



September 16, 2014

The Honorable Michelle K. Lee
Deputy Under Secretary of Commerce for Intellectual Property
and Deputy Director of the United States Patent and Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, Virginia 22313

Via Electronic Mail to: TrialsRFC2014@uspto.gov

Re: IPO Comments on “Request for Comments on Trial Proceedings Under the American Invents Act Before the Patent Trial and Appeal Board,” Federal Register Vol. 79, No. 124, June 27, 2014.

Dear Deputy Director Lee:

Intellectual Property Owners Association (IPO) appreciates the opportunity to provide comments in response to Request for Comments on Trial Proceedings Under the American Invents Act (AIA) Before the Patent Trial and Appeal Board.

IPO is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO’s membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members.

IPO supports rules that will streamline and simplify AIA trials. Our comments are directed to the seventeen questions in the notice.

1. Claim Construction Standard—Under what circumstances, if any, should the Board decline to construe a claim in an unexpired patent in accordance with its broadest reasonable construction?

The Board should not construe any claim in an unexpired patent according to its broadest reasonable construction or interpretation (BRI). Establishing a just, speedy, and inexpensive proceeding requires applying the claim construction standard set forth in *Phillips* in all AIA trials. That is, claims in AIA trials should be construed as they have been or would be construed in a civil action to invalidate a patent under Patent Act section 282, including construing each claim of the patent in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art, the prosecution history pertaining to the patent, and prior judicial determinations and stipulations relating to the patent.

President
Philip S. Johnson
Johnson & Johnson

Vice President
Carl B. Horton
General Electric Co.

Treasurer
Lisa Jorgenson
STMicroelectronics, Inc.

Directors
Steven Arnold
Micron Technology, Inc.
Edward Blocker
Koninklijke Philips N.V.
Tina M. Chappell
Intel Corp.
William J. Coughlin
Ford Global Technologies LLC
Robert DeBerardine
Sanofi-Aventis
Anthony DiBartolomeo
SAP AG
Louis Foreman
Enventys
Scott M. Frank
AT&T
Darryl P. Frickey
Dow Chemical Co.
Roger Gobrogge
Rolls-Royce Corp.
Krish Gupta
EMC Corporation
Henry Hadad
Bristol-Myers Squibb Co.
Jennifer Hall
Mars Incorporated
Michael Jaro
Medtronic, Inc.
Charles M. Kinzig
GlaxoSmithKline
Christopher H. Kirkman
The Travelers Companies, Inc.
David J. Koris
Shell International B.V.
Peter Lee
Thermo Fisher Scientific Inc.
Allen Lo
Google Inc.
Timothy F. Loomis
Qualcomm, Inc.
Thomas P. McBride
Monsanto Co.
Steven W. Miller
Procter & Gamble Co.
Micky Minhas
Microsoft Corp.
Douglas K. Norman
Eli Lilly and Co.
Elizabeth A. O'Brien
Covidien
Salvatore Pace
Praxair, Inc.
Richard F. Phillips
Exxon Mobil Corp.
Dana Rao
Adobe Systems Inc.
Kevin H. Rhodes
3M Innovative Properties Co.
Mark L. Rodgers
Air Products & Chemicals, Inc.
Curtis Rose
Hewlett-Packard Co.
Matthew Sarboraria
Oracle USA, Inc.
Manny Schecter
IBM, Corp.
Steven Shapiro
Pitney Bowes Inc.
Dennis C. Skarvan
Caterpillar Inc.
Terri H. Smith
Motorola Solutions, Inc.
Daniel J. Staudt
Siemens Corp.
Brian K. Stierwalt
ConocoPhillips
Thierry Sueur
Air Liquide
Brian R. Suffredini
United Technologies, Corp.
James J. Trussell
BP America, Inc.
Roy Waldron
Pfizer, Inc.
Michael Walker
DuPont
BJ Watrous
Apple Inc.
Stuart Watt
Amgen, Inc.
Jon D. Wood
Bridgestone Americas
Holding Co.
Mike Young
Roche Inc.

General Counsel
Michael D. Nolan
Milbank Tweed

Executive Director
Herbert C. Wamsley

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

The PTAB may have exceeded its rulemaking authority in applying BRI to claim construction in AIA trials.¹ The rules do not consider the impact of the proposed claim construction standard on the overall balance of rights between patentees and accused infringers, as required by the “integrity of the patent system” prong of Patent Act sections 316(b) and 326(b). Nor do they consider the standard of justice in adjudicating existing patent rights that will best promote the overall progress of science and the useful arts. The rules assume that AIA trials are simply an updated version of *inter partes* reexamination. This is incorrect. Reexamination is “conducted according to the procedures established for initial examination under the provisions of Sections 132 and 133.”² Thus, “the focus of” reexamination proceedings “return[ed] essentially to that present in an initial examination.”³

In contrast, AIA trials are not patent examination. As stated in the House Judiciary Committee report on the AIA, “[t]he Act converts inter partes reexamination from an examinational to an adjudicative proceeding, and renames the proceeding ‘inter partes review.’”⁴ Accordingly, the PTAB should apply the *Phillips* construction during AIA trials because they are adjudicative proceedings like litigation, and should therefore have the same standards.

Moreover, patent owners should not face the untenable situation where validity is judged using one (broader) claim construction while infringement of the same claim would be judged using another (narrower) construction. Nearly 90% of PTAB proceedings have parallel district court proceedings, and presumably even more of the IPRs involve petitioners “charged with infringement,” as all CBMs are, and therefore nearly all post-grant petitions involve or will involve parallel litigation. The Federal Circuit has held that courts should decide validity and infringement based on the same claim construction.⁵

Nor should petitioners have an unfair advantage when adjudicating validity/patentability. The new post-grant proceedings are designed to be a fair, less expensive alternative to costly litigation; they are not designed to make it easier for accused infringers to cancel patents. Indeed, Congress expressed concern for potential patent owner harassment.⁶ Such harassment includes giving accused infringers an unjust advantage in post-grant proceedings by using BRI instead of the *Phillips* construction, which would otherwise be the standard for determining validity in an infringement action.

The PTAB has justified using BRI for claim construction based on the patent owner’s ability to amend the claims during AIA trials. The patent owner’s ability to amend, however, is very limited and, in practice, nearly illusory. AIA trials do not afford the expansive right to amend that exists in reexamination. In AIA trials, the patent owner is presumptively limited to only

¹ See *Tafas v. Doll*, 559 F.3d 1345, 1352 (Fed. Cir. 2009).

² Patent Act section 305 (*ex parte* reexamination) and section 314 (*inter partes* reexamination).

³ *In re Etter*, 225 U.S.P.Q. 1, 4, 756 F.2d 852 (Fed. Cir. 1985).

⁴ H.R. Rep. No. 112-98, pt. 1, pp. 46-47 (June 1, 2011).

⁵ See *SmithKline Diagnostics, Inc., v. Helena Laboratories Corp.*, 859 F.2d 878, 882 (Fed. Cir. 1988).

⁶ See e.g., 157 Cong. Rec. S1360-S1394, S1375 (Remarks by S. Kyl), 157 Cong. Rec. S5402-S5443, S5428 (Remarks by S. Pryor, “It would not only be unfair to the patent holder but would be a waste of both USPTO’s time and resources to subject such presumptively valid patent claims to yet another administrative review.”)

“one motion to amend the patent.”⁷ And even this one amendment requires approval by the PTAB. The very low success rate of motions to amend demonstrates the futility of filing such motions. To our knowledge, the PTAB has not granted a single opposed motion to amend.⁸ This further diminishes the PTAB’s justification for using BRI.⁹

It is not just the low success rate of motions to amend that makes BRI inappropriate, however, but the nature of the proceedings. AIA trials are adjudications, not examinations. A patent owner’s ability to amend in AIA trials will always fall short of the ability to amend in reexamination and *ex parte* prosecution. The AIA and the PTAB generally limit patent owners to one motion to amend and a reasonable number of substitute claims.¹⁰ The amendments are necessarily narrowing. In contrast *ex parte* prosecution and reexamination have much more liberal amendment policies that often result in several rounds of amendments with 10’s or 100’s of new claims.

2. Motion to Amend—What modifications, if any, should be made to the Board’s practice regarding motions to amend?

During AIA trials, a patent owner has the statutory right to file one motion to amend the patent by cancelling any challenged patent claim, and for each challenged claim, proposing a reasonable number of substitute claims.¹¹ But in practice, a patent owner’s ability to amend claims in AIA trials is severely restricted by the Office’s post-grant rules and procedures. The PTAB has allowed claims to be amended just once in a case in which the United States was the patent owner and the motion was effectively agreed to by both parties in settlement.¹²

a. The burden of proof concerning patentability over the prior art must remain with the petitioner, including in the context of motions to amend.

Under the PTAB’s current interpretation of the rules, the patent owner bears the burden to show a patentable distinction of each proposed substitute claim over the prior art. This is improper because the relevant statutory provisions clearly specify that the “the petitioner *shall have* the burden of proving a proposition of unpatentability by a preponderance of the evidence.”¹³ There is nothing in these provisions to justify limiting the application of the AIA’s statutorily imposed evidentiary standard to challenged claims. Indeed, the statutorily imposed evidentiary standard is set forth in the same statutory sections that authorize a patent owner to propose a reasonable number of substitute claims for each challenged claim.

⁷ Patent Act section 316(d)(1).

⁸ Besides granting motions to cancel claims, the Board granted one unopposed motion to amend in *International Flavors & Fragrances Inc. v. United States*, Case 2013-00124 (Paper No. 12).

⁹ In the context of motions to amend, for example, the Board has repeatedly emphasized the patent owner bears the burden of showing patentability because AIA trials are adjudicatory in nature or more akin to “litigation” – not examination. Thus, applying the BRI standard in AIA trials is not appropriate.

¹⁰ Patent Act sections 316(d) and 326(d).

¹¹ See Patent Act sections 316(d)(1) and 326(d)(1).

¹² *International Flavors & Fragrances Inc. v. United States*, IPR2013-00124, Paper No. 12 at 7 (May 20, 2014).

¹³ Patent Act sections 316(e) and 326(e) (emphasis added); see also, Patent Act section 102 (“A person shall be entitled to a patent unless”).

The PTAB bases its position that the patent owner bears the burden of proof of patentability with respect to substitute claims entirely on the fact that the patent owner is the moving party and, thus, bears the burden to show entitlement to the relief requested.¹⁴ This is inconsistent with the evidentiary standard statutorily imposed on petitioners by Patent Act sections 316(e) and 326(e).

Further, although proposed substitute claims are by their nature different from the claims that originally issued, a patent owner can only narrow the scope of issued claims through amendment.¹⁵ Because each proposed substitute claim is necessarily narrower than a challenged claim to which it corresponds, a prima facie showing of the substitute claim's validity is the very most a patent owner should be required to provide.

Requiring the patent owner to carry the burden of proof regarding the patentability of substitute claims is also impractical given that a motion to amend is limited to 15 pages (double-spaced, 14-point font). In addition to the numerous other procedural requirements governing motions to amend, the motion must show patentability over the prior art at issue in the IPR, prior art not of record but known to the patent owner, and the prior art generally.¹⁶ And, although the patent owner "is not assumed to be aware of every item of prior art presumed to be known to a hypothetical person of ordinary skill in the art," the patent owner is expected to "set forth what it does know about the level of ordinary skill in the art, and what was previously known, regarding each feature it relies and focuses on for establishing patentability of its proposed substitute claims."¹⁷ As reflected by the decisions to date, the substantive requirements imposed by the PTAB are simply impracticable given the PTO's page limit and formatting rules.

b. Patent owners should not be limited to substituting one claim for each challenged claim.

As expressly allowed by statute, patent owners should be free to propose a "reasonable number" of substitute claims for each challenged claim. The Office may have exceeded its rulemaking authority in that patent owners are presumptively permitted to propose only one substitute claim for each challenged claim that is cancelled.¹⁸ Yet the AIA expressly authorizes patent owners to "file 1 motion to amend the patent in *1 or more of the following ways*: (A) Cancel any challenged patent claim. (B) *For each challenged claim, propose a reasonable number of substitute claims.*"¹⁹ To give life and meaning to the phrase "1 or more of the following ways," patent owners must be provided the right to cancel challenged claims, propose a reasonable number of substitute claims for each challenged claim, or both cancel a challenged claim and propose a reasonable number of substitute claims for that challenged claim. The interpretation of the AIA implicit in the Office's rules, however, improperly reads

¹⁴ *Idle Free*, IPR2012-00027, Paper No. 66 at 33 (PTAB January 7, 2014).

¹⁵ See 37 C.F.R. § 42.121(a)(2)(ii); see also *Idle Free*, No. IPR2012-00027, Paper No. 26 at 5 (PTAB June 11, 2013) ("A proper substitute claim under 37 C.F.R. § 42.121(a)(2)(i) must only narrow the scope of the challenged claim it replaces.").

¹⁶ *Idle Free*, IPR2012-00027, Paper No. 26 at 7 (PTAB June 11, 2013).

¹⁷ *Idle Free*, IPR2012-00027, Paper No. 66 at 33 (PTAB January 7, 2014).

¹⁸ 37 C.F.R. §§ 42.121(a)(3), 42.221(a)(3).

¹⁹ Patent Act sections 316(d)(1) and 326(d)(1) (*emphasis added*).

out of the statute the phrase “1 or more of the following ways” by forcing patent owners to always cancel a challenged claim when a substitute claim is proposed.

By presumptively limiting patent owners to one substitute claim for each challenged claim, the rule also ignores that Congress expressly granted patent owners the right “to propose a reasonable number of *substitute claims*” for each challenged claim.²⁰ The express language of the AIA clearly grants patent owners the right to substitute *multiple* claims (so long as the number is reasonable) for a single challenged claim. The Office created a presumption that effectively reads out the word “claims” from the statute: “only one substitute claim would be needed to replace each challenged claim.”²¹ The rule creating the one-for-one presumption should be revised to permit a meaningful number of substitute *claims* to be proposed for each challenged claim.

c. The patent owner estoppel provision of 37 C.F.R. § 42.73(d)(3) should be rescinded.

The patent owner estoppel provision of 37 C.F.R. § 42.73(d)(3) precludes a patent owner from obtaining from the Office in another proceeding a patent claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim. This precludes a patent owner who loses a claim in an AIA trial from pursuing a claim in a continuation application or any other application that could have been filed in response to a properly raised objection. This rule, nowhere authorized in the AIA, is unfair to patent owners because it imposes an unwarranted burden that threatens entire portfolios. The unfairness of the rule is compounded by the illusory nature of the right to amend in AIA trials. It also appears to exceed the Office’s rulemaking authority. The rule should be rescinded.²²

d. The page limits for motions to amend are impracticable and should be increased.

The low page limit imposed upon motions to amend significantly restricts patent owners’ ability to comprehensively discuss proposed amendments, applicable specification support, claim construction positions, and the relationship between the amended claims and the art involved in the proceeding. Moreover, the Office’s current requirement that patent owners further distinguish their proposed amended claims from other known art is nearly impossible within the constraints imposed by the current rules. Accordingly, the page limits should be increased to a more reasonable number (e.g., 40 pages), not including the proposed amended claim language (which could be submitted in an appendix).

²⁰ Patent Act sections 316(d)(1) and 326(d)(1).

²¹ 37 CFR 42.221(a)(3).

²² If this Rule is not rescinded, the Office should, at a minimum, provide guidance on how to apply the estoppel under 37 C.F.R. § 42.73(d)(3). For instance, the Office should require a limitation-by-limitation demonstration that the claims are anticipated or obvious over the parent claims alone or in combination with other references.

e. The PTAB should streamline the process to make it easier for patent owners to successfully move to amend.

The PTAB should make the process easier for patent owners to successfully move to amend. The Office should consider granting a motion to amend as long as the patent owner makes a facially good-faith effort to demonstrate patentability, under a duty to disclose (such as 37 C.F.R. section 1.555), and the claims are patentable over all prior art considered in the proceeding. The PTAB should not make simple statements that the patent owner has not demonstrated patentability over the prior art generally or deny motions to amend for simply failing to construe relatively minor limitations.²³

3. Patent Owner Preliminary Response—Should new testimonial evidence be permitted in a Patent Owner Preliminary Response?

Yes, the patent owner should be allowed to file a preliminary response that includes all evidence the patent owner chooses to rely on to rebut the petition, including testimonial evidence (by affidavit or declaration). The Office should encourage a full disclosure of rebuttal evidence by the patent owner in the preliminary response, so that the PTAB may decide whether to institute an AIA trial on the basis of the best available information.

In the preliminary response, the patent owner should be allowed to present testimonial evidence in the form of affidavits or declarations from fact and/or expert witnesses. Evidence presented by the patent owner, including testimonial evidence, should be weighed in the same manner as like evidence presented by the petitioner.

At the very minimum, the patent owner should be permitted to provide evidence for at least the limited purpose of introducing expert declarations concerning claim construction. The purpose of the proposed change is to enable the PTAB to address and provide the parties with claim construction decisions concurrent with the institution of AIA trials, and to improve the efficiency of the AIA trials.

IPO understands that the Office may be concerned that testimonial evidence submitted with the patent owner's preliminary response would not be subject to cross-examination. There is no restriction, however, on the *petitioner's* ability to submit testimony in support of the petition for review. The same cross-examination criticism would appear to apply equally to the petitioner's showings. Fairness requires that the patent owner be allowed to preliminarily respond to the petition with testimonial evidence (at a minimum on the issue of claim construction), if so desired, and that that evidence and the remainder of the patent owner's showing be evaluated in the same manner as evidence proffered by the petitioner. Expert declarations could be limited, for example, to:

- (1) Identification of, and/or rationale for, the level of ordinary skill in the art;

²³ See, e.g., *Google Inc. v. Jongerius Panoramic Technologies, LLC*, IPR2013-00191 (Final Written Decision, Paper 70, August 12, 2014).

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

- (2) Technical information that may assist the PTAB in understanding the underlying technology; and the way in which one skilled in the art might use the disputed claim term;
- (3) Providing background information relating to the technology;
- (4) Explaining how an invention works;
- (5) Assisting the PTAB in understanding the technical aspects of the invention to be consistent with the understanding of a person skilled in the art; and
- (6) Establishing that a particular term in the patent (or in the prior art) has a particular meaning to one skilled in the field of the claimed subject matter.

Prior to institution of the trial, no additional discovery of experts should be allowed.²⁴ This will enable the PTAB to maintain its trial calendar such that it will be able to complete AIA trials in a timely manner, while providing the PTAB with the benefit of a full understanding of the parties' positions concerning claim construction issues concurrent with the decision on institution.

4. Obviousness—Under what circumstances should the Board permit discovery of evidence of non-obviousness held by the petitioner, for example, evidence of commercial success for a product of the petitioner?

Because a proper obviousness analysis under *Graham v. John Deere* includes evaluation of objective indicia of non-obviousness, the PTAB should make discovery of such evidence more permissive. Instead, the PTAB has denied such additional discovery. For example, in *Schott Gemtron*²⁵ the PTAB denied additional discovery on commercial success when the patent owner was unable to demonstrate the level of commercial success of the petitioner's sale and the required nexus between the claimed invention and that purported commercial success. Further, in *Microsoft*²⁶ the PTAB denied additional discovery when the patent owner could not show a specific nexus because the accused Windows product had thousands of features and generally was sold on an enterprise basis.

These two cases highlight the unfairness in requiring a patent owner to prove the existence of commercial success and provide a likelihood of nexus before being able to discover the evidence necessary to make out such a case. Similar decisions can be seen across other objective indicia including unexpected results, copying, and licensing.

Presently, the PTAB uses the following factors in making discovery rulings:²⁷

- (1) More than a possibility and mere allegation;
- (2) Litigation positions and underlying basis;

²⁴ Discovery of experts following institution will remain unchanged.

²⁵ IPR2013-00358.

²⁶ IPR2012-00026.

²⁷ *Garmin v. Cuozzo*, IPR2012-00001.

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

- (3) Ability to generate equivalent information by other means;
- (4) Easily understandable instructions; and
- (5) Requests not overly burdensome to answer.

The PTAB generally weighs the first, third, and fifth *Garmin* factors when determining whether to grant additional discovery with regard to objective indicia. The PTAB should relax the first *Garmin* factor from “more than a possibility and mere allegation” to “a reasonable basis that the non-moving party has evidence relevant to objective indicia of non-obviousness.” By relaxing this first factor, the moving party will still be required to demonstrate some reasonable basis for the request. For example, to request financial documents relating to sales data, the moving party would need to demonstrate that the claims at issue could reasonably be read to cover a particular product to ensure the requested sales data is reasonably related to claims at issue.²⁸

The PTAB may use the fifth factor (*i.e.*, requests are not overly burdensome to answer) to ensure any requests are limited to, for example, documents already in existence, short time windows, limited number of products, *etc.* By altering the language of the first factor and enforcing the fifth factor, the moving party will be able to obtain necessary documents to determine whether objective indicia of non-obviousness are present and the non-moving party will not be forced to respond to overly burdensome requests.

5. Real Party in Interest—Should a patent owner be able to raise a challenge regarding a real party in interest at any time during a trial?

Yes, at any time during a trial the patent owner must be able to raise a challenge involving the real party in interest in regards to the petitioner. The PTAB has already noted that section 315(b) bar is a jurisdictional issue that can be raised at any time.²⁹

Given the importance of all parties knowing who the real party in interest is, it is critical to the just, speedy, and inexpensive resolution of every AIA trial to determine the real parties in interest and privies as early as possible and definitely before the PTAB decides whether or not to institute trial. The PTAB should amend the existing rules (§ 42.8 Mandatory Notice and § 42.51 Discovery) to require both the petitioner and patent owner to provide documents that: 1) go to the specific issue of who is the real party in interest, and, 2) are not overly burdensome on either party.

The real party in interest is essentially a standing issue to protect the patent owner against statutorily barred cases and to protect both parties against subsequent action by the actual party to whom estoppel should apply. The PTAB has pointed out this is a highly fact dependent question based on a number of factors the PTAB utilizes to determine actual control or the opportunity to control:

- (1) Financially controlling interest in the petitioner;

²⁸ The same test would also apply to discovery related to other secondary indicia. For example, should a moving party request discovery on copying, the moving party would need to demonstrate a reasonable basis for such a request.

²⁹ *Unified Patents*, (IPR2013-00586).

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

- (2) Relationship of the non-party with the petitioner;
- (3) The non-party's relationship to the petition itself including the nature and/or degree of involvement in the preparation and filing of the petition;
- (4) The nature of the entity filing the petition; and
- (5) Is there a close parent wholly-owned subsidiary relationship.³⁰

Generally, without some clear factual basis already known to the patent owner, the PTAB has been reluctant to grant requests for additional discovery on real party in interest issues given the *Garmin* factors, albeit some requests are arguably made with little factual information by the patent owner.

In *RPX*³¹ the PTAB granted additional discovery and ultimately found against RPX. The PTAB held that Apple was a real party in interest with respect to RPX's petitions and time barred, thus resulting in denial of the RPX petitions. However, in *Unified Patents* (IPR2013-00586) a similar situation arose and the request for additional discovery was denied, ostensibly because the interrogatories were deficient and patent owner's counsel appears to have dropped the inquiry. These two cases highlight the difficulty and possibly panel-specific variations a patent owner is faced with when trying to ascertain the real party in interest.

The PTAB should amend rule 42.8(b)(1) to require both parties to provide with the filing of the Mandatory Notice the following:

- (A) either a copy of or, if applicable, a redacted copy, of any joint defense group agreement(s), under a protective order if necessary;
- (B) either a copy of, or, if applicable, a redacted copy, of any indemnity agreement(s), under a protective order if necessary;
- (C) identification of any counsel representing a defendant in a litigation with the patent owner and the petitioner in the AIA trial;
- (D) identification of the names of any other person or entity participating in the preparation of the petition and/or in the AIA trial, including all parent entities if either the petitioner or patent owner is a wholly owned subsidiary;
- (E) identification of the names of all parties who are contributing to the cost of filing the petition or conducting the AIA trial.

Since each party to an AIA trial is generally always the party with the knowledge necessary to determine the real party in interest and privies, this should not pose an excessive burden for either party to provide or answer.

³⁰ *Zoll Lifecor*, (IPR2013-00606).

³¹ IPR2014-00171 and accompanying cases.

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

In addition to amending rule 42.8(b)(1), the PTAB should amend rule 42.8(a)(1) to allow the petitioner to file a separate paper labeled as “Petitioner’s Mandatory Notice” to include this additional information and not penalize petitioner on the page limit for each type of AIA trial. Rule 42.51(a) should also be amended to reflect the additional documents that would be required from both parties in the Mandatory Notice.

This proposal provides sufficient information to the PTAB to quickly determine whether a controversy over the real party in interest exists for either party. If none of this information is applicable, then the likelihood that there is a real party in interest controversy is significantly reduced. This limited disclosure would provide the threshold information necessary for either party to seek additional discovery, provided it is in the interest of justice and the movant can meet the *Garmin* factors. This proposal will help resolve real party in interest and privity issues early on in the AIA trial and contribute to the just, speedy, and inexpensive resolution of every AIA trial.

Even if this proposal is not adopted, a real party in interest challenge must be allowed to be raised at any time during the trial because it is essentially a standing issue.

6. Additional Discovery—Are the factors enumerated in the Board’s decision in *Garmin v. Cuozzo*, IPR2012-00001, appropriate to consider in deciding whether to grant a request for additional discovery?

Please see response to Question 4.

7-13. Multiple proceedings—How should multiple proceedings before the USPTO involving the same patent be coordinated?

The authority to manage copending proceedings and to deny an AIA trial because of duplicative arguments in other proceedings allows the PTAB to prevent the inefficiency, waste, and inequity that naturally result when patent challengers file needlessly duplicative proceedings against the same patent. These may include proceedings that involve common questions concerning claim construction, the same or substantially similar prior art references, common statutory subject matter or indefiniteness grounds, or other cumulative or redundant issues that may arise in more than one proceeding.

Duplicative USPTO proceedings thwart the goal of reducing the expense of validity disputes by multiplying the time and expense that both the USPTO and the parties must expend to resolve validity disputes that could be resolved in a single proceeding in a single forum. The burden on patent owners facing multiple or concurrent AIA trials, reexamination proceedings, and/or reissue proceedings (as well as possibly litigation in district court) is enormous, and the Office should implement procedures that will alleviate it.

The Office should consider implementing procedures that would allow patent owners to request that co-pending AIA trials be stayed pending the resolution of already-instituted proceedings, and other proceedings handled initially by the examination corps, such as *ex parte* reexamination and reissue proceedings. Due to the PTAB’s statutory deadlines, in many

instances it would be more appropriate to stay other Office proceedings so the PTAB can meet its statutory requirements.

The PTAB should also aggressively exercise its authority under Patent Act section 325(d) to deny institution of grounds in multiple AIA trials that are cumulative of or otherwise overlap with other trials (or already instituted reexamination or reissue proceedings), even when different parties file petitions.³²

The PTAB should further ensure that multiple AIA trials concerning the same (or related) patents (or parties) be consolidated or handled by the same panel. The panel should consolidate these proceedings' discovery and oral hearings, wherever possible.

Finally, the Office should provide guidance on how petitioners should address provisional amendments in co-pending proceedings, and the effect of a reexamination certificate issuing during the pendency of an AIA trial.

14. Extension of 1 Year Period to Issue Final Determination—What circumstances should constitute a finding of good cause to extend the 1-year period for the Board to issue a final determination in an AIA trial?

The “good cause” bar should be very high, and the extension period should only be used in the most extreme circumstances where a panel realizes that completing an AIA trial in the 1-year timeframe has become unavoidable (*e.g.*, due to the unexpected short term disability of a panel member late in the AIA trial, or the need to complete a co-pending reexamination or reissue while an AIA trial is stayed).

15. Oral Hearing—Under what circumstances, if any, should live testimony be permitted at the oral hearing?

Live testimony should be permitted where a witness's credibility is a key issue in the AIA trial. Currently, the PTAB permits live testimony in AIA trials in situations where an inventor, for example, provides testimony concerning inventorship and the facts supporting an attempt to swear-behind prior art references. The PTAB may find this live testimony useful to gauge the credibility of the witness, particularly because such issues may not be extensively documented or able to be clearly verified by other means. In the interest of efficiency, testimony from other witnesses (where credibility is not a key determination) should generally be provided in the form of deposition transcript or video.

16. Oral Hearing—What changes, if any, should be made to the format of the oral hearing?

No changes should be made to the format of the oral hearing, which is generally left to the sound discretion of the panel.

³² See *Unified Patents*, IPR2014-00702, Paper 13 at 2, 7-8 (denying IPR petition in view of previous IPR petition citing the same prior art reference).

17. General—What other changes can and should be made in AIA trials?a. *Arguments in Claim Charts*

We are concerned about inconsistent application of the PTAB’s guidance that claim charts cannot include “arguments.”³³ We understand that parties frequently include “attorney argument” in claim charts to conserve total pages. This forces the PTAB to waste valuable resources reviewing (and often rejecting) claim charts that contain unnecessary argument. There is no rule prohibiting arguments in the claim charts and it is unclear whether the PTAB can impose such a restriction on petitioners without going through proper notice and comment procedures.³⁴

We agree with the Office’s position that “[a] rule prohibiting attorney argument or new evidence in claim charts would be difficult to enforce without inordinate expenditure of Board resources.”³⁵ Under the current practice, some petitions are deemed defective when they include analysis discussing the prior art and claims, while other petitions are not. This makes it difficult for practitioners to follow the PTAB’s guidance, it leads to unnecessary conflicts over whether petitions contain arguments, and it puts an unfair burden on patent owners to address more extensive single-spaced arguments.

Some panels permit only quotations from and citations to the prior art. If adopted as a rule in all proceedings, paralegals could easily implement and practitioners could easily understand this requirement. The opportunity to present quotations and citations in single-spaced claim charts balances the petitioner’s need to provide a detailed application of the art to the claims, but does not overly burden patent owners with single-spaced arguments. The Office should propose this requirement as a rule to ensure the public has a proper opportunity to comment. Any proposed rule should be clear to exclude claim charts submitted with expert declarations or other extraneous argument.

During the interim, the Board should make clear the distinction between appropriate analysis and inappropriate “argument.” Changing this or any current practice drastically without appropriate notice and comment period risks harming stakeholders who rely on consistent policy.

b. *Requiring the parties to engage in settlement discussions*

Given the limited time-frame in which post-grant proceedings must take place, the parties should be encouraged, but not required, to engage in settlement discussions.

³³ <http://www.uspto.gov/ip/boards/bpai/prps.jsp>, FAQ D7.

³⁴ *Tafas v. Doll*, 559 F.3d 1345, 1352 (Fed. Cir. 2009).

³⁵ 77 Fed. Reg. 157, 48612, 48635 (“Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions”).

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

c. Fairness of trial continuance if parties settle

The AIA includes explicit settlement provisions and permits the PTAB to maintain an AIA trial after the parties settle.³⁶ This discretion has led to significant uncertainty in that patent owners emerging from settlement do not know whether their AIA trial will terminate. Such uncertainty may actually *discourage* settlement.

Settlement can and should be encouraged by the PTAB. If the parties choose to settle, the PTAB should respect that decision. PTAB policy should be to terminate as a matter of course at any time before a Final Written Decision upon the joint request of the petitioner and the patent owner, or if no petitioner remains in the post-grant review.

* * * * *

IPO thanks the USPTO for considering these comments and would welcome any further dialogue or opportunity to support the USPTO in implementing the proposed rule changes.

Sincerely,



Herbert C. Wamsley
Executive Director

³⁶ See Patent Act sections 317(a) and 327(a).