

December 14, 2018

The Honorable Andrei Iancu  
Undersecretary of Commerce for Intellectual Property  
And Director, US Patent and Trademark Office  
600 Dulany Street  
Alexandria, VA 22301

Docket No. PTO-P-2018-0062

Attn: Acting Deputy Chief Administrative Judge Jacqueline Wright Bonilla  
and Vice Chief Patent Judge Michael Tierney

Dear Director Iancu:

Thank you for the opportunity to comment on the proposed changes to amendment practice before the Patent Trial and Appeal Board (PTAB) during inter partes review (IPR). As you may know, SAS has successfully used the IPR proceedings to challenge patent claims that should not initially have been allowed by the Patent and Trademark Office (PTO). We believe IPR proceedings have worked efficiently and well, and do not express a view as to whether the PTO should be enhancing or augmenting the amendment process. However, we raise several concerns with the proposals outlined by the PTO.

First, while the PTAB has statutory deadlines in which to complete an IPR, the timelines proposed in the request for comment are substantially and unfairly compressed. Finding appropriate prior art to respond to proposed amendments is difficult and complicated, and not likely to be completed within 30 days. Petitioners cannot anticipate what amendments patent owners may attempt; the options are limited only by the specification of the patent. Patent owners should not be able to obtain an obvious variation of an already-invalid claim simply because there is not enough time for petitioners to make an obviousness case. But to avoid granting invalid amended claims, petitioners will need time not only to search for and identify new art, but also to pin down priority or publication dates for non-patent art and line up any needed fact or expert declarations.

Having sufficient time to develop appropriate prior art and arguments in opposition to a motion to amend is especially critical given that, as a result of Aqua Products and Western Digital decisions, the petitioner bears the burden of proof to show proposed amendments are unpatentable. As such, the PTO should deem good cause shown and extend the statutory 12-month deadline by an additional six months, as permitted by 35 USC §316(a)(11). An additional six months would allow a longer timeline by which petitioner can respond, as well as to allow the patentee to submit sur replies.

Second, the PTO should undertake a formal rulemaking on who bears the burden of persuasion on substitute claims. The PTO premised its decision on the decision of the Court of Appeals for the Federal Circuit in *Aqua Products Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) (en banc) (“*Aqua Products*”). The en banc *Aqua Products* opinion is complicated, but is clear in the following respect: “Because a majority of judges participating in this en banc decision believe the statute is ambiguous on [who bears the burden of persuasion on amended claims during an IPR], we conclude in the alternative that there is no interpretation of the statute by the Director of the [PTO] to which this court must defer under *Chevron*. (citations omitted). ... Because the judges participating have different views—both as to the judgment we should reach and as to the rationale we should employ in support of that judgment, as explained below, today’s judgment is narrow.” *Id.* at 1296.

On the burden of proof, the PTAB should allocate the burden to the patent owner to prove that the proposed amendment is patentable, rather than following the *Western Digital* decision. SAS fully agrees that the petitioner bears the burden of proof to show unpatentability in the initial filing the inter partes review. However, there is substantial disagreement in the en banc opinion as to the reading of section 316(e) as it relates to the burden of proof with respect to amendments, particularly in the absence of specific rulemaking on this point. The “majority” opinion authored by Judge Prost suggests that such amendments do not introduce new material that are untested in nature. Although amendments in inter partes review are supposed to narrow the scope of the claim, they indeed are new claims that have not been tested. And, given that the Director has altered the standard of review for amended to claims to the *Phillips* standard, these claims are never tested under standard procedures that the PTO would use if the claims had been filed initially before a patent reviewer. Consequently, the premises underlying the Prost opinion have less validity today than when the opinion was issued in 2017. Moreover, as Judge Taranto notes in his opinion, not only does Section 316(e) authorize the PTO Director to undertake rulemaking on the burden of proof, “it does not unambiguously bar assigning that burden to the patent owner[]” , which was the position argued at the time by the PTO Director. *Id.* at 1342. (Although styled as a dissent, the Taranto opinion was joined by five other judges.) Finally, given that the decision in its own words should be given a narrow reading, SAS urges the PTO to conduct a rulemaking that follows its historic standards (and was the position it argued strenuously for in the *en banc* rehearing.)

Third, the PTO should clarify that amendments can no longer be made on a contingent basis. Currently, most patent owners filing amendments do so on a contingent basis. By making amendments contingent, the patent owner really is arguing two sides of a conflicting coin: the initial claim is patentable but it might not be, so please consider an alternative claim if you decide that it is not. This is counter to the clear language of Section 316(d)(1): “During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways: (A) cancel the challenged patent claim. (B) For each challenged claim propose a reasonable number of *substitute* claims. (emphasis added). At best, a contingent claim is conditional; in contrast, a substitute claim replaces the initial claim. The statute is clear that the patent owner only has two options, neither of which include offering conditional claims. Equally important, permitting contingent amendment increases the burden on the petitioner by limiting the ability to respond and offer prior art, and on the Board by expanding the number of issues in the proceeding. The timelines are difficult enough for petitioners to meet (and likely more so should the PTO move forward with this rulemaking unamended) and having uncertainty as to which claims are at issue increases the unfairness.

Finally, the PTO should not implement a pilot project on the amendment process until it has had time to thoroughly review and consider comments that it has requested. This is particularly important given that the Federal Register notice issued contains scant detail on the pilot project. SAS would further urge that any pilot project considered by the PTO relating to amendments in AIA trials be voluntary and limited in application, as consistent with other PTO pilot projects. (*See, for example*, Pilot Program for PCT applications, created July 1, 2018, relates only to applicants interested in participating, and the total number of applicants accepted will be limited. 83 Fed. Reg. 30145 (June 27, 2018). In contrast, the pilot project proposed in this rulemaking suggests that the pilot will be “used in every AIA trial involving a motion to amend where the Board issues a decision to institute.” (emphasis added). In its Federal Register Notice, the PTO explains that it “may modify the amendment procedures in response to feedback and experience with the program, during the course of the pilot.” A “pilot” program that entirely replaces the existing process is not a pilot at all; it is a replacement program. And characterizing the replacement program as a pilot program cannot eliminate the traditional notice and comment requirement before the PTO makes further modifications.

SAS supports a strong patent system, but we equally support a strong process to ensure that patents issued by the PTO are of the highest quality. The inter partes review system has not only worked well, but has worked as intended. We urge the PTO to move cautiously to alter this important mechanism and remain concerned that proposals such as this, in fact, make IPRs less effective tools. SAS appreciates the opportunity to comment, and will remain a constructive participant in this dialogue.

Sincerely,



John Boswell  
Executive Vice President and Chief Legal Officer  
SAS Institute Inc.