S.C. 115(d)(1) provides that the applicant for patent may provide a substitute statement in lieu of execution of an oath or declaration by an inventor under 35 U.S.C. 115(a) under such additional circumstances as the Director specifies by regulation. Thus, § 1.64 as adopted in this final rule permits another joint inventor to execute a substitute statement in lieu of execution of an oath or declaration by the omitted inventor if a joint inventor refuses to join in an application for patent (regardless of whether there is an obligation to assign) or cannot be found or reached after diligent effort.

Comment 28: One comment noted proposed § 1.47 and requested that the assignee be allowed to execute the oath or declaration on behalf of the assigning inventor in general, and not only in circumstances where the inventor has refused or cannot be found or reached to execute the oath or declaration.

Response: 35 U.S.C. 115(a) explicitly requires execution of an inventor's oath or declaration by each inventor except as otherwise provided in 35 U.S.C. 115. The situations in which the applicant for patent may submit a substitute statement in lieu of an oath or declaration with respect to an inventor are set forth in 35 U.S.C. 115(d)(2).

D. Combined Declaration and Assignment

1. Generally

Comment 29: One comment recognized that the AIA provision for dual-purpose documents (assignment and oath or declaration) is already possible and asserted that the AIA prohibits the Office from making rules that impede the use of dual-purpose documents, such as requiring the recordation of the document before submission in the application as required by proposed § 1.63(c)(1)(ii). The comment asserted that the recordation requirement is neither beneficial to the public nor beneficial to assignees. The comment noted that some assignees may save up and then record multiple assignments at once to save on recording fees. In the absence of an explanation as to why flexibility is to be taken away, the comment suggested that the proposed requirement for recordation should not be adopted and the assignment should be made of record in the application file.

A few comments, however, opposed submitting a copy of an assignment containing the statements required of an oath or declaration in the application file and noted that Congress did not

require an assignment with such oath or declaration statements to be included in the application file and did not envision that the statement would be ''examined'' by a patent examiner. These comments stated that 35 U.S.C. 115(e) permits the assignment to simply be recorded in the assignment records without submitting a copy in the application file.

Response: 35 U.S.C. 115(e) provides for making the statements required under 35 U.S.C. 115(b) and (c) in an ''assignment of record,'' and 35 U.S.C. 115(f) provides that a notice of allowance under 35 U.S.C. 151 may be provided to an applicant only if the applicant has filed each required oath or declaration under 35 U.S.C. 115(a), or has filed a substitute statement under 35 U.S.C. 115(d), or *recorded* an assignment meeting the requirements of 35 U.S.C. 115(e). 35 U.S.C. 115(e) and (f) (emphasis added). Thus, the recording requirement of § 1.63(e)(1)(ii) is required by 35 U.S.C. 115, which envisions that the assignment containing the statements required of an oath or declaration be ''recorded.'' 35 U.S.C. 111(a)(2)(C) also requires that an application contain an oath or declaration. If an applicant files in paper an assignment-statement for recordation together with a patent application, the Office will scan a copy of the assignment into the Office IFW of the application and forward the submission to Assignment Recordation Branch provided that there is a conspicuous indication of an intent to utilize the assignment as the required oath or declaration under § 1.63.

Comment 30: One comment stated that proposed § 1.63(a) should be amended to clarify that an assignment that includes the statements required by 35 U.S.C. 115(b) and (c) may be filed ''in lieu of filing such statements separately'' pursuant to 35 U.S.C. 115(e).

Response: Section 1.63(e)(1) implements that portion of 35 U.S.C. 115(e) relating to the ''in lieu of'' language by its recitation that an assignment may also serve as the oath or declaration.

Comment 31: With respect to the combined assignment and oath or declaration document, one comment questioned the result if one portion is determined to be void or voidable. The comment specifically questioned whether the declaration portion would be void or invalid where the assignment portion is found to be void or invalid. The comment stated that the Office should clearly indicate that the legality (or invalidity) of one part will not impact the other part.

Response: Where there is an error in the oath or declaration portion, such as in bibliographic information, the rest of the oath or declaration is still effective and only that error need be corrected. *See* § 1.67(a). In other instances, such as a failure to provide a statutorily required averment, the oath or declaration must be resubmitted. Where the assignment portion of a combined assignment and oath or declaration document is found to be invalid, the combined assignment and oath or declaration document would remain effective for the declaration portion provided that the assignment contains the statements required of an oath or declaration.

2. Recordation of Assignments

Comment 32: One comment opposed the proposed addition to a recordation cover sheet of a check-box indicating that the assignment is to be used in an application to comply with § 1.63. The comment asserted that the person filing the assignment is likely not a registered practitioner and should not have the burden of arriving at a legal conclusion as to whether the document is to serve as a declaration. The comment further asserted that the application and assignment are frequently separately filed electronically by different individuals, and requested that the rule should be tailored for non-electronic filing of the assignment containing the inventor statement. Another comment suggested that the Office should update the Office's Patent Application Information Retrieval (PAIR) system to directly link recorded assignments to the application as recorded assignments are now accessible only by physically traveling to the Office, at substantial burden and cost on the requester.

Response: Section 3.31 requires that where an applicant has included the statements required by 35 U.S.C. 115(b) and (c) in an assignment, the applicant indicate as much to the Office via a check-box on the assignment recordation cover sheet. Thus, the Office will know both to record the assignment in the assignment database and to place a copy of the assignment in its related application file, so that applicants will not be required to submit an oath or declaration in the application.

There are three ways to submit an assignment-statement document: (1) In paper (including facsimile transmission); (2) through the Electronic Patent Assignment System (EPAS); and (3) via EFS-Web. For paper submissions, the Office frequently receives in the same envelope a patent application, an assignment to be recorded in connection with that application, the Assignment Recordation Cover Sheet (PTO–1595) and the recordation fee. In such circumstances, the Office would simply forward the assignment document and PTO–1595 to the Assignment Recordation Branch for recording. As discussed previously, if an applicant indicates that an assignment submitted for recording also contains statements required of an oath or declaration, the Office will scan a copy of the assignment into the Office IFW of the application and forward the submission to Assignment Recordation Branch.

The Office notes the concern with the ability of a person submitting the assignment-statement document for recordation being able to make a legal conclusion as to the ability of an assignment to serve as a combination assignment and oath or declaration document and so indicate on the recordation cover sheet. The failure to check the box to identify the submission as a combination assignment and oath or declaration document, however, would not prevent the applicant from submitting a copy of the assignment-statement in the application to serve as the oath or declaration. More importantly, it is not necessary for a person to make a legal conclusion as to the ability of an assignment to serve as a combination assignment and oath or declaration document and so indicate on the recordation cover sheet. The person would only need to know the purpose for submission of the assignment.

E. Power of Attorney

Comment 33: One comment suggested that in regard to an application filed by an assignee-applicant, the Office should permit only a power of attorney from the assignee-applicant and not from the inventors. One comment suggested that the reference in § 1.33(f) to § 3.71 (as well as § 1.31) is unnecessary in that an assignee may easily apply for a patent and thus be the applicant referred to in § 1.31.

Response: Section 1.33(b)(3) provides that a power of attorney can be signed by the applicant. Section 1.42(b) provides that if a person is applying for a patent as provided in § 1.46, the person applying for a patent under § 1.46 (and not the inventor) is the applicant. Accordingly, an assignee or obligated assignee who has filed an application may supply an effective power of attorney without the need to establish the right to take action under § 3.71. For example, an assignee who files an application can appoint a power of attorney, provided that the party granting the power is the same party who filed the application. Persons who

otherwise show sufficient proprietary interest in the matter may supply a power of attorney along with a petition under § 1.46(b)(2), which power would be effective once the petition is granted. If an assignee, obligated assignee, or person who otherwise show sufficient proprietary interest in the matter is applying for a patent as provided in § 1.46, the inventor is not the applicant and the Office would not accept a power of attorney from the inventor.

Comment 34: One comment suggested that where the original declaration provides a power of attorney by the inventors, the power of attorney should automatically ''transfer'' as being a power of attorney by the assignee where the inventors have or are obligated to assign their portion to the assignee. The comment also stated that the power of attorney should continue in an application when ownership is transferred. Where a ''new'' assignee/applicant does not wish the original attorney to have power of attorney, the ''new'' assignee/applicant should then prepare and file the appropriate revocation and new power of attorney and correspondence forms.

Response: Under this final rule, an assignee may file an application on its own behalf as the applicant and should provide the initial power of attorney. The transfer of ownership of an application is external to the Office and would not affect any existing power of attorney in the application file. *See* § 1.36(a). It is the Office's experience that where ownership of an application is changed, the new assignee takes over the prosecution and provides a new power of attorney.

Comment 35: Two comments stated that, with respect to proposed § 1.32(d), if the power of attorney in the earlier application is from an assignee and a continuing application is filed that adds new inventors, a new power of attorney should not be required where the newly added inventors have also assigned, or are under an obligation to assign, to the same assignee and the assignment is recorded at the Office.

Response: Section 1.32(d) provides that a power of attorney will have effect in a continuing application if a copy of the power is supplied in the continuing application, unless the power of attorney was granted by the inventors and the continuing application names an inventor who was not named in the prior application. Therefore, if the power of attorney in the earlier application is from the assignee (as discussed in the comment), a new power of attorney is not required.

Comment 36: One comment stated that proposed § 1.32(d) should be broadened to include powers of attorney filed in provisional applications so that a power of attorney filed in a provisional application would have effect in a nonprovisional application that claims the benefit of the provisional application under 35 U.S.C. 119(e) if submitted in the nonprovisional application.

Response: It is the Office's experience that powers of attorney are not usually supplied in provisional applications, particularly as there is no prosecution and they become abandoned after a year as a matter of law. Accordingly, there is little need to provide for the carryover of powers of attorney from a provisional application to a nonprovisional application.

Comment 37: One comment asserted that the power of attorney rules are ''form over substance'' and should be relaxed. The Office should leave it to the attorneys and law firms to obtain the requisite paperwork granting them power of attorney, which is to be retained in the attorney's/law firm's record and if an issue arises that raises the question of whether or not the attorney acted appropriately, the Office should request a copy of the requisite power of attorney form and act accordingly.

Response: Filing of a power of attorney in an application file is not mandatory in that an attorney can act in a representative capacity pursuant to § 1.34, although there are some limitations, such as signing a terminal disclaimer, change of correspondence address, or an express abandonment without filing a continuation, MPEP § 402. Given the significant consequences to such actions, the Office believes that such actions should only be undertaken pursuant to a power of attorney that is of record in the application file.

Comment 38: One comment suggested that the Office should take the position that when an applicant-assignee executes a power of attorney, the attorney of record automatically has the right to act on behalf of the applicant-assignee, including executing a statement under § 3.73(b). A contrary comment stated that proposed § 3.73(b)(2)(iii) should not be implemented since it gives significantly more authority to patent practitioners than an assignee may otherwise explicitly authorize. The comment stated that only individuals who are authorized to act on behalf of the assignee should be able to sign a statement under § 3.73(b).

Response: The Office disagrees with the position that the Office should not treat a patent practitioner of record as being authorized to act on behalf of the assignee. Section 3.73(d), as adopted in this final rule, permits a patent practitioner of record to sign a statement under § 3.73(c) in patent matters. A party to a proceeding before the Office is generally bound by the actions (or omissions) of his or her representative. *See Huston* v. *Ladner,* 973 F.2d 1564 (Fed. Cir. 1992). There does not appear to be any reason to make an exception to this general rule for statements under § 3.73(c). If a particular assignee has appointed a practitioner via a power of attorney document but does not want the practitioner to be able to sign a § 3.73(c) statement, then such assignee can inform the practitioner of such a limit on his or her authority. That, however, is a matter between the assignee and its chosen representative, and the Office is not the forum for resolving disputes between an applicant and his or her representative. *See Ray* v. *Lehman,* 55 F.3d 606 (Fed. Cir. 1995).

Comment 39: One comment suggested that powers of attorney and statements under § 3.73(b) filed before September 16, 2012 in patent applications, including provisional applications, should be grandfathered in and permitted to be filed in pending and continuing applications.

Response: The applicability date section of the final rule identifies which rules apply only to patent applications filed on or after September 16, 2012. Section 3.73 applies only to patent applications filed on or after September 16, 2012, but it applies to any patent application filed on or after September 16, 2012, even of that application claims the benefit of a provisional or nonprovisional application filed prior to September 16, 2012.

F. PCT

Comment 40: One comment stated that the PCT rules should no longer require a statement that the inventor is the applicant for the U.S. only. A different carve out in PCT for U.S. law should be used for what remains unique to U.S. law, such as where the inventor is under a continuous duty to disclose known material information.

Response: The rules governing applicants for international applications (§§ 1.421, 1.422, and 1.424) have been amended consistent with the AIA to no longer require that an inventor be an applicant in the United States.

Comment 41: One comment stated that it is unclear whether proposed § 1.48(k) only applies if an executed declaration submitted under PCT Rule 4.17(iv) has been filed. The comment suggested adding a second sentence to reference § 1.41(a)(4) for correction of

inventorship of an international application entering the national stage under 35 U.S.C. 371 in which no oath or declaration has been filed.

Response: In response to the comments, the Office has revised § 1.48 in this final rule. Section 1.48(a) applies to nonprovisional applications, including U.S. national stage applications in which the basic national fee under 35 U.S.C. 41(a)(1)(F) has been paid. Under § 1.48(a), the requirements for correcting inventorship have been eased, requiring only an application data sheet setting forth the inventive entity, a processing fee, and an oath or declaration as required by § 1.63 (or substitute statement in compliance with § 1.64) for any actual inventor who has not executed such an oath or declaration. Furthermore, recognizing that inventorship sometimes changes in a national stage application from that originally indicated in the international phase, § 1.41(e) allows applicants to set inventorship in a U.S. national stage application without having to request correction under § 1.48(a) by simply including with the initial submission under 35 U.S.C. 371 an application data sheet in accordance with § 1.76 setting forth the correct inventive entity.

Comment 42: One comment questioned whether an application data sheet filed with a national stage entry, after the PCT filing date, is considered a supplemental application data sheet, or whether it was intended that the document be called an application data sheet, in which case § 1.76(a) should be amended to recite ''or after payment of the basic national fee for a national stage entry under 35 U.S.C. 371.''

Response: The distinction between ''application data sheet'' and ''supplemental application data sheet'' has been a source of confusion for applicants. Accordingly, the Office revised § 1.76 to eliminate ''supplemental application data sheet'' and simply refer to ''application data sheet.'' In this regard, § 1.76(c) in this final rule, now indicates that information in a previously submitted application data sheet, or the inventor's oath or declaration under § 1.63, § 1.64, or § 1.67, or otherwise of record, may be corrected or updated until payment of the issue fee by a new application data sheet providing corrected or updated information, except that inventorship changes must comply with the requirements of § 1.48, foreign priority and domestic benefit information changes must comply with §§ 1.55 and 1.78, and correspondence address changes are governed by § 1.33(a).

G. Reissue Applications

Comment 43: One comment suggested amending the title of § 1.172 (''Applicants'') to include a reference to ''inventor'' because the term ''inventor'' is no longer synonymous with ''applicant.'' One comment suggested revising the parenthetical in § 1.172(b)(2)(ii) by replacing the concept of the assignee executing the oath or declaration with the assignee providing a substitute statement as the applicant in the patent being reissued. One comment suggested that §§ 1.172 and 1.175 be revised to provide for filing a substitute statement, rather than an oath or declaration, in the permitted circumstances.

Response: The use of ''applicant'' in the title of § 1.172 is a generic term that will cover assignees and inventors when either are the applicant. In this final rule, § 1.172 has been revised to no longer address execution of the oath or declaration. Section 1.175(c) provides for filing a substitute statement in reissue applications by its reference to § 1.64.

Comment 44: One comment suggested eliminating the requirement for identifying whether a claim is broadened under § 1.175(b). The comment asserted that the requirement is a complex legal issue in that cancellation of one claim may constitute broadening of another claim, and claim scope may be narrowed even though claims are not amended, and such legal determination should be left to the examiner and not to applicant as part of an inventor's declaration.

Response: 35 U.S.C. 251(d) places a time limit on the filing of a broadening reissue application. Accordingly, applicants must make a determination as to whether a reissue application is being filed with a broadened claim. Applicants, in filing a reissue application, already have a good indication as to whether the error that renders the patent wholly or partly inoperative or invalid is one that is driven by a need to broaden or narrow the claims. Thus, focusing applicants' attention on whether a claim is being broadened should not be burdensome on applicants, and is beneficial to examination of the reissue application.

Comment 45: One comment stated that it is unclear why at least one error being relied upon as the basis for reissue must be identified in the declaration, and suggested that such an error could be identified by the attorney of record. Two comments questioned the requirement for a supplemental oath or declaration in a reissue application where all errors previously identified are no longer relied upon, particularly in view of the elimination of the ''without deceptive intent'' language from 35 U.S.C. 251.

Response: The requirement to initially identify the error being corrected in the oath or declaration has been retained as the Office believes that the error being used to support jurisdiction for a reissue should be acknowledged by the inventor. In view of 35 U.S.C. 115(h)(2), the Office will permit the practitioner to identify a replacement error where the first error is no longer being corrected. The retention of a requirement, albeit by practitioner statement rather than by supplemental oath or declaration, to identify an error being corrected (where the initially identified error being corrected is no longer being corrected) is deemed necessary so that the file record clearly establishes jurisdiction for the reissue. It should be noted, however, that where the original oath or declaration does not comply with § 1.175, the Office will require a compliant oath or declaration, and a practitioner statement will not be sufficient.

H. Application Data Sheet (§ 1.76)

1. Domestic Benefit and Foreign Priority Claims

Comment 46: One comment suggested that the Office construe an identification of 35 U.S.C. 120 benefit information in an application data sheet as an instruction to amend the application to include that information if it is not already present, or to replace such information in the specification if it is inconsistent.

Response: An application data sheet is part of the application. *See* § 1.76(a).

Comment 47: One comment questioned whether applications filed before September 16, 2012, would be grandfathered in with regard to how a claim for foreign priority or domestic benefit must be made. The comment requested clarification as to whether the requirement that all priority and benefit claims be in an application data sheet or supplemental application data sheet depends on the filing date of the application or on the date of filing of the foreign priority or domestic benefit claim.

Response: Applications filed on or after September 16, 2012, must comply with §§ 1.55 or 1.78 as amended by this final rule. Applications filed before September 16, 2012, need not comply with §§ 1.55 or 1.78 as amended by this final rule (but would need to comply with §§ 1.55 or 1.78 as previously in effect).

Comment 48: One comment questioned what information the Office would enter into the application file record if, on the same day (*e.g.,* application filing date), a priority claim is made both in the application data sheet and the first paragraph of the specification, but the information between the two varies, *e.g.,* one has a typographical error in the priority date or priority document number.

Response: For applications filed on or after September 16, 2012, a foreign priority claim under § 1.55 or domestic benefit claim under § 1.78 made in the first paragraph of a specification would not be an effective priority or benefit claim and the Office would process the priority claim based on the information in the application data sheet.

2. Form Requirements

Comment 49: One comment suggested that the application data sheet be treated as authoritative in all cases, even where there are inconsistencies between the application data sheet and the oath or declaration, and § 1.76(d) deleted so that the most recent application data sheet would always control.

Response: Section 1.76(d)(1)(ii) provides that the most recent submission of an application data sheet will govern in most instances, except that the naming of the inventorship is governed by § 1.41 and changes to inventorship or the names of the inventors is governed by § 1.48. Section 1.76(d)(2) provides that the application data sheet will govern when the inconsistent information is supplied at the same time by a designation of correspondence address or the inventor's oath or declaration.

Comment 50: One comment believed that consideration of the application data sheet as part of the application causes a practitioner to engage in misconduct under § 10.23. The comment asserted that the Office stated that the application data sheet must not be signed by an inventor and that the application data sheet is generally not reviewed by an inventor executing the declaration. Thus, a practitioner submitting an application data sheet with an application, with an already executed declaration, would have altered the application in violation of § 10.23(c)(11), which states that conduct which constitutes a violation includes ''filing or causing to be filed an application containing any material alteration made in the application papers after the signing of the accompanying oath or declaration without identifying the alteration at the time of filing the application papers.''

Response: In response to the comment, § 1.52(c) now provides that an alteration of the application papers may be made after the signing of the inventor's oath or declaration provided the statements made in the oath or declaration remain applicable. Thus, an application data sheet signed after the execution of the oath or declaration would be a permitted alteration where any change brought about by the application data sheet does not alter the applicability of the statements in the oath or declaration. Additionally, there is no prohibition on the inventive entity signing an application data sheet, but the inventive entity would not need to sign an application data sheet if the document is signed by a practitioner. Section 10.23(c)(11) has been removed and reserved in view of the change to § 1.52(c).

Comment 51: One comment suggested that a new section be included in the application data sheet as a method of identifying the ''applicant,'' which may be the assignee, obligated assignee, or a person who otherwise shows sufficient proprietary interest. One comment suggested that a method be provided for identifying the applicant (inventor, assignee, obligated assignee, or some other person or entity) in the application data sheet with provisions regarding the information required to identify the applicant.

Response: Section 1.76(b)(7) has been retitled ''Applicant Information'' and is identified as including assignees, persons to whom the inventor is under an obligation to assign, or persons who otherwise show sufficient proprietary interest in the matter. No further information in the ''Applicant Information'' section, other than the identification of the applicant (*i.e.,* name and address), is needed.

Comment 52: One comment supported the proposed change to § 1.76 in amended form. The comment asserted that the requirement that a supplemental application data sheet contain all the section headings and all the appropriate data for each section heading is burdensome on applicants and on the Office. The comment noted that often a supplemental application data sheet changes a single word or single number or single line of text in one field of the seven section headings. Reproduction by applicant and scouring of text by the Office would be limited if only the change were provided. Since supplemental application data sheets are hand-keyed rather than scanned and converted into text by optical character recognition, Office personnel must wade through large amounts of unchanged information to try to catch one or two changed items. One comment stated that when submitting a supplemental application data sheet to correct information in the file, the applicant should be able to file the application data sheet form (PTO/SB/14) and show only those changes being requested without strike-through and underlining.

Response: Where information in an application data sheet is changed with submission of a later-submitted application data sheet, only the appropriate data for each section heading to be changed need be filled in identifying the change in information with appropriate markings. Some information, such as benefit or priority claims, can be extensive in nature and would be burdensome for the Office to identify the specific change without a mark-up. Furthermore, some benefit claims contain a chain of applications and the entire chain needs to be provided to ensure that the information is accurate.

Comment 53: One comment questioned whether a supplemental application data sheet that is the first filed application data sheet must be underlined in its entirety or whether only the information that is different from the information that the Office currently has in its records must be underlined. One comment recommended that § 1.76 be simplified as it is extensive and burdensome. The comment stated that it is not easy to prepare a supplemental application data sheet since the Office does not provide a supplemental application data sheet form.

Response: In response to the comments, the Office is discarding the notion of the ''supplemental'' application data sheet. The first filed application data sheet would not need to contain any markings unless information is being updated or corrected. Additionally, an application data sheet included with an initial submission under 35 U.S.C. 371 would not need to contain any markings. An application data sheet that is updating or correcting information must identify the information that is being changed with underlining for insertions, and strike-through or brackets for text removed.

I. Miscellaneous Rules

1. Mail Stop (§ 1.1(e))

Comment 54: One comment suggested that the Office not go forward with the proposed change of a mail stop from ''Mail Stop Patent Ext.'' to ''Mail Stop Hatch-Waxman PTE.'' The comment stated that the change incurs training costs on both the Office and applicants

with no apparent benefit to either applicants or the Office, particularly as the Office does not provide the actual underlying reason for the proposed change.

Response: Section 1.1(e) is being revised to reflect the current mail stop for applications under 35 U.S.C. 156 for patent term extension and additional correspondence regarding applications for patent term extension under 35 U.S.C. 156. The current mail stop for such applications and correspondence is ''Mail Stop Hatch-Waxman PTE.'' The Office published a notice including this new mail stop on November 21, 2006. *See Mailing and Hand Carry Addresses for the United States Patent and Trademark Office,* 1312 *Off. Gaz. Pat. Office* 107 (Nov. 21, 2006). The mail stop designated as ''Mail Stop Patent Ext.'' is for applications for patent term extension or adjustment under 35 U.S.C. 154 and any communication relating thereto (except when being mailed together with the issue fee). The two different mail stops lead to more efficient processing of the different types of applications and correspondence for patent term extension and adjustment since different areas of the Office process the different correspondence. Thus, § 1.1(e) has been revised to reflect the correct mail stop.

2. Signatures (§ 1.4)

Comment 55: Several comments questioned whether proposed § 1.4(e) would prevent the use of credit card payments with electronic submissions, such as EFS-Web, EPAS, the Office's Revenue Accounting and Management (RAM) system, the Office's Order Entry Management System (OEMS), and the Central Fax Number. Another comment questioned whether the proposed change means that patentees will not be able to pay maintenance fees online with a credit card.

Response: Section 1.4(e) does not prevent the use of credit card payments with electronic submissions via the Office's electronic filing systems such as EFS-Web. Section 1.4(e) has been revised to require an original handwritten signature personally signed in permanent dark ink or its equivalent for payments by credit cards where the payment is not being made via the Office's various electronic filing systems. An original handwritten signature is only required when the credit card payment is being made in paper, and thus the Office's Credit Card Payment Form, PTO–2038, or an equivalent, is being used. The credit card payment form is not required (and should not be used) when making a credit card payment via EFS-Web or other electronic filing systems. A submission via the Central Facsimile Number is not considered an electronic submission and thus credit card payments being made by facsimile submission to the Central Facsimile Number require an original handwritten signature.

Comment 56: One comment stated that there are various rules which seem to require an original signature and requested that the Office clarify that such ''original signatures'' include ''e-signatures.''

Response: The term ''original'' is used in connection with handwritten signatures in § 1.4(d)(1) and does not include S-signatures. Section 1.4(e) specifies when an original handwritten signature is required. A handwritten signature can be an original or a copy thereof, except when an original handwritten signature is required, as set forth in § 1.4(e). *See* MPEP § 502.02. Unless § 1.4(e) is applicable, an S-signature, as provided for in § 1.4(d)(2), may be used.

3. Juristic Entity (§ 1.31)

Comment 57: One comment stated that proposed § 1.33(f) seems to allow a juristic entity to sign documents such as terminal disclaimers and statements under § 3.73(b) because of the language ''unless otherwise specified,'' which is contrary to the preamble discussion which stated that all papers submitted on behalf of a juristic entity must be signed by a patent practitioner.

Response: Section 1.33(b)(3) contains the language of proposed § 1.33(f). Section 3.73(c) now contains the provisions for establishing ownership in a patent matter including the required statement. Section 1.321 provides for a terminal disclaimer to be signed by the applicant or an attorney or agent of record. Thus, an assignee who is the applicant may sign a terminal disclaimer. Section 3.73(d) provides for a statement under § 3.73(c) to be signed by a person authorized to act on behalf of the assignee.

4. Correspondence Address (§ 1.33)

Comment 58: One comment suggested that § 1.33(a) be amended to state that the correspondence address must be provided in an application data sheet since the Office's application data sheet form (PTO/SB/14) already has a field for correspondence address.

Response: The Office encourages applicants to provide an application data sheet containing a correspondence address, but applicants may also provide a correspondence address in another paper (*e.g.,* a transmittal letter) accompanying the application, particularly where an application data sheet is not being filed with the application. The Office needs to be able to communicate with applicants even when an application data sheet is not submitted.

Comment 59: One comment suggested maintaining the language of current § 1.33(a) to state that where more than one correspondence address is specified in a single paper or multiple papers submitted on one day, the Office will use a Customer Number for the correspondence address over a typed correspondence address. The comment indicated that the Office has used a different correspondence where a Customer Number ''has been properly presented in the filings associated with an application.''

Response: The Office will generally select the address associated with a Customer Number over a typed correspondence address when more than one correspondence address is specified in a paper or papers submitted on the same day. The Office, however, prefers not to be required by rule to select the Customer Number since there may be situations where it is clear that the Customer Number given is not the intended or current correspondence address. Thus, the Office requires some flexibility in this regard.

Comment 60: One comment suggested that to ensure prompt processing of correspondence addresses, a practitioner using private PAIR should have the ability to input a new/correct correspondence address which becomes effective immediately upon submission.

Response: The Office is currently considering changes to the PAIR system that may include the ability of a patent practitioner of record to change the correspondence address in an application. The Office would notify the public of any changes to the PAIR system via a notice on the Office's Internet web site.

5. Person Making Declaration (§ 1.64)

Comment 61: One comment suggested that: (1) § 1.64(a) which states that the declaration ''must be made by all of the actual inventors, except as provided for in §§ 1.42, 1.43, 1.47, or 1.67,'' be revised to employ the statutory language of 35 U.S.C. 115, that ''each individual who is the inventor or a joint inventor of a claimed invention;'' (2) the portion of § 1.64(b) that states ''[i]f the person making the oath or declaration is not the inventor, the declaration shall state * * * '' should be removed as only an inventor or joint inventor may execute an oath or declaration; and (3) the requirement for the residence of non-

inventors who sign should be removed. Another comment suggested that § 1.64 be amended to reflect that a single oath or declaration document is not required and to eliminate the requirement for the residence and mailing address of the legal representative.

Response: In response to the comments, the provisions of former § 1.64 have been eliminated. Section 1.64 now provides for a substitute statement in lieu of an oath or declaration and requires the residence and mailing of address of the person signing the substitute statement. The Office needs this information for identification purposes and to be able to communicate with the person executing the substitute statement in the event that this becomes necessary.

6. Noncompliant Declarations (§ 1.67)

Comment 62: One comment stated that proposed § 1.67 included a critical misconception that a declaration may be made by someone other than the inventor. Additionally, the comment stated that it is unclear how a deficiency or inaccuracy relating to fewer than all the applicants could be cured by an inventor's declaration. Another comment stated that § 1.67 should be amended to reflect that a single oath or declaration document is not required.

Response: Initially, it should be noted that § 1.67 is directed to supplemental oaths or declarations and provides a mechanism for applicants to correct deficiencies or inaccuracies present in an earlier-filed inventor's oath or declaration. Section 1.67, in this final rule, prohibits the Office from requiring a person who has executed an oath or declaration that is in compliance with 35 U.S.C. 115 and § 1.63 or § 1.162 to provide an additional inventor's oath or declaration for the application. However, the Office is not prohibited from requiring a new oath or declaration in compliance with 35 U.S.C. 115 and § 1.63 where the oath or declaration that was submitted does not comply with 35 U.S.C. 115 and § 1.63. The Office notes that former § 1.47(b) permitted an assignee to sign the oath or declaration for the nonsigning inventor where no inventors were available. The assignee would simply make the statements in the oath or declaration on information and belief. *See* former § 1.64(b). Section 1.63(f), in this final rule, provides that any reference to the inventor's oath or declaration in this chapter means the oaths, declarations, or substitute statements that have been collectively executed by or with respect to all of the joint inventors. Accordingly, a single oath or declaration document is not required under § 1.63 or § 1.67. Since § 1.63 is amended to only require that the oath or declaration identify the inventor or joint inventor executing the oath or declaration rather, than identifying the entire inventive entity, § 1.67 no longer refers to a deficiency or inaccuracy relating to fewer than all of the inventors or applicants.

7. Statement Under § 3.73

Comment 63: One comment supported the proposed change to § 3.73, but suggested a modification of § 3.73(b). The comment noted the difficulties practitioners face in attempting to reproduce reel and frame numbers, including time, effort and the potential for typographical errors from the hand-keying required when form PTO/SB/96 is completed, and the need for Office personnel to check the information character by character. The comment suggested that these efforts can be limited by permitting attachment of a copy of the Abstract of Title or Notice of Recordation where they contain the reel and frame numbers.

Response: Section 3.73(c)(1)(i) requires documentary evidence of a chain of title from the original owner to the assignee. A copy of an executed assignment is only one example of the type of documentary evidence that may be submitted. Other types of documentary evidence may be submitted. An Abstract of Title or Notice of Recordation would be insufficient documentary evidence since any person can submit documents for recordation to Assignment Recordation Branch, therefore an Abstract of Title may list extraneous or erroneous documents unrelated to the chain of title.

Comment 64: One comment stated that, with respect to proposed § 3.73(c)(3), the applicants should be allowed to also file a copy of a statement under § 3.73(b) that was originally filed in a provisional application in a nonprovisional application that claims benefit of the provisional application.

Response: Section 3.73 does not provide for the filing of a copy of a statement under § 3.73(c) in a nonprovisional application that was originally filed in a prior application, such as a provisional application whose benefit is being claimed in the nonprovisional application. Generally, there is no need to file a § 3.73(c) statement in a provisional application and such statements are not usually filed in provisional applications as such applications are not examined and do not undergo prosecution. Furthermore, where an assignee has filed such a statement in the provisional application, the assignee would presumably be the applicant filing the nonprovisional application. An assignee who is the applicant who filed the application need not to file a § 3.73(c) statement.

Comment 65: One comment stated that, with respect to proposed § 3.73(c)(3), if a statement under § 3.73(b) in the earlier application is from an assignee, it should not be required that the inventorship of the continuing application be the same as or less than that of the earlier application, if the newly added inventors have also assigned, or are under an obligation to assign, to the same assignee and the assignment is recorded at the Office.

Response: Section 3.73 does not provide for the filing of a copy of a statement under § 3.73(c) in a continuing application that was originally filed in the prior application. Where an assignee has filed a statement under § 3.73(c) in a prior application, the assignee may file the continuing application as the applicant and would not need to file a § 3.73(c) statement.

Comment 66: One comment suggested that the Office simplify the process relating to the power of attorney from an assignee such that the power of attorney document(s) may be filed concurrently with the filing of patent application documents. The comment noted that the Office's form (PTO/SB/96) requires entry of specific application data which are only available after filing of the patent application.

Response: An assignee who is the applicant will not need to comply with the procedure in §§ 3.71 and 3.73, including filing a § 3.73(c) statement (*e.g.,* Form PTO/SB/96). The assignee will only need to identify him or herself as the applicant and submit a power of attorney. Thus, the assignee will be able to file the power of attorney document(s) concurrently with the patent application documents even though he or she does not have an application number for the application. An assignee who did not file the application and thus is not the original applicant would need to file a § 3.73(c) statement to become the applicant and take over prosecution of the application. *See* §§ 1.46(c), 3.71, and 3.73.

8. Lack of Deceptive Intent

Comment 67: One comment expressed concern about the deletion of the ''lack of deceptive intent'' clause. One comment suggested that notwithstanding the acknowledgement that willful false statements are punishable by fine or imprisonment, keeping the ''without deceptive intention'' in the statute may be a good idea. The comment noted that there may be semantic differences between ''false

statement'' and ''deceptive intention'' that retaining the language may help clarify.

Response: Section 20 of the AIA amended 35 U.S.C. 116, 184, 251, and 256 (as well as other statutes that do not require corresponding rule changes) to eliminate the ''without any deceptive intention'' clauses. The changes to the rules at issue simply implement the changes to 35 U.S.C. 116, 184, 251, and 256 in section 20 of the AIA. As discussed previously, this should not be taken as an endorsement for applicants and inventors to act with ''deceptive intention'' in proceedings before the Office, as 35 U.S.C. 115(i) requires that any declaration or statement filed pursuant to 35 U.S.C. 115 contain an acknowledgement that any willful false statement made in the declaration or statement is punishable under 18 U.S.C. 1001 by fine or imprisonment of not more than five (5) years, or both.

Rulemaking Considerations

A. Administrative Procedure Act

The primary changes in this final rule implement the inventor's oath or declaration provisions of the AIA. This final rule changes the rules of practice that concern the procedure for applying for a patent, namely, how an application is to identify the applicant for patent, the statements required in the inventor's oath or declaration required by 35 U.S.C. 115 for a patent application (including the oath or declaration for a reissue application), the manner of presenting claims for priority to or the benefit of prior-filed applications under 35 U.S.C. 119, 120, 121, or 365, and the procedures for prosecution of an application by an assignee. The changes in this final rule do not alter the substantive criteria of patentability. Therefore, the changes in this final rule involve rules of agency practice and procedure, and/or interpretive rules. *See Bachow Commc'ns., Inc.* v. *FCC,* 237 F.3d 683, 690 (D.C. Cir. 2001) (rules governing an application process are procedural under the Administrative Procedure Act); *Inova Alexandria Hosp.* v. *Shalala,* 244 F.3d 342, 350 (4th Cir. 2001) (rules for handling appeals were procedural where they did not change the substantive standard for reviewing claims); *Nat'l Org. of Veterans' Advocates* v. *Sec'y of Veterans Affairs,* 260 F.3d 1365, 1375 (Fed. Cir. 2001) (rule that clarifies interpretation of a statute is interpretive). Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law). *See Cooper Techs. Co.* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), does not require notice and comment rulemaking for ''interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice.'') (quoting 5 U.S.C. 553(b)(A)). The Office, however, published proposed changes and a Regulatory Flexibility Act certification for comment as it sought the benefit of the public's views on the Office's proposed implementation of this provision of the AIA.

B. Regulatory Flexibility Act

As prior notice and an opportunity for public comment are not required pursuant to 5 U.S.C. 553 or any other law, neither a regulatory flexibility analysis nor a certification under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) is required. *See* 5 U.S.C. 603.

In addition, for the reasons set forth herein, the Deputy General Counsel for General Law of the United States Patent and Trademark Office has certified to the Chief Counsel for Advocacy of the Small Business Administration that changes in this final rule will not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b).

This final rule changes the rules of practice to implement sections 4 and 20 of the AIA, which provide changes to the inventor's oath or declaration and the filing of an application by the assignee as the applicant. The primary impact of the changes in this final rule is the streamlining of the requirements for oaths and declarations and the simplification of the filing of an application by the assignee as the applicant. The burden to all entities, including small entities, imposed by the changes in this final rule is significantly less than the burden imposed by the former regulations in most situations, and is no more than a minor addition to that of the former regulations in any situation. The change to the manner of presenting claims for priority to or the benefit of prior-filed applications under 35 U.S.C. 119, 120, 121, or 365 will not have a significant economic impact on a substantial number of small entities as an application data sheet is easy to prepare and use, and the majority of patent applicants already submit an application data sheet with the patent application. The change to reissue oaths or declarations will not have a significant economic impact on a substantial number of small entities as reissue is sought by the patentee for fewer than 1,200 of the 1.2 million patents in force each year, and a reissue applicant already needs to know whether claims are being broadened to comply with the requirements of 35 U.S.C. 251. The change to the procedures for prosecution of an application by an assignee will not have a significant economic impact on a substantial number of small entities as it is rare for a juristic entity to attempt to prosecute a patent application *pro se.* Therefore, the changes in this final rule will not have a significant economic impact on a substantial number of small entities.

C. Executive Order 12866 (Regulatory Planning and Review)

This rulemaking has been determined to be not significant for purposes of Executive Order 12866 (Sept. 30, 1993).

D. Executive Order 13563 (Improving Regulation and Regulatory Review)

The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector and the public as a whole, and provided online access to the rulemaking docket; (7) attempted to promote coordination, simplification and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13132 (Federalism)

This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

F. Executive Order 13175 (Tribal Consultation)

This rulemaking will not: (1) Have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

G. Executive Order 13211 (Energy Effects)

This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform)

This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996).

I. Executive Order 13045 (Protection of Children)

This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property)

This rulemaking will not effect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act

Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*), the United States Patent and Trademark Office will submit a report containing this final rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this final rule are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this final rule is not a ''major rule'' as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995

The changes in this rulemaking do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

M. National Environmental Policy Act

This rulemaking will not have any effect on the quality of environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 *et seq.*

N. National Technology Transfer and Advancement Act

The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

O. Paperwork Reduction Act

This rulemaking involves information collection requirements which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). The collection of information involved in this rulemaking has been reviewed and previously approved by OMB under OMB Control Numbers 0651–0032 and 0651–0035. The primary impact of the changes in this notice is the streamlining of the requirements for oaths and declarations and the simplification of the filing of an application by the assignee when an inventor cannot or will not execute an oath or declaration. The Office is not resubmitting an information collection package to OMB for its review and approval because the changes in this rulemaking do not change patent fees or change the information collection requirements (the estimated number of respondents, time per response, total annual respondent burden hours, or total annual respondent cost burden) associated with the information collections approved under OMB Control Numbers 0651–0032 and 0651–0035.

Notwithstanding any other provision of law, no person is required to respond to, nor shall a person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB control number.

List of Subjects

37 CFR Part 1

Administrative practice and procedure, Inventions and patents, Reporting and recordkeeping requirements, Small businesses.

37 CFR Part 3

Administrative practice and procedure, Patents, Trademarks

37 CFR Part 5

Classified information, Foreign relations, Inventions and patents.

37 CFR Part 10

Administrative practice and procedure, Inventions and patents, Lawyers, Reporting and recordkeeping requirements.

37 CFR Part 41

Administrative practice and procedure, Inventions and patents, Lawyers.

For the reasons set forth in the preamble, 37 CFR parts 1, 3, 5, 10 and 41 are amended as follows:

PART 1—RULES OF PRACTICE IN PATENT CASES

■ 1. The authority citation for 37 CFR Part 1 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2).

■ 2. Section 1.1 is amended by revising paragraph (e) to read as follows:

§ 1.1 Addresses for non-trademark correspondence with the United States Patent and Trademark Office.

* * * * *

(e) *Patent term extension.* All applications for extension of patent term under 35 U.S.C. 156 and any communications relating thereto intended for the United States Patent and Trademark Office should be additionally marked ''Mail Stop Hatch-Waxman PTE.'' When appropriate, the communication should also be marked to the attention of a particular individual, as where a decision has been rendered.

* * * * *

■ 3. Section 1.4 is amended by revising paragraph (e) to read as follows:

§ 1.4 Nature of correspondence and signature requirements.

* * * * *

(e) The following correspondence must be submitted with an original handwritten signature personally signed in permanent dark ink or its equivalent:

(1) Correspondence requiring a person's signature and relating to registration to practice before the Patent

and Trademark Office in patent cases, enrollment and disciplinary investigations, or disciplinary proceedings; and

(2) Payments by credit cards where the payment is not being made via the Office's electronic filing systems.

* * * * *

■ 4. Section 1.5 is amended by revising paragraph (a) to read as follows:

§ 1.5 Identification of patent, patent application, or patent-related proceeding.

(a) No correspondence relating to an application should be filed prior to receipt of the application number from the Patent and Trademark Office. When a letter directed to the Patent and Trademark Office concerns a previously filed application for a patent, it must identify on the top page in a conspicuous location, the application number (consisting of the series code and the serial number; *e.g.,* 07/123,456), or the serial number and filing date assigned to that application by the Patent and Trademark Office, or the international application number of the international application. Any correspondence not containing such identification will be returned to the sender where a return address is available. The returned correspondence will be accompanied with a cover letter which will indicate to the sender that if the returned correspondence is resubmitted to the Patent and Trademark Office within two weeks of the mail date on the cover letter, the original date of receipt of the correspondence will be considered by the Patent and Trademark Office as the date of receipt of the correspondence. Applicants may use either the Certificate of Mailing or Transmission procedure under § 1.8 or the Express Mail procedure under § 1.10 for resubmissions of returned correspondence if they desire to have the benefit of the date of deposit in the United States Postal Service. If the returned correspondence is not resubmitted within the two-week period, the date of receipt of the resubmission will be considered to be the date of receipt of the correspondence. The two-week period to resubmit the returned correspondence will not be extended. In addition to the application number, all letters directed to the Patent and Trademark Office concerning applications for patent should also state the name of the first listed inventor, the title of the invention, the date of filing the same, and, if known, the group art unit or other unit within the Patent and Trademark Office responsible for considering the letter and the name of the examiner or other person to which it has been assigned.

* * * * *

■ 5. Section 1.9 is amended by revising paragraphs (a) and (b) to read as follows:

§ 1.9 Definitions.

(a)(1) A national application as used in this chapter means a U.S. application for patent which was either filed in the Office under 35 U.S.C. 111, or an international application filed under the Patent Cooperation Treaty in which the basic national fee under 35 U.S.C. 41(a)(1)(F) has been paid.

(2) A provisional application as used in this chapter means a U.S. national application for patent filed in the Office under 35 U.S.C. 111(b).

(3) A nonprovisional application as used in this chapter means a U.S. national application for patent which was either filed in the Office under 35 U.S.C. 111(a), or an international application filed under the Patent Cooperation Treaty in which the basic national fee under 35 U.S.C. 41(a)(1)(F) has been paid.

(b) An international application as used in this chapter means an international application for patent filed under the Patent Cooperation Treaty prior to entering national processing at the Designated Office stage.

* * * * *

■ 6. Section 1.12 is amended by revising paragraphs (b) and (c)(2) to read as follows:

§ 1.12 Assignment records open to public inspection.

* * * * *

(b) Assignment records, digests, and indexes relating to any pending or abandoned patent application, which is open to the public pursuant to § 1.11 or for which copies or access may be supplied pursuant to § 1.14, are available to the public. Copies of any assignment records, digests, and indexes that are not available to the public shall be obtainable only upon written authority of an inventor, the applicant, the assignee or an assignee of an undivided part interest, or a patent practitioner of record, or upon a showing that the person seeking such information is a bona fide prospective or actual purchaser, mortgagee, or licensee of such application, unless it shall be necessary to the proper conduct of business before the Office or as provided in this part.

(c) * * *

(2) Include written authority granting access to the member of the public to the particular assignment records from an inventor, the applicant, the assignee or an assignee of an undivided part interest, or a patent practitioner of record.

* * * * *

■ 7. Section 1.14 is amended by revising paragraphs (c) and (f) to read as follows;

§ 1.14 Patent applications preserved in confidence.

* * * * *

(c) *Power to inspect a pending or abandoned application.* Access to an application may be provided to any person if the application file is available, and the application contains written authority (*e.g.,* a power to inspect) granting access to such person. The written authority must be signed by:

(1) The applicant;

(2) A patent practitioner of record;

(3) The assignee or an assignee of an undivided part interest;

(4) The inventor or a joint inventor; or

(5) A registered attorney or agent named in the papers accompanying the application papers filed under § 1.53 or the national stage documents filed under § 1.495, if a power of attorney has not been appointed under § 1.32.

* * * * *

(f) *Notice to inventor of the filing of an application.* The Office may publish notice in the *Official Gazette* as to the filing of an application on behalf of an inventor by a person who otherwise shows sufficient propriety interest in the matter.

* * * * *

■ 8. Section 1.16 is amended by revising paragraph (f) to read as follows:

§ 1.16 National application filing, search, and examination fees.

* * * * *

(f) Surcharge for filing any of the basic filing fee, the search fee, the examination fee, or the inventor's oath or declaration on a date later than the filing date of the application, except provisional applications:

By a small entity (§ 1.27(a))	$65.00
By other than a small entity	$130.00

* * * * *

■ 9. Section 1.17 is amended by revising paragraphs (g) and (i) to read as follows:

§ 1.17 Patent application and reexamination processing fees.

* * * * *

(g) For filing a petition under one of the following sections which refers to this paragraph: $200.00.

§ 1.12—for access to an assignment record.

§ 1.14—for access to an application.

§ 1.46—for filing an application on behalf of an inventor by a person who otherwise shows sufficient proprietary interest in the matter.

§ 1.59—for expungement of information.

§ 1.103(a)—to suspend action in an application.

§ 1.136(b)—for review of a request for extension for extension of time when the provisions of § 1.136(a) are not available.

§ 1.295—for review of refusal to publish a statutory invention registration.

§ 1.296—to withdraw a request for publication of a statutory invention registration filed on or after the date the notice of intent to publish issued.

§ 1.377—for review of decision refusing to accept and record payment of a maintenance fee filed prior to expiration of a patent.

§ 1.550(c)—for patent owner requests for extension of time in *ex parte* reexamination proceedings.

§ 1.956—for patent owner requests for extension of time in *inter partes* reexamination proceedings.

§ 5.12—for expedited handling of a foreign filing license.

§ 5.15—for changing the scope of a license.

§ 5.25—for retroactive license.

* * * * *

(i) Processing fee for taking action under one of the following sections which refers to this paragraph: $130.00.

§ 1.28(c)(3)—for processing a non-itemized fee deficiency based on an error in small entity status.

§ 1.41(b)—for supplying the name or names of the inventor or joint inventors in an application without either an application data sheet or the inventor's oath or declaration, except in provisional applications.

§ 1.48—for correcting inventorship, except in provisional applications.

§ 1.52(d)—for processing a nonprovisional application filed with a specification in a language other than English.

§ 1.53(c)(3)—to convert a provisional application filed under § 1.53(c) into a nonprovisional application under § 1.53(b).

§ 1.55—for entry of late priority papers.

§ 1.71(g)(2)—for processing a belated amendment under § 1.71(g).

§ 1.103(b)—for requesting limited suspension of action, continued prosecution application for a design patent (§ 1.53(d)).

§ 1.103(c)—for requesting limited suspension of action, request for continued examination (§ 1.114).

§ 1.103(d)—for requesting deferred examination of an application.

§ 1.217—for processing a redacted copy of a paper submitted in the file of an application in which a redacted copy was submitted for the patent application publication.

§ 1.221—for requesting voluntary publication or republication of an application.

§ 1.291(c)(5)—for processing a second or subsequent protest by the same real party in interest.

§ 3.81—for a patent to issue to assignee, assignment submitted after payment of the issue fee.

* * * * *

■ 10. Section 1.27 is amended by revising paragraph (c)(2) to read as follows:

§ 1.27 Definition of small entities and establishing status as a small entity to permit payment of small entity fees; when a determination of entitlement to small entity status and notification of loss of entitlement to small entity status are required; fraud on the Office.

* * * * *

(c) * * *

(2) *Parties who can sign the written assertion.* The written assertion can be signed by:

(i) The applicant (§ 1.42 or § 1.421);

(ii) A patent practitioner of record or a practitioner acting in a representative capacity under § 1.34;

(iii) The inventor or a joint inventor, if the inventor is the applicant; or

(iv) The assignee.

* * * * *

■ 11. Section 1.31 is revised to read as follows:

§ 1.31 Applicant may be represented by one or more patent practitioners or joint inventors.

An applicant for patent may file and prosecute the applicant's own case, or the applicant may give power of attorney so as to be represented by one or more patent practitioners or joint inventors, except that a juristic entity (*e.g.,* organizational assignee) must be represented by a patent practitioner even if the juristic entity is the applicant. The Office cannot aid in the selection of a patent practitioner.

■ 12. Section 1.32 is amended by revising paragraphs (a)(2), (a)(3), (a)(4) and (b) and adding paragraphs (a)(6), (d) and (e) to read as follows:

§ 1.32 Power of attorney.

(a) * * *

(2) *Power of attorney* means a written document by which a principal authorizes one or more patent practitioners or joint inventors to act on the principal's behalf.

(3) *Principal* means the applicant (§ 1.42) for an application for patent and the patent owner for a patent, including a patent in a supplemental examination or reexamination proceeding. The principal executes a power of attorney designating one or more patent practitioners or joint inventors to act on the principal's behalf.

(4) *Revocation* means the cancellation by the principal of the authority previously given to a patent practitioner or joint inventor to act on the principal's behalf.

* * * * *

(6) *Patent practitioner of record* means a patent practitioner who has been granted a power of attorney in an application, patent, or other proceeding in compliance with paragraph (b) of this section. The phrases practitioner of record and attorney or agent of record also mean a patent practitioner who has been granted a power of attorney in an application, patent, or other proceeding in compliance with paragraph (b) of this section.

(b) A power of attorney must:

(1) Be in writing;

(2) Name one or more representatives in compliance with paragraph (c) of this section;

(3) Give the representative power to act on behalf of the principal; and

(4) Be signed by the applicant for patent (§ 1.42) or the patent owner. A

patent owner who was not the applicant under § 1.46 must appoint any power of attorney in compliance with §§ 3.71 and 3.73 of this chapter.

* * * * *

(d) A power of attorney from a prior national application for which benefit is claimed under 35 U.S.C. 120, 121, or 365(c) in a continuing application may have effect in the continuing application if a copy of the power of attorney from the prior application is filed in the continuing application unless:

(1) The power of attorney was granted by the inventor; and

(2) The continuing application names an inventor who was not named as an inventor in the prior application.

(e) If the power of attorney was granted by the originally named inventive entity, and an added inventor pursuant to § 1.48 does not provide a power of attorney consistent with the power of attorney granted by the originally named inventive entity, the addition of the inventor results in the loss of that power of attorney upon grant of the § 1.48 request. This provision does not preclude a practitioner from acting pursuant to § 1.34, if applicable.

■ 13. Section 1.33 is amended by revising paragraphs (a) and (b) and adding paragraphs (f) and (g) to read as follows:

§ 1.33 Correspondence respecting patent applications, patent reexamination proceedings, and other proceedings.

(a) *Correspondence address and daytime telephone number.* When filing an application, a correspondence address must be set forth in either an application data sheet (§ 1.76), or elsewhere, in a clearly identifiable manner, in any paper submitted with an application filing. If no correspondence address is specified, the Office may treat the mailing address of the first named inventor (if provided, *see* §§ 1.76(b)(1) and 1.63(b)(2)) as the correspondence address. The Office will direct, or otherwise make available, all notices, official letters, and other communications relating to the application to the person associated with the correspondence address. For correspondence submitted via the Office's electronic filing system, however, an electronic acknowledgment receipt will be sent to the submitter. The Office will generally not engage in double correspondence with an applicant and a patent practitioner, or with more than one patent practitioner except as deemed necessary by the Director. If more than one correspondence address is specified, the Office will select one of the specified addresses for use as the correspondence address and, if given, may select the address associated with a Customer Number over a typed correspondence address. For the party to whom correspondence is to be addressed, a daytime telephone number should be supplied in a clearly identifiable manner and may be changed by any party who may change the correspondence address. The correspondence address may be changed by the parties set forth in paragraph (b)(1) or (b)(3) of this section. Prior to the appointment of any power of attorney under § 1.32(b), the correspondence address may also be changed by any patent practitioner named in the application transmittal papers who acts in a representative capacity under the provisions of § 1.34.

(b) *Amendments and other papers.* Amendments and other papers, except for written assertions pursuant to § 1.27(c)(2)(iii) or (c)(2)(iv), filed in the application must be signed by:

(1) A patent practitioner of record;

(2) A patent practitioner not of record who acts in a representative capacity under the provisions of § 1.34; or

(3) The applicant (§ 1.42). Unless otherwise specified, all papers submitted on behalf of a juristic entity must be signed by a patent practitioner.

* * * * *

(f) Where application papers from a prior application are used in a continuing application and the correspondence address was changed during the prosecution of the prior application, an application data sheet or separate paper identifying the correspondence address to be used for the continuing application must be submitted. Otherwise, the Office may not recognize the change of correspondence address effected during the prosecution of the prior application.

(g) A patent practitioner acting in a representative capacity whose correspondence address is the correspondence address of record in an application may change the correspondence address after the patent has issued, provided that the change of correspondence address is accompanied by a statement that notice has been given to the patentee or owner.

■ 14. Section 1.36 is amended by revising paragraph (a) to read as follows:

§ 1.36 Revocation of power of attorney; withdrawal of patent attorney or agent.

(a) A power of attorney, pursuant to § 1.32(b), may be revoked at any stage in the proceedings of a case by the applicant or patent owner. A power of attorney to the patent practitioners associated with a Customer Number will be treated as a request to revoke any powers of attorney previously given. Fewer than all of the applicants (or fewer than all patent owners in a supplemental examination or reexamination proceeding) may revoke the power of attorney only upon a showing of sufficient cause, and payment of the petition fee set forth in § 1.17(f). A patent practitioner will be notified of the revocation of the power of attorney. Where power of attorney is given to the patent practitioners associated with a Customer Number (§ 1.32(c)(2)), the practitioners so appointed will also be notified of the revocation of the power of attorney when the power of attorney to all of the practitioners associated with the Customer Number is revoked. The notice of revocation will be mailed to the correspondence address for the application (§ 1.33) in effect before the revocation. An assignment will not of itself operate as a revocation of a power previously given, but the assignee may become the applicant under § 1.46(c) and revoke any previous power of attorney and grant a power of attorney as provided in § 1.32(b).

* * * * *

■ 15. Section 1.41 is revised to read as follows:

§ 1.41 Inventorship.

(a) An application must include, or be amended to include, the name of the inventor for any invention claimed in the application.

(b) The inventorship of a nonprovisional application under 35 U.S.C. 111(a) is the inventor or joint inventors set forth in the application data sheet in accordance with § 1.76 filed before or concurrently with the inventor's oath or declaration. If an application data sheet is not filed before or concurrently with the inventor's oath or declaration, the inventorship is the inventor or joint inventors set forth in the inventor's oath or declaration, except as provided for in §§ 1.53(d)(4) and 1.63(d). Once an application data sheet or the inventor's oath or declaration is filed in a nonprovisional application, any correction of inventorship must be pursuant to § 1.48. If neither an application data sheet nor the inventor's oath or declaration is filed during the pendency of a nonprovisional application, the inventorship is the inventor or joint inventors set forth in the application papers filed pursuant to § 1.53(b), unless the applicant files a paper, including the processing fee set forth in § 1.17(i), supplying the name or names of the inventor or joint inventors.

(c) The inventorship of a provisional application is the inventor or joint inventors set forth in the cover sheet as prescribed by § 1.51(c)(1). Once a cover sheet as prescribed by § 1.51(c)(1) is filed in a provisional application, any correction of inventorship must be pursuant to § 1.48. If a cover sheet as prescribed by § 1.51(c)(1) is not filed during the pendency of a provisional application, the inventorship is the inventor or joint inventors set forth in the application papers filed pursuant to § 1.53(c), unless applicant files a paper including the processing fee set forth in § 1.17(q), supplying the name or names of the inventor or joint inventors.

(d) In a nonprovisional application under 35 U.S.C. 111(a) filed without an application data sheet or the inventor's oath or declaration, or in a provisional application filed without a cover sheet as prescribed by § 1.51(c)(1), the name and residence of each person believed to be an actual inventor should be provided when the application papers pursuant to § 1.53(b) or § 1.53(c) are filed.

(e) The inventorship of an international application entering the national stage under 35 U.S.C. 371 is the inventor or joint inventors set forth in the application data sheet in accordance with § 1.76 filed with the initial submission under 35 U.S.C. 371. Unless the initial submission under 35 U.S.C. 371 is accompanied by an application data sheet in accordance with § 1.76 setting forth the inventor or joint inventors, the inventorship is the inventor or joint inventors set forth in the international application, which includes any change effected under PCT Rule 92 *bis.*

■ 16. Section 1.42 is revised to read as follows:

§ 1.42 Applicant for patent.

(a) The word ''applicant'' when used in this title refers to the inventor or all of the joint inventors, or to the person applying for a patent as provided in §§ 1.43, 1.45, or 1.46.

(b) If a person is applying for a patent as provided in § 1.46, the word ''applicant'' refers to the assignee, the person to whom the inventor is under an obligation to assign the invention, or the person who otherwise shows sufficient proprietary interest in the matter, who is applying for a patent under § 1.46 and not the inventor.

(c) If fewer than all joint inventors are applying for a patent as provided in § 1.45, the phrase ''the applicant'' means the joint inventors who are applying for the patent without the omitted inventor(s).

(d) Any person having authority may deliver an application and fees to the Office on behalf of the applicant. However, an oath or declaration, or substitute statement in lieu of an oath or declaration, may be executed only in accordance with § 1.63 or 1.64, a correspondence address may be provided only in accordance with § 1.33(a), and amendments and other papers must be signed in accordance with § 1.33(b).

(e) The Office may require additional information where there is a question concerning ownership or interest in an application, and a showing may be required from the person filing the application that the filing was authorized where such authorization comes into question.

■ 17. Section 1.43 is revised to read as follows:

§ 1.43 Application for patent by a legal representative of a deceased or legally incapacitated inventor.

If an inventor is deceased or under legal incapacity, the legal representative of the inventor may make an application for patent on behalf of the inventor. If an inventor dies during the time intervening between the filing of the application and the granting of a patent thereon, the letters patent may be issued to the legal representative upon proper intervention. *See* § 1.64 concerning the execution of a substitute statement by a legal representative in lieu of an oath or declaration.

■ 18. Section 1.45 is revised to read as follows:

§ 1.45 Application for patent by joint inventors.

(a) Joint inventors must apply for a patent jointly, and each must make an inventor's oath or declaration as required by § 1.63, except as provided for in § 1.64. If a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the other joint inventor or inventors may make the application for patent on behalf of themselves and the omitted inventor. *See* § 1.64 concerning the execution of a substitute statement by the other joint inventor or inventors in lieu of an oath or declaration.

(b) Inventors may apply for a patent jointly even though:

(1) They did not physically work together or at the same time;

(2) Each inventor did not make the same type or amount of contribution; or

(3) Each inventor did not make a contribution to the subject matter of every claim of the application.

(c) If multiple inventors are named in a nonprovisional application, each named inventor must have made a contribution, individually or jointly, to the subject matter of at least one claim of the application and the application will be considered to be a joint application under 35 U.S.C. 116. If multiple inventors are named in a provisional application, each named inventor must have made a contribution, individually or jointly, to the subject matter disclosed in the provisional application and the provisional application will be considered to be a joint application under 35 U.S.C. 116.

■ 19. Section 1.46 is revised to read as follows:

§ 1.46 Application for patent by an assignee, obligated assignee, or a person who otherwise shows sufficient proprietary interest in the matter.

(a) A person to whom the inventor has assigned or is under an obligation to assign the invention may make an application for patent. A person who otherwise shows sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties.

(b) If an application under 35 U.S.C. 111 is made by a person other than the inventor under paragraph (a) of this section, the application must contain an application data sheet under § 1.76 specifying in the applicant information section (§ 1.76(b)(7)) the assignee, person to whom the inventor is under an obligation to assign the invention, or person who otherwise shows sufficient proprietary interest in the matter. If the application is the national stage of an international application, the person who is identified in the international stage as an applicant for the United States is the person specified as the original applicant for the national stage.

(1) If the applicant is the assignee or a person to whom the inventor is under an obligation to assign the invention, documentary evidence of ownership (*e.g.,* assignment for an assignee, employment agreement for a person to whom the inventor is under an obligation to assign the invention) should be recorded as provided for in part 3 of this chapter no later than the date the issue fee is paid in the application.

(2) If the applicant is a person who otherwise shows sufficient proprietary interest in the matter, such applicant must submit a petition including:

(i) The fee set forth in § 1.17(g);

(ii) A showing that such person has sufficient proprietary interest in the matter; and

(iii) A statement that making the application for patent by a person who otherwise shows sufficient proprietary interest in the matter on behalf of and as agent for the inventor is appropriate to preserve the rights of the parties.

(c) Any request to correct or update the name of the applicant after an applicant has been specified under paragraph (b) of this section must include an application data sheet under § 1.76 specifying the correct or updated name of the applicant in the applicant information section (§ 1.76(b)(7)). Any request to change the applicant after an original applicant has been specified under paragraph (b) of this section must include an application data sheet under § 1.76 specifying the applicant in the applicant information section (§ 1.76(b)(7)) and comply with §§ 3.71 and 3.73 of this title.

(d) Even if the whole or a part interest in the invention or in the patent to be issued is assigned or obligated to be assigned, an oath or declaration must be executed by the actual inventor or each actual joint inventor, except as provided for in § 1.64. *See* § 1.64 concerning the execution of a substitute statement by an assignee, person to whom the inventor is under an obligation to assign the invention, or a person who otherwise shows sufficient proprietary interest in the matter.

(e) If a patent is granted on an application filed under this section by a person other than the inventor, the patent shall be granted to the real party in interest. Otherwise, the patent may be issued to the assignee or jointly to the inventor and the assignee as provided in § 3.81. Where a real party in interest has filed an application under § 1.46, the applicant shall notify the Office of any change in the real party in interest no later than payment of the issue fee. The Office will treat the absence of such a notice as an indication that there has been no change in the real party in interest.

(f) The Office may publish notice of the filing of the application by a person who otherwise shows sufficient proprietary interest in the *Official Gazette.*

§ 1.47 [Removed and Reserved]

■ 20. Section 1.47 is removed and reserved.

■ 21. Section 1.48 is revised to read as follows:

§ 1.48 Correction of inventorship pursuant to 35 U.S.C. 116 or correction of the name or order of names in a patent application, other than a reissue application.

(a) *Nonprovisional application:* Any request to correct or change the inventorship once the inventorship has been established under § 1.41 must include:

(1) An application data sheet in accordance with § 1.76 that identifies each inventor by his or her legal name; and

(2) The processing fee set forth in § 1.17(i).

(b) *Inventor's oath or declaration for added inventor:* An oath or declaration as required by § 1.63, or a substitute statement in compliance with § 1.64, will be required for any actual inventor who has not yet executed such an oath or declaration.

(c) [Reserved]

(d) *Provisional application.* Once a cover sheet as prescribed by § 1.51(c)(1) is filed in a provisional application, any request to correct or change the inventorship must include:

(1) A request, signed by a party set forth in § 1.33(b), to correct the inventorship that identifies each inventor by his or her legal name; and

(2) The processing fee set forth in § 1.17(q).

(e) *Additional information may be required.* The Office may require such other information as may be deemed appropriate under the particular circumstances surrounding the correction of inventorship.

(f) *Correcting or updating the name of an inventor:* Any request to correct or update the name of the inventor or a joint inventor, or the order of the names of joint inventors, in a nonprovisional application must include:

(1) An application data sheet in accordance with § 1.76 that identifies each inventor by his or her legal name in the desired order; and

(2) The processing fee set forth in § 1.17(i).

(g) *Reissue applications not covered.* The provisions of this section do not apply to reissue applications. *See* §§ 1.171 and 1.175 for correction of inventorship in a patent via a reissue application.

(h) *Correction of inventorship in patent. See* § 1.324 for correction of inventorship in a patent.

(i) *Correction of inventorship in an interference or contested case before the Patent Trial and Appeal Board.* In an interference under part 41, subpart D, of this title, a request for correction of inventorship in an application must be in the form of a motion under § 41.121(a)(2) of this title. In a contested case under part 42, subpart D, of this title, a request for correction of inventorship in an application must be in the form of a motion under § 42.22 of this title. The motion under § 41.121(a)(2) or 42.22 of this title must comply with the requirements of paragraph (a) of this section.

■ 22. Section 1.51 is amended by revising paragraph (b)(2) to read as follows

§ 1.51 General requisites of an application.

* * * * *

(b) * * *

(2) The inventor's oath or declaration, *see* §§ 1.63 and 1.64;

* * * * *

■ 23. Section 1.52 is amended by revising the heading of paragraph (b) and paragraphs (c) and (d) to read as follows:

§ 1.52 Language, paper, writing, margins, compact disc specifications.

* * * * *

(b) *The application (specification, including the claims, drawings, and the inventor's oath or declaration) or supplemental examination or reexamination proceeding and any amendments or corrections to the application or reexamination proceeding.*

* * * * *

(c) Interlineation, erasure, cancellation, or other alteration of the application papers may be made before or after the signing of the inventor's oath or declaration referring to those application papers, provided that the statements in the inventor's oath or declaration pursuant to § 1.63 remain applicable to those application papers. A substitute specification (§ 1.125) may be required if the application papers do not comply with paragraphs (a) and (b) of this section.

(d) A nonprovisional or provisional application under 35 U.S.C. 111 may be in a language other than English.

(1) *Nonprovisional application.* If a nonprovisional application under 35 U.S.C. 111(a) is filed in a language other than English, an English language translation of the non-English language application, a statement that the translation is accurate, and the processing fee set forth in § 1.17(i) are required. If these items are not filed with the application, the applicant will be notified and given a period of time within which they must be filed in order to avoid abandonment.

(2) *Provisional application.* If a provisional application under 35 U.S.C. 111(b) is filed in a language other than English, an English language translation

of the non-English language provisional application will not be required in the provisional application. *See* § 1.78(a) for the requirements for claiming the benefit of such provisional application in a nonprovisional application.

* * * * *

■ 24. Section 1.53 is amended by revising the introductory text of paragraphs (c) and (c)(3), and paragraphs (d)(2)(iv), (f), and (h) to read as follows:

§ 1.53 Application number, filing date, and completion of application.

* * * * *

(c) *Application filing requirements—Provisional application.* The filing date of a provisional application is the date on which a specification as prescribed by 35 U.S.C. 112(a), and any drawing required by § 1.81(a) are filed in the Patent and Trademark Office. No amendment, other than to make the provisional application comply with the patent statute and all applicable regulations, may be made to the provisional application after the filing date of the provisional application.

* * * * *

(3) A provisional application filed under paragraph (c) of this section may be converted to a nonprovisional application filed under paragraph (b) of this section and accorded the original filing date of the provisional application. The conversion of a provisional application to a nonprovisional application will not result in either the refund of any fee properly paid in the provisional application or the application of any such fee to the filing fee, or any other fee, for the nonprovisional application. Conversion of a provisional application to a nonprovisional application under this paragraph will result in the term of any patent to issue from the application being measured from at least the filing date of the provisional application for which conversion is requested. Thus, applicants should consider avoiding this adverse patent term impact by filing a nonprovisional application claiming the benefit of the provisional application under 35 U.S.C. 119(e) (rather than converting the provisional application into a nonprovisional application pursuant to this paragraph). A request to convert a provisional application to a nonprovisional application must be accompanied by the fee set forth in § 1.17(i) and an amendment including at least one claim as prescribed by 35 U.S.C. 112(b), unless the provisional application under paragraph (c) of this section otherwise contains at least one claim as prescribed by 35 U.S.C. 112(b). The nonprovisional application resulting from conversion of a provisional application must also include the filing fee, search fee, and examination fee for a nonprovisional application, the inventor's oath or declaration, and the surcharge required by § 1.16(f) if either the basic filing fee for a nonprovisional application or the inventor's oath or declaration was not present on the filing date accorded the resulting nonprovisional application (*i.e.,* the filing date of the original provisional application). A request to convert a provisional application to a nonprovisional application must also be filed prior to the earliest of:

* * * * *

(d) * * *

(2) * * *

(iv) Includes the request for an application under this paragraph, will utilize the file jacket and contents of the prior application, including the specification, drawings and the inventor's oath or declaration from the prior application, to constitute the new application, and will be assigned the application number of the prior application for identification purposes; and

* * * * *

(f) *Completion of application subsequent to filing—Nonprovisional (including continued prosecution or reissue) application.*

(1) If an application which has been accorded a filing date pursuant to paragraph (b) or (d) of this section does not include the basic filing fee, the search fee, or the examination fee, or if an application which has been accorded a filing date pursuant to paragraph (b) of this section does not include the inventor's oath or declaration (§ 1.63, § 1.64, § 1.162 or § 1.175), and the applicant has provided a correspondence address (§ 1.33(a)), the applicant will be notified and given a period of time within which to pay the basic filing fee, search fee, and examination fee, and pay the surcharge if required by § 1.16(f) to avoid abandonment.

(2) If an application which has been accorded a filing date pursuant to paragraph (b) of this section does not include the basic filing fee, the search fee, the examination fee, or the inventor's oath or declaration, and the applicant has not provided a correspondence address (§ 1.33(a)), the applicant has two months from the filing date of the application within which to pay the basic filing fee, search fee, and examination fee, and pay the surcharge required by § 1.16(f) to avoid abandonment.

(3) The inventor's oath or declaration in an application under § 1.53(b) must also be filed within the period specified in paragraph (f)(1) or (f)(2) of this section, except that the filing of the inventor's oath or declaration may be postponed until the application is otherwise in condition for allowance under the conditions specified in paragraphs (f)(3)(i) and (f)(3)(ii) of this section.

(i) The application must be an original (non-reissue) application that contains an application data sheet in accordance with § 1.76 identifying:

(A) Each inventor by his or her legal name;

(B) A mailing address where the inventor customarily receives mail, and residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor.

(ii) The applicant must file an oath or declaration in compliance with § 1.63, or a substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor no later than the expiration of the time period set in the ''Notice of Allowability'' to avoid abandonment, when the applicant is notified in a ''Notice of Allowability'' that an application is otherwise in condition for allowance. The time period set in a ''Notice of Allowability'' is not extendable. *See* § 1.136(c). The Office may dispense with the notice provided for in paragraph (f)(1) of this section if an oath or declaration under § 1.63, or a substitute statement under § 1.64, executed by or with respect to each actual inventor has been filed before the application is in condition for allowance.

(4) If the excess claims fees required by § 1.16(h) and (i) and multiple dependent claim fee required by § 1.16(j) are not paid on filing or on later presentation of the claims for which the excess claims or multiple dependent claim fees are due, the fees required by § 1.16(h), (i) and (j) must be paid or the claims canceled by amendment prior to the expiration of the time period set for reply by the Office in any notice of fee deficiency. If the application size fee required by § 1.16(s) (if any) is not paid on filing or on later presentation of the amendment necessitating a fee or additional fee under § 1.16(s), the fee required by § 1.16(s) must be paid prior to the expiration of the time period set for reply by the Office in any notice of fee deficiency in order to avoid abandonment.

(5) This paragraph applies to continuation or divisional applications under paragraphs (b) or (d) of this section and to continuation-in-part

applications under paragraph (b) of this section. *See* § 1.63(d) concerning the submission of a copy of the inventor's oath or declaration from the prior application for a continuing application under paragraph (b) of this section.

(6) If applicant does not pay the basic filing fee during the pendency of the application, the Office may dispose of the application.

* * * * *

(h) *Subsequent treatment of application—Nonprovisional (including continued prosecution) application.* An application for a patent filed under paragraphs (b) or (d) of this section will not be placed on the files for examination until all its required parts, complying with the rules relating thereto, are received, except that the inventor's oath or declaration may be filed when the application is otherwise in condition for allowance pursuant to paragraph (f)(3) of this section and minor informalities may be waived subject to subsequent correction whenever required.

* * * * *

■ 25. Section 1.55 is amended by revising the introductory text of paragraph (a)(1)(i), the introductory text of paragraph (c), and paragraph (d)(1)(ii) to read as follows:

§ 1.55 Claim for foreign priority.

(a) * * *

(1)(i) In an original application filed under 35 U.S.C. 111(a), the claim for foreign priority must be presented in an application data sheet (§ 1.76(b)(6)) during the pendency of the application, and within the later of four months from the actual filing date of the application or sixteen months from the filing date of the prior foreign application. This time period is not extendable. The claim must identify the foreign application for which priority is claimed, as well as any foreign application for the same subject matter and having a filing date before that of the application for which priority is claimed, by specifying the application number, country (or intellectual property authority), day, month, and year of its filing. The time periods in this paragraph do not apply in an application under 35 U.S.C. 111(a) if the application is:

* * * * *

(c) Unless such claim is accepted in accordance with the provisions of this paragraph, any claim for priority under 35 U.S.C. 119(a)–(d) or 365(a) not presented in an application data sheet (§ 1.76(b)(6)) within the time period provided by paragraph (a) of this section is considered to have been waived. If a claim for priority under 35 U.S.C. 119(a)–(d) or 365(a) is presented after the time period provided by paragraph (a) of this section, the claim may be accepted if the claim identifying the prior foreign application by specifying its application number, country (or intellectual property authority), and the day, month, and year of its filing was unintentionally delayed. A petition to accept a delayed claim for priority under 35 U.S.C. 119(a)–(d) or 365(a) must be accompanied by:

* * * * *

(d)(1) * * *

(ii) The foreign application is identified in an application data sheet (§ 1.76(b)(6)); and

* * * * *

■ 26. Section 1.56 is amended by revising paragraph (c)(3) to read as follows:

§ 1.56 Duty to disclose information material to patentability.

* * * * *

(c) * * *

(3) Every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, the applicant, an assignee, or anyone to whom there is an obligation to assign the application.

* * * * *

■ 27. Section 1.59 is amended by revising paragraph (a)(2) to read as follows:

§ 1.59 Expungement of information or copy of papers in application file.

(a) * * *

(2) Information forming part of the original disclosure (*i.e.,* written specification including the claims, drawings, and any preliminary amendment present on the filing date of the application) will not be expunged from the application file.

* * * * *

■ 28. Section 1.63 is revised to read as follows:

§ 1.63 Inventor's oath or declaration.

(a) The inventor, or each individual who is a joint inventor of a claimed invention, in an application for patent must execute an oath or declaration directed to the application, except as provided for in § 1.64. An oath or declaration under this section must:

(1) Identify the inventor or joint inventor executing the oath or declaration by his or her legal name;

(2) Identify the application to which it is directed;

(3) Include a statement that the person executing the oath or declaration believes the named inventor or joint inventor to be the original inventor or an original joint inventor of a claimed invention in the application for which the oath or declaration is being submitted; and

(4) State that the application was made or was authorized to be made by the person executing the oath or declaration.

(b) Unless the following information is supplied in an application data sheet in accordance with § 1.76, the oath or declaration must also identify:

(1) Each inventor by his or her legal name; and

(2) A mailing address where the inventor customarily receives mail, and residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor.

(c) A person may not execute an oath or declaration for an application unless that person has reviewed and understands the contents of the application, including the claims, and is aware of the duty to disclose to the Office all information known to the person to be material to patentability as defined in § 1.56. There is no minimum age for a person to be qualified to execute an oath or declaration, but the person must be competent to execute, *i.e.,* understand, the document that the person is executing.

(d)(1) A newly executed oath or declaration under § 1.63, or substitute statement under § 1.64, is not required under § 1.51(b)(2) and § 1.53(f) or § 1.497 for an inventor in a continuing application that claims the benefit under 35 U.S.C. 120, 121, or 365(c) in compliance with § 1.78 of an earlier-filed application, provided that an oath or declaration in compliance with this section, or substitute statement under § 1.64, was executed by or with respect to such inventor and was filed in the earlier-filed application, and a copy of such oath, declaration, or substitute statement showing the signature or an indication thereon that it was executed, is submitted in the continuing application.

(2) The inventorship of a continuing application filed under 35 U.S.C. 111(a) is the inventor or joint inventors specified in the application data sheet filed before or concurrently with the copy of the inventor's oath or declaration from the earlier-filed application. If an application data sheet is not filed before or concurrently with the copy of the inventor's oath or declaration from the earlier-filed application, the inventorship is the inventorship set forth in the copy of the inventor's oath or declaration from the earlier-filed application, unless it is

accompanied by a statement signed pursuant to § 1.33(b) stating the name of each inventor in the continuing application.

(3) Any new joint inventor named in the continuing application must provide an oath or declaration in compliance with this section, except as provided for in § 1.64.

(e)(1) An assignment may also serve as an oath or declaration required by this section if the assignment as executed:

(i) Includes the information and statements required under paragraphs (a) and (b) of this section; and

(ii) A copy of the assignment is recorded as provided for in part 3 of this chapter.

(2) Any reference to an oath or declaration under this section includes an assignment as provided for in this paragraph.

(f) With respect to an application naming only one inventor, any reference to the inventor's oath or declaration in this chapter includes a substitute statement executed under § 1.64. With respect to an application naming more than one inventor, any reference to the inventor's oath or declaration in this chapter means the oaths, declarations, or substitute statements that have been collectively executed by or with respect to all of the joint inventors, unless otherwise clear from the context.

(g) An oath or declaration under this section, including the statement provided for in paragraph (e) of this section, must be executed (*i.e.,* signed) in accordance either with § 1.66 or with an acknowledgment that any willful false statement made in such declaration or statement is punishable under 18 U.S.C. 1001 by fine or imprisonment of not more than five (5) years, or both.

(h) An oath or declaration filed at any time pursuant to 35 U.S.C. 115(h)(1) will be placed in the file record of the application or patent, but may not necessarily be reviewed by the Office. Any request for correction of the named inventorship must comply with § 1.48 in an application and § 1.324 in a patent.

■ 29. Section 1.64 is revised to read as follows:

§ 1.64 Substitute statement in lieu of an oath or declaration.

(a) An applicant under § 1.43, 1.45 or 1.46 may execute a substitute statement in lieu of an oath or declaration under § 1.63 if the inventor is deceased, is under a legal incapacity, has refused to execute the oath or declaration under § 1.63, or cannot be found or reached after diligent effort.

(b) A substitute statement under this section must:

(1) Comply with the requirements of § 1.63(a), identifying the inventor or joint inventor with respect to whom a substitute statement in lieu of an oath or declaration is executed, and stating upon information and belief the facts which such inventor is required to state;

(2) Identify the person executing the substitute statement and the relationship of such person to the inventor or joint inventor with respect to whom the substitute statement is executed, and unless such information is supplied in an application data sheet in accordance with § 1.76, the residence and mailing address of the person signing the substitute statement;

(3) Identify the circumstances permitting the person to execute the substitute statement in lieu of an oath or declaration under § 1.63, namely whether the inventor is deceased, is under a legal incapacity, cannot be found or reached after a diligent effort was made, or has refused to execute the oath or declaration under § 1.63; and

(4) Unless the following information is supplied in an application data sheet in accordance with § 1.76, also identify:

(i) Each inventor by his or her legal name; and

(ii) The last known mailing address where the inventor customarily receives mail, and last known residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor who is not deceased or under a legal incapacity.

(c) A person may not execute a substitute statement provided for in this section for an application unless that person has reviewed and understands the contents of the application, including the claims, and is aware of the duty to disclose to the Office all information known to the person to be material to patentability as defined in § 1.56.

(d) Any reference to an inventor's oath or declaration includes a substitute statement provided for in this section.

(e) A substitute statement under this section must contain an acknowledgment that any willful false statement made in such statement is punishable under section 1001 of title 18 by fine or imprisonment of not more than 5 years, or both.

(f) A nonsigning inventor or legal representative may subsequently join in the application by submitting an oath or declaration under § 1.63. The submission of an oath or declaration by a nonsigning inventor or legal representative in an application filed under § 1.43, 1.45 or 1.46 will not permit the nonsigning inventor or legal representative to revoke or grant a power of attorney.

■ 30. Section 1.66 is revised to read as follows:

§ 1.66 Statements under oath.

An oath or affirmation may be made before any person within the United States authorized by law to administer oaths. An oath made in a foreign country may be made before any diplomatic or consular officer of the United States authorized to administer oaths, or before any officer having an official seal and authorized to administer oaths in the foreign country in which the applicant may be, whose authority shall be proved by a certificate of a diplomatic or consular officer of the United States, or by an apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States. The oath shall be attested in all cases in this and other countries, by the proper official seal of the officer before whom the oath or affirmation is made. Such oath or affirmation shall be valid as to execution if it complies with the laws of the State or country where made. When the person before whom the oath or affirmation is made in this country is not provided with a seal, his official character shall be established by competent evidence, as by a certificate from a clerk of a court of record or other proper officer having a seal.

■ 31. Section 1.67 is revised to read as follows:

§ 1.67 Supplemental oath or declaration.

(a) The applicant may submit an inventor's oath or declaration meeting the requirements of § 1.63, § 1.64, or § 1.162 to correct any deficiencies or inaccuracies present in an earlier-filed inventor's oath or declaration. Deficiencies or inaccuracies due to the failure to meet the requirements of § 1.63(b) in an oath or declaration may be corrected with an application data sheet in accordance with § 1.76, except that any correction of inventorship must be pursuant to § 1.48.

(b) A supplemental inventor's oath or declaration under this section must be executed by the person whose inventor's oath or declaration is being withdrawn, replaced, or otherwise corrected.

(c) The Office will not require a person who has executed an oath or declaration in compliance with 35 U.S.C. 115 and § 1.63 or 1.162 for an application to provide an additional inventor's oath or declaration for the application.

(d) No new matter may be introduced into a nonprovisional application after its filing date even if an inventor's oath or declaration is filed to correct deficiencies or inaccuracies present in the earlier-filed inventor's oath or declaration.

■ 32. Section 1.76 is amended by revising paragraphs (a), (b)(1), (b)(3), (b)(5), (b)(7), (c), and (d), and adding new paragraph (e) to read as follows:

§ 1.76 Application data sheet.

(a) *Application data sheet:* An application data sheet is a sheet or sheets, that may be submitted in a provisional application under 35 U.S.C. 111(b), a nonprovisional application under 35 U.S.C. 111(a), or a national stage application under 35 U.S.C. 371, and must be submitted when required by § 1.55 or 1.78 to claim priority to or the benefit of a prior-filed application under 35 U.S.C. 119, 120, 121, or 365. An application data sheet must be titled ''Application Data Sheet.'' An application data sheet must contain all of the section headings listed in paragraph (b) of this section, except as provided in paragraph (c)(2) of this section, with any appropriate data for each section heading. If an application data sheet is provided, the application data sheet is part of the application for which it has been submitted.

(b) * * *

(1) *Inventor information.* This information includes the legal name, residence, and mailing address of the inventor or each joint inventor.

* * * * *

(3) *Application information.* This information includes the title of the invention, the total number of drawing sheets, a suggested drawing figure for publication (in a nonprovisional application), any docket number assigned to the application, the type of application (*e.g.,* utility, plant, design, reissue, provisional), whether the application discloses any significant part of the subject matter of an application under a secrecy order pursuant to § 5.2 of this chapter (*see* § 5.2(c)), and, for plant applications, the Latin name of the genus and species of the plant claimed, as well as the variety denomination.

* * * * *

(5) *Domestic benefit information.* This information includes the application number, the filing date, the status (including patent number if available), and relationship of each application for which a benefit is claimed under 35 U.S.C. 119(e), 120, 121, or 365(c). Providing this information in the application data sheet constitutes the specific reference required by 35 U.S.C. 119(e) or 120, and § 1.78(a)(2) or § 1.78(a)(5).

* * * * *

(7) *Applicant information:* This information includes the name (either natural person or juristic entity) and address of the legal representative, assignee, person to whom the inventor is under an obligation to assign the invention, or person who otherwise shows sufficient proprietary interest in the matter who is the applicant under § 1.43 or § 1.46. Providing assignment information in the application data sheet does not substitute for compliance with any requirement of part 3 of this chapter to have an assignment recorded by the Office.

(c) *Correcting and updating an application data sheet.* (1) Information in a previously submitted application data sheet, inventor's oath or declaration under § 1.63, § 1.64 or § 1.67, or otherwise of record, may be corrected or updated until payment of the issue fee by a new application data sheet providing corrected or updated information, except that inventorship changes must comply with the requirements of § 1.48, foreign priority and domestic benefit information changes must comply with §§ 1.55 and 1.78, and correspondence address changes are governed by § 1.33(a).

(2) An application data sheet providing corrected or updated information may include all of the sections listed in paragraph (b) of this section or only those sections containing changed or updated information. The application data sheet must include the section headings listed in paragraph (b) of this section for each section included in the application data sheet, and must identify the information that is being changed, with underlining for insertions, and strike-through or brackets for text removed, except that identification of information being changed is not required for an application data sheet included with an initial submission under 35 U.S.C. 371.

(d) *Inconsistencies between application data sheet and other documents.* For inconsistencies between information that is supplied by both an application data sheet under this section and other documents:

(1) The most recent submission will govern with respect to inconsistencies as between the information provided in an application data sheet, a designation of a correspondence address, or by the inventor's oath or declaration, except that:

(i) The most recent application data sheet will govern with respect to foreign priority (§ 1.55) or domestic benefit (§ 1.78) claims; and

(ii) The naming of the inventorship is governed by § 1.41 and changes to inventorship or the names of the inventors is governed by § 1.48.

(2) The information in the application data sheet will govern when the inconsistent information is supplied at the same time by a designation of correspondence address or the inventor's oath or declaration.

(3) The Office will capture bibliographic information from the application data sheet. The Office will generally not review the inventor's oath or declaration to determine if the bibliographic information contained therein is consistent with the bibliographic information provided in an application data sheet. Incorrect bibliographic information contained in an application data sheet may be corrected as provided in paragraph (c)(1) of this section.

(e) *Signature requirement.* An application data sheet must be signed in compliance with § 1.33(b). An unsigned application data sheet will be treated only as a transmittal letter.

■ 33. Section 1.77 is amended by revising paragraph (a)(6) to read as follows:

§ 1.77 Arrangement of application elements.

(a) * * *

(6) The inventor's oath or declaration.

* * * * *

■ 34. Section 1.78 is amended by revising paragraphs (a)(2)(iii), (a)(5)(iii), (a)(5)(iv), and (c) to read as follows:

§ 1.78 Claiming benefit of earlier filing date and cross-references to other applications.

(a) * * *

(2) * * *

(iii) If the later-filed application is a nonprovisional application, the reference required by this paragraph must be included in an application data sheet (§ 1.76(b)(5)).

* * * * *

(5) * * *

(iii) If the later filed application is a nonprovisional application, the reference required by this paragraph must be included in an application data sheet (§ 1.76(b)(5)).

(iv) If the prior-filed provisional application was filed in a language other than English and both an English-language translation of the prior-filed provisional application and a statement that the translation is accurate were not previously filed in the prior-filed provisional application, applicant will be notified and given a period of time

within which to file, in the prior-filed provisional application, the translation and the statement. If the notice is mailed in a pending nonprovisional application, a timely reply to such a notice must include the filing in the nonprovisional application of either a confirmation that the translation and statement were filed in the provisional application, or an application data sheet eliminating the reference under this paragraph to the prior-filed provisional application, or the nonprovisional application will be abandoned. The translation and statement may be filed in the provisional application, even if the provisional application has become abandoned.

* * * * *

(c) If an application or a patent under reexamination and at least one other application naming different inventors are owned by the same person and contain conflicting claims, and there is no statement of record indicating that the claimed inventions were commonly owned or subject to an obligation of assignment to the same person at the time the later invention was made, the Office may require the applicant to state whether the claimed inventions were commonly owned or subject to an obligation of assignment to the same person at the time the later invention was made, and if not, indicate which named inventor is the prior inventor. Even if the claimed inventions were commonly owned, or subject to an obligation of assignment to the same person, at the time the later invention was made, the conflicting claims may be rejected under the doctrine of double patenting in view of such commonly owned or assigned applications or patents under reexamination.

■ 35. Section 1.81 is amended by revising paragraph (a) to read as follows:

§ 1.81 Drawings required in patent application.

(a) The applicant for a patent is required to furnish a drawing of the invention where necessary for the understanding of the subject matter sought to be patented; this drawing, or a high quality copy thereof, must be filed with the application. Since corrections are the responsibility of the applicant, the original drawing(s) should be retained by the applicant for any necessary future correction.

* * * * *

■ 36. Section 1.105 is amended by removing paragraph (a)(2), and redesignating paragraphs (a)(3) and (a)(4) as paragraphs (a)(2) and (a)(3), respectively.

■ 37. Section 1.131 is amended by revising the introductory text of paragraph (a) to read as follows:

§ 1.131 Affidavit or declaration of prior invention.

(a) When any claim of an application or a patent under reexamination is rejected, the applicant or patent owner may submit an appropriate oath or declaration to establish invention of the subject matter of the rejected claim prior to the effective date of the reference or activity on which the rejection is based. The effective date of a U.S. patent, U.S. patent application publication, or international application publication under PCT Article 21(2) is the earlier of its publication date or date that it is effective as a reference under 35 U.S.C. 102(e). Prior invention may not be established under this section in any country other than the United States, a NAFTA country, or a WTO member country. Prior invention may not be established under this section before December 8, 1993, in a NAFTA country other than the United States, or before January 1, 1996, in a WTO member country other than a NAFTA country. Prior invention may not be established under this section if either:

* * * * *

■ 38. Section 1.136 is amended by revising paragraph (c)(1) to read as follows:

§ 1.136 Extensions of time.

* * * * *

(c) * * *

(1) The period for submitting the inventor's oath or declaration;

* * * * *

■ 39. Section 1.153 is amended by revising paragraph (b) to read as follows:

§ 1.153 Title, description and claim, oath or declaration.

* * * * *

(b) The inventor's oath or declaration must comply with the requirements of § 1.63, or comply with the requirements of § 1.64 for a substitute statement.

■ 40. Section 1.154 is amended by revising paragraph (a)(6) to read as follows:

§ 1.154 Arrangement of application elements in a design application.

(a) * * *

(6) The inventor's oath or declaration (*see* § 1.153(b)).

* * * * *

■ 41. Section 1.162 is revised to read as follows:

§ 1.162 Applicant, oath or declaration.

The inventor named for a plant patent application must be the person who has invented or discovered and asexually reproduced the new and distinct variety of plant for which a patent is sought. The inventor's oath or declaration, in addition to the averments required by § 1.63 or § 1.64, must state that the inventor has asexually reproduced the plant. Where the plant is a newly found plant, the inventor's oath or declaration must also state that it was found in a cultivated area.

■ 42. Section 1.163 is amended by revising paragraph (b)(6) to read as follows:

§ 1.163 Specification and arrangement of application elements in a plant application.

* * * * *

(b) * * *

(6) The inventor's oath or declaration (§ 1.162).

* * * * *

■ 43. Section 1.172 is revised to read as follows:

§ 1.172 Reissue applicant.

(a) The reissue applicant is the original patentee, or the current patent owner if there has been an assignment. A reissue application must be accompanied by the written consent of all assignees, if any, currently owning an undivided interest in the patent. All assignees consenting to the reissue must establish their ownership in the patent by filing in the reissue application a submission in accordance with the provisions of § 3.73(c) of this chapter.

(b) A reissue will be granted to the original patentee, his legal representatives or assigns as the interest may appear.

■ 44. Section 1.175 is revised to read as follows:

§ 1.175 Inventor's oath or declaration for a reissue application.

(a) The inventor's oath or declaration for a reissue application, in addition to complying with the requirements of § 1.63, § 1.64, or § 1.67, must also specifically identify at least one error pursuant to 35 U.S.C. 251 being relied upon as the basis for reissue and state that the applicant believes the original patent to be wholly or partly inoperative or invalid by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than the patentee had the right to claim in the patent.

(b) If the reissue application seeks to enlarge the scope of the claims of the patent (a basis for the reissue is the patentee claiming less than the patentee had the right to claim in the patent), the inventor's oath or declaration for a reissue application must identify a claim that the application seeks to

broaden. A claim is a broadened claim if the claim is broadened in any respect.

(c) The inventor, or each individual who is a joint inventor of a claimed invention, in a reissue application must execute an oath or declaration for the reissue application, except as provided for in § 1.64, and except that the inventor's oath or declaration for a reissue application may be signed by the assignee of the entire interest if:

(1) The application does not seek to enlarge the scope of the claims of the original patent; or

(2) The application for the original patent was filed under § 1.46 by the assignee of the entire interest.

(d) If errors previously identified in the inventor's oath or declaration for a reissue application pursuant to paragraph (a) of this section are no longer being relied upon as the basis for reissue, the applicant must identify an error being relied upon as the basis for reissue.

(e) The inventor's oath or declaration for a reissue application required by paragraph (a) of this section may be submitted under the provisions of § 1.53(f), except that the provisions of § 1.53(f)(3) do not apply to a reissue application.

(f)(1) The requirement for the inventor's oath or declaration for a continuing reissue application that claims the benefit under 35 U.S.C. 120, 121, or 365(c) in compliance with § 1.78 of an earlier-filed reissue application may be satisfied by a copy of the inventor's oath or declaration from the earlier-filed reissue application, provided that:

(i) The inventor, or each individual who is a joint inventor of a claimed invention, in the reissue application executed an inventor's oath or declaration for the earlier-filed reissue application, except as provided for in § 1.64;

(ii) The continuing reissue application does not seek to enlarge the scope of the claims of the original patent; or

(iii) The application for the original patent was filed under § 1.46 by the assignee of the entire interest.

(2) If all errors identified in the inventor's oath or declaration from the earlier-filed reissue application are no longer being relied upon as the basis for reissue, the applicant must identify an error being relied upon as the basis for reissue.

(g) An oath or declaration filed at any time pursuant to 35 U.S.C. 115(h)(1), will be placed in the file record of the reissue application, but may not necessarily be reviewed by the Office.

■ 45. Section 1.211 is amended by revising paragraph (c) to read as follows:

§ 1.211 Publication of applications.

* * * * *

(c) An application filed under 35 U.S.C. 111(a) will not be published until it includes the basic filing fee (§ 1.16(a) or § 1.16(c)) and any English translation required by § 1.52(d). The Office may delay publishing any application until it includes any application size fee required by the Office under § 1.16(s) or § 1.492(j), a specification having papers in compliance with § 1.52 and an abstract (§ 1.72(b)), drawings in compliance with § 1.84, a sequence listing in compliance with §§ 1.821 through 1.825 (if applicable), and the inventor's oath or declaration or application data sheet containing the information specified in § 1.63(b).

* * * * *

■ 46. Section 1.215 is amended by revising paragraphs (a) through (c) to read as follows:

§ 1.215 Patent application publication.

(a) The publication of an application under 35 U.S.C. 122(b) shall include a patent application publication. The date of publication shall be indicated on the patent application publication. The patent application publication will be based upon the specification and drawings deposited on the filing date of the application, as well as the application data sheet and/or the inventor's oath or declaration. The patent application publication may also be based upon amendments to the specification (other than the abstract or the claims) that are reflected in a substitute specification under § 1.125(b), amendments to the abstract under § 1.121(b), amendments to the claims that are reflected in a complete claim listing under § 1.121(c), and amendments to the drawings under § 1.121(d), provided that such substitute specification or amendment is submitted in sufficient time to be entered into the Office file wrapper of the application before technical preparations for publication of the application have begun. Technical preparations for publication of an application generally begin four months prior to the projected date of publication. The patent application publication of an application that has entered the national stage under 35 U.S.C. 371 may also include amendments made during the international stage. *See* paragraph (c) of this section for publication of an application based upon a copy of the application submitted via the Office electronic filing system.

(b) The patent application publication will include the name of the assignee, person to whom the inventor is under an obligation to assign the invention, or person who otherwise shows sufficient proprietary interest in the matter if that information is provided in the application data sheet in an application filed under § 1.46. Assignee information may be included on the patent application publication in other applications if the assignee information is provided in an application data sheet submitted in sufficient time to be entered into the Office file wrapper of the application before technical preparations for publication of the application have begun. Providing assignee information in the application data sheet does not substitute for compliance with any requirement of part 3 of this chapter to have an assignment recorded by the Office.

(c) At applicant's option, the patent application publication will be based upon the copy of the application (specification, drawings, and the application data sheet and/or the inventor's oath or declaration) as amended, provided that applicant supplies such a copy in compliance with the Office electronic filing system requirements within one month of the mailing date of the first Office communication that includes a confirmation number for the application, or fourteen months of the earliest filing date for which a benefit is sought under title 35, United States Code, whichever is later.

* * * * *

■ 47. Section 1.321 is amended by revising paragraph (b) to read as follows:

§ 1.321 Statutory disclaimers, including terminal disclaimers.

* * * * *

(b) An applicant may disclaim or dedicate to the public the entire term, or any terminal part of the term, of a patent to be granted. Such terminal disclaimer is binding upon the grantee and its successors or assigns. The terminal disclaimer, to be recorded in the Patent and Trademark Office, must:

(1) Be signed by the applicant or an attorney or agent of record;

(2) Specify the portion of the term of the patent being disclaimed;

(3) State the present extent of applicant's ownership interest in the patent to be granted; and

(4) Be accompanied by the fee set forth in § 1.20(d).

* * * * *

■ 48. Section 1.324 is revised to read as follows:

§ 1.324 Correction of inventorship in patent, pursuant to 35 U.S.C. 256.

(a) Whenever through error a person is named in an issued patent as the inventor, or an inventor is not named in an issued patent, the Director, pursuant to 35 U.S.C. 256, may, on application of all the parties and assignees, or on order of a court before which such matter is called in question, issue a certificate naming only the actual inventor or inventors.

(b) Any request to correct inventorship of a patent pursuant to paragraph (a) of this section must be accompanied by:

(1) A statement from each person who is being added as an inventor and each person who is currently named as an inventor either agreeing to the change of inventorship or stating that he or she has no disagreement in regard to the requested change;

(2) A statement from all assignees of the parties submitting a statement under paragraph (b)(1) of this section agreeing to the change of inventorship in the patent, which statement must comply with the requirements of § 3.73(c) of this chapter; and

(3) The fee set forth in § 1.20(b).

(c) For correction of inventorship in an application, *see* § 1.48.

(d) In an interference under part 41, subpart D, of this title, a request for correction of inventorship in a patent must be in the form of a motion under § 41.121(a)(2) of this title. In a contested case under part 42, subpart D, of this title, a request for correction of inventorship in a patent must be in the form of a motion under § 42.22 of this title. The motion under § 41.121(a)(2) or § 42.22 of this title must comply with the requirements of this section.

■ 49. Section 1.414 is amended by revising paragraph (c)(2) to read as follows:

§ 1.414 The United States Patent and Trademark Office as a Designated Office or Elected Office.

* * * * *

(c) * * *

(2) National stage processing for international applications entering the national stage under 35 U.S.C. 371.

■ 50. Section 1.421 is revised to read as follows:

§ 1.421 Applicant for international application.

(a) Only residents or nationals of the United States of America may file international applications in the United States Receiving Office. If an international application does not include an applicant who is indicated as being a resident or national of the United States of America, and at least one applicant:

(1) Has indicated a residence or nationality in a PCT Contracting State, or

(2) Has no residence or nationality indicated, applicant will be so notified and, if the international application includes a fee amount equivalent to that required by § 1.445(a)(4), the international application will be forwarded for processing to the International Bureau acting as a Receiving Office (*see also* § 1.412(c)(6)).

(b) Although the United States Receiving Office will accept international applications filed by any applicant who is a resident or national of the United States of America for international processing, for the purposes of the designation of the United States, an international application will be accepted by the Patent and Trademark Office for the national stage only if the applicant is the inventor or other person as provided in § 1.422 or § 1.424. Joint inventors must jointly apply for an international application.

(c) A registered attorney or agent of the applicant may sign the international application Request and file the international application for the applicant. A separate power of attorney from each applicant may be required.

(d) Any indication of different applicants for the purpose of different Designated Offices must be shown on the Request portion of the international application.

(e) Requests for changes in the indications concerning the applicant, agent, or common representative of an international application shall be made in accordance with PCT Rule 92*bis* and may be required to be signed by all applicants.

(f) Requests for withdrawals of the international application, designations, priority claims, the Demand, or elections shall be made in accordance with PCT Rule 90*bis* and must be signed by all applicants. A separate power of attorney from the applicants will be required for the purposes of any request for a withdrawal in accordance with PCT Rule 90*bis* which is not signed by all applicants.

■ 51. Section 1.422 is revised to read as follows:

§ 1.422 Legal representative as applicant in an international application.

If an inventor is deceased or under legal incapacity, the legal representative of the inventor may be an applicant in an international application which designates the United States of America.

§ 1.423 [Removed and Reserved]

■ 52. Section 1.423 is removed and reserved.

■ 53. Section 1.424 is added to read as follows:

§ 1.424 Assignee, obligated assignee, or person having sufficient proprietary interest as applicant in an international application.

(a) A person to whom the inventor has assigned or is under an obligation to assign the invention may be an applicant in an international application which designates the United States of America. A person who otherwise shows sufficient proprietary interest in the matter may be an applicant in an international application which designates the United States of America on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties.

(b) Neither any showing required under paragraph (a) of this section nor documentary evidence of ownership or proprietary interest will be required or considered by the Office in the international stage, but will be required in the national stage in accordance with the conditions and requirements of § 1.46.

■ 54. Section 1.431 is amended by revising paragraph (b)(3)(iii) to read as follows:

§ 1.431 International application requirements.

* * * * *

(b) * * *

(3) * * *

(iii) The name of the applicant, as prescribed (note §§ 1.421, 1.422, and 1.424);

* * * * *

■ 55. Section 1.491 is amended by revising the section heading and paragraph (b), and adding a new paragraph (c), to read as follows:

§ 1.491 National stage commencement, entry, and fulfillment.

* * * * *

(b) An international application enters the national stage when the applicant has filed the documents and fees required by 35 U.S.C. 371(c)(1) and (c)(2) within the period set in § 1.495.

(c) An international application fulfills the requirements of 35 U.S.C. 371 when the national stage has commenced under 35 U.S.C. 371(b) or (f) and all applicable requirements of 35 U.S.C. 371 have been satisfied.

■ 56. Section 1.492 is amended by revising paragraph (h) to read as follows:

§ 1.492 National stage fees.

* * * * *

(h) Surcharge for filing any of the search fee, the examination fee, or the inventor's oath or declaration after the date of the commencement of the national stage (§ 1.491(a)) pursuant to § 1.495(c)

By a small entity (§ 1.27(a))	$65.00
By other than a small entity	$130.00

* * * * *

■ 57. Section 1.495 is amended by revising paragraphs (a), (c), (g), and (h) to read as follows:

§ 1.495 Entering the national stage in the United States of America.

(a) The applicant in an international application must fulfill the requirements of 35 U.S.C. 371 within the time periods set forth in paragraphs (b) and (c) of this section in order to prevent the abandonment of the international application as to the United States of America. The thirty-month time period set forth in paragraphs (b), (c), (d), (e) and (h) of this section may not be extended.

* * * * *

(c)(1) If applicant complies with paragraph (b) of this section before expiration of thirty months from the priority date, the Office will notify the applicant if he or she has omitted any of:

(i) A translation of the international application, as filed, into the English language, if it was originally filed in another language and if any English language translation of the publication of the international application previously submitted under 35 U.S.C. 154(d) (§ 1.417) is not also a translation of the international application as filed (35 U.S.C. 371(c)(2));

(ii) The inventor's oath or declaration (35 U.S.C. 371(c)(4) and § 1.497), if a declaration of inventorship in compliance with § 1.63 has not been previously submitted in the international application under PCT Rule 4.17(iv) within the time limits provided for in PCT Rule 26*ter*.1;

(iii) The search fee set forth in § 1.492(b);

(iv) The examination fee set forth in § 1.492(c); and

(v) Any application size fee required by § 1.492(j).

(2) A notice under paragraph (c)(1) of this section will set a time period within which applicant must provide any omitted translation, search fee set forth in § 1.492(b), examination fee set forth in § 1.492(c), and any application size fee required by § 1.492(j) in order to avoid abandonment of the application.

(3) The inventor's oath or declaration must also be filed within the period specified in paragraph (c)(2) of this section, except that the filing of the inventor's oath or declaration may be postponed until the application is otherwise in condition for allowance under the conditions specified in paragraphs (c)(3)(i) through (c)(3)(iii) of this section.

(i) The application contains an application data sheet in accordance with § 1.76 filed prior to the expiration of the time period set in any notice under paragraph (c)(1) identifying:

(A) Each inventor by his or her legal name;

(B) A mailing address where the inventor customarily receives mail, and residence, if an inventor lives at a location which is different from where the inventor customarily receives mail, for each inventor.

(ii) The applicant must file an oath or declaration in compliance with § 1.63, or substitute statement in compliance with § 1.64, executed by or with respect to each actual inventor no later than the expiration of the time period set in the ''Notice of Allowability'' to avoid abandonment, when the applicant is notified in a ''Notice of Allowability'' that an application is otherwise in condition for allowance. The time period set in a ''Notice of Allowability'' is not extendable. *See* § 1.136(c). The Office may dispense with the notice provided for in paragraph (c)(1) of this section if an oath or declaration under § 1.63, or substitute statement under § 1.64, executed by or with respect to each actual inventor has been filed before the application is in condition for allowance.

(iii) An international application in which the basic national fee under 35 U.S.C. 41(a)(1)(F) has been paid and for which an application data sheet in accordance with § 1.76 has been filed may be treated as complying with 35 U.S.C. 371 for purposes of eighteen-month publication under 35 U.S.C. 122(b) and § 1.211 *et seq*.

(4) The payment of the processing fee set forth in § 1.492(i) is required for acceptance of an English translation later than the expiration of thirty months after the priority date. The payment of the surcharge set forth in § 1.492(h) is required for acceptance of any of the search fee, the examination fee, or the inventor's oath or declaration after the date of the commencement of the national stage (§ 1.491(a)).

(5) A ''Sequence Listing'' need not be translated if the ''Sequence Listing'' complies with PCT Rule 12.1(d) and the description complies with PCT Rule 5.2(b).

* * * * *

(g) The documents and fees submitted under paragraphs (b) and (c) of this section must be identified as a submission to enter the national stage under 35 U.S.C. 371. If the documents and fees contain conflicting indications as between an application under 35 U.S.C. 111 and a submission to enter the national stage under 35 U.S.C. 371, the documents and fees will be treated as a submission to enter the national stage under 35 U.S.C. 371.

(h) An international application becomes abandoned as to the United States thirty months from the priority date if the requirements of paragraph (b) of this section have not been complied with within thirty months from the priority date.

■ 58. Section 1.496 is revised to read as follows:

§ 1.496 Examination of international applications in the national stage.

National stage applications having paid therein the search fee as set forth in § 1.492(b)(1) and examination fee as set forth in § 1.492(c)(1) may be amended subsequent to the date of commencement of national stage processing only to the extent necessary to eliminate objections as to form or to cancel rejected claims. Such national stage applications will be advanced out of turn for examination.

■ 59. Section 1.497 is revised to read as follows:

§ 1.497 Inventor's oath or declaration under 35 U.S.C. 371(c)(4).

(a) When an applicant of an international application desires to enter the national stage under 35 U.S.C. 371 pursuant to § 1.495, and a declaration in compliance with § 1.63 has not been previously submitted in the international application under PCT Rule 4.17(iv) within the time limits provided for in PCT Rule 26*ter*.1, the applicant must file the inventor's oath or declaration. The inventor, or each individual who is a joint inventor of a claimed invention, in an application for patent must execute an oath or declaration in accordance with the conditions and requirements of § 1.63, except as provided for in § 1.64.

(b) An oath or declaration under § 1.63 will be accepted as complying with 35 U.S.C. 371(c)(4) if it complies with the requirements of §§ 1.63(a), (c) and (g). A substitute statement under § 1.64 will be accepted as complying with 35 U.S.C. 371(c)(4) if it complies with the requirements of §§ 1.64(b)(1), (c) and (e) and identifies the person executing the substitute statement. If a newly executed inventor's oath or declaration under § 1.63 or substitute statement under § 1.64 is not required pursuant to § 1.63(d), submission of the

copy of the previously executed oath, declaration, or substitute statement under § 1.63(d)(1) is required to comply with 35 U.S.C. 371(c)(4).

(c) If an oath or declaration under § 1.63, or substitute statement under § 1.64, meeting the requirements of § 1.497(b) does not also meet the requirements of § 1.63 or § 1.64, an oath, declaration, substitute statement, or application data sheet in accordance with § 1.76 to comply with § 1.63 or § 1.64 will be required.

■ 60. Section 1.530 is amended by revising paragraph (l)(1) to read as follows:

§ 1.530 Statement by patent owner in *ex parte* reexamination; amendment by patent owner in *ex parte* or *inter partes* reexamination; inventorship change in *ex parte* or *inter partes* reexamination.

* * * * *

(l) * * *

(1) When it appears in a patent being reexamined that the correct inventor or inventors were not named, the Director may, on petition of all the parties set forth in § 1.324(b)(1) and (b)(2), including the assignees, and satisfactory proof of the facts and payment of the fee set forth in § 1.20(b), or on order of a court before which such matter is called in question, include in the reexamination certificate to be issued under § 1.570 or § 1.997 an amendment naming only the actual inventor or inventors. The petition must be submitted as part of the reexamination proceeding and must satisfy the requirements of § 1.324.

* * * * *

■ 61. Section 1.730 is amended by revising paragraph (b)(1) to read as follows:

§ 1.730 Applicant for extension of patent term; signature requirements.

* * * * *

(b) * * *

(1) The patent owner in compliance with § 3.73(c) of this chapter; or

* * * * *

PART 3—ASSIGNMENT, RECORDING AND RIGHTS OF ASSIGNEE

■ 62. The authority citation for part 3 continues to read as follows:

Authority: 15 U.S.C. 1123; 35 U.S.C. 2(b)(2).

■ 63. Section 3.31 is amended by adding new paragraph (h) to read as follows:

§ 3.31 Cover sheet content.

* * * * *

(h) The assignment cover sheet required by § 3.28 must contain a conspicuous indication of an intent to utilize the assignment as the required oath or declaration under § 1.63 of this chapter.

■ 64. Section 3.71 is amended by revising paragraphs (a), (b), and (c) to read as follows:

§ 3.71 Prosecution by assignee.

(a) *Patents—conducting of prosecution.* One or more assignees as defined in paragraph (b) of this section may conduct prosecution of a national patent application as the applicant under § 1.46 of this title, or conduct prosecution of a supplemental examination or reexamination proceeding, to the exclusion of the inventor or previous applicant or patent owner. Conflicts between purported assignees are handled in accordance with § 3.73(c)(3).

(b) *Patents—assignee(s) who can prosecute.* The assignee(s) who may conduct either the prosecution of a national application for patent as the applicant under § 1.46 of this title or a supplemental examination or reexamination proceeding are:

(1) *A single assignee.* An assignee of the entire right, title and interest in the application or patent, or

(2) *Partial assignee(s) together or with inventor(s).* All partial assignees, or all partial assignees and inventors who have not assigned their right, title and interest in the application or patent, who together own the entire right, title and interest in the application or patent. A partial assignee is any assignee having less than the entire right, title and interest in the application or patent. The word ''assignee'' as used in this chapter means with respect to patent matters the single assignee of the entire right, title and interest in the application or patent if there is such a single assignee, or all of the partial assignees, or all of the partial assignee and inventors who have not assigned their interest in the application or patent, who together own the entire right, title and interest in the application or patent.

(c) *Patents—Becoming of record.* An assignee becomes of record as the applicant in a national patent application under § 1.46 of this title, and in a supplemental examination or reexamination proceeding, by filing a statement in compliance with § 3.73(c) that is signed by a party who is authorized to act on behalf of the assignee.

* * * * *

■ 65. Section 3.73 is revised to read as follows:

§ 3.73 Establishing right of assignee to take action.

(a) The original applicant is presumed to be the owner of an application for an original patent, and any patent that may issue therefrom, unless there is an assignment. The original applicant is presumed to be the owner of a trademark application or registration, unless there is an assignment.

(b) In order to request or take action in a trademark matter, the assignee must establish its ownership of the trademark property of paragraph (a) of this section to the satisfaction of the Director. The establishment of ownership by the assignee may be combined with the paper that requests or takes the action. Ownership is established by submitting to the Office a signed statement identifying the assignee, accompanied by either:

(1) Documentary evidence of a chain of title from the original owner to the assignee (*e.g.,* copy of an executed assignment). The documents submitted to establish ownership may be required to be recorded pursuant to § 3.11 in the assignment records of the Office as a condition to permitting the assignee to take action in a matter pending before the Office; or

(2) A statement specifying where documentary evidence of a chain of title from the original owner to the assignee is recorded in the assignment records of the Office (*e.g.,* reel and frame number).

(c)(1) In order to request or take action in a patent matter, an assignee who is not the original applicant must establish its ownership of the patent property of paragraph (a) of this section to the satisfaction of the Director. The establishment of ownership by the assignee may be combined with the paper that requests or takes the action. Ownership is established by submitting to the Office a signed statement identifying the assignee, accompanied by either:

(i) Documentary evidence of a chain of title from the original owner to the assignee (*e.g.,* copy of an executed assignment). The submission of the documentary evidence must be accompanied by a statement affirming that the documentary evidence of the chain of title from the original owner to the assignee was or concurrently is being submitted for recordation pursuant to § 3.11; or

(ii) A statement specifying where documentary evidence of a chain of title from the original owner to the assignee is recorded in the assignment records of the Office (*e.g.,* reel and frame number).

(2) If the submission is by an assignee of less than the entire right, title and interest (*e.g.,* more than one assignee

exists) the Office may refuse to accept the submission as an establishment of ownership unless:

(i) Each assignee establishes the extent (by percentage) of its ownership interest, so as to account for the entire right, title and interest in the application or patent by all parties including inventors; or

(ii) Each assignee submits a statement identifying the parties including inventors who together own the entire right, title and interest and stating that all the identified parties own the entire right, title and interest.

(3) If two or more purported assignees file conflicting statements under paragraph (c)(1) of this section, the Director will determine which, if any, purported assignee will be permitted to control prosecution of the application.

(d) The submission establishing ownership under paragraph (b) or (c) of this section must show that the person signing the submission is a person authorized to act on behalf of the assignee by:

(1) Including a statement that the person signing the submission is authorized to act on behalf of the assignee;

(2) Being signed by a person having apparent authority to sign on behalf of the assignee; or

(3) For patent matters only, being signed by a practitioner of record.

PART 5—SECRECY OF CERTAIN INVENTIONS AND LICENSES TO EXPORT AND FILE APPLICATIONS IN FOREIGN COUNTRIES

■ 66. The authority citation for 37 CFR part 5 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), 41, 181–188, as amended by the Patent Law Foreign Filing Amendments Act of 1988, Pub. L. 100–418, 102 Stat. 1567; the Arms Export Control Act, as amended, 22 U.S.C. 2751 *et seq.;* the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 *et seq.;* the Nuclear Non Proliferation Act of 1978, 22 U.S.C. 3201 *et seq.;* and the delegations in the regulations under these Acts to the Director (15 CFR 370.10(j), 22 CFR 125.04, and 10 CFR 810.7).

■ 67. Section 5.25 is amended by revising paragraphs (a)(3)(iii) and (b) to read as follows:

§ 5.25 Petition for retroactive license.

(a) * * *

(3) * * *

(iii) An explanation of why the material was filed abroad through error without the required license under § 5.11 first having been obtained, and

* * * * *

(b) The explanation in paragraph (a) of this section must include a showing of facts rather than a mere allegation of action through error. The showing of facts as to the nature of the error should include statements by those persons having personal knowledge of the acts regarding filing in a foreign country and should be accompanied by copies of any necessary supporting documents such as letters of transmittal or instructions for filing. The acts which are alleged to constitute error should cover the period leading up to and including each of the proscribed foreign filings.

* * * * *

PART 10—REPRESENTATION OF OTHERS BEFORE THE PATENT AND TRADEMARK OFFICE

■ 68. The authority citation for 37 CFR part 10 continues to read as follows:

Authority: 5 U.S.C. 500, 15 U.S.C. 1123; 35 U.S.C. 2(b)(2), 31, 32, 41.

■ 69. Section 10.23 is amended by removing and reserving paragraph (c)(11).

§ 10.23 Misconduct.

* * * * *

(c) * * *

(11) [Reserved]

* * * * *

PART 41—PRACTICE BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

■ 70. The authority citation for 37 CFR part 41 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), 3(a)(2)(A), 21, 23, 32, 41, 132, 133, 134, 135, 306, and 315.

■ 71. Section 41.9 is amended by revising paragraph (a) to read as follows:

§ 41.9 Action by owner.

(a) *Entire interest.* An owner of the entire interest in an application or patent involved in a Board proceeding may act in the proceeding to the exclusion of the inventor (*see* §§ 3.71 and 3.73 of this title).

* * * * *

Dated: July 17, 2012.

David J. Kappos,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2012–17907 Filed 8–13–12; 8:45 am]

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Part VII

Department of Commerce

Patent and Trademark Office

37 CFR Part 1

Changes To Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and To Revise Reexamination Fees; Final Rule

DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

37 CFR Part 1

[Docket No. PTO–P–2011–0075]

RIN 0651–AC69

Changes To Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and To Revise Reexamination Fees

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (Office) is revising the rules of practice in patent cases to implement the supplemental examination provisions of the Leahy-Smith America Invents Act (AIA). The supplemental examination provisions permit a patent owner to request supplemental examination of a patent by the Office to consider, reconsider, or correct information believed to be relevant to the patent. These provisions could assist the patent owner in addressing certain challenges to the enforceability of the patent during litigation. The Office is also adjusting the fee for filing a request for *ex parte* reexamination and setting a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings to more accurately reflect the cost of these processes.

DATES: *Effective Date:* The changes in this final rule take effect on September 16, 2012.

Applicability Date: The changes in this final rule apply to any patent issued before, on, or after September 16, 2012.

FOR FURTHER INFORMATION CONTACT: Cynthia L. Nessler, Senior Legal Advisor ((571) 272–7724), Pinchus M. Laufer, Senior Legal Advisor ((571) 272–7726), or Kery Fries, Senior Legal Advisor ((571) 272–7757), Office of Patent Legal Administration, Office of the Deputy Commissioner for Patent Examination Policy.

SUPPLEMENTARY INFORMATION:

Executive Summary: Purpose: Section 12 of the AIA amends the patent laws to provide that a patent owner may request supplemental examination of a patent to consider, reconsider, or correct information believed to be relevant to the patent. The supplemental examination will determine whether the information presented in the request raises a substantial new question of patentability. If the information presented in the request raises a substantial new question of patentability, the Office will order *ex parte* reexamination of the patent. Section 12 of the AIA provides that, with certain exceptions, a patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent. The Office is also adjusting the fee for filing a request for *ex parte* reexamination and setting a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings to more accurately reflect the cost of these processes.

Summary of Major Provisions: This final rule specifies the requirements for a request for supplemental examination and the procedures for conducting supplemental examination.

A request for supplemental examination must contain: (1) A list of each item of information that is requested to be considered, reconsidered, or corrected; (2) an identification of each claim of the patent for which supplemental examination is requested; (3) a separate explanation of the relevance and manner of applying each item of information to each claim of the patent for which it was identified; and (4) a summary of the relevant portions of any submitted document, other than the request, that is over fifty pages in length.

This final rule requires the following supplemental examination fees: (1) A fee of $5,140.00 for processing and treating a request for supplemental examination; (2) a fee of $16,120.00 for an *ex parte* reexamination ordered as a result of a supplemental examination proceeding; and (3) for processing and treating, in a supplemental examination proceeding, a non-patent document over 20 pages in length, a fee of $170.00 for a document of between 21 and 50 pages, and a fee of $280.00 for each additional 50 pages or a fraction thereof.

This final rule also requires the following reexamination fees: (1) $17,750.00 for filing a request for *ex parte* reexamination; (2) $1,930.00 for filing a petition in an *ex parte* or *inter partes* reexamination proceeding, except for those specifically enumerated in 37 CFR 1.550(i) and 1.937(d); and (3) $4,320.00 for a denied request for *ex parte* reexamination under 37 CFR 1.510 (this amount is included in the request for *ex parte* reexamination fee, and is the portion not refunded if the request for reexamination is denied). The cost calculations for these fees are described in ''Cost Calculations for Supplemental Examination and Reexamination'', posted on the Office's Internet Web site at *www.uspto.gov.*

Costs and Benefits: This rulemaking is not economically significant as that term is defined in Executive Order 12866 (Sept. 30, 1993).

Background: The AIA was enacted into law on September 16, 2011. *See* Public Law 112–29, 125 Stat. 284 (2011). The Office is revising the rules of practice in title 37 of the Code of Federal Regulations (CFR) to implement the supplemental examination provisions of section 12 of the AIA. These provisions permit a patent owner to request supplemental examination of a patent by the Office to consider, reconsider, or correct information believed to be relevant to the patent. The Office is also setting certain fees to implement supplemental examination, adjusting the fee for filing a request for *ex parte* reexamination, and setting a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings.

Section 12 of the AIA amends chapter 25 of title 35, United States Code, to add new 35 U.S.C. 257. 35 U.S.C. 257(a) provides for a proceeding titled ''supplemental examination'' that may be requested by the patent owner to consider, reconsider, or correct information believed to be relevant to the patent in accordance with requirements established by the Office. The information that may be presented in a request for supplemental examination is not limited to patents and printed publications, and may include, for example, issues of patentability under 35 U.S.C. 101 and 112. Within three months of the receipt of a request for supplemental examination meeting the requirements of 35 U.S.C. 257, which include the requirements established by the Office, the Office shall conduct supplemental examination and shall conclude the examination (*i.e.,* determine whether there is a substantial new question of patentability) by the issuance of a supplemental examination certificate. The supplemental examination certificate shall indicate whether the items of information presented in the request raise a substantial new question of patentability.

If the supplemental examination certificate, which is issued under 35 U.S.C. 257(a), indicates that a substantial new question of patentability is raised by one or more items of information in the request for supplemental examination, the supplemental examination certificate will indicate that *ex parte*

reexamination will be ordered by the Office. The resulting *ex parte* reexamination proceeding will be conducted according to *ex parte* reexamination procedures, except that the patent owner does not have the right to file a statement pursuant to 35 U.S.C. 304, and the basis of the *ex parte* reexamination is not limited to patents and printed publications. Each substantial new question of patentability identified during the supplemental examination proceeding will be addressed by the Office during the resulting *ex parte* reexamination proceeding. *See* 35 U.S.C. 257(b).

35 U.S.C. 257(c) specifies the effect of a supplemental examination under 35 U.S.C. 257(a) and any resulting *ex parte* reexamination under 35 U.S.C. 257(b) on the enforceability of the patent. 35 U.S.C. 257(c)(1) provides that, with two exceptions, a patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent. The first exception is that 35 U.S.C. 257(c)(1) shall not apply to an allegation pled with particularity in a civil action, or set forth with particularity in a notice received by the patent owner under section 505(j)(2)(B)(iv)(II) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(j)(2)(B)(iv)(II)), before the date of a supplemental examination request under 35 U.S.C. 257(a) to consider, reconsider, or correct information forming the basis for the allegation (35 U.S.C. 257(c)(2)(A)). The second exception is that in an action brought under section 337(a) of the Tariff Act of 1930 (19 U.S.C. 1337(a)) or 35 U.S.C. 281, 35 U.S.C. 257(c)(1) shall not apply to any defense raised in the action that is based upon information that was considered, reconsidered, or corrected pursuant to a supplemental examination request under 35 U.S.C. 257(a), unless the supplemental examination, and any *ex parte* reexamination ordered pursuant to the request, are concluded before the date on which the action is brought (35 U.S.C. 257(c)(2)(B)). 35 U.S.C. 257(c)(1) also provides that the making of a request for supplemental examination under 35 U.S.C. 257(a), or the absence thereof, shall not be relevant to enforceability of the patent under 35 U.S.C. 282.

35 U.S.C. 257(d)(1) provides the Director with authority to establish fees for filing a request for supplemental examination and for considering each item of information submitted with the request. If *ex parte* reexamination is ordered under 35 U.S.C. 257(b), 35 U.S.C. 257(d)(1) also establishes that the fees applicable to *ex parte* reexamination must be paid in addition to the fees for supplemental examination. 35 U.S.C. 257(d)(2) provides the Director with authority to establish regulations governing the requirements of a request for supplemental examination, including its form and content.

In accordance with 35 U.S.C. 257(e), if the Office becomes aware, during the course of a supplemental examination or any *ex parte* reexamination ordered under 35 U.S.C. 257, that a material fraud on the Office may have been committed in connection with the patent that is the subject of the supplemental examination, the Office shall refer the matter to the U.S. Attorney General, in addition to any other actions the Office is authorized to take, including the cancellation of any claims found to be invalid under 35 U.S.C. 307 as a result of *ex parte* reexamination ordered under 35 U.S.C. 257. The Office anticipates that such instances will be rare. The Office regards the term ''material fraud'' in 35 U.S.C. 257(e) to be narrower in scope than inequitable conduct as defined by the U.S. Court of Appeals for the Federal Circuit in *Therasense, Inc.* v. *Becton, Dickinson & Co.,* 649 F.3d 1276 (Fed. Cir. 2011).

Section 12 of the AIA also indicates that nothing in 35 U.S.C. 257 precludes the imposition of sanctions based upon criminal or antitrust laws (including 18 U.S.C. 1001(a)), the first section of the Clayton Act, and section 5 of the Federal Trade Commission Act to the extent that section relates to unfair methods of competition. *See* 35 U.S.C. 257(f)(1). Section 12 of the AIA sets forth rules of construction, providing that 35 U.S.C. 257 shall not be construed to limit the authority of the Office to investigate issues of possible misconduct and impose sanctions for misconduct involving matters or proceedings before the Office, or to issue regulations under 35 U.S.C. 32 or 35 U.S.C. 33 relating to sanctions for misconduct by patent practitioners. *See* 35 U.S.C. 257(f)(2) and (f)(3).

General Discussion Regarding Implementation: The Office must determine, within three months of the filing of a request for supplemental examination, whether a substantial new question of patentability affecting any claim of the patent is raised by the items of information in the request. Unlike a request for *ex parte* reexamination, the items of information presented in a request for supplemental examination are not limited to patents and printed publications. The items of information may include any information which the patent owner believes to be relevant to the patent, and which was not considered, was inadequately considered, or was incorrect during the prior examination of the application which issued as the patent. *See* 35 U.S.C. 257(a) and (c). Thus, the variety of information that is permitted to be submitted in a request for supplemental examination, including, for example, transcripts of audio or video recordings, is more extensive than the information permitted to be submitted in an *ex parte* reexamination proceeding. Moreover, the information permitted in a supplemental examination is anticipated to be more resource-intensive to process, review, and treat than the information permitted in an *ex parte* reexamination, because the patent owner may present, in supplemental examination, an item of information that raises multiple issues and not just the issues that are permitted to be raised in *ex parte* reexamination. For example, the patent owner may present one item of information that raises patent eligible subject matter issues under 35 U.S.C. 101 and written description or enablement issues under 35 U.S.C. 112 with respect to the original disclosure. For these reasons, the requirements set forth in this final rule are designed to permit efficient processing and treatment of each request for supplemental examination within the statutory three-month time period, and to complete any subsequent *ex parte* reexamination ordered as a result of the supplemental examination proceeding with special dispatch.

The Office proposed changes to the rules of practice to implement the supplemental examination provisions in section 12 of the AIA and to set or adjust fees in *ex parte* and *inter partes* reexamination proceedings in a notice of proposed rulemaking published in January of 2012. *See Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and to Revise Reexamination Fees,* 77 FR 3666–81 (Jan. 25, 2012) (notice of proposed rulemaking). The public submitted thirty-six comments in response to the notice of proposed rulemaking (discussed subsequently in greater detail). In view of the input from the public, the Office is making the following changes to the proposed rules of practice to implement the supplemental examination provisions of section 12 of the AIA.

Number of Items of Information Considered in a Request for

Supplemental Examination: The Office proposed to limit each request for supplemental examination to ten items of information. *See Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith Invents Act and to Revise Reexamination Fees,* 77 FR at 3667. The Office received a number of comments requesting that there be a higher limit or no limit on the number of items of information contained in a request for supplemental examination. This final rule increases this proposed limit from ten to twelve, thus permitting a request for supplemental examination to contain up to twelve items of information. The Office must conclude a supplemental examination within three months of the date on which the request for supplemental examination is filed. *See* 35 U.S.C. 257(b). Thus, the Office must place a limit on the number of items of information that may be submitted with a request for supplemental examination. Ninety-three percent of the requests for *ex parte* reexamination filed in fiscal year 2011 included twelve or fewer documents. In addition, supplemental examination is designed to preempt allegations of inequitable conduct being raised as a defense during patent litigation, which typically concern far fewer than twelve items of information. Further, if twelve items of information are not sufficient for a particular situation, more than one request for supplemental examination of the same patent may be filed at any time. Thus, the Office expects a limit of twelve items of information per request to accommodate the vast majority of patent owners.

Content Requirements for a Request for Supplemental Examination: The Office proposed a number of content requirements for a request for supplemental examination. *See Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith Invents Act and to Revise Reexamination Fees,* 77 FR at 3667, 3670–71. The Office received a number of comments requesting that there be fewer and simpler content requirements for a request for supplemental examination. Thus, this final rule adopts content requirements for a request for supplemental examination that are comparable to the requirements for a request for *ex parte* reexamination (*e.g.,* a list of each item of information to be considered, reconsidered, or corrected; an identification of each claim of the patent for which supplemental examination is requested; and a separate, detailed explanation of the relevance and manner of applying each item of information to each claim of the patent for which supplemental examination is requested). *See* 37 CFR 1.510. In addition, because the content requirements for a request for supplemental examination that are comparable to the requirements for a request for *ex parte* reexamination, this final rule does not implement the proposed requirement that a request for supplemental examination contain: (1) An identification of each item of information requiring consideration, reconsideration, or correction, and an explanation why consideration or reconsideration of the item of information is being requested or how the item of information is being corrected; (2) an identification of the structure, material, or acts in the specification that correspond to each means-plus-function or step-plus-function element, as set forth in 35 U.S.C. 112(f), as amended by the AIA, in any claim to be examined; (3) an identification of each issue raised by each item of information; (4) an explanation of the support in the specification for each limitation of each claim identified for examination if an identified issue involves the application of 35 U.S.C. 101 (other than double patenting) or 35 U.S.C. 112; and (5) an explanation of how each limitation of each claim identified for examination is met, or is not met, by each item of information if an identified issue involves the application of 35 U.S.C. 102, 35 U.S.C. 103, or double patenting.

Filing Date Requirements: The Office proposed that a request for supplemental examination must comply with the applicable regulations in 37 CFR 1.605, 1.610, and 1.615 to be entitled to a filing date. *See Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith Invents Act and to Revise Reexamination Fees,* 77 FR at 3671. As discussed previously in this final rule, the Office must conclude a supplemental examination within three months of the date on which the request for supplemental examination was filed. However, it would absorb a considerable portion of the three-month period for conducting the supplemental examination for the Office to accord a filing date to a non-compliant request for supplemental examination, issue a notice of the defects in the request for supplemental examination, and await a corrected request for supplemental examination. Such a practice when applied in reexamination proceedings repeatedly placed the Office in jeopardy of not meeting the three-month time frame in 35 U.S.C. 303 and 312. *See Clarification of Filing Date Requirements for Ex parte and Inter Partes Reexamination Proceedings,* 71 FR 44219, 44220 (Aug. 4, 2006). Therefore, the Office cannot adopt such a procedure in supplemental examination. A request for supplemental examination that does not comply with the requirements for a request for supplemental examination may not be granted a filing date. However, the Office is adopting content requirements for a request for supplemental examination that are comparable to the requirements for a request for *ex parte* reexamination, and thus has significantly streamlined the requirements for a request for supplemental examination to make the filing date requirements as simple and objective as possible. The Office has also eliminated the requirement for identification of the first-named inventor and the issue date of the patent for which supplemental examination is requested. Additionally, the Office has clarified that a cover sheet and a table of contents are not required in a request for supplemental examination.

A request for supplemental examination that is entitled to a filing date will be entered into the Office image file wrapper (IFW) and Patent Application Information Retrieval (PAIR) system, and will be viewable by the public via the Public PAIR system. The Office, however, is establishing a procedure in which the request, and any other papers or information submitted as part of or accompanying the request, will not be available in Public PAIR until the request meets the conditions to be entitled to a filing date.

A request for supplemental examination of a patent must be filed by the patent owner. The request for supplemental examination must be accompanied by the fee for filing a request for supplemental examination, the fee for *ex parte* reexamination ordered as a result of the supplemental examination proceeding under 35 U.S.C. 257, and any applicable document size fees. The Office may hold in abeyance action on any petition or other paper filed in a supplemental examination proceeding until after the proceeding is concluded by the electronic issuance of the supplemental examination certificate.

A supplemental examination proceeding is initiated by the filing of a request for supplemental examination that complies with 35 U.S.C. 257 and 37 CFR 1.601 *et seq.* and ends with the electronic issuance of the supplemental examination certificate. *See* 35 U.S.C. 257(a) (''Within 3 months after the date a request for supplemental examination

meeting the requirements of this section is received, the Director shall conduct the supplemental examination and shall conclude such examination by issuing a certificate * * *.''). The supplemental examination certificate will state the result of the Office's determination as to whether any of the items of information submitted as part of the request raises a substantial new question of patentability. If the supplemental examination certificate states that a substantial new question of patentability is raised by one or more items of information in the request, *ex parte* reexamination of the patent will be ordered under 35 U.S.C. 257. In other words, if the supplemental examination certificate states that a substantial new question of patentability is raised, an *ex parte* reexamination proceeding is initiated. The electronically issued supplemental examination certificate will remain as part of the public record for the patent. In addition, upon the conclusion of the *ex parte* reexamination proceeding, an *ex parte* reexamination certificate, which will include a statement specifying that *ex parte* reexamination was ordered under 35 U.S.C. 257, will be published as an attachment to the patent. If, however, the supplemental examination certificate states that no substantial new question of patentability is raised by one or more items of information in the request, then the electronically issued supplemental examination certificate, which remains as part of the public record for the patent, will also be published in due course as an attachment to the patent.

Discussion of Specific Rules

The following is a discussion of the amendments to Title 37 of the Code of Federal Regulations, part 1, that are being implemented in this final rule:

Section 1.20: Section 1.20 is amended to set fees to implement supplemental examination, to adjust the fee for filing a request for *ex parte* reexamination, and to set a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings.

The authority to set fees for filing a request for supplemental examination and to consider each item of information submitted in the request is provided for in 35 U.S.C. 257(d)(1). *See* 35 U.S.C. 257(d)(1) (''[t]he Director shall, by regulation, establish fees for the submission of a request for supplemental examination of a patent, and to consider each item of information submitted in the request''). The authority to set fees for filing a request for *ex parte* reexamination is provided for in 35 U.S.C. 302. *See* 35 U.S.C. 302 (''[t]he request must be in writing and must be accompanied by payment of a reexamination fee established by the Director pursuant to the provisions of [35 U.S.C. 41]''); *see also* 35 U.S.C. 257(d)(1).

Section 10(a) of the AIA provides that the Director may set or adjust by rule any patent fee established, authorized, or charged under title 35, United States Code, provided that such fees only recover the aggregate estimated costs to the Office for processing, activities, services, and materials relating to patents (including administrative costs). *See* Pub. L. 112–29, 125 Stat. 283, 316 (2011).

Sections 10(d) and (e) of the AIA set out a process that must be followed when the Office is using its authority under section 10(a) to set or adjust patent fees. *See* Pub. L. 112–29, 125 Stat. at 317–18. This process would not feasibly permit supplemental examination and the related *ex parte* and *inter partes* reexamination fees to be in place by September 16, 2012 (the effective date of the supplemental examination provisions of the AIA). Therefore, the Office is setting these fees in this rulemaking pursuant to its authority under 35 U.S.C. 41(d)(2), which provides that fees for all processing, services, or materials relating to patents not specified in 35 U.S.C. 41 are to be set at amounts to recover the estimated average cost to the Office of the respective processing, service, or material. *See* 35 U.S.C. 41(d)(2). The Office's analysis of the estimated fiscal year 2013 costs for supplemental examination, *ex parte* reexamination, and petitions filed in *ex parte* and *inter partes* reexamination proceedings is available via the Office's Internet Web site (*http://www.uspto.gov*). The estimated fiscal year 2013 cost amounts are rounded to the nearest ten dollars by applying standard arithmetic rules so that the resulting fee amounts will be convenient to patent users.

The Office is in the process of separately developing a proposed rulemaking to adjust and set patent fees under section 10 of the AIA. The fees set or adjusted in this notice will subsequently be revisited and may be proposed to be set or adjusted in a proposed rulemaking under section 10 of the AIA.

In this current rulemaking, as described further in materials posted on the Office's Internet Web site, the Office has estimated its fiscal year 2013 cost for processing and treating a request for supplemental examination to be $5,180. The Office has also estimated that the document size fees will recover an average of $40 per request for supplemental examination (discussed subsequently). Therefore, the Office is adding new § 1.20(k)(1) to set a fee of $5,140 for processing and treating a request for supplemental examination (the estimated 2013 cost amount rounded to the nearest ten dollars minus $40).

The Office has estimated its fiscal year 2013 cost for conducting *ex parte* reexamination ordered as a result of a supplemental examination proceeding to be $16,116. Therefore, the Office is adding new § 1.20(k)(2) to set a fee of $16,120 for conducting *ex parte* reexamination ordered as a result of a supplemental examination proceeding (the estimated 2013 cost amount rounded to the nearest ten dollars). The $16,120 fee for conducting an *ex parte* reexamination ordered as a result of a supplemental examination proceeding will be returned if *ex parte* reexamination is not ordered at the conclusion of the supplemental examination proceeding. *See* § 1.26(c).

The Office has also estimated its fiscal year 2013 cost for processing and treating non-patent documents over 20 pages in length that are submitted in a supplemental examination proceeding to be $166 for each document between 21 and 50 pages in length, and $282 for each additional 50-page increment or a fraction thereof. Therefore, the Office is also adding new § 1.20(k)(3) to provide document size fees for any non-patent documents over 20 pages in length that are submitted in a supplemental examination proceeding, including (1) a fee of $170 for each document between 21 and 50 pages in length; and (2) a fee of $280 for each additional 50-page increment or a fraction thereof (the estimated 2013 cost amounts rounded to the nearest ten dollars).

The decision as to whether the information submitted in a request for supplemental examination raises a substantial new question of patentability is identical to the decision as to whether the information submitted in a request for *ex parte* reexamination raises a substantial new question of patentability, except that the information submitted in a request for supplemental examination is not limited to patents and publications, and may be directed to issues of patentability in addition to those permitted in *ex parte* reexamination, such as issues under 35 U.S.C. 101 and 112. Thus, the Office has analyzed its *ex parte* and *inter partes* reexamination costs to estimate the cost of supplemental examination and resulting *ex parte* reexamination proceedings. The Office's analysis of the *ex parte* and

inter partes reexamination costs revealed that the current *ex parte* and *inter partes* reexamination fees are not set at amounts that recover the Office's costs for these processes or services. Thus, in addition to setting fees for supplemental examination and resulting *ex parte* reexamination proceedings, the Office is adjusting the fee for *ex parte* reexamination proceedings, and setting a fee for petitions in *ex parte* and *inter partes* reexamination proceedings.

The Office has estimated its fiscal year 2013 cost for conducting *ex parte* reexamination to be $17,747. Therefore, § 1.20(c)(1) is amended to set a fee of $17,750 for filing a request for *ex parte* reexamination under § 1.510(a) (the estimated 2013 cost amounts rounded to the nearest ten dollars).

The Office has estimated its fiscal year 2013 cost for the processing and treatment of a petition in a reexamination proceeding to be $1,932. Consequently, the Office is adding new § 1.20(c)(6) to set a fee of $1,930 for filing a petition in an *ex parte* or *inter partes* reexamination proceeding, except for those specifically enumerated in §§ 1.550(i) and 1.937(d) (the estimated 2013 cost amounts rounded to the nearest ten dollars). The fee for treating a petition in a reexamination proceeding will apply to any petition filed in either an *ex parte* or an *inter partes* reexamination proceeding (except for those specifically enumerated in §§ 1.550(i) and 1.937(d)), including petitions under §§ 1.59, 1.181, 1.182, and 1.183. The petitions enumerated in §§ 1.550(i) and 1.937(d) are petitions under §§ 1.550(c) and 1.956 to extend the period for response by a patent owner, petitions under §§ 1.550(e) and 1.958 to accept a delayed response by a patent owner, petitions under § 1.78 to accept an unintentionally delayed benefit claim, and petitions under § 1.530(l) for correction of inventorship in *ex parte* or *inter partes* reexamination proceedings. The petitions enumerated in §§ 1.550(i) and 1.937(d), however, remain subject to any applicable fees other than the fee set forth in § 1.20(c)(6), including the fees required by the appropriate rule governing each petition.

The Office is also adding new § 1.20(c)(7) to set a fee of $4,320 for a denied request for *ex parte* reexamination (discussed below), which is included in the fee under § 1.20(c)(1) for filing a request for *ex parte* reexamination. The Office has estimated that its fiscal year 2013 cost of processing a request for *ex parte* reexamination up to the issuance of a decision denying the request for reexamination is $4,320. Under current practice, if the Office decides not to institute an *ex parte* reexamination proceeding, a portion of the *ex parte* reexamination filing fee paid by the reexamination requester is refunded. This section specifies the portion of the *ex parte* reexamination filing fee that is retained by the Office if the Office decides not to institute the *ex parte* reexamination proceeding.

The Office is not adjusting the *inter partes* reexamination filing fee as the Office is not authorized to consider, or even accord a filing date to, a request for *inter partes* reexamination filed on or after September 16, 2012. *See Revision of Standard for Granting an Inter Partes Reexamination Request,* 76 FR 59055, 59056 (Sept. 23, 2011).

Section 1.26: Section 1.26(c) is amended to provide that if the Director decides not to institute an *ex parte* reexamination proceeding (a denied reexamination), any fee for filing an *ex parte* reexamination request paid by the reexamination requester, less the fee set forth in § 1.20(c)(7), will be refunded to the reexamination requester. If the Director decides not to institute an *ex parte* reexamination proceeding under § 1.625 as a result of a supplemental examination proceeding, a refund of the fee for *ex parte* reexamination resulting from a supplemental examination ($16,120), as set forth in § 1.20(k)(2), will be made to the patent owner who requested the supplemental examination proceeding. The provision in § 1.26(c) for a refund of $7,970 to the *inter partes* reexamination requester, where the Director decides not to institute an *inter partes* reexamination proceeding, is being retained to address any remaining instances of a denial to institute an *inter partes* reexamination on or after September 16, 2012. The reexamination requester or the patent owner who requested the supplemental examination proceeding, as appropriate, should indicate the form in which any refund should be made (*e.g.,* by check, electronic funds transfer, credit to a deposit account). Generally, refunds will be issued in the form that the original payment was provided.

Section 1.550: Section 1.550(i) is added to provide that a petition in an *ex parte* reexamination proceeding must be accompanied by the fee set forth in § 1.20(c)(6), except for petitions under § 1.550(c) to extend the period for response by a patent owner, petitions under § 1.550(e) to accept a delayed response by a patent owner, petitions under § 1.78 to accept an unintentionally delayed benefit claim, and petitions under § 1.530(l) for correction of inventorship in an *ex parte* reexamination proceeding.

Section 1.601: Section 1.601 *et seq.* is added to provide regulations for the supplemental examination of patents. Section 1.601(a) is added to require that a request for supplemental examination of a patent must be filed by the owner(s) of the entire right, title, and interest in the patent. A request for supplemental examination may result in *ex parte* reexamination of the patent. The Office currently requires a patent owner requester of an *ex parte* reexamination to comply with the provisions of §§ 3.71 and 3.73 for establishing an assignee's right to take action when submitting a power of attorney. *See Manual of Patent Examining Procedure* §§ 2222 (Rev. 8, July 2010) (MPEP). This is because the terms of a patent may be changed (*e.g.,* by cancellation or amendment of the claims) during a reexamination proceeding, and this change must be binding on all parties having an ownership interest in the patent. Furthermore, the Office has consistently required that all parties having an interest in a patent are deemed ''a patent owner'' as a composite entity and must act together in proceedings before the Office. *See* MPEP § 301 (''All parties having any portion of the ownership of the patent property must act together as a composite entity in patent matters before the Office.''), and § 324 (''When an assignee seeks to take action in a matter before the Office with respect to a patent application, patent, or reexamination proceeding and the right, title, and interest therein is held by more than one assignee, each partial assignee must provide a submission under [former] 37 CFR 3.73(b). In each submission, the extent of each assignee's interest must be set forth so that the Office can determine whether it has obtained action by the entirety of the right, title, and interest holders (owners).'').

Section 1.601(b) prohibits third parties from filing papers or otherwise participating in any manner in a supplemental examination proceeding. Section 12 of the AIA specifies that a request for supplemental examination may be filed by the patent owner. *See* 35 U.S.C. 257(a). There is no provision for participation in any manner by a third party in a supplemental examination proceeding. In addition, because only the patent owner can file the request for supplemental examination, third party participation is also prohibited in any *ex parte* reexamination ordered under 35 U.S.C. 257 and § 1.625, pursuant to *ex parte* reexamination practice.

Section 1.601(c) provides that a request for supplemental examination of a patent may be filed at any time during

the period of enforceability of the patent. This time period is being specified in this final rule because the Office believes that Congress did not intend the Office to expend resources on the supplemental examination of a patent which cannot be enforced. The period of enforceability is determined by adding six years to the date that the patent expires. It is the responsibility of the patent owner to determine the expiration date of the patent for which supplemental examination is requested. The patent expiration date for a utility patent, for example, may be determined by taking into account the term of the patent, whether maintenance fees have been paid for the patent, whether any disclaimer was filed as to the patent to shorten its term, any patent term extensions or adjustments for delays within the Office under 35 U.S.C. 154, and any patent term extensions available under 35 U.S.C. 156 for premarket regulatory review. *See* MPEP §§ 2710 and 2750. Any other relevant information should also be taken into account. In addition, if litigation is instituted within the period of the statute of limitations, requests for supplemental examination may be filed after the statute of limitations has expired, as long as the patent is still enforceable. This policy is consistent with *ex parte* reexamination practice. *See* § 1.510(a) and MPEP § 2211.

Section 1.605: Section 1.605(a) is added to require that each request for supplemental examination may include no more than twelve items of information believed to be relevant to the patent. In other words, the number of items of information that may be submitted as part of each request for supplemental examination is limited to twelve (12). As discussed previously, the amount of information that may be included with each request is limited in order to permit full and comprehensive treatment of each item of information within the three-month statutory time period. Section 1.605(a) permits the filing of more than one request for supplemental examination of the same patent at any time during the period of enforceability of the patent. The patent owner is not precluded from obtaining review of any item of information despite the twelve-item limit because the patent owner may file multiple requests for supplemental examination of the same patent at any time during the period of enforceability of the patent.

Section 1.605(b) provides that an ''item of information'' includes a supporting document submitted as part of the request that contains information, believed to be relevant to the patent, that the patent owner requests the Office to consider, reconsider, or correct. Examples include a journal article, a patent, an affidavit or declaration, or a transcript of an audio or video recording, each of which may be considered an item of information. If the information to be considered, reconsidered, or corrected is not, at least in part, contained within or based on any supporting document submitted as part of the request, the discussion within the body of the request relative to the information will be considered as the item of information. For example, if the patent owner requests the Office to consider claim 1 of the patent on the basis of 35 U.S.C. 101, and the discussion of any potential application of 35 U.S.C. 101 to claim 1 is wholly contained within the body of the request and is not based, at least in part, on any supporting document, the discussion in the request will be considered as the item of information. If, however, the patent owner is presenting a copy of a supporting document within the body of the request, such as an image of an electronic mail message or other document, a separate copy of the supporting document must be provided, which will be considered as an item of information. The patent owner may not avoid the counting of an item of information by inserting the content of the supporting document within the body of the request. As another example, if the patent owner presents an argument in the request regarding an issue under 35 U.S.C. 102, such as a potential public use or sale of the claimed invention, and also submits a supporting document with the request as possible evidence of the public use or sale, or the lack thereof, the supporting document containing the possible evidence will be considered as the item of information.

Similarly, a declaration or affidavit submitted as part of a request would be considered an item of information. If the declaration presents two distinct items of information, such as information relating to a potential ground under 35 U.S.C. 101 as to patent claim 1 that was not considered during the prior examination of the patent, and information relating to erroneous facts or data presented during the prior examination of the patent with respect to an issue under 35 U.S.C. 103 as to patent claim 10, then each item of information contained within the declaration will be counted separately, resulting in two items of information. The patent owner may not avoid the counting of multiple items of information by inserting the multiple items within the body of a declaration or by presenting them as exhibits accompanying the declaration. Additionally, if the declaration presents one item of information, such as information regarding erroneous data presented during the prior examination of the patent with respect to an issue under 35 U.S.C. 103 as to patent claim 10, and relies upon a single exhibit, such as a new table of data, to support facts presented in the declaration, the Office is likely to count the declaration, including the supporting exhibit, as a single item of information. If, however, the declaration relies upon two separate and distinct exhibits, such as, for example, two separate and distinct sales receipts as evidence of a potential sale of the invention (*e.g.,* a sales receipt dated March 2011 and a second, separate sales receipt dated October 2011, which provides evidence of a second, separate sale of the invention), then each additional sales receipt will be counted separately, resulting in two items of information (one item consisting of the declaration and one sales receipt, and the second item consisting of the second sales receipt).

Section 1.605(c) requires that an item of information must be in writing in accordance with § 1.2. The Office does not currently have the capability of retaining records in unwritten form. For this reason, any audio or video recording must be submitted in the form of a written transcript in order to be considered. A transcript of a video may be submitted together with copies of selected images of the video, and a discussion of the correlation between the transcript and the copies of the video images.

Section 1.605(d) provides that if an item of information is combined in the request with one or more additional items of information, each item of information of the combination may be separately counted. If it is necessary to combine items of information in order to raise an issue, or to explain the relevance of the items of information to be considered, reconsidered, or corrected with respect to the identified claims, each item of information may be separately counted. Exceptions to this provision include the combination of a non-English language document and its translation, and the combination of a document that is over 50 pages in length and its summary pursuant to § 1.610(b)(8).

For example, if the patent owner requests consideration of claim 1 of a patent in light of references A and B, and explains that it is the combination of references A and B that is relevant to claim 1, reference A and reference B

will be separately counted as items of information. Cumulative items of information will each be separately counted. If the patent owner believes that multiple items of information are cumulative to each other, the patent owner is encouraged to select one or two of them as the items of information that will be submitted as part of the request.

If, however, a single item of information, such as a reference patent, raises an issue under 35 U.S.C. 102 as to claim 1 and an issue under 35 U.S.C. 103 as to claim 2, the reference patent will nevertheless be counted as a single item of information. The Office will count items of information, but will not count the number of issues raised by that item.

Section 1.610: Section 1.610 governs the content of the request for supplemental examination. Consistent with the requirement in 35 U.S.C. 257(d) to establish fees, § 1.610(a) requires that the request be accompanied by the fee for filing a request for supplemental examination as set forth in § 1.20(k)(1), the fee for *ex parte* reexamination ordered as a result of a supplemental examination proceeding as set forth in § 1.20(k)(2), and any applicable document size fees as set forth in § 1.20(k)(3).

Section 1.610(b) sets forth content requirements for a request for supplemental examination. Section 1.610(b)(1) requires that the request include an identification of the number of the patent for which supplemental examination is requested.

Section 1.610(b)(2) requires that the request include a list of the items of information that are requested to be considered, reconsidered, or corrected. Where appropriate, the list must meet the requirements of § 1.98(b). For example, the list must include a publication date for each item of information, if applicable. This list must include each of the items of information on which the request is based. If the item of information is a discussion contained within the body of the request, as discussed previously, the pages of the request on which the discussion appears, and a brief description of the item of information, such as ''discussion in request of why the claims are patentable under 35 U.S.C. 101, pages 7–11,'' must be listed.

Section 1.610(b)(3) requires that the request include a list identifying any other prior or concurrent post-patent Office proceedings involving the patent for which the current supplemental examination is requested, including an identification of the type of proceeding, the identifying number of any such proceeding (*e.g.,* a control number or a reissue application number), and the filing date of any such proceeding. The type of proceeding may be, for example, an *ex parte* or *inter partes* reexamination proceeding, a reissue application, a supplemental examination proceeding, a post-grant review proceeding, or an *inter partes* review proceeding.

Section 1.610(b)(4) requires that the request include an identification of each claim of the patent for which supplemental examination is requested. The result of a supplemental examination is a determination of whether any of the items of information raises a substantial new question of patentability. Because patentability relates to the claims of the patent, the patent owner must identify the patent claims to be examined in order for the Office to determine whether a substantial new question of patentability as to those claims has been raised by an item of information. For example, if the information raises a question as to the adequacy of the written description portion of the specification, the substantial new question of patentability pertains to the question of whether the specification provides adequate support under 35 U.S.C. 112 for the identified claim. If the information raises a question as to a foreign priority or domestic benefit claim, the substantial new question of patentability pertains to the question of whether the patentability the identified claim under 35 U.S.C. 102 and 103 depends upon a foreign priority or domestic benefit claim (*e.g.,* where the claimed invention must be entitled to foreign priority or domestic benefit to be patentable under 35 U.S.C. 102 and 103 because there is an intervening references).

Section 1.610(b)(5) requires that the request include a separate, detailed explanation of the relevance and manner of applying each item of information to each claim of the patent for which supplemental examination is requested. In view of the fact that patent owners filing a request for supplemental examination may be contemplating future litigation, the Office recommends that, in order to meet this requirement, patent owners consider the guidance set forth in MPEP § 2214, which governs the content of a request for *ex parte* reexamination.

Section 1.610(b)(6) requires that the request include a copy of the patent for which supplemental examination is requested, and a copy of any disclaimer or certificate issued for the patent. A ''certificate issued for the patent'' includes, for example, a certificate of correction, a certificate of extension, a supplemental examination certificate, a post-grant review certificate, an *inter partes* review certificate, an *ex parte* reexamination certificate, and/or an *inter partes* reexamination certificate issued for the patent.

Section 1.610(b)(7) requires that the request include a copy of each item of information listed in § 1.610(b)(2), accompanied by a written English translation of all of the necessary and pertinent parts of any non-English language document. Items of information that form part of the discussion within the body of the request as specified in § 1.605(b) are not required to be submitted. As discussed previously, if the information to be considered, reconsidered, or corrected is not, at least in part, contained within or based on any supporting document submitted as part of the request, the discussion within the body of the request relative to the information will be considered as the item of information, a copy of which is not required under § 1.610(b)(7) to be separately submitted. Copies of U.S. patents and U.S. patent application publications are also not required, but may be submitted.

Section 1.610(b)(8) requires that the request include a summary of the relevant portions of any submitted document (including patent documents), other than the request, that is over 50 pages in length. The summary must include citations to the particular pages containing the relevant portions. This summary may be similar to the requirement for information disclosure statements of a discussion of the relevant and pertinent parts of a non-English language document. This requirement will assist the Office in treating information presented in lengthy documents within the statutory three-month time period. Patent owners are encouraged to redact lengthy documents to include only the relevant portions, unless the redaction would remove context such that the examiner would not be provided with a full indication of the relevance of the information.

Section 1.610(b)(9) requires that the request must include an identification of the owner(s) of the entire right, title, and interest in the patent requested to be examined, and a submission by the patent owner in compliance with § 3.73(c) establishing the entirety of the ownership in the patent requested to be examined. As discussed previously, § 1.601(a) requires that a request for supplemental examination of a patent must be filed by the owner(s) of the entire right.

Section 1.610(c) provides that the request may optionally include certain enumerated elements. Section 1.610(c)(1) permits the request to include a cover sheet itemizing each component submitted as part of the request. A ''component'' may be a certificate of mailing, the request, the patent to be examined, an item of information, and any other separate document that is deposited with or as part of the request. Section 1.610(c)(2) permits the request to include a table of contents for the request. Section 1.610(c)(3) provides that the request may include an explanation of how the claims patentably distinguish over the items of information. Section 1.610(c)(4) provides that the request may include an explanation why each item of information does or does not raise a substantial new question of patentability. Patent owners are strongly encouraged to submit this explanation, which will assist the Office in analyzing the request.

Section 1.610(d) provides that the filing date of a request for supplemental examination will not be granted if the request is not in compliance with §§ 1.605, 1.610, and 1.615, subject to the discretion of the Office. If the Office determines that the request, as originally submitted, is not entitled to a filing date, then the patent owner will be so notified and will be given an opportunity to complete the request within a specified time. If the patent owner does not timely comply with the notice, the request for supplemental examination will not be granted a filing date and the fee for reexamination as set forth in § 1.20(k)(2) will be refunded. If the patent owner timely files a corrected request, in response to the notice, that properly addresses all of the defects set forth in the notice and that otherwise complies with all of the requirements of §§ 1.605, 1.610, and 1.615, the filing date of the supplemental examination request will be the receipt date of the corrected request.

Section 1.615: Section 1.615(a) requires that all papers submitted in a supplemental examination proceeding must be formatted in accordance with § 1.52. Section 1.615(b) provides that court documents and non-patent literature may be redacted, but must otherwise be identical both in content and in format to the original documents, and if a court document, to the document submitted in court, and must not otherwise be reduced in size or modified, particularly in terms of font type, font size, line spacing, and margins. Patents, patent application publications, and third-party-generated affidavits or declarations must not be reduced in size or otherwise modified in the manner described in this paragraph.

Section 1.620: Section 1.620(a) requires that, within three months following the filing date of a request for supplemental examination, the Office will determine whether a substantial new question of patentability affecting any claim of the patent is raised by any of the items of information properly presented in the request. The standard for determining whether an item of information submitted as part of the request raises a substantial new question of patentability will be the standard set forth in the MPEP: *i.e.,* whether there is a substantial likelihood that a reasonable examiner would consider the item of information important in determining patentability. *See* MPEP § 2242.

The determination of whether an item of information submitted as part of the request raises a substantial new question of patentability (SNQ) will generally be limited to a review of the item(s) of information identified in the request with respect to the identified claim(s) of the patent. For example, a determination on a request that includes three items of information, where each item is requested to be considered with regard to claim 1, will generally be limited to whether any of the three items of information raise a substantial new question of patentability with respect to claim 1. If the patent owner is interested in applying an item of information to multiple claims of the patent, the request for supplemental examination must include an identification of each claim to which the item of information is to be applied and the required detailed explanation with respect to each claim. For example, if the patent owner fails to request that the Office consider certain claims in view of an item of information, then the patent owner is not entitled to a determination for that item of information with respect to those claims. The determination will be based on the claims in effect at the time of the determination. The supplemental examination certificate, which contains the determination of whether a substantial new question of patentability was raised by one or more of the items of information submitted as part of the request, will become a part of the official record of the patent.

Section 1.620(b) provides that the Office may hold in abeyance an action on any petition or other paper filed in a supplemental examination proceeding until after the proceeding is concluded by the electronic issuance of the supplemental examination certificate as set forth in § 1.625. The only actions by the Office on the request for supplemental examination are: (1) a determination of whether the request is entitled to a filing date; and (2) a determination of whether any of the items of information submitted with the request raises a substantial new question of patentability. The only relevant type of petition that the Office anticipates will be filed in a supplemental examination proceeding would involve the filing date of the request, which is not relevant to the determination of whether any of the items of information submitted with the request raises a substantial new question of patentability. Holding in abeyance a decision on such a petition will assist the Office in making the determination regarding the substantial new question within the three-month statutory period.

Section 1.620(c) provides that if an unauthorized or otherwise improper paper is filed in a supplemental examination proceeding, it will not be entered into the official file or considered, or if inadvertently entered, it will be expunged.

Section 1.620(d) requires that the patent owner must, as soon as possible upon the discovery of any other prior or concurrent post-patent Office proceeding involving the patent for which the current supplemental examination is requested, file a paper limited to notifying the Office of the post-patent Office proceeding, if such notice has not been previously provided with the request. The Office anticipates that a patent for which supplemental examination is requested is likely to be involved in other post-patent Office proceedings, including another supplemental examination proceeding. Knowledge of other proceedings is important to ensure a quality determination. In addition, notice is required due to the statutory three-month period within which the Office must conclude the supplemental examination. The notice is limited to an identification of the post-patent Office proceeding, including the type (*e.g., ex parte* or *inter partes* reexamination, reissue, supplemental examination, post-grant review, or *inter partes* review), an identifying number, such as a control number or reissue application number, and the filing date of the post-patent Office proceeding. The notice may not include any discussion of the issues present in the current supplemental examination proceeding or in the identified post-patent Office proceeding(s). If the paper containing the notice is not so limited, the paper will be held to be improper, and will be processed as an unauthorized paper pursuant to § 1.620(c).

Section 1.620(e) prohibits interviews in a supplemental examination proceeding. This requirement will assist the Office to process the request for supplemental examination within the three-month statutory period. A telephone call to the Office to confirm receipt of a request for supplemental examination, or to discuss general procedural questions, is not considered to be an interview for the purposes of this provision. This prohibition against interviews applies only to supplemental examination proceedings. Interviews conducted in connection with any *ex parte* reexamination ordered under 35 U.S.C. 257 as a result of the supplemental examination proceeding are governed by the regulations governing *ex parte* reexamination proceedings. *See, e.g.,* § 1.560.

Section 1.620(f) provides that no amendment may be filed in a supplemental examination proceeding. Amendments are not items of information, and are not appropriate in a supplemental examination proceeding. As specified in 35 U.S.C. 257(b), the patent owner does not have the right to file a statement under 35 U.S.C. 304. *See* § 1.625(d)(1). 35 U.S.C. 304 permits a patent owner to file an amendment by including the amendment with the patent owner's statement prior to an initial Office action. However, because the *ex parte* reexamination proceeding does not exist prior to the order under 35 U.S.C. 257, and because the patent owner is precluded from filing a statement under 35 U.S.C. 304, no amendment may be filed from the time the request for supplemental examination is filed, until after the issuance of an initial Office action on the merits in any *ex parte* reexamination proceeding ordered under 35 U.S.C. 257.

Section 1.620(g) provides that, if the Office becomes aware, during the course of a supplemental examination or of any *ex parte* reexamination ordered under 35 U.S.C. 257 as a result of the supplemental examination proceeding, that a material fraud on the Office may have been committed in connection with the patent requested to be examined, the supplemental examination proceeding or any *ex parte* reexamination proceeding ordered under 35 U.S.C. 257 will continue. The matter will be referred to the U.S. Attorney General in accordance with 35 U.S.C. 257(e), as discussed previously.

Section 1.625: Section 1.625(a) provides that a supplemental examination proceeding will conclude with the electronic issuance of the supplemental examination certificate. The supplemental examination certificate will be electronically issued in the Office IFW system and will be visible in the Office PAIR system within three months of the filing date of the request. Electronic issuance of the supplemental examination certificate will permit the Office to issue the certificate within the three-month statutory period and will permit sufficient time to review the items of information submitted as part of the request. The certificate will be viewable by the public in Public PAIR. The supplemental examination certificate will indicate the result of the determination whether any of the items of information presented in the request raised a substantial new question of patentability.

Section 1.625(b) provides that, if the supplemental examination certificate indicates that a substantial new question of patentability is raised by one or more items of information in the request, *ex parte* reexamination of the patent will be ordered under 35 U.S.C. 257. Upon the conclusion of the *ex parte* reexamination proceeding, an *ex parte* reexamination certificate, which will include a statement specifying that *ex parte* reexamination was ordered under 35 U.S.C. 257, will be published as an attachment to the patent by the Office's patent publication process. The electronically issued supplemental examination certificate will also remain as part of the public record for the patent.

Section 1.625(c) provides that, if the supplemental examination certificate indicates that no substantial new question of patentability is raised by any of the items of information in the request, and *ex parte* reexamination is not ordered under 35 U.S.C. 257, the electronically issued supplemental examination certificate will be published in due course by the Office's patent publication process as an attachment to the patent. The fee for reexamination ordered as a result of supplemental examination, as set forth in § 1.20(k)(2), will be refunded in accordance with § 1.26(c).

Section 1.625(d) provides that any *ex parte* reexamination ordered under 35 U.S.C. 257 will be conducted in accordance with §§ 1.530 through 1.570, which govern *ex parte* reexamination, except that: (1) The patent owner will not have the right to file a statement pursuant to § 1.530, and the order will not set a time period within which to file such a statement; (2) *ex parte* reexamination of any claim of the patent may be conducted on the basis of any item of information as set forth in § 1.605, and is not limited to patents and printed publications or to subject matter that has been added or deleted during a reexamination proceeding, which differs from the provisions of § 1.552(a); (3) issues in addition to those raised by patents and printed publications and by subject matter added or deleted during an *ex parte* reexamination proceeding may be considered and resolved, which differs from § 1.552(c); and (4) information material to patentability will be defined by § 1.56(b) for the purposes of a supplemental examination proceeding and any resulting *ex parte* reexamination proceeding. The material to patentability standard (§ 1.56(b)) applicable to patent applications is also applicable to an *ex parte* reexamination proceeding under 35 U.S.C. 257 resulting from a supplemental examination proceeding because, like patent application examination, an *ex parte* reexamination proceeding under 35 U.S.C. 257 is not limited to patents and printed publications. In contrast, the material to patentability standard (§ 1.555(b)) applicable to *ex parte* reexaminations under 35 U.S.C. 302 is limited to patents and printed publications. Any reference to ''applicant'' in § 1.56(b) will be read as ''patent owner'' in the context of a supplemental examination proceeding and any resulting *ex parte* reexamination proceeding under 35 U.S.C. 257, because these proceedings are only available to a patent owner.

Section 1.937: Section 1.937(d) is added to provide that a petition in an *inter partes* reexamination proceeding must be accompanied by the fee set forth in § 1.20(c)(6), except for petitions under § 1.956 to extend the period for response by a patent owner, petitions under § 1.958 to accept a delayed response by a patent owner, petitions under § 1.78 to accept an unintentionally delayed benefit claim, and petitions under § 1.530(l) for correction of inventorship in an *inter partes* reexamination proceeding.

Comments and Responses to Comments

As discussed previously, the Office proposed changes to the rules of practice to implement section 12 of the AIA (supplemental examination) and to set or adjust fees in *ex parte* and *inter partes* reexamination proceedings in a notice of proposed rulemaking published in January of 2012. *See Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith Invents Act and to Revise Reexamination Fees,* 77 FR at 3666–81. The Office received thirty-six comments in response to this notice from intellectual property organizations, industry, law firms, individual patent

practitioners, and the general public. The comments and the Office's responses to the comments follow:

Fees

Comment 1: A number of comments suggested that the fees for *ex parte* reexamination, and for supplemental examination and any *ex parte* reexamination ordered under 35 U.S.C. 257 as a result of the supplemental examination, are too high, and suggested a variety of alternative fee structures.

Response: The Office is adjusting the fee for filing a request for *ex parte* reexamination, and is setting the fees for filing supplemental examination and any resulting *ex parte* reexamination, to comply with 35 U.S.C. 41(d)(2). 35 U.S.C. 41(d)(2) permits the Office to set fees not otherwise specified in 35 U.S.C. 41. 35 U.S.C. 41(d)(2) specifies that such fees must be set at an amount that recovers the estimated average cost to the Office for the service.

Section 10 of the AIA also authorizes the Office to set or adjust fees, but unlike 35 U.S.C. 41(d)(2), permits fees to be set above or below cost recovery so long as the aggregate revenue equals the aggregate costs, including administrative costs. Section 10 of the AIA sets out a process that the Office must follow when setting or adjusting patent under that provision. The process set out in section 10 of the AIA, however, would not feasibly permit supplemental examination and the related *ex parte* and *inter partes* reexamination fees to be in place by September 16, 2012, the effective date of the supplemental examination provisions of the AIA. Therefore, the fee for filing an *ex parte* reexamination request is being adjusted, and the fees for filing supplemental examination and any resulting *ex parte* reexamination are being set, by this final rule under 35 U.S.C. 41(d)(2).

The Office has analyzed its *ex parte* and *inter partes* reexamination costs in order to estimate the cost of supplemental examination and resulting *ex parte* reexamination proceedings. The analysis of the Office's *ex parte* and *inter partes* reexamination costs revealed that the Office's current *ex parte* and *inter partes* reexamination fees are not set at amounts that recover the Office's costs for these processes or services. This final rule sets these fees at amounts that more accurately reflect the estimated average cost to the Office for these processes or services. The Office's analysis of the estimated fiscal year 2013 costs for *ex parte* reexamination, supplemental examination and any resulting reexamination, and petitions filed in *ex parte* and *inter partes* reexamination proceedings is available via the Office's Internet Web site (*http://www.uspto.gov*). Separately, the Office is in the process of adjusting and setting all patent fees under section 10 of the AIA, and the fees set in this notice will be revisited and may be proposed to be set or adjusted in that rulemaking.

Comment 2: Several comments questioned why the cost calculations published by the Office to support the fees for *ex parte* reexamination and for supplemental examination are based on the cost of denying, rather than granting, *ex parte* reexamination.

Response: The cost calculations published by the Office, entitled ''Cost Calculations for Supplemental Examination and Reexamination,'' are posted on the Office's Internet Web site at *www.uspto.gov*. These calculations are based on the costs incurred by the Office to process and analyze a request for reexamination, to draft an order granting or denying reexamination, and to conduct reexamination. The costs to process and analyze a request for reexamination are the same regardless of whether the examiner grants the request and orders reexamination, or denies reexamination. This cost amount is specified as the fee for a denied request for *ex parte* reexamination because it is the fee amount retained by the Office if the Office decides not to institute reexamination.

The decision as to whether the information submitted in a request for supplemental examination raises a substantial new question of patentability is identical to the decision as to whether the information submitted in a request for *ex parte* reexamination raises a substantial new question of patentability, except that the information submitted in a request for supplemental examination is not limited to patents and printed publications, and may be directed to issues of patentability in addition to those permitted in *ex parte* reexamination, such as issues under 35 U.S.C. 101 and 112. For this reason, the estimated cost for processing and examining a request for supplemental examination is based on the Office's cost for processing and examining a request for *ex parte* reexamination up to the decision to grant or deny the request for reexamination.

Comment 3: Several comments requested clarification as to why there exists a significant difference between the proposed fee for treating certain petitions in reexamination proceedings and the fees for treating other petitions outside of reexamination.

Response: The Office is adjusting the fee for processing and treating certain petitions in reexamination proceedings to comply with 35 U.S.C. 41(d), which does not authorize the Office to set the fee at an amount that is below the estimated average cost for the Office to process and treat the petition. As discussed previously, an analysis of the Office's *ex parte* and *inter partes* reexamination costs revealed that the Office's current fees for certain petitions in reexamination are not set at amounts that recover the Office's costs for these services. With the exception of certain types of reexamination petitions which are expressly excluded by the rules, petitions in reexamination proceedings involve issues of greater complexity, which require additional time to analyze and decide than other patent-related petitions. Reexamination petitions also tend to involve a greater number of issues than other patent-related petitions. Therefore, the fee for filing certain reexamination petitions is being adjusted, by this final rule, to an amount that more accurately reflects the estimated average costs to the Office to process and treat these petitions. As discussed previously, the Office's analysis of the estimated fiscal year 2013 costs for processing and treating petitions filed in *ex parte* and *inter partes* reexamination proceedings, as well as the Office's estimated fiscal year 2013 costs for supplemental examination and *ex parte* reexamination, are available via the Office's Internet Web site (*http://www.uspto.gov*).

Comment 4: A number of comments suggested that the Office should not charge fees for supplemental examination which are in excess of costs, as suggested by the Office's published executive summary of the patent fee proposal in accordance with section 10 of the AIA, submitted to the Patent Public Advisory Committee (PPAC) on February 7, 2012. A number of comments suggested the small and micro entity subsidies permitted under section 10 of the AIA be applied to supplemental examination and reexamination. Several comments also suggested that the costs incurred by the Office for processing and analyzing a denied request for *ex parte* reexamination, on which the fee for filing a request for supplemental examination request is based, includes the costs for analyzing any non-patent documents submitted as part of the request which have a length greater than 20 pages. These comments suggested that the Office is inappropriately applying a surcharge for submitting

these documents as part of a request for supplemental examination (the document size fee), without first reducing the fee for filing a supplemental examination request by an amount which reflects the average cost, per request, for analyzing these documents submitted with a denied request for *ex parte* reexamination.

Response: As discussed previously, the Office is separately in the process of adjusting and setting patent fees under section 10 of the AIA in a separate rulemaking, but that process would not feasibly permit supplemental examination and the related *ex parte* and *inter partes* reexamination fees to be in place by September 16, 2012, the effective date of the supplemental examination provisions of the AIA. Therefore, the fee for filing an *ex parte* reexamination request is being adjusted, and the fees for filing supplemental examination and any resulting *ex parte* reexamination are being set, by this final rule under 35 U.S.C. 41(d)(2). 35 U.S.C. 41(d)(2) does not provide for small or micro entity fee reductions. The fees set in this final rule will be revisited and may be proposed to be set or adjusted in the rulemaking under section 10 of the AIA.

To address the concern that the document size fees may result in a double recovery of fee revenue, the Office reviewed all requests for *ex parte* reexamination by a patent owner that met the requirements of 37 CFR 1.510 to be entitled to a filing date in fiscal year 2010 (59 requests) to determine: (1) the number of non-patent documents in these requests that were between 21 and 50 pages in length; and (2) the number of non-patent documents in these requests that were over 50 pages in length and the page length of each of these documents. In fiscal year 2010, patent owner-filed requests for *ex parte* reexamination contained three non-patent documents between 21 and 50 pages in length (which would have cost an additional $510) and two non-patent documents which were over 50 pages in length: one between 100 and 150 pages in length (which would have cost an additional $730), and one between 150 and 200 pages in length (which would have cost an additional $1,010). Thus, the patent owner-filed requests for *ex parte* reexamination that received a filing date in fiscal year 2010 would, if submitted as requests for supplemental examination, have resulted in an additional $2,250 in document size fees, which amounts to an average of $38.14 per patent owner-filed request for *ex parte* reexamination ($2,250/59), or $40, when rounded to the nearest ten dollars. Accordingly, the fee for filing a request for supplemental examination, $5,140, has been reduced from the originally proposed fee ($5,180) by the Office's average cost, per request, for analyzing non-patent documents greater than 20 pages in length submitted as part of a patent owner-filed request for *ex parte* reexamination in fiscal year 2010 ($40).

Comment 5: A number of comments suggested that payment of the fee for reexamination ordered under 35 U.S.C. 257 should not be required until after reexamination is ordered.

Response: 35 U.S.C. 257(b) provides that ''reexamination shall be conducted according to procedures established by chapter 30 * * * .'' 35 U.S.C. 305 expressly provides that, after the order (and after the time period set for filing a patent owner statement under 35 U.S.C. 304, which is excluded by 35 U.S.C. 257(b)), ''reexamination will be conducted * * * with special dispatch.'' Therefore, once reexamination is ordered, the Office is required by statute to conduct the reexamination proceeding with special dispatch. To permit a delay in prosecution caused by any time period within which the patent owner would be permitted to pay the reexamination fee would be contrary to the Office's mandate to conduct the reexamination with special dispatch. This final rule requires payment of the reexamination fee upon the filing of the request to permit the Office to commence any reexamination ordered under 35 U.S.C 257 in a timely manner. *See* § 1.610(a). If reexamination is not ordered, this final rule expressly provides that the patent owner will obtain a refund of the reexamination fee. *See* §§ 1.26(c)(3) and 1.625(c).

Comment 6: A number of comments suggested that if the patent owner cancels the claims within a set time period after reexamination is ordered under 35 U.S.C. 257, a significant portion of the reexamination fee should be refunded.

Response: 35 U.S.C. 257(b) expressly requires, if reexamination is ordered, that ''fees established and applicable to *ex parte* reexamination proceedings under chapter 30 shall be paid.'' 35 U.S.C. 257(b) does not provide for a refund due to claim cancellation during the reexamination. Moreover, in *ex parte* reexamination, the only method by which the patent owner may file an amendment to cancel claims after the order and prior to a first Office action is by filing a patent owner's statement under 35 U.S.C. 304. 35 U.S.C. 257(b), however, expressly excludes the right of the patent owner to file a statement under 35 U.S.C. 304. Therefore, the filing of any amendment to cancel claims after the order granting reexamination under 35 U.S.C. 257 and before the initial Office action on the merits is statutorily precluded. Finally, there is no reason to believe that the processing and examination costs would be less for an *ex parte* reexamination in which an amendment has been filed (or claims have been canceled) than for an *ex parte* reexamination in which no amendment has been filed.

Comment 7: A number of comments suggested that the rule requiring document size fees be modified or eliminated for non-patent documents that are over 50 pages in length if a summary of the relevant portions is provided. Several comments alternatively suggested that the requirement to summarize non-patent documents over 50 pages in length be eliminated, and that the document size fees should be retained to recover the costs of reviewing lengthy documents in order to ensure the consideration of any relevant information contained in the documents.

Response: Even though a summary of the relevant portions of a document over 50 pages in length is provided, the examiner is still required to review the document. The document size fees, as set forth in this final rule, recover the Office's costs of reviewing lengthy documents. Additionally, the requirement for the summary directs the Office's attention to the relevant information presented in lengthy documents. Patent owners are encouraged to redact lengthy documents to include only the relevant portions, unless the redaction would remove context such that the examiner would not be provided with a full indication of the relevance of the information.

Item of Information Limit

Comment 8: A number of comments suggested that the Office replace the limit on the number of items of information on which each request for supplemental examination may be based, with a sliding fee scale which would be based on, for example, a separate fee for each item of information submitted.

Response: The supplemental examination procedure was designed to enable patent owners to present items of information for consideration, reconsideration, or correction. The Office is required to conduct and conclude supplemental examination within three months after a request is filed. In order to meet this time frame, the Office is setting a limit of twelve items of information that a patent owner may submit to the Office in each request. The purpose of this limit is to

strike a balance between the needs of the patent owner and the ability of the Office to timely conclude the proceeding. There is, however, no limit to the number of issues that these twelve items of information can raise, or to the number of separate requests for supplemental examination of the same patent that a patent owner can file at any time.

Even though the basis for most inequitable conduct allegations is typically far fewer than ten items of information, the Office has raised the limit to twelve items of information in response to the public's comments. A review of *ex parte* reexamination requests filed in fiscal year 2011 revealed that in at least ninety-three percent of the requests, the requester relied on twelve or fewer documents. In addition, the Office is very mindful of the time necessary for examiners to analyze the items of information submitted, particularly since the items are not limited to patents and printed publications, and since each item may raise multiple issues. This final rule limits the number of items of information to twelve to establish a procedure that not only is practical, but also enables an examiner to fully, comprehensively, and timely analyze all submitted items of information and issues to accurately determine whether there is a substantial new question of patentability.

Merger

Comment 9: A number of comments questioned whether the Office will consider merging multiple requests for supplemental examination of the same patent and/or consolidating the reexamination proceedings resulting from these requests. These comments also questioned how any merger procedure contemplated by the Office will be conducted.

Response: A supplemental reexamination proceeding must conclude within three months from the filing date of the request. As a general rule, the Office will not merge a supplemental examination proceeding with any other supplemental examination proceeding. The Office, however, reserves its option to merge supplemental examination proceedings as circumstances arise. The Office likewise does not anticipate that a supplemental examination proceeding or *ex parte* reexamination proceeding resulting from a supplemental examination proceeding will be merged with any other type of Office proceeding. The Office similarly reserves its option to merge reexamination proceedings that are ordered as a result of supplemental examination proceedings as circumstances arise.

Items of Information

Comment 10: A number of comments requested that the method of counting the items of information be clarified. These comments questioned whether a reference which raises an issue of anticipation and also raises an issue of obviousness would be counted as one or two items. One comment suggested that a combination of references under 35 U.S.C. 103 be counted as a single item. One comment suggested that where multiple items of information can be deemed to be cumulative to each other, the cumulative items be counted as one item.

Response: When counting the number of items of information in a request for supplemental examination, the Office will tally the number of items of information, such as documents, presented. The Office will not count the number of issues raised by, or the number of grounds which the patent owner requests the Office to consider, when determining the number of items of information. A single reference that raises multiple issues under multiple grounds, for example, under 35 U.S.C. 102, 35 U.S.C. 103, and 35 U.S.C. 112, will be counted as a single item of information. However, if the patent owner cites a combination of multiple references under 35 U.S.C. 103, then each reference of the combination will be counted as one item of information. For example, if the patent owner states that the claims are patentable under 35 U.S.C. 103 over the combination of reference A in view of reference B, then reference A and reference B must be separately listed as items of information, and will be counted as two items. Cumulative items of information will each be separately counted. For example, if the patent owner indicates that reference A is cumulative to reference B, reference A and reference B will be counted as two items of information. If the patent owner believes that multiple items of information are cumulative to each other, the patent owner is encouraged to select one or two documents as the items of information that will be submitted with the request.

Comment 11: One comment questioned whether a book of meeting abstracts constitutes one or more items of information. Several comments further questioned how supporting documents, such as declarations, dated sales receipts, marketing catalogs, and tables of data would be counted.

Response: An ''item of information'' is defined as a document, submitted as part of the request, that contains information believed to be relevant to the patent, and that the patent owner is requesting the Office to consider, reconsider, or correct. *See* § 1.605(b). If, for example, the patent owner relies upon different abstracts, bound together in a book of meeting abstracts, it is likely that the Office will treat each abstract as a separate item of information. In this example, the Office suggests that the patent owner cite to and rely upon only the particular abstracts that are relevant to the patent and not cite to an entire book of meeting abstracts.

A declaration or affidavit would be considered an item of information. If the declaration presents two distinct items of information, such as information relating to a potential ground under 35 U.S.C. 101 as to patent claim 1 that was not considered during the prior examination of the patent, and information relating to erroneous facts or data presented during the prior examination of the patent with respect to an issue under 35 U.S.C. 103 as to patent claim 10, then each item of information contained within the declaration will be counted separately, resulting in two items of information. As another example, if the declaration presents one item of information, such as information regarding erroneous data presented during the prior examination of the patent with respect to an issue under 35 U.S.C. 103 as to patent claim 10, and relies upon a single exhibit, such as a new table of data, to support facts presented in the declaration, the Office is likely to count the declaration, including the supporting exhibit, as a single item of information. However, as a further example, if the declaration presents information relating to a potential sale of the invention and relies upon two separate and distinct sales receipts (*e.g.,* a sales receipt dated March 2011 which provides evidence of the sale of the invention, and a second, separate sales receipt dated October 2011, which provides evidence of a second, separate sale of the invention), then each additional sales receipt will be counted separately, resulting in two items of information (one item consisting of the declaration and one sales receipt, and the second item consisting of the second sales receipt). As a final example, if the declaration relies not only upon a sales receipt as evidence of a sale of the invention under 35 U.S.C. 102(b), but also upon a reference patent as evidence of a potential ground under 35 U.S.C. 103,

then again, each additional exhibit will be counted separately. In this example, the reference patent will be counted as a second item of information.

A discussion within the body of the request will only be counted if the information to be considered, reconsidered, or corrected is not, at least in part, contained within or based on a supporting document. *See* § 1.605(b). If, for example, the discussion within the body of the request identifies a sales receipt supplied as an exhibit to the request as a potential ground under 35 U.S.C. 102(b), the discussion in the body of the request regarding a sales receipt will not be counted because the ''information,'' *i.e.,* the sale, is at least in part, if not wholly, contained within or based on the sales receipt. Patent owners are encouraged to draft the request for supplemental examination in a manner that clearly and consistently sets forth the items of information which the patent owner wishes the Office to consider, reconsider, or correct.

Comment 12: A number of comments questioned whether a new reference cited in an information disclosure statement by the patent owner during a reexamination ordered under 35 U.S.C. 257 will be designated as ''considered during the supplemental examination of the patent'' within the meaning of 35 U.S.C. 257(c) for purposes of enforceability.

Response: 35 U.S.C. 257(c) specifies the effect of a supplemental examination proceeding on the enforceability of the patent. Specifically, 35 U.S.C. 257(c)(1) provides that, with two exceptions, ''[a] patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent.'' A supplemental examination proceeding commences with the receipt of a request for supplemental examination, and concludes with the issuance of a supplemental examination certificate. *See* 35 U.S.C. 257(a). Reexamination is not ordered until after the supplemental examination certificate has issued. *See* 35 U.S.C. 257(b) (''[i]f the certificate issued under subsection (a) indicates that a substantial new question of patentability is raised * * * the Director shall order reexamination''). Thus, if the patent owner wishes to ensure that the benefits of 35 U.S.C. 257(c)(1) attach to an item of information, the patent owner should submit the item of information as part of the request for supplemental examination and not wait to submit it in an information disclosure statement during a reexamination.

Ownership Requirement

Comment 13: A number of comments suggested that an owner of less than the entire right, title, and interest in the patent be permitted to file a request for supplemental examination. A number of comments suggested that filing by fewer than all of the owners be permitted when a joint owner is deceased, is legally incapacitated, refuses to join, or cannot be found after diligent effort, or where one of the owners is an organization that is dissolved.

Response: 35 U.S.C. 257(a) only permits a patent owner to file a request for supplemental examination. All parties having an interest in a patent are deemed ''a patent owner'' as a composite entity and must act together in proceedings before the Office. *See* MPEP § 301 (''Ownership/Assignability of Patents and Applications''), which expressly states: ''All parties having any portion of the ownership of the patent property must act together as a composite entity in patent matters before the Office.'' *See also* MPEP § 324.

The Office's practice for supplemental examination is consistent with *ex parte* reexamination practice, which requires a patent owner requester of an *ex parte* reexamination to comply with the provisions of §§ 3.71 and 3.73, and MPEP § 324 for establishing an assignee's right to take action when submitting a power of attorney. *See* MPEP § 2222.

The Office may, under rare circumstances, permit less than all of the owners to file a request for supplemental examination if a grantable petition under § 1.183 requesting waiver of the provisions of §§ 3.71 and 3.73(c) is filed. For example, such a petition may be filed in the case of a deceased or legally incapacitated joint owner, or where the joint owner refuses to join or cannot be found after diligent effort. In the case of a deceased joint owner, the heirs, administrators, or executors of the joint owner may be permitted to join in filing the request for supplemental examination. If one of the owners is legally incapacitated, the legal representative of the joint owner may be permitted to join in filing the request for supplemental examination. If a joint owner refuses to sign or cannot be found or reached after diligent effort, the remaining owners in the petition must include proof of the pertinent facts, a showing that such action is necessary to preserve the rights of the parties or to prevent irreparable damage, and the last known address of all of the joint owners. Finally, if an owner of all or a portion of the entire right, title, and interest of the patent is an organization that is dissolved, the Office may require that a determination of the ownership of the patent be obtained from a court of competent jurisdiction.

Comment 14: A number of comments suggested that a licensee, and in particular, an exclusive licensee, be permitted to file a request for supplemental examination. A number of comments also suggested that if an assignee or any person with sufficient proprietary interest, as authorized by 35 U.S.C. 118 as amended by the AIA, can apply for a patent, then the same assignee may file a request for supplemental examination. One comment questioned whether a legal representative of the patent owner may file a request and conduct prosecution.

Response: 35 U.S.C. 257(a) only permits a patent owner to file a request for supplemental examination. Accordingly, the Office is not authorized to permit a party who is not a patent owner, or a party who merely states that it is, for example, an exclusive licensee or a person with sufficient proprietary interest under 35 U.S.C. 118, to file a request for supplemental examination.

A legal representative of the patent owner may file a request for supplemental examination on behalf of the patent owner. The request, however, may not be filed anonymously. The request must identify the owner(s) of the entire right, title, and interest in the patent to be examined, on whose behalf the legal representative is acting, as required by this final rule. *See* § 1.610(b)(9). Where an attorney or agent files a request on behalf of a patent owner, he or she may act under a power of attorney under § 1.32, or in a representative capacity under § 1.34. A patent owner may not be represented during a supplemental examination proceeding or the resulting *ex parte* reexamination proceeding by an attorney or other person who is not registered to practice before the Office. Any correspondence from the Office will be directed to the patent owner at the address indicated in the file of the patent for which supplemental examination is requested pursuant to § 1.33(c), regardless of the address of the person filing the request.

Content of Request

Comment 15: A number of comments suggested that the content requirements for a supplemental examination request are overly burdensome, and suggested a

variety of alternative and simplified requirements. A number of comments suggested that the detailed content requirements may potentially expose the patent owner to subsequent allegations of inequitable conduct based on an omission, or a specific statement or characterization, made in a supplemental examination request.

Response: In response to the public's comments, the Office has revised the content requirements for a request for supplemental examination to include the following: (1) An identification of the number of the patent for which supplemental examination is requested; (2) a list of the items of information that are requested to be considered, reconsidered, or corrected; (3) a list identifying any other prior or concurrent post-patent Office proceedings involving the patent for which supplemental examination is being requested; (4) an identification of each claim of the patent for which supplemental examination is requested; (5) a separate, detailed explanation of the relevance and manner of applying each item of information to each claim of the patent for which supplemental examination is requested; (6) a copy of the patent for which supplemental examination is requested and a copy of any disclaimer or certificate issued for the patent; (7) a copy of each listed item of information, accompanied by a written English translation of all of the necessary and pertinent parts of any non-English language item of information (except for items of information that form part of the discussion within the body of the request, or copies of U.S. patents and U.S. patent application publications); (8) a summary of the relevant portions of any submitted document, other than the request, that is over 50 pages in length; and (9) an identification of the owner(s) of the entire right, title, and interest in the patent requested to be examined, and a submission by the patent owner in compliance with § 3.73(c) establishing the entirety of the ownership in the patent requested to be examined. *See* § 1.610(b). These requirements balance the interests of the public with the Office's need to make an accurate and comprehensive determination, within the statutory three-month time period, whether any of the items of information submitted as part of the request raise a substantial new question of patentability.

Comment 16: A number of comments questioned whether permitting an explanation of how the claims distinguish over the items of information would be contrary to the spirit of 35 U.S.C. 257(b), which provides that ''reexamination shall be conducted according to the procedures established by chapter 30, except that the patent owner shall not have the right to file a statement pursuant to section 304.''

Response: Section 1.610(c) permits the patent owner to include, in the request, an explanation of how the claims patentably distinguish over the submitted items of information. Section 1.610(c) is consistent with established *ex parte* reexamination practice, which allows the patent owner to describe, in the request, how the claims distinguish over the cited prior art patents and printed publications (*see* MPEP § 2217). This provision is not contrary to the spirit of 35 U.S.C. 257(b), which removes the right of the patent owner to file a statement under 35 U.S.C. 304 during any subsequent reexamination. A patent owner's statement under 35 U.S.C. 304 is filed after the order granting reexamination and serves a different function. Specifically, patent owner's statement under 35 U.S.C. 304 addresses the Office's determination in the order granting reexamination that a substantial new question of patentability has been raised by the request. In contrast, a patent owner's explanation that may form part of the request for supplemental examination under § 1.610 discusses how the claims may be distinguished over the items of information submitted as part of the request. Furthermore, § 1.610(c) is also consistent with established *ex parte* reexamination practice, which allows the patent owner to describe, in the request, how the claims distinguish over the cited prior art patents and printed publications (*see* MPEP § 2217).

Comment 17: A number of comments suggested that the requirements for a copy of the patent for which supplemental examination is requested, and for a copy of each item of information, are unnecessary because such copies would be available to the Office. One comment suggested that the Office may obtain copies of any items of information that are available through the Common Citation Document (CCD), which was launched by the Trilateral Offices.

Response: The requirement for a copy of the patent for which supplemental examination is requested assists in preventing an inadvertent misidentification by the patent owner of the patent, for example, by transposing some of the digits of the patent number in the transmittal sheet and/or in the body of the request. The requirement also assists the Office in quickly discovering such inadvertent errors upon the receipt of the request. This requirement likwise assists in preventing any similar misidentification by the Office, thus avoiding an erroneous supplemental examination of a patent that is not owned by the requester. A copy of each item of information is required for the same reasons; *i.e.,* to prevent any inadvertent misidentification of the item of information in the list of items of information and/or in the body of the request by the patent owner or the Office. However, copies of items of information that form part of the discussion within the body of the request as specified in § 1.605(b) are not required to be submitted. Copies of items of information which are U.S. patents and U.S. patent application publications are also not required, but may be submitted. *See* § 1.610(b)(7).

The Common Citation Document (CCD) is an effective work sharing tool developed by the Trilateral Offices. Use of the CCD to obtain copies of items of information would not be feasible. The Office is required by statute to make a determination on the request within three months from the filing date of the request. To receive a filing date, a request for supplemental examination must be in a condition which permits the Office to promptly initiate supplemental examination of the patent. For the Office to be able to promptly initiate supplemental examination, a copy of the subject patent and all items of information must be available for review. If a copy of an item of information identified in the request were not obtainable through the CCD tool due to, for example, an inadvertent misidentification of the identifying information by the patent owner, an inadvertent difficulty with the hyperlink or other form of browser-executable code that appears on the CCD Web site, or it being an inaccessible non-patent document, the Office would not be able to initiate supplemental examination, and the request would not be entitled to a filing date until the item could be obtained. Accordingly, the final rule requires that a copy of the patent for which supplemental examination is requested, and copies of each item of information identified in the request, must be submitted as part of the request.

Comment 18: A number of comments suggested that the requirement to identify any other prior or concurrent post-patent Office proceedings involving the patent for which supplemental examination is requested is unnecessary because this information may be obtained by the Office.

Response: The Office anticipates that a patent for which supplemental

examination is requested may be involved in other post-patent Office proceedings, including another supplemental examination proceeding. Daily monitoring by the Office for the potential filing, in each and every supplemental examination proceeding, of any concurrent post-patent Office proceedings would not be feasible. The patent owner is in the best position to inform the Office of the existence of any other post-patent Office proceedings, whether the Office proceedings are prior or concurrent to the present supplemental examination proceeding. For these reasons, the final rule requires a list identifying any other prior or concurrent post-patent Office proceedings involving the patent for which supplemental examination is being requested. *See* § 1.610(b)(3).

Comment 19: A number of comments suggested that the requirement for a summary of the relevant portions of any submitted document, other than the request, that is over 50 pages in length be eliminated and/or replaced with an alternative requirement, such as a requirement for a summary of the entire document (rather than a summary of only the relevant portions) with citations to the particular pages believed to be relevant.

Response: As discussed previously, the requirement for the summary directs the Office's attention to the relevant information presented in lengthy documents. Patent owners are encouraged to redact lengthy documents to include only the relevant portions, unless the redaction would remove context such that the examiner would not be provided with a full indication of the relevance of the information.

Comment 20: One comment questioned whether the required detailed explanation of the relevance and manner of applying each item of information will be available to the examiner during reexamination ordered as a result of the supplemental examination, and whether the required detailed explanation will be made part of the record.

Response: The entire contents of a request for supplemental examination, including the required detailed explanation of the relevance and manner of applying each item of information will be available to the examiner if a reexamination is ordered as a result of the supplemental examination. Also, the contents of a request for supplemental examination that has received a filing date will be made part of the official record of the patent, and will be available to the public.

Comment 21: One comment questioned how the Office will address a request to consider, reconsider, or correct an item of information based on a given document in view of ''all existing prior art for the purposes of 35 U.S.C. 103.''

Response: If a patent owner requests the Office to consider an item of information in view of ''all existing prior art for the purposes of 35 U.S.C. 103'' in a request for supplemental examination, the request will not be given a filing date, due to the failure to comply with the requirements of the request. *See* § 1.610(d). The request may only be based on twelve items of information. If one item of information is combined in the request with one or more additional items of information, each item of information of the combination may be separately counted. *See* §§ 1.605(a) and (d). If an item of information is requested to be considered in view of all existing prior art under 35 U.S.C. 103, each piece of prior art would need to be provided and counted, and would presumably result in a number far greater than twelve. In addition, the request must include *inter alia:* (1) a list identifying each of the items of information that the patent owner requests the Office to consider, reconsider, or correct; and (2) a detailed explanation of the relevance and manner of applying each item of information to each claim of the patent for which supplemental examination is requested. *See* § 1.610(b). A request to consider, reconsider, or correct an item of information in view of ''all existing prior art for the purposes of 35 U.S.C. 103'' will not be deemed to meet these requirements.

Filing Date of Request

Comment 22: A number of comments suggested that the procedure for determining the filing date of a request for supplemental examination is unduly strict, and suggested a variety of alternative procedures, such as a procedure in which a filing date is granted to a substantially complete request, or to any request that does not contain a gross deficiency. These comments suggested that if an appropriately corrected request is timely filed in response to a notice by the Office of the defects, the request would retain the original filing date. A number of comments also suggested that a broader range of non-substantive or minimal defects, such as the mistakes in meeting format requirements, or a deficiency in a fee payment, be included in the exceptions to the requirement that the request be complete.

Response: The Office appreciates the importance of the filing date of a supplemental examination request. As discussed previously, the Office has simplified the content requirements for the request for supplemental examination to make it easier for a patent owner. *See* § 1.610(b). These requirements have been carefully formulated to address the concerns of the public, while providing the Office with the necessary information to make an accurate and comprehensive determination on the request for supplemental examination within the statutory three-month time period. As discussed previously, since the statutory three-month period commences with the filing date of the request, the final rule provides that a filing date will not be granted if the request is not in compliance with §§ 1.605, 1.610, and 1.615. The Office, however, has the discretion under § 1.610(d) to grant a filing date if the request contains only minor defects, such as improper margins or other format issues.

Comment 23: A number of comments suggested that the request not be made public until after a filing date is granted to avoid a ''race to the court.'' These comments suggested that a request that is not granted a filing date, due to the presence of one or more defects in the request, could inform an accused infringer of the manner in which an inequitable conduct charge could be raised in court. These comments further suggested that such an inequitable conduct charge could be maintained in court notwithstanding a later-filed corrected request for supplemental examination that cures all of the defects of the originally filed request, but which is given a filing date that is later than the date on which the inequitable conduct charge is raised in court by the accused infringer.

Response: In response to the public's comments, the Office does not intend to make a request for supplemental examination public until the request is granted a filing date. The Office is establishing a procedure in which the request, and any other papers or information submitted as part of or accompanying the request, would not be viewable in Public PAIR until a filing date is granted by the Office.

Comment 24: A number of comments suggested that the statute permits the filing date of the original request to be distinct from the date that starts the three-month period to conduct the supplemental examination when a corrected request is filed. These comments suggested that the original filing date may be granted upon correction of any defects, and that the

date starting the three-month period may be separately determined to be the date of the corrected request.

Response: 35 U.S.C. 257(a) provides for a single date only— ''the date a request for supplemental examination meeting the requirements of this section is received.'' The statute does not authorize the Office to grant a date that is separate and distinct from the date established by the statute as a filing date. Thus, the date specified in 35 U.S.C. 257(a) is both the filing date and the date that starts the three-month period to conduct the supplemental examination.

Conduct of Supplemental Examination

Comment 25: A number of comments suggested that the review by the Office of the items of information presented in a request for supplemental examination should not be generally limited to a review of the issues identified in the request, but rather that the supplemental examination should entail a general reassessment of all issues of patentability. Several comments suggested that such a limitation is not authorized by 35 U.S.C. 257. These comments also suggested that this limitation would provide unwarranted unenforceability protection, because a patent owner could include in its request a discussion of some issues of patentability with respect to an item of information, while withholding comment as to other relevant issues of patentability, a court would be statutorily required to dismiss any allegations of inequitable conduct based on any conduct relating to the items of information.

Response: 35 U.S.C. 257(a) expressly authorizes the Office to set forth regulatory requirements governing supplemental examination: ''A patent owner may request supplemental examination * * * in accordance with such requirements as the Director may establish.'' *See also* 35 U.S.C. 257(d)(2) (''[t]he Director shall issue regulations governing the form, content, and other requirements of requests for supplemental examination, and establishing procedures for reviewing information submitted in such requests''). In response to the public comments, this final rule has been clarified to state that the Office's determination of whether a substantial new question of patentability affecting any claim of the patent has been raised by any of the items of information presented in the request will be generally limited to a review of the item(s) of information identified in the request with respect to the identified claim(s) of the patent. 35 U.S.C. 257(a) requires the Office to determine, within three months of the filing date of each request, whether any of the items of information on which the request is based raises a substantial new question of patentability. In order to ensure an accurate and comprehensive determination of whether the request raises a substantial new question of patentability within the statutory three-month period, it is reasonable to put the patent owner on notice that unless the patent owner identifies the particular claim(s) which the patent owner requests the Office to consider with respect to each item of information, the record may not reflect that these claim(s) were explicitly considered by the examiner. As to the level of unenforceability protection, the issue of whether a court would be statutorily required to dismiss all allegations of inequitable conduct involving a particular item of information is within the purview of the courts.

Comment 26: A number of comments suggested that the term ''material fraud'' be clarified. These comments suggested that the Office provide guidance as to the standard and the burden of proof that will be used for determining a threshold finding that is sufficient to justify a referral to the Office of Enrollment and Discipline (OED) and/or the Attorney General. A number of comments also suggested that any persons implicated by a potential material fraud be provided notice and opportunity to be heard prior to any referral to OED or to the Attorney General, and that the patent owner be required to notify the person or practitioner as to the particular items of information and the alleged conduct pertaining to them.

Response: 35 U.S.C. 257 does not provide for the Office to make any definitive determination or finding of material fraud, nor does the statute provide for the Office to set up procedures to make such a determination. Moreover, the Office anticipates that such instances will be rare. Accordingly, the Office does not intend to create a unit to investigate instances of material fraud. If an employee of the Office, such as an examiner in the Central Reexamination Unit (CRU), becomes aware, during the course of supplemental examination or of any reexamination ordered under 35 U.S.C. 257, that a material fraud on the Office may have been committed in connection with the patent subject to a supplemental examination or resulting reexamination ordered under 35 U.S.C. 257, the employee would notify the supervisory official in charge of the section of the Office to which the employee is assigned, such as the Director of the CRU. The supplemental examination proceeding, or any reexamination proceeding ordered under 35 U.S.C. 257, would continue. If the supervisory official concurs, he or she would refer the matter to the Deputy Commissioner for Patent Examination Policy. If the Deputy Commissioner for Patent Examination Policy concurs, the matter would be referred to the Office's General Counsel.

Comment 27: One comment suggested that supplemental examination should be available after litigation is filed. A number of comments suggested that the Office specifically retain the discretion to permit a supplemental examination proceeding to proceed concurrently with an action brought under Section 337(a) of the Tariff Act of 1930 (19 U.S.C. 1337(a)) in which a defense of inequitable conduct has been raised, if an ordered *ex parte* reexamination under 35 U.S.C. 257 has proceeded to a stage at which it is likely to be concluded prior to the trial proceeding. These comments suggested that if the ordered *ex parte* reexamination under 35 U.S.C. 257 has not proceeded to such a stage, then the Office should retain discretion to suspend the supplemental examination or any ordered *ex parte* reexamination until the merits of the defense are concluded in the trial proceeding.

Response: If the patent owner files a request for supplemental examination that is in compliance with 35 U.S.C. 257 and all applicable rules, the Office is required under 35 U.S.C. 257(a) to conduct the examination and conclude the proceeding within three months from the filing date of the request. Any reexamination proceeding resulting from the supplemental examination proceeding must, in accordance with 35 U.S.C. 257(b), be conducted ''according to the procedures established by chapter 30,'' which govern *ex parte* reexamination. If reexamination is ordered, the Office is required to proceed with the reexamination. 35 U.S.C. 304 requires the Office to resolve any substantial new question of patentability determined to be raised: ''[i]f * * * the Director finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for *resolution of the question''* (emphasis added). In addition, 35 U.S.C. 305 expressly provides that, after the order (and after the time period set for filing a patent owner statement under 35 U.S.C. 304, which is excluded by 35 U.S.C. 257(b)), ''reexamination will be conducted.''

Therefore, once reexamination is ordered, the Office is required by statute to conduct the reexamination. 35 U.S.C. 305 also requires that an *ex parte* reexamination proceeding ''be conducted with special dispatch within the Office.'' *See Ethicon* v. *Quigg,* 849 F.2d 1422 (Fed. Cir. 1988). For these reasons, any reexamination proceeding ordered under 35 U.S.C. 257 will generally not be suspended. The patent owner may wish to consider the provisions of 35 U.S.C. 257(c)(1) and (c)(2) on the effectiveness of any supplemental examination on already pending litigation when determining whether and when to file a request for supplemental examination.

Comment 28: One comment suggested that the rules make clear whether the Office will hold in abeyance any petition or paper filed by a third party in a supplemental examination proceeding until after the proceeding is concluded.

Response: In accordance with 35 U.S.C. 257(a), which only permits a patent owner to file a request for supplemental examination, this final rule expressly prohibits any party other than the patent owner from filing papers or otherwise participating in any manner in the supplemental examination proceeding. *See* § 1.601(b). If a third party files any petition or other paper in a supplemental examination proceeding, it will not be entered into the official file or considered. If such papers are inadvertently entered, they will be expunged. *See* § 1.620(c).

Interviews

Comment 29: A number of comments suggested that interviews be permitted at the discretion of the examiner during the time period prior to the issuance of a supplemental examination certificate. Several comments suggested interviews be permitted as a matter of right during this time period.

Response: The Office must make a determination on the request within the three-month statutory period, which limits the amount of time that an examiner can devote to any one request. The prohibition of interviews, as implemented in this final rule, will assist the Office in meeting the statutory deadline. *See* § 1.620(e). A telephone call to the Office to confirm the receipt of a request, or to discuss general procedural questions, is not considered to be an interview for the purposes of this provision. Additionally, the prohibition applies only to supplemental examination proceedings. Interviews will be permitted in any *ex parte* reexamination proceeding ordered as a result of the supplemental examination proceeding, in accordance with the regulations governing *ex parte* reexamination. Further, interviews are generally permitted to discuss issues of patentability, which are directly addressed during any reexamination proceeding ordered under 35 U.S.C. 257, and not during the supplemental examination proceeding. Finally, the only determination made in a supplemental examination proceeding is whether a substantial new question of patentability is raised by any of the items of information submitted as part of the request. The prohibition of interviews in a supplemental examination proceeding, as implemented in this final rule, is consistent with established *ex parte* reexamination practice, which prohibits interviews involving a discussion of the patentability of the claims prior to a first Office action on the merits. *See* § 1.560(a).

Amendments

Comment 30: Several comments suggested that amendments be permitted to be filed with the request for supplemental examination. These comments suggested that permitting amendments to be filed with the request would prevent the examiner from unnecessarily applying, in any reexamination ordered under 35 U.S.C. 257, a rejection to a claim which the patent owner intends to amend or cancel. One comment questioned whether a discussion of proposed alternative claim language in the request will be considered to be a prohibited proposed amendment.

Response: 35 U.S.C. 257(a) permits a patent owner to present only items of information in a request for supplemental examination. An amendment is not an item of information and therefore the final rule provides that no amendment may be filed in a supplemental examination proceeding. *See* § 1.620(f). Any proposed amendment included with a request for supplemental examination would not be considered by the Office in making the determination of whether a substantial new question of patentability is raised by any of the items of information. Furthermore, if the Office makes the determination that no substantial new question of patentability is raised, any amendment filed with the request would remain in the file, and may create a cloud on the patent.

An amendment may be submitted during a reexamination ordered under 35 U.S.C. 257. Patent owners, however, are reminded that 35 U.S.C. 257(b) expressly removes the right of the patent owner to file a statement under 35 U.S.C. 304, which includes any amendment that the patent owner may wish to file prior to an initial Office action on the merits. As the patent owner is prohibited from filing a statement under 35 U.S.C. 304, no amendment may be filed, in any reexamination proceeding ordered under 35 U.S.C. 257, until after the initial Office action on the merits. As discussed previously, a patent owner may file a statutory disclaimer under 35 U.S.C. 253 and § 1.321(a) prior to filing any request for supplemental examination. *See* MPEP § 1490. Moreover, if the patent owner merely wishes to amend the patent claims, the patent owner may file a reissue application instead of a request for supplemental examination.

Supplemental Examination Certificate

Comment 31: A number of comments suggested that the Office specify that the electronically issued supplemental examination certificate will display the filing date of the request. These comments also suggested that the Office consider whether any *ex parte* reexamination certificate published as a result of an *ex parte* reexamination ordered under 35 U.S.C. 257 will be issued electronically, in the same manner as the supplemental examination certificate. A number of comments requested that the supplemental examination certificate list each item of information presented by the request, and expressly state that the item was considered during the supplemental examination of the patent even if the item is determined not to raise a substantial new question of patentability.

Response: The electronically issued supplemental examination certificate will display the filing date of the request. The Office is mindful of the importance of the filing date in determining the effect under 35 U.S.C. 257(c) of the supplemental examination proceeding. The electronically issued supplemental examination certificate will also list each of the items of information properly submitted as part of the request, and state whether each of these items raises a substantial new question of patentability affecting the identified claims of the patent. Any *ex parte* reexamination certificate resulting from a reexamination ordered under 35 U.S.C. 257 will be published in accordance with established *ex parte* reexamination practice (*see* § 1.570) since 35 U.S.C. 257(b) requires that any resulting reexamination be conducted according to procedures established for *ex parte* reexamination.

Comment 32: One comment suggested that supplemental examination proceedings do not conclude with the issuance of the initial (supplemental examination) certificate. This comment suggested that the (*ex parte* reexamination) certificate, which is issued at the conclusion of any reexamination ordered under 35 U.S.C. 257, should be designated as the supplemental examination certificate.

Response: 35 U.S.C. 257(a) requires that supplemental examination ''shall conclude with the issuance of a certificate indicating whether the information presented in the request raises a substantial new question of patentability.'' An *ex parte* reexamination certificate does not indicate whether the information presented in the request raises a substantial new question of patentability. Instead, it provides the results of the Office's later determination, in any reexamination ordered as a result of the supplemental examination proceeding, whether the claims are patentable. In addition, if the Office determines in a supplemental examination proceeding that none of the items of information raise a substantial question of patentability, then reexamination would not be ordered, and no reexamination certificate would issue that could be designated as a supplemental examination certificate. For these reasons, a supplemental examination proceeding will conclude with the electronic issuance of a supplemental examination certificate, which is separate and distinct from an *ex parte* reexamination certificate. *See* § 1.625(a).

Comment 33: One comment suggested that the order for reexamination be published in the Official Gazette so as to put third parties on notice that they are prohibited from making a submission or otherwise participating in the reexamination.

Response: The final rule specifically provides that no party other than the patent owner may file any papers or otherwise participate in any manner in a supplemental examination proceeding. *See* § 1.601(b). Accordingly, third parties are on notice that they have no participatory rights in a supplemental examination proceeding. Furthermore, even in *ex parte* reexamination practice, third party participation is limited. After the request has been filed by the third party, there is no opportunity for the third party to participate, other than to file a reply in response to any statement under 35 U.S.C. 304 filed by the patent owner prior to the first Office action. In any reexamination resulting from a supplemental examination proceeding, however, there is no request for reexamination filed by a third party. For this reason, third parties have no participatory rights in any *ex parte* reexamination proceeding ordered under 35 U.S.C. 257.

Miscellaneous

Comment 34: A number of comments suggested the rules be amended to specify that a request for supplemental examination may be filed at any time during the enforceability of the patent for which supplemental examination is requested.

Response: In response to the public's comments, § 1.601(c) now provides that a request for supplemental examination of a patent may be filed at any time during the period of enforceability of the patent. This policy is consistent with *ex parte* reexamination practice. *See* § 1.510(a). If the patent is not enforceable, then the Office believes that the benefits of 35 U.S.C. 257 will have no effect.

Comment 35: One comment suggested that the rules should require the patent owner to make a statement regarding why an item is not material.

Response: The Office must determine whether any of the items of information raises a substantial new question of patentability, not whether any of the items of information is ''material.'' Therefore, the Office is not adopting a requirement that the patent owner state whether or why an item of information is or is not material.

Comment 36: One comment questioned whether the supplemental examination request is subject to a page limit. This comment also questioned whether the determination of a substantial new question of patentability will be decided by the same or a different examiner from the examiner in charge of the original prosecution of the patent. This comment also questioned which post-patent proceeding would proceed first if multiple post-patent proceedings are filed, such as a supplemental examination proceeding, an *ex parte* reexamination proceeding, and a post-grant review proceeding.

Response: A request for supplemental examination is not subject to a page limit requirement. However, if any document, other than the request, is over 50 pages in length, then the patent owner must provide a summary of the relevant portions of the document with citations to the particular pages containing the relevant portions. *See* § 1.610(b)(8). In addition, any non-patent document that is submitted as part of the request is subject to document size fees, if the document is over 20 pages in length. *See* § 1.20(k)(3). The determination of the substantial new question of patentability will not generally be decided by the same examiner who examined the original patent application, since the Office intends for supplemental examination proceedings to be examined by the Central Reexamination Unit. If multiple post-patent proceedings are simultaneously filed, any determination of which proceedings to initiate, and the order in which to initiate them, will be made on a case-by-case basis. Because a supplemental reexamination proceeding must conclude within three months from the filing date of the request, a supplemental examination proceeding will not be suspended, as a general rule. The Office, however, reserves its option to suspend a supplemental examination proceeding as circumstances arise.

Comment 37: One comment suggested the use of the term ''*ex parte* reexamination'' to refer to reexamination under 35 U.S.C. 257 is confusingly similar to the use of the same term when referring to *ex parte* reexamination ordered under 35 U.S.C. 302. This comment suggests the term ''reexamination under 35 U.S.C. 257'' be used to refer to reexamination ordered as a result of a supplemental examination proceeding, and that ''*ex parte* reexamination'' only be used to refer to *ex parte* reexamination ordered under 35 U.S.C. 302.

Response: When it is necessary to distinguish *ex parte* reexamination ordered under 35 U.S.C. 257 from *ex parte* reexamination ordered under 35 U.S.C. 302, the Office will utilize language such as ''reexamination resulting from a supplemental examination proceeding'' or ''*ex parte* reexamination ordered under 35 U.S.C. 257'' to avoid confusion.

Rulemaking Considerations

A. Administrative Procedure Act

This final rule amends the rules of practice in patent cases to implement the supplemental examination provisions of the AIA. The Office is also adjusting the fee for filing a request for *ex parte* reexamination and to set a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings to more accurately reflect the cost of these processes. The changes in this rulemaking do not change the substantive criteria of patentability. These changes involve rules of agency practice and procedure and/or interpretive rules. *See Bachow Commc'ns Inc.* v. *FCC,* 237 F.3d 683, 690 (D.C. Cir. 2001) (rules governing an

application process are procedural under the Administrative Procedure Act); *Inova Alexandria Hosp.* v. *Shalala,* 244 F.3d 342, 350 (4th Cir. 2001) (rules for handling appeals were procedural where they did not change the substantive standard for reviewing claims); *Nat'l Org. of Veterans' Advocates* v. *Sec'y of Veterans Affairs,* 260 F.3d 1365, 1375 (Fed. Cir. 2001) (rule that clarifies interpretation of a statute is interpretive).

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law). *See Cooper Techs. Co.* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), does not require notice and comment rulemaking for ''interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice'') (quoting 5 U.S.C. 553(b)(A)). The Office, however, published proposed changes and an Initial Regulatory Flexibility Act (IRFA) analysis for comment as it sought the benefit of the public's views on the Office's proposed implementation of this provision of the AIA. The Office provides the Final Regulatory Flexibility Analysis as follows.

B. Final Regulatory Flexibility Analysis

1. *Description of the reasons that action by the agency is being considered:* The Office is revising the rules of patent practice to implement the supplemental examination provisions of the AIA, which take effect September 16, 2012. The Office is also adjusting the fee for filing a request for *ex parte* reexamination, and setting a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings, to more accurately reflect the cost of these processes.

2. *Statement of the objectives of, and legal basis for, the final rules:* The objective of the rules is to implement the supplemental examination provisions of the AIA by establishing a process which allows: (1) patent owners to exercise their statutory right to request supplemental examination to consider, reconsider, or correct information believed to be relevant to a patent; and (2) the Office to make its determination whether the information presented in the request raises a substantial new question of patentability within three months of the filing date of the supplemental examination request. The objective of the rules to adjust the fee for filing a request for *ex parte* reexamination, and to set a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings, is to recover the estimated average cost to the Office of *ex parte* reexamination proceedings and petitions filed in *ex parte* and *inter partes* reexamination proceedings.

Section 12 of the AIA provides a legal basis for the rules to implement supplemental examination. 35 U.S.C. 41(d)(2) provides a legal basis for the rules to set the fee for supplemental examination, to adjust the fee for filing a request for *ex parte* reexamination, and to set a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings. Specifically, 35 U.S.C. 41(d)(2) provides that fees for all processing, services, or materials relating to patents not specified in 35 U.S.C. 41 are to be set at amounts to recover the estimated average cost to the Office of such processing, services, or materials.

3. *Statement of significant issues raised by the public comments in response to the IRFA and the Office's response to such issues:* The Office published an IRFA analysis to consider the economic impact of the proposed rules on small entities. *See Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith Invents Act and to Revise Reexamination Fees,* 77 FR at 3675–76. The Office did not receive any comments that specifically referenced the IRFA or cited to the Regulatory Flexibility Act.

The Office received a few comments indicating that the Office may be overestimating the number requests for supplemental examination that will be submitted annually. The Office, however, did not receive any comments indicating that the Office was understating the number of requests for supplemental examination that will be submitted annually by small entities. No change has been made in response to these comments because the Office's estimates as to the impact on small entities are conservative.

No comments asserted that the Office's estimates concerning the projected reporting, recordkeeping and other compliance requirements were inaccurate.

In response to general public comments, this final rule reduces the number of procedural requirements for requesting supplemental examination, which may have the effect of reducing the impact on all entities requesting supplemental examination. In particular, the Office has determined to not implement in this final rule the following proposed requirements for a request for supplemental examination to contain: (1) An identification of each item of information requiring consideration, reconsideration, or correction, explaining why consideration or reconsideration of the item of information is being requested or how the item of information it is being corrected; (2) an identification of the structure, material, or acts in the specification that correspond to each means-plus-function or step-plus-function element, as set forth in 35 U.S.C. 112(f), in any claim to be examined; (3) an identification of each issue raised by each item of information; (4) an explanation of the support in the specification for each limitation of each claim identified for examination if an identified issue involves the application of 35 U.S.C. 101 (other than double patenting) or 35 U.S.C. 112; and (5) an explanation of how each limitation of each claim identified for examination is met, or is not met, by each item of information if an identified issue involves the application of 35 U.S.C. 102, 35 U.S.C. 103, or double patenting. In addition, the Office reduced the fee for requesting supplemental examination by $40, to $5140.

4. *Description and estimate of the number of affected small entities:*

a. Size Standard and Description of Entities Affected. The Small Business Administration (SBA) small business size standards applicable to most analyses conducted to comply with the Regulatory Flexibility Act are set forth in 13 CFR 121.201. These regulations generally define small businesses as those with fewer than a specified maximum number of employees or less than a specified level of annual receipts for the entity's industrial sector or North American Industry Classification System (NAICS) code. As provided by the Regulatory Flexibility Act, and after consultation with the Small Business Administration, the Office formally adopted an alternate size standard as the size standard for the purpose of conducting an analysis or making a certification under the Regulatory Flexibility Act for patent-related regulations. *See Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations,* 71 FR 67109 (Nov. 20, 2006), 1313 *Off. Gaz. Pat. Office* 60 (Dec. 12, 2006). This alternate small business size standard is the SBA's previously established size standard that identifies the criteria entities must meet to be entitled to pay reduced patent fees. *See* 13 CFR 121.802. If patent applicants identify themselves on a patent application as qualifying for reduced patent fees, the Office captures this data in the Patent Application Location and Monitoring (PALM) database system, which tracks

information on each patent application submitted to the Office.

Unlike the SBA small business size standards set forth in 13 CFR 121.201, the size standard for USPTO is not industry-specific. Specifically, the Office's definition of small business concern for Regulatory Flexibility Act purposes is a business or other concern that: (1) meets the SBA's definition of a ''business concern or concern'' set forth in 13 CFR 121.105; and (2) meets the size standards set forth in 13 CFR 121.802 for the purpose of paying reduced patent fees, namely, an entity: (a) whose number of employees, including affiliates, does not exceed 500 persons; and (b) which has not assigned, granted, conveyed, or licensed (and is under no obligation to do so) any rights in the invention to any person who made it and could not be classified as an independent inventor, or to any concern which would not qualify as a non-profit organization or a small business concern under this definition. *See Business Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations,* 71 FR at 67112 (Nov 20, 2006), 1313 *Off. Gaz. Pat. Office* at 63 (Dec. 12, 2006).

b. Overview of Estimates of Number of Entities Affected. The rules will apply to any small entity that files a request for supplemental examination, a request for *ex parte* reexamination, or a petition in an *ex parte* and *inter partes* reexamination proceeding. To estimate the number of requests for supplemental examination, *ex parte* reexamination, and petitions filed in *ex parte* and *inter partes* reexamination expected to be submitted annually by small entities, the Office considered the information concerning *ex parte* reexamination filings published in the *United States Patent and Trademark Office Performance and Accountability Report, Fiscal Year 2011.* The Office received 758 requests for *ex parte* reexamination in fiscal year 2011, of which 104 (14 percent) were by the patent owner and 654 (86 percent) were by a third party. *See United States Patent and Trademark Office Performance and Accountability Report, Fiscal Year 2011,* at 171 (table 14A) (2011). Based upon that information, the Office estimates that it will receive about 800 (758 rounded to be nearest 100) requests for *ex parte* reexamination annually and that about 14 percent of all requests for *ex parte* reexamination are filed by patent owners.

c. Number of Entities Filing Requests for Ex parte Reexamination. As discussed previously, the Office estimates that it will receive about 800 requests for *ex parte* reexamination annually and that about 14 percent of all requests for *ex parte* reexamination are filed by patent owners and 86 percent of all requests for *ex parte* reexamination are filed by a third party. Thus, the Office estimates that it receives approximately 110 (14 percent of 800 rounded to the nearest 10) requests for *ex parte* reexamination filed by patent owners annually and approximately 690 (86 percent of 800 rounded to the nearest 10) requests for *ex parte* reexamination filed by third parties annually. Due to the availability of supplemental examination beginning in fiscal year 2013, the Office estimates that all 110 requests for *ex parte* reexamination that would have been filed annually by patent owners will instead be filed as requests for supplemental examination.

As discussed previously, the Office estimates that approximately 690 requests for *ex parte* reexamination are filed by third parties annually. Reexamination requesters are not required to identify their small entity status. Therefore, the Office does not have precise data on the number of requests for *ex parte* reexamination submitted annually by small entities. However, the Office tracks the number of requests for *ex parte* reexamination that are filed in which the patent that is the subject of the reexamination was prosecuted under small entity status. For fiscal year 2011, approximately 36 percent of the requests for *ex parte* reexamination that were filed requested reexamination of a patent that was prosecuted under small entity status.

It is difficult to estimate what fraction of the anticipated 690 requests for *ex parte* reexamination submitted annually will be by small entities, because the entity status of the third party requester is not necessarily the same as the entity status of the patentee and reexamination requesters currently have no reason to identify whether they are a small entity. The data that the Office keeps regarding the number of requests for *ex parte* reexamination that are filed in which the patent that is the subject of the reexamination was prosecuted under small entity status provides no insight into the number of requests for *ex parte* reexamination submitted by small entity third party requesters. Therefore, for purposes of this analysis, the Office is considering all 690 requests for *ex parte* reexamination expected to be submitted annually as being submitted by small entities.

d. Number of Entities Filing Petitions in Ex parte Reexamination Proceedings. The rule to set a fee for petitions filed in reexamination proceedings (except for those petitions specifically enumerated in 37 CFR 1.550(i) and 1.937(d)) will apply to any small entity that files a petition in a reexamination proceeding. The Office decided 832 petitions in reexamination proceedings (*ex parte* and *inter partes*) in fiscal year 2010. In view of the statutory mandate to conduct reexamination proceedings with special dispatch, the Office estimates that the number of petitions decided in reexamination proceedings in fiscal year 2010 (*i.e.,* 832) reasonably approximates the number of petitions filed in reexamination proceedings that year. The Office estimates that no more than 850 (832 rounded to the nearest 50) will be filed annually in reexamination proceedings. The data that the Office keeps regarding petitions filed in reexamination proceedings does not indicate the number of petitions submitted by unique small entities. Therefore, for purposes of this analysis, the Office is considering all 850 petitions expected to be submitted annually in a reexamination proceeding as being submitted by small entities. Hence, the Office estimates that no more than 850 small entities will file a petition in a reexamination proceeding annually.

e. Number of Entities Filing Request for Supplemental Examination. As discussed previously, the Office estimates that it receives approximately 110 requests for *ex parte* reexamination filed by patent owners annually. In view of the benefits to patent owners afforded by supplemental examination under 35 U.S.C. 257(c), the Office is estimating that all 110 requests for *ex parte* reexamination that would have been filed annually by patent owners will instead be filed as requests for supplemental examination. However, the Office is also estimating that more than 110 requests for supplemental examination will be filed annually due to a combination of: (1) The benefits to patent owners afforded by supplemental examination; (2) the fact that the ''information'' that may form the basis of a request for supplemental examination is not limited to patents and printed publications; and (3) the fact that the issues that may be raised during supplemental examination may include issues in addition to those permitted to be raised in *ex parte* reexamination (*e.g.,* issues under 35 U.S.C. 112).

Because a main benefit afforded to patent owners by supplemental examination is to potentially shield patent owners from a finding of unenforceability due to inequitable conduct for the information considered by the Office and subject to a written

decision by the Office, the Office estimates that the number of cases annually in which inequitable conduct is pled in the United States district courts represents an approximation of the upper limit of the number of annual requests for supplemental examination that the Office will receive. Data from the United States district courts reveals that between 2,900 and 3,301 patent cases were filed each year during the period between 2006 and 2010. *See* U.S. Courts, Judicial Business of the United States Courts, *www.uscourts.gov/uscourts/Statistics/JudicialBusiness/2010/appendices/C02ASep10.pdf* (last visited Nov. 11, 2011) (hosting annual reports for 1997 through 2010). Thus, the Office projects that no more than 3,300 (the highest number of yearly filings between 2006 and 2010 rounded to the nearest 100) patent cases are likely to be filed annually. Note that inequitable conduct is pled in approximately 40 percent of the patent cases filed annually in U.S. District Courts. *See* Christian E. Mammen, *Controlling the ''Plague'': Reforming the Doctrine of Inequitable Conduct,* 24 Berkeley Tech. L.J. 1329, 1358–60 (2010) (displaying a chart estimating the steady increase in assertions of the inequitable conduct defense). However, the number of patent cases in which a finding of inequitable conduct is upheld by the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) is only a fraction of a percent. *See id.* The Office also anticipates that the percentage of patent cases in which inequitable conduct is pled and in which a finding of inequitable conduct is upheld by the Federal Circuit will begin to decline due to the *en banc* decision by the Federal Circuit in *Therasense, Inc.* v. *Becton, Dickinson, and Co.,* 649 F.3d 1276 (Fed. Cir. 2011).

The Office also anticipates that supplemental examination will lead to a reduction in the number of district court patent infringement cases in which inequitable conduct is pled as a defense. *See* H.R. Rep. No. 112–98, Part 1, at pages 50 and 78 (2011) (the information submitted in a request for supplemental examination cannot later be used to hold the patent unenforceable or invalid on the basis of inequitable conduct during civil litigation). The Office understands that the costs related to inequitable conduct (*e.g.,* discovery related to inequitable conduct) are a significant portion of litigation costs. *See e.g.,* Mammen, *Controlling the ''Plague'': Reforming the Doctrine of Inequitable Conduct,* 24 Berkeley Tech. L.J. at 1347.

Therefore, the Office estimated that it will receive about 1,430 (40 percent of 3,300 plus the 110 requests for *ex parte* reexamination filed by patent owners annually as discussed previously) requests for supplemental examination annually. Assuming that requests for supplemental examination will be filed by small entities in roughly the same percentage as requests for *ex parte* reexamination where a small entity prosecuted the underlying patent (36 percent), the Office estimates that about 500 (36 percent of 1,430 (515) rounded to the nearest 100) requests for supplemental examination will be submitted annually by small entities.

5. *Description of the projected reporting, recordkeeping, and other compliance requirements of the rules, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record:* The rules will apply to any small entity that files a request for supplemental examination, a request for *ex parte* reexamination, or a petition in an *ex parte* or *inter partes* reexamination proceeding. The rules to implement the supplemental examination provisions of the AIA will impose procedural requirements on patent owners who request supplemental examination to consider, reconsider, or correct information believed to be relevant to a patent. The rules will charge a fee to any patent owner who requests supplemental examination, and change the fee applicable to any entity that files a request for *ex parte* reexamination or a petition in an *ex parte* or *inter partes* reexamination proceeding.

All papers in a supplemental examination proceeding must be filed in accordance with the requirements set forth in 37 CFR 1.601 and must be formatted in accordance with the requirements set forth in 37 CFR 1.615. All ''items of information'' submitted as part of the request must meet the requirements of 37 CFR 1.605. The request itself must include the items set forth in 37 CFR 1.610. The rules to implement the supplemental examination provisions of the AIA also require: (1) A fee of $5,140.00 for processing and treating a request for supplemental examination; (2) a fee of $16,120.00 for an *ex parte* reexamination ordered as a result of a supplemental examination proceeding; and (3) for processing and treating, in a supplemental examination proceeding, a non-patent document over 20 pages in length, a fee of $170.00 for a document of between 21 and 50 pages, and a fee of $280.00 for each additional 50 pages or a fraction thereof.

A patent practitioner would have the type of professional skills necessary for preparation of a request for supplemental examination. Office staff with experience and expertise in a wide range of patent prosecution matters as a patent practitioner estimate that preparing and filing a request for supplemental examination will require about 25 patent practitioner hours, costing $9,275 (25 hours at the $371 per hour mean rate for attorneys reported in the American Intellectual Property Law Association (AIPLA) Report of the Economic Survey 2011). As discussed previously, a request for supplemental examination is comparable to a request for *ex parte* reexamination, in that both present information to the Office for evaluation as to whether the information raises a substantial new question of patentability. The AIPLA Report of the Economic Survey 2011 indicates that the average cost of preparing and filing a request for *ex parte* reexamination (the current Office proceeding most similar to a request for supplemental examination) is $19,000. The Office staff estimate for preparing a supplemental examination is lower than the comparable *ex parte* reexamination cost because a patentee in supplemental examination would simply be preparing a supplemental examination request in compliance with the applicable statutes and regulations with information already at hand, whereas a third party requester in an *ex parte* reexamination (the majority of *ex parte* reexamination requests being by third parties) is not merely preparing an *ex parte* reexamination request in compliance with the applicable statutes and regulations, but is also seeking to convince the Office that the claims in the patent for which reexamination is sought are unpatentable with patents and printed publications that the third party must uncover as part of the process. The Office estimates $19,000 for the cost to prepare and file a request for supplemental examination even though many of the requirements initially proposed have been eliminated in this final rule because the requirements in this final rule closely track the requirements for *ex parte* examination.

The rules to adjust or set fees in *ex parte* reexamination are as follows: (1) $17,750.00 for filing a request for *ex parte* reexamination; (2) $1,930.00 for filing a petition in an *ex parte* or *inter partes* reexamination proceeding, except for those specifically enumerated in 37 CFR 1.550(i) and 1.937(d)); and (3) $4,320.00 for a denied request for *ex parte* reexamination under 37 CFR 1.510

(this amount is included in the request for *ex parte* reexamination fee, and is the portion not refunded if the request for reexamination is denied). The rules to adjust the fee for filing a request for *ex parte* reexamination, and to set a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings, do not impose any discernible reporting, recordkeeping, or other compliance requirements. The rules to adjust the fee for filing a request for *ex parte* reexamination, and to set a fee for petitions filed in *ex parte* and *inter partes* reexamination proceedings, only adjust or establish certain fees (as discussed previously) to more accurately reflect the cost of the process or service.

6. *Description of any significant alternatives to the rules which accomplish the stated objectives of applicable statutes and which minimize any significant economic impact of the rules on small entities:* This analysis considered significant alternatives such as: (1) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities. *See* 5 U.S.C. 603; *see also* 35 U.S.C. 41(h) (fee reduction for small business concerns not applicable to fees set under 35 U.S.C. 41(d)(2)).

With respect to the rules to implement the supplemental examination provisions of the AIA, the Office considered requiring less than, or exempting small entities from, what is currently set forth at 37 CFR 1.601, 1.605, 1.610, and 1.615. As discussed previously, this final rule adopts content requirements for a request for supplemental examination that are comparable to the requirements for a request for *ex parte* reexamination (*e.g.,* list of each item of information to be considered, reconsidered, or corrected, an identification of each claim of the patent for which supplemental examination is requested, and a separate, detailed explanation of the relevance and manner of applying each item of information to each claim of the patent for which supplemental examination is requested). *See* 37 CFR 1.510.

One alternative the Office considered was proposed in the NPRM. Namely, the Office considered, and proposed, to require that a request for supplemental examination contain: (1) An identification of each item of information requiring consideration, reconsideration, or correction, explaining why consideration or reconsideration of the item of information is being requested or how the item of information is being corrected; (2) an identification of the structure, material, or acts in the specification that correspond to each means-plus-function or step-plus-function element, as set forth in 35 U.S.C. 112(f), in any claim to be examined; (3) an identification of each issue raised by each item of information; (4) an explanation of the support in the specification for each limitation of each claim identified for examination if an identified issue involves the application of 35 U.S.C. 101 (other than double patenting) or 35 U.S.C. 112; and (5) an explanation of how each limitation of each claim identified for examination is met, or is not met, by each item of information if an identified issue involves the application of 35 U.S.C. 102, 35 U.S.C. 103, or double patenting. These proposed requirements were not included in this final rule in response to public comments and because the Office decided to make the requirements for requesting supplemental examination closely track the requirements for requesting reexamination.

The Office adopted the requirements in this final rule because it is in the patent owner's interest to have the supplemental examination proceeding, and any reexamination proceeding ordered pursuant to the supplemental examination request, concluded as soon as possible. *See* 35 U.S.C. 257(c)(2)(B) (stating that the potential benefits to patent owners afforded by 35 U.S.C. 257(c)(1) shall not apply ''unless the supplemental examination, and any reexamination ordered pursuant to the request, are concluded before the date on which [a patent infringement action] is brought''). The information that may be submitted in a supplemental examination is more extensive than the information permitted in an *ex parte* reexamination proceeding, and the issues that may be raised during supplemental examination include issues that are not permitted to be raised in *ex parte* reexamination (*e.g.,* issues under 35 U.S.C. 101 and 112). The Office needs to require this information to promptly resolve a supplemental examination proceeding, and any reexamination proceeding ordered pursuant to the supplemental examination request. Finally, it is in the patent owner's interest to have the supplemental examination request be as complete as possible. With these factors in mind, the Office designed the requirements set forth in the final rules to permit: (1) efficient processing and treatment of each request for supplemental examination within the statutory three-month time period; and (2) completion of any reexamination ordered as a result of the supplemental examination proceeding with special dispatch.

With respect to the rules to adjust the fee for filing a request for *ex parte* reexamination, and to set a fee for petitions filed in reexamination proceedings, the Office considered the alternative of not adjusting or setting the fees, which would have reduced the economic impact on small entities, but this alternative would not accomplish the stated objectives of applicable statutes. *See* 35 U.S.C. 41(d)(2) (provides that fees set by the Office recover the estimated average cost to the Office of the processing, services, or materials); *see also* 35 U.S.C. 41(h) (fee reduction for small business concerns not applicable to fees set under 35 U.S.C. 41(d)(2)). In addition, a decision to forego this fee adjustment and fee setting would have a negative impact on Office funding, which in turn would have a negative impact on the ability of the Office to meet the statutory mandate to conduct reexamination proceedings with special dispatch.

A request for supplemental examination is a unique submission (the rule does not involve periodic reporting requirements). Thus, the establishment of timetables that take into account the resources available to small entities and consolidation of compliance and reporting requirements is inapplicable. In addition, the use of performance rather than design standards is also inapplicable to a request for supplemental examination.

7. *Identification, to the extent practicable, of all relevant Federal rules which may duplicate, overlap or conflict with the rules:* The Office is the sole agency of the United States Government responsible for administering the provisions of title 35, United States Code, pertaining to examination and granting patents. Therefore, no other Federal, state, or local entity shares jurisdiction over the examination and granting of patents.

Other countries, however, have their own patent laws, and an entity desiring a patent in a particular country must make an application for patent in that country, in accordance with the applicable law. Although the potential for overlap exists internationally, this cannot be avoided except by treaty

(such as the Paris Convention for the Protection of Industrial Property or the Patent Cooperation Treaty (PCT)). Nevertheless, the Office believes that there are no other duplicative or overlapping rules.

C. Executive Order 12866 (Regulatory Planning and Review)

This rulemaking has been determined to be significant for purposes of Executive Order 12866 (Sept. 30, 1993).

D. Executive Order 13563 (Improving Regulation and Regulatory Review)

The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided on-line access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13132 (Federalism)

This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

F. Executive Order 13175 (Tribal Consultation)

This rulemaking will not: (1) Have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

G. Executive Order 13211 (Energy Effects)

This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform)

This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996). The rulemaking carries out a statute designed to lessen litigation. *See, e.g.,* H.R. Rep. No. 112–98, Part 1, at pages 50 and 78 (2011) (information submitted in a request for supplemental examination cannot later be used to hold the patent unenforceable or invalid on the basis of inequitable conduct during civil litigation).

I. Executive Order 13045 (Protection of Children)

This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property)

This rulemaking will not effect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act

Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*), the United States Patent and Trademark Office will submit a report containing this final rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this final rule are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this final rule is not a ''major rule'' as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995

The changes set forth in this final rule do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

M. National Environmental Policy Act

This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 *et seq.*

N. National Technology Transfer and Advancement Act

The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

O. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) requires that the USPTO consider the impact of paperwork and other information collection burdens imposed on the public. This final rule makes changes to the rules of practice that would impose new information collection requirements and impact existing information collection requirements previously approved by the Office of Management and Budget (OMB) under OMB Control Number 0651–0064. Accordingly, the Office submitted a proposed revision to the information collection requirements under 0651–0064 to OMB for its review and approval when the notice of proposed rulemaking was published. The Office also published the title, description, and respondent description of the information collection, with an estimate of the annual reporting burdens, in the notice of proposed rulemaking (*See Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and to Revise Reexamination Fees,* 77 FR at 3678). The Office did not receive any comments on the proposed revision to the information collection requirements under 0651–0064.

As discussed previously, however, this final rule adopts content requirements for a request for supplemental examination that are comparable to the requirements for a request for *ex parte* reexamination (*e.g.,*

list of each item of information to be considered, reconsidered, or corrected, an identification of each claim of the patent for which supplemental examination is requested, and a separate, detailed explanation of the relevance and manner of applying each item of information to each claim of the patent for which supplemental examination is requested). *See* 37 CFR 1.510. Thus, this final rule does not adopt the proposed requirements that a request for supplemental examination contain: (1) An identification of each item of information requiring consideration, reconsideration, or correction, explaining why consideration or reconsideration of the item of information is being requested or how the item of information is being corrected; (2) an identification of the structure, material, or acts in the specification that correspond to each means-plus-function or step-plus-function element, as set forth in 35 U.S.C. 112(f), in any claim to be examined; (3) an identification of each issue raised by each item of information; (4) an explanation of the support in the specification for each limitation of each claim identified for examination if an identified issue involves the application of 35 U.S.C. 101 (other than double patenting) or 35 U.S.C. 112; and (5) an explanation of how each limitation of each claim identified for examination is met, or is not met, by each item of information if an identified issue involves the application of 35 U.S.C. 102, 35 U.S.C. 103, or double patenting. This final rule also adopts a fee for a request for supplemental examination that is $40 less than the proposed fee.

The Office has resubmitted the proposed revision to the information collection requirements under 0651–0064 to OMB. The proposed revision to the information collection requirements under 0651–0064 is available at the OMB's Information Collection Review Web site (*www.reginfo.gov/public/do/PRAMain*).

Notwithstanding any other provision of law, no person is required to respond to, nor shall a person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB control number.

List of Subjects in 37 CFR Part 1

Administrative practice and procedure, Courts, Freedom of information, Inventions and patents, Reporting and recordkeeping requirements, Small businesses.

For the reasons set forth in the preamble, 37 CFR part 1 is amended as follows:

PART 1—RULES OF PRACTICE IN PATENT CASES

■ 1. The authority citation for 37 CFR part 1 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2).

■ 2. Section 1.20 is amended by revising paragraph (c)(1) and by adding paragraphs (c)(6), (c)(7), and (k) to read as follows:

§ 1.20 Post issuance fees.

* * * * *

(c) * * *

(1) For filing a request for *ex parte* reexamination (§ 1.510(a))	$17,750.00

* * * * *

(6) For filing a petition in a reexamination proceeding, except for those specifically enumerated in §§ 1.550(i) and 1.937(d)	$1,930.00
(7) For a denied request for *ex parte* reexamination under § 1.510 (included in the request for *ex parte* reexamination fee)	$4,320.00

* * * * *

(k) In supplemental examination proceedings:

(1) For processing and treating a request for supplemental examination	$5,140.00
(2) For *ex parte* reexamination ordered as a result of a supplemental examination proceeding	$16,120.00
(3) For processing and treating, in a supplemental examination proceeding, a non-patent document over 20 pages in length, per document:	
(i) Between 21 and 50 pages	$170.00
(ii) For each additional 50 pages or a fraction thereof, in addition to the fee specified in paragraph (k)(3)(i) of this section	$280.00

■ 3. Section 1.26 is amended by revising paragraph (c) to read as follows:

§ 1.26 Refunds.

* * * * *

(c) If the Director decides not to institute a reexamination proceeding in response to a request for reexamination or supplemental examination, fees paid with the request for reexamination or supplemental examination will be refunded or returned in accordance with paragraphs (c)(1) through (c)(3) of this section. The reexamination requester or the patent owner who requested a supplemental examination proceeding, as appropriate, should indicate the form in which any refund should be made (*e.g.,* by check, electronic funds transfer, credit to a deposit account). Generally, refunds will be issued in the form that the original payment was provided.

(1) For an *ex parte* reexamination request, the *ex parte* reexamination filing fee paid by the reexamination requester, less the fee set forth in § 1.20(c)(7), will be refunded to the requester if the Director decides not to institute an *ex parte* reexamination proceeding.

(2) For an *inter partes* reexamination request, a refund of $7,970 will be made to the reexamination requester if the Director decides not to institute an *inter partes* reexamination proceeding.

(3) For a supplemental examination request, the fee for reexamination ordered as a result of supplemental examination, as set forth in § 1.20(k)(2), will be returned to the patent owner who requested the supplemental examination proceeding if the Director decides not to institute a reexamination proceeding.

■ 4. Section 1.550 is amended by adding a new paragraph (i) to read as follows:

§ 1.550 Conduct of ex parte reexamination proceedings.

* * * * *

(i) A petition in an *ex parte* reexamination proceeding must be accompanied by the fee set forth in § 1.20(c)(6), except for petitions under paragraph (c) of this section to extend the period for response by a patent owner, petitions under paragraph (e) of this section to accept a delayed response by a patent owner, petitions under § 1.78 to accept an unintentionally delayed benefit claim, and petitions under § 1.530(l) for correction of inventorship in a reexamination proceeding.

■ 5. Subpart E, consisting of §§ 1.601, 1.605, 1.610, 1.615, 1.620, and 1.625, is added to Part 1 to read as follows:

Subpart E—Supplemental Examination of Patents

Sec.

1.601 Filing of papers in supplemental examination.
1.605 Items of information.
1.610 Content of request for supplemental examination.
1.615 Format of papers filed in a supplemental examination proceeding.
1.620 Conduct of supplemental examination proceeding.
1.625 Conclusion of supplemental examination; publication of supplemental examination certificate; procedure after conclusion.

Subpart E—Supplemental Examination of Patents

§ 1.601 Filing of papers in supplemental examination.

(a) A request for supplemental examination of a patent must be filed by the owner(s) of the entire right, title, and interest in the patent.

(b) Any party other than the patent owner (*i.e.,* any third party) is prohibited from filing papers or otherwise participating in any manner in a supplemental examination proceeding.

(c) A request for supplemental examination of a patent may be filed at any time during the period of enforceability of the patent.

§ 1.605 Items of information.

(a) Each request for supplemental examination may include no more than twelve items of information believed to be relevant to the patent. More than one request for supplemental examination of the same patent may be filed at any time during the period of enforceability of the patent.

(b) An item of information includes a document submitted as part of the request that contains information, believed to be relevant to the patent, that the patent owner requests the Office to consider, reconsider, or correct. If the information to be considered, reconsidered, or corrected is not, at least in part, contained within or based on any document submitted as part of the request, the discussion within the body of the request relative to the information will be considered as an item of information.

(c) An item of information must be in writing in accordance with § 1.2. To be considered, any audio or video recording must be submitted in the form of a written transcript.

(d) If one item of information is combined in the request with one or more additional items of information, each item of information of the combination may be separately counted. Exceptions include the combination of a non-English language document and its translation, and the combination of a document that is over 50 pages in length and its summary pursuant to § 1.610(b)(8).

§ 1.610 Content of request for supplemental examination.

(a) A request for supplemental examination must be accompanied by the fee for filing a request for supplemental examination as set forth in § 1.20(k)(1), the fee for reexamination ordered as a result of a supplemental examination proceeding as set forth in § 1.20(k)(2), and any applicable document size fees as set forth in § 1.20(k)(3).

(b) A request for supplemental examination must include:

(1) An identification of the number of the patent for which supplemental examination is requested.

(2) A list of the items of information that are requested to be considered, reconsidered, or corrected. Where appropriate, the list must meet the requirements of § 1.98(b).

(3) A list identifying any other prior or concurrent post-patent Office proceedings involving the patent for which supplemental examination is being requested, including an identification of the type of proceeding, the identifying number of any such proceeding (*e.g.,* a control number or reissue application number), and the filing date of any such proceeding.

(4) An identification of each claim of the patent for which supplemental examination is requested.

(5) A separate, detailed explanation of the relevance and manner of applying each item of information to each claim of the patent for which supplemental examination is requested.

(6) A copy of the patent for which supplemental examination is requested and a copy of any disclaimer or certificate issued for the patent.

(7) A copy of each item of information listed in paragraph (b)(2) of this section, accompanied by a written English translation of all of the necessary and pertinent parts of any non-English language item of information. The patent owner is not required to submit copies of items of information that form part of the discussion within the body of the request as specified in § 1.605(b), or copies of U.S. patents and U.S. patent application publications.

(8) A summary of the relevant portions of any submitted document, other than the request, that is over 50 pages in length. The summary must include citations to the particular pages containing the relevant portions.

(9) An identification of the owner(s) of the entire right, title, and interest in the patent requested to be examined, and a submission by the patent owner in compliance with § 3.73(c) of this chapter establishing the entirety of the ownership in the patent requested to be examined.

(c) The request may also include:

(1) A cover sheet itemizing each component submitted as part of the request;

(2) A table of contents for the request;

(3) An explanation of how the claims patentably distinguish over the items of information; and

(4) An explanation of why each item of information submitted with the request does or does not raise a substantial new question of patentability.

(d) The filing date of a request for supplemental examination will not be granted if the request is not in compliance with §§ 1.605, 1.615, and this section, subject to the discretion of the Office. If the Office determines that the request, as originally submitted, is not entitled to a filing date, the patent owner will be so notified and will be given an opportunity to complete the request within a specified time. If the patent owner does not timely comply with the notice, the request for supplemental examination will not be granted a filing date and the fee for reexamination as set forth in § 1.20(k)(2) will be refunded. If the patent owner timely files a corrected request in response to the notice that properly addresses all of the defects set forth in the notice and that otherwise complies with all of the requirements of §§ 1.605, 1.615, and this section, the filing date of the supplemental examination request will be the receipt date of the corrected request.

§ 1.615 Format of papers filed in a supplemental examination proceeding.

(a) All papers submitted in a supplemental examination proceeding must be formatted in accordance with § 1.52.

(b) Court documents and non-patent literature may be redacted, but must otherwise be identical both in content and in format to the original documents, and, if a court document, to the document submitted in court, and must not otherwise be reduced in size or modified, particularly in terms of font type, font size, line spacing, and margins. Patents, patent application publications, and third-party-generated affidavits or declarations must not be reduced in size or otherwise modified in the manner described in this paragraph.

§ 1.620 Conduct of supplemental examination proceeding.

(a) Within three months after the filing date of a request for supplemental examination, the Office will determine whether a substantial new question of patentability affecting any claim of the patent is raised by any of the items of information presented in the request. The determination will generally be limited to a review of the item(s) of information identified in the request as applied to the identified claim(s) of the patent. The determination will be based on the claims in effect at the time of the

determination and will become a part of the official record of the patent.

(b) The Office may hold in abeyance action on any petition or other paper filed in a supplemental examination proceeding until after the proceeding is concluded by the electronic issuance of the supplemental examination certificate as set forth in § 1.625.

(c) If an unauthorized or otherwise improper paper is filed in a supplemental examination proceeding, it will not be entered into the official file or considered, or if inadvertently entered, it will be expunged.

(d) The patent owner must, as soon as possible upon the discovery of any other prior or concurrent post-patent Office proceeding involving the patent for which the current supplemental examination is requested, file a paper limited to notifying the Office of the post- patent Office proceeding, if such notice has not been previously provided with the request. The notice shall be limited to an identification of the post-patent Office proceeding, including the type of proceeding, the identifying number of any such proceeding (*e.g.,* a control number or reissue application number), and the filing date of any such proceeding, without any discussion of the issues of the current supplemental examination proceeding or of the identified post-patent Office proceeding(s).

(e) Interviews are prohibited in a supplemental examination proceeding.

(f) No amendment may be filed in a supplemental examination proceeding.

(g) If the Office becomes aware, during the course of supplemental examination or of any reexamination ordered under 35 U.S.C. 257 as a result of the supplemental examination proceeding, that a material fraud on the Office may have been committed in connection with the patent requested to be examined, the supplemental examination proceeding or any reexamination proceeding ordered under 35 U.S.C. 257 will continue, and the matter will be referred to the U.S. Attorney General in accordance with 35 U.S.C. 257(e).

§ 1.625 Conclusion of supplemental examination; publication of supplemental examination certificate; procedure after conclusion.

(a) A supplemental examination proceeding will conclude with the electronic issuance of a supplemental examination certificate. The supplemental examination certificate will indicate the result of the determination whether any of the items of information presented in the request raised a substantial new question of patentability.

(b) If the supplemental examination certificate states that a substantial new question of patentability is raised by one or more items of information in the request, *ex parte* reexamination of the patent will be ordered under 35 U.S.C. 257. Upon the conclusion of the *ex parte* reexamination proceeding, an *ex parte* reexamination certificate, which will include a statement specifying that *ex parte* reexamination was ordered under 35 U.S.C. 257, will be published. The electronically issued supplemental examination certificate will remain as part of the public record of the patent.

(c) If the supplemental examination certificate indicates that no substantial new question of patentability is raised by any of the items of information in the request, and *ex parte* reexamination is not ordered under 35 U.S.C. 257, the electronically issued supplemental examination certificate will be published in due course. The fee for reexamination ordered as a result of supplemental examination, as set forth in § 1.20(k)(2), will be refunded in accordance with § 1.26(c).

(d) Any *ex parte* reexamination ordered under 35 U.S.C. 257 will be conducted in accordance with §§ 1.530 through 1.570, which govern *ex parte* reexamination, except that:

(1) The patent owner will not have the right to file a statement pursuant to § 1.530, and the order will not set a time period within which to file such a statement;

(2) Reexamination of any claim of the patent may be conducted on the basis of any item of information as set forth in § 1.605, and is not limited to patents and printed publications or to subject matter that has been added or deleted during the reexamination proceeding, notwithstanding § 1.552(a);

(3) Issues in addition to those raised by patents and printed publications, and by subject matter added or deleted during a reexamination proceeding, may be considered and resolved, notwithstanding § 1.552(c); and

(4) Information material to patentability will be defined by § 1.56(b), notwithstanding § 1.555(b).

■ 6. Section 1.937 is amended by adding a new paragraph (d) to read as follows:

§ 1.937 Conduct of *inter partes* reexamination.

* * * * *

(d) A petition in an *inter partes* reexamination proceeding must be accompanied by the fee set forth in § 1.20(c)(6), except for petitions under § 1.956 to extend the period for response by a patent owner, petitions under § 1.958 to accept a delayed response by a patent owner, petitions under § 1.78 to accept an unintentionally delayed benefit claim, and petitions under § 1.530(l) for correction of inventorship in a reexamination proceeding.

Dated: July 17, 2012.

David J. Kappos,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2012–17917 Filed 8–13–12; 8:45 am]

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