

October 16, 2014

The Honorable Michelle K. Lee
Deputy Under Secretary of Commerce for Intellectual Property
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Via e-mail: TrialsRFC2014@uspto.gov

RE: Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board

Dear Deputy Director Lee:

In response to the Request for Comments on Trial Proceedings Under the America Invents Act (AIA) Before the Patent Trial and Appeal Board, published June 27, 2014, at 79 Fed. Reg. 124, we respectfully submit the following comments.

QUESTION 1: Under what circumstances, if any, should the Board decline to construe a claim in an unexpired patent in accordance with its broadest reasonable construction in light of the specification of the patent in which it appears?

The justification for the broadest reasonable interpretation standard is rooted almost entirely in the ability to amend the claims. Claims in an expired patent are subject to the claim construction principles in *Phillips* as amendments can no longer be made. *In re Rambus, Inc.* 753 F.3d 1253, 1255-56 (Fed. Cir. 2014). The Board should decline to construe a claim in an unexpired patent in accordance with its broadest reasonable construction in circumstances where the ability to amend claims is no longer present in the trial, including:

- when a patent involved in a proceedings will expire during the trial or during the time period for the Federal Circuit appeal (e.g., expires within 3 years of Petition filing date)
- when the patent owner certifies in its preliminary response that it will not seek amendment of claims during trial
- when the patent owner disclaims any patent term after the end of the trial period, provided that the terminal disclaimer is offered by the patent owner with its preliminary response

In addition, the Board should decline to construe a claim in an unexpired patent in accordance with its broadest reasonable construction when the parties to the AIA trial have each

filed claim construction briefings in another tribunal (e.g., District Court) on the constructions for claim terms involved in the trial.

Many of the decisions related to broadest reasonable construction draw a line between the “broadest reasonable construction” standard and the *Phillips* standard. However, this view fails to appreciate that what is “reasonable” may vary based on the circumstance of an individual case. Indeed, the “broadest reasonable” construction in circumstances, such as those described above, may be the *Phillips* standard. Put differently, in many cases there need not be any conflict between the two standards.

QUESTION 2: What modifications, if any, should be made to the Board’s practice regarding motions to amend?

1. Allow for conversion of a denied motion to amend into an ex parte reexamination

By statute, amendments to claims in an AIA proceeding are made by motion. 35 U.S.C. § 316(d). As such, the moving party (patent owner) has the burden of proof to establish that it is entitled to the request relief. 37 C.F.R. §42.20(c). That is, the burden lies with the patent owner to establish the patentability of the claims, as amended.

Should the Board deny patent owner’s motion to amend, the patent owner should be provided with the opportunity to convert the denied motion to amend into an ex parte reexamination of the amended claims. In this case, any prior art raised in either the motion or the opposition should be applied as the substantial new questions of patentability. Reexamination is the most appropriate vehicle for dealing with amended claims in an issued patent.

2. Modify page limit requirements

A motion to amend is limited to 15 pages. Within those 15 pages, a patent owner must present the claim amendment or amendments, address written description support, provide claim constructions, and establish the patentability of the amended claims over prior art known to the patent owner. The restrictive page limits when combined with 14-point font and double spacing requirements severely hamper a patent owner’s ability to establish the requisite proof of patentability. The Board should consider the following modifications:

- Allow the listing of substitute claims to be provided in an appendix that does not count against the page limits
- Move to a word count rather than a strict page limit, which would encourage use of helpful figures and diagrams.
- Set the number of pages based on the number of substitute claims proposed. For example, if a patent owner is proposing 1-3 substitute claims, set the page limit to a first threshold. If a patent owner is proposing 4-6 substitute claims, set the page limit to a second threshold.

QUESTION 3: Should new testimonial evidence be permitted in a Patent Owner Preliminary Response? If new testimonial evidence is permitted, how can the Board meet the statutory deadline to determine whether to institute a proceeding while ensuring fair treatment of all parties?

Yes – a patent owner should be permitted to submit testimonial evidence regarding claim construction in the Patent Owner Preliminary Response.

A Patent Owner Preliminary Response can be considered an equivalent to a motion to dismiss a complaint in a district court. *See, e.g.*, Fed. R. Civ. P. 12(b)(6) (A complaint that fails to “state a claim to relief that is plausible on its face” should be dismissed under Fed. R. Civ. P. 12(b)(6).); *See also, Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). For purposes of a Rule 12(b)(6) motion, all facts alleged by the pleading party, and all reasonable inferences therefrom, are assumed true. Therefore, testimonial evidence regarding the proposed grounds of patentability should not be permitted in the Patent Owner Preliminary Response.

However, the pre-trial phase of a trial (petition and preliminary response) also includes a claim construction component. Under the “broadest reasonable interpretation” standard, terms are construed in terms of the understanding of a person of ordinary skill in the art based on the specification. A patent owner should be permitted to submit testimonial evidence to rebut Petitioner’s claim construction evidence in a Patent Owner Preliminary Response.

QUESTION 4: 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? What limits should be placed on such discovery to ensure that the trial is completed by the statutory deadline?

Secondary considerations are “not just a cumulative or confirmatory part of the obviousness calculus but constitute independent evidence of nonobviousness ... [and] enables the court to avert the trap of hindsight.” *Leo Pharm. Prods., Ltd. v. Rea*, 726 F.3d 1346, 1358 (Fed. Cir. 2013). “[E]vidence of secondary considerations may often be the most probative and cogent evidence in the record. It may often establish that an invention appearing to have been obvious in light of the prior art was not.” *Stratoflex v. Aeroquip*, 713 F.2d 1530, 1538 (Fed. Cir. 1983). Therefore, it is important to give a patent owner a full and fair opportunity to develop arguments regarding secondary considerations.

In *Garmin v. Cuozzo*, IPR2012-00001, the Board set forth five factors used in making decisions regarding discovery:

1. More than a possibility and mere allegation
2. Litigation positions and underlying basis
3. Ability to generate equivalent information by other means
4. Easily understandable instructions

5. Requests not overly burdensome to answer

When considering discovery of secondary considerations of non-obviousness, particularly commercial success and evidence of copying, the first and fifth *Garmin* factors are often determinative.

In an IPR, to meet the first *Garmin* factor, the requesting party must establish that it is already in possession of evidence tending to show beyond speculation that something useful will be uncovered. Because this evidence is often solely in control of the petitioner when certain secondary considerations are at issue, the first *Garmin* factor becomes an insurmountable hurdle for a patent owner without access to any means of discovery. To provide the patent owner with the ability to fully develop its case, the Board should relax the first *Garmin* factor.

However, to balance the relaxation of the first *Garmin* factor, the Board should also strengthen the fifth *Garmin* factor. The strengthening of the fifth *Garmin* factor will protect petitioners against expensive and burdensome discovery. The Board should also consider broadening the scope of the second factor when discovery of certain secondary considerations evidence such as copying is at issue. For example, establishing “copying” may often involve obtaining confidential evidence regarding the structure and operation of a product. The second factor should be used to guard against the use of an IPR or CBM proceeding to develop litigation positions regarding infringement.

To ensure the “just, speedy, and inexpensive” resolution of these proceedings, alternative vehicles could be used for secondary considerations discovery. For example, consider the following:

- permit the patent owner to serve a limited number of focused interrogatories and requests for production related to secondary considerations
- provide a schedule for secondary considerations discovery. For example, allowing for interrogatories and/or requests for production to be served pre-institution (e.g., 1 month before institution date), and requiring petitioner to serve evidence within 1 month after institution

And for motions to amend, the Board should consider the following limitation:

- limiting discovery of secondary considerations to support a motion to amend to non-confidential materials. By statute, any information submitted “by the patent owner in support of any amendment entered under subsection (d) **is made available to the public as part of the prosecution history of the patent.**” 35 U.S.C. § 316(a)(9).

QUESTION 5: Should a patent owner be able to raise a challenge regarding a real party in interest at any time during a trial?

Yes. The patent owner should be able to raise a challenge regarding a real party in interest at any time during a trial. The real party in interest issue is important because it could impact the Board's jurisdiction to even hear the case. It also impacts the estoppels that arise upon final written decision. Moreover, real party in interest is a fact-dependent issue. *See generally Taylor v. Sturgell*, 553 U.S. 880 (2008). As such, real party in interest often requires limited discovery. Finally, it is an issue that could change over the course of a trial. So to limit the patent owner's ability to raise real party in interest issues to the pre-trial phase where discovery is extremely limited would be prejudicial to patent owners.

QUESTION 6: 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? What additional factors, if any, should be considered?

Please see the comments to question 4.

QUESTION 7: How should multiple proceedings before the USPTO involving the same patent be coordinated?

Multiple proceedings involving the same patent increase the burden on the patent owner and the office and introduce complexity with coordination and management across cases. Multiple proceedings may also present situations where petitioners can "game" the system, for instance, by waiting for preliminary responses, or trial decisions before filing subsequent petitions. The following list provides proposals for handling multiple proceedings in the Office:

- (1) where feasible – multiple proceedings involving same or related patents should be consolidated for scheduling purposes and same panel assigned to each proceeding
- (2) in cases where same (or different) party files multiple concurrent petitions on same claims using different art, USPTO should make institution decision (e.g., redundant/cumulative art) as if one proceeding (one large petition)
- (3) in cases where same party files multiple subsequent petitions on same claim using different art:
 - (a) petitioner should be required to set forth how grounds are different and not cumulative to grounds in originally filed petition
 - (b) if filed before Patent Owner Preliminary Response date of the initial proceeding, Patent Owner Preliminary Response date should be reset to 3M from notice of filing of subsequent petition

- (c) if filed before Patent Owner Preliminary Response date of initial proceeding, schedule and briefing should be consolidated (e.g., one patent owner response after initiation with modified pages, one petitioner reply, etc.)
 - (d) if filed after institution of trial, second proceeding should be stayed (or terminated)
- (4) in cases where different parties files multiple subsequent petitions on same claim using different art:
- (a) petitioner should be required to set forth how grounds are different and not cumulative to grounds in originally filed petition
 - (b) if filed before Patent Owner Preliminary Response date of initial proceeding, POPR date should be reset to 3M from notice of filing of subsequent petition
 - (c) if filed before Patent Owner Preliminary Response date of initial proceeding, schedule and briefing should be consolidated (e.g., one patent owner response after initiation with modified pages, one petitioner reply, etc.)
 - (d) if filed after institution of trial, second proceeding should be stayed
- (5) in cases involving reexamination and AIA trial: if reexamination is not stayed, Board's claim construction from AIA trial should be applied in the reexamination proceeding. If an Office Action/responses/comments already has been filed in the co-pending reexamination, parties should be given mechanism to brief issues under new claim constructions.

QUESTION 8: What factors should be considered in deciding whether to stay, transfer, consolidate, or terminate an additional proceeding involving the same patent after a petition for AIA trial has been filed?

- (1) type of additional proceeding (IPR, CBM, or reexamination)
- (2) time between filing date of initial proceeding and additional proceeding
- (3) stage of initial proceeding (pre-trial, post-trial)
- (4) duration of additional proceeding (e.g., IPR/CBM is appx. 18M from filing, reexam 2-3 years)
- (5) scope of each proceeding (e.g., same, overlapping or different claims; same, overlapping or different prior art)
- (6) third party filers (same, different)

- (7) relation between third party filer of additional proceeding and filer of initial proceeding (e.g., members of same joint defense group, parties to indemnification agreement, etc.)
- (8) number of total proceedings filed against the patent
- (9) whether additional proceeding is a reexamination: ex parte reexamination should not be transferred to PTAB because patent owner would lose rights such as ability to interview case
- (10) whether pending District Court litigation has been stayed pending resolution of the reexamination
- (11) whether validity of claims at issue in AIA trial is currently on appeal to the Federal Circuit

QUESTION 9: Under what circumstances, if any, should a copending reexamination proceeding or reissue proceeding be stayed in favor of an AIA trial? If a stay is entered, under what circumstances should the stay be lifted?

The following circumstances justify the stay of copending reexamination proceeding or reissue:

- (1) reexamination at stage where claim amendments are possible (e.g., before Notice of Appeal)
- (2) reexamination is proceeding under claim construction that is inconsistent with claim construction being applied in AIA trial
- (3) agreement of parties to reexamination that reexamination should be stayed

If a stay is entered, the following circumstance justifies the lifting of the stay:

- (1) IPR final written decision finds some or all of claims patentable that are also subject to reexamination

QUESTION 10: Under what circumstances, if any, should an AIA trial be stayed in favor of a copending reexamination proceeding or reissue proceeding? If a stay is entered, under what circumstances should the stay be lifted?

The circumstances resulting in stay of an AIA trial should be limited. If copending reexamination is in the late stages of appeal to PTAB (e.g., after briefing and oral argument), an AIA trial should be stayed if significant overlap in claims between the proceedings exists. Additionally, the Board should consider a stay of the AIA trial where parties to both proceedings

are identical and parties agree that validity should be determined in the reexamination proceeding first.

If a stay is entered, the stay should be lifted if and when the PTAB issues a decision in reexamination finding one or more claims patentable.

QUESTION 11: Under what circumstances, if any, should a copending reexamination proceeding or reissue proceeding be consolidated with an AIA trial?

Given the different focuses of proceedings (reexamination and reissue are examinational and AIA trials are adjudicatory), we do not anticipate any circumstances that would justify consolidating reexamination or reissue with an AIA trial.

QUESTION 12: How should consolidated proceedings be handled before the USPTO?

See comments on Questions 7-11 and 13.

QUESTION 13: Under what circumstances, if any, should a petition for an AIA trial be rejected because the same or substantially the same prior art or arguments previously presented to the USPTO in a different petition for an AIA trial, in a reexamination proceeding or in a reissue proceeding?

These comments apply only where no joinder is requested:

If same petitioner (or requester) filing concurrent or subsequent proceedings against a patent, petition should be rejected if patent owner can establish that the prior art or arguments are the same or substantially the same.

If same or different petitioner (or requester) and petition is filed subsequent to initial proceeding on same claims, petition should be rejected if petitioner does not establish how the prior art and/or arguments presented in the new petition are a new issue (technical or legal) not already before the office.

QUESTION 15: Under what circumstances, if any, should live testimony be permitted at the oral hearing?

The use of live testimony at oral hearing should be limited to circumstances where the credibility of a declarant is case dispositive.

QUESTION 16: 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.

QUESTION 17: What other changes can and should be made in AIA trial proceedings? For example, should changes be made to the Board's approach to instituting petitions, page limits, or request for rehearing practice?

Petitioners should not be required to include its mandatory notices as part of the petition. Often listing of related proceedings required in a mandatory notice is extensive. As a result, mandatory notices may consume 1-2 pages of petition. Petitioners should be permitted to file mandatory notices in a separate document.

The tight page requirements should be relaxed across the proceeding. The page limit requirements thwart the Board from obtaining the briefings from each party to the proceeding necessary to reach a just result.

As a general matter, the PTAB should limit the size of filings by word count, and not page limits.

For important issues, the PTAB should make more use of its ability to enter precedential decisions.

As part of routine discovery, a patent owner should be required to serve any evidence regarding authentication or public availability of references on which trial has been instituted. For example, if the patent owner admitted that documents at issue in the AIA trial were authentic or publicly available in another proceeding, the patent owner should be required to serve on Petitioner. Similarly, if a defendant in a litigation (other than petitioner) provided this evidence to patent owner, the patent owner should be required to serve the evidence on petitioner. The time for service should be concurrent with any objections Patent Owner is making to Petitioner's evidence.

A request for Rehearing should be decided by an expanded panel of judges or alternatively, a procedure should be available to request reconsideration by an expanded panel.

The striking of demonstratives at or before oral hearing should be extremely limited. The Board should be permitted to determine the weight to accord to a party's demonstratives.

Conclusion

Consideration of the above comments is respectfully requested.

Respectfully submitted,

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