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December 21, 2018

Attn: Acting Deputy Chief Administrative Patent Judge Jacqueline Wright Bonilla or Vice Chief Administrative Patent Judge Michael Tierney, PTAB Request for Comments 2018

Mail Stop: Patent Board  
Director of the United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
Via email: TrialRFC2018Amendments@uspto.gov.

Re: Request for Comments on Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board.

The Alliance of Automobile Manufacturers and the Association of Global Automakers (“the Associations”) thank the United States Patent and Trademark Office (“Office”), Director Iancu, and Acting Deputy Chief Administrative Patent Judge Bonilla and Vice Chief Administrative Patent Judge Tierney for this opportunity to comment on the proposal to change the motion to amend (“MTA”) practice and procedures used by the Patent Trial and Appeal Board (“Board”).<sup>1</sup> Members of the Associations are repeat users of the Office and understand the value of a strong patent system. Our members prosecute patents, and participate in many post-grant proceedings, both offensively and defensively.

**1. Should the Office modify its current practice to implement the proposal summarized above and presented in part in Appendix A1? Why or why not?**

Congress intended Leahy-Smith America Invents Act (“AIA”) trials to be an efficient and cost-effective alternative to district court litigation.<sup>2</sup> The new procedure, and in particular the multiple opportunities to amend and submit papers is likely to increase costs significantly for trials that already are trending in a more expensive direction due, in part, to the decision in *SAS Institute*

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<sup>1</sup> The Alliance of Automobile Manufacturers’ members are BMW Group, FCA US LLC, Ford Motor Company, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America, and Volvo Car Corporation. The Association of Global Automakers’ members are Aptiv, Aston Martin, Bosch, Byton, Denso, Ferrari, Honda, Hyundai, Isuzu, Kia, Maserati, McLaren, Nissan, NXP, SiriusXM, Suburu, Suzuki, and Toyota.

<sup>2</sup> 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“Ideally, ... inter partes review ... will completely substitute for at least the patents-and-printed publications portion of the civil litigation.”); 157 Cong. Rec. S5409 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer) (stating that the AIA “streamlines review of patents to ensure that the poor-quality patents can be weeded out through administrative review rather than costly litigation”); H.R. Rep. No. 112-98, pt. 1, at 48 (2011) (stating the purpose of IPRs is to “provid[e] quick and cost effective alternatives to litigation”); Patent Reform: The Future of American Innovation: Hearing Before the S. Comm. on the Judiciary, 110th Cong. 13 (2007) (statement of Jon Dudas, Director, USPTO) (stating that AIA trials are “a complete alternative to litigation.”).

*Inc. v. Iancu*.<sup>3</sup> Further, the timing of certain submissions unfairly challenges petitioners by creating unreasonable deadlines for searching and analyzing new prior art, and drafting new grounds of unpatentability.

If the Office implements the pilot program, the Associations favor giving the parties the option of using the current practice defined in 37 C.F.R. § 42.121 or using the pilot program, rather than replacing the current MTA practice. The Associations are concerned that, given the uncertainties associated with the proposed pilot MTA program, and the unavoidable increase in cost due to the increased briefing and submissions being proposed, some patent owners may be discouraged or prohibited from following the MTA procedure of the pilot program, if that is their sole option. On the other hand, better-funded patent owners may wish to use the new pilot program given its potential benefits and higher likelihood of success. Therefore, the Associations encourage the Office to maintain both MTA options during the pilot program period.

**2. Please provide comments on any aspect of the proposed amendment process, including, but not limited to, the content of the papers provided by the parties and the Office and the timing of those papers during an AIA trial.**

The Associations propose eliminating the Patent Owner’s Reply Brief (if a revised MTA is filed) and eliminating the Petitioner’s Sur-reply Brief (if a revised MTA is filed), and allowing 2-month submission intervals after the Preliminary Decision on the MTA. This would allow a more reasonable amount of time between required submissions and still permit the parties ample opportunity to be heard.

Also, the Associations propose that the Board should find good cause beyond simply rendering a preliminary decision for allowing a second motion to amend. The proposal that rendering a preliminary decision constitutes good cause renders meaningless the good-cause requirement of 35 U.S.C. § 326(d)(2) and 37 C.F.R. §§ 42.121(c) and 42.221(c). The Office Patent Trial Practice guide already sufficiently explained the meaning of “good cause.” The AIA never contemplated “rubber stamping” of additional motions to amend, and the Board should allow petitioners to challenge whether good cause exists for an additional motion to amend.

Further, the Associations propose that, if patent owners wish to avail themselves of the modified MTA procedure of the proposed pilot program, any motions to amend made under the pilot program be non-contingent. This would be a fair *quid pro quo* for increasing the cost to the parties, the additional burden on the resources of the Office, and the presumably increased likelihood that the proposed amendments would be successful.

Lastly, to minimize the consumption of additional Board resources, the Associations propose that any amended claims submitted under the proposed pilot program be reviewed by an examiner, preferably one from the Central Reexamination Unit. This is consistent with the proposal

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<sup>3</sup> 138 S. Ct. 1348 (2018).

contained in the pilot program that the Board may, at its election, obtain an advisory report from an examiner. Furthermore, this proposal would enhance the public trust in any amended claims that issue, and patent owners could benefit further by receiving a positive report on patentability.

**3. How does the timeline in Appendix A1 impact the parties' abilities to present their respective cases? If changes to the timeline are warranted, what specific changes are needed and why?**

As previously noted above, the Associations propose eliminating the Patent Owner's Reply Brief (if a revised MTA is filed) and eliminating the Petitioner's Sur-reply Brief (if a revised MTA is filed), and allowing 2-month submission intervals after the Preliminary Decision on the MTA. This would still permit the parties ample opportunity to be heard, while reducing the number of briefs, and would allow a more reasonable amount of time between required submissions. This modification to the proposed pilot program would also allow for additional adjustments to the schedule, either by default or by agreement of the parties.

Further, the parties should be able to stipulate to adjusted interim deadlines associated with the proposed pilot program.

**4. If the Office implements this proposal, should the Board prepare a preliminary decision in every proceeding where a patent owner files a motion to amend that proposes substitute claims?**

Yes. The Board should issue a preliminary decision in every case if the Office implements this proposal. That would provide greater certainty to the parties.

**5. What information should a preliminary decision include to provide the most assistance to the parties in presenting their case? For example, is there certain information that may be particularly useful as the parties consider arguments and evidence to present in their papers, how issues may be narrowed for presentation to the Board, and/or whether to discuss a settlement?**

The Associations believe that, if the Board prepares preliminary decisions, they should respond to all arguments presented by the petitioner and indicate whether the proposed substitute claims would be patentable. In addition, helpful information may include an indication whether the patent owner has met all procedural requirements set forth in 37 C.F.R. § 42.121, whether the proposed substitute claims meet the requirements of 35 U.S.C. §§ 101 and 112, whether the amendments sufficiently respond to grounds of unpatentability involved in the trial proceeding, and whether the amendments would be considered to broaden the scope of the claims. These requirements are consistent with the Board's current practice with final written decisions.

**6. If the Office implements this proposal, should there be any limits on the substance of the claims that may be proposed in the revised motion to amend? For example, should patent**

**owners be permitted only to add limitations to, or otherwise narrow the scope of, the claims proposed in the originally-filed motion to amend?**

Yes, the Associations agree that in a revised MTA patent owners should only be permitted to add limitations to, or otherwise narrow the scope of, the claims proposed in the originally-filed MTA. Furthermore, consistent with the current regulations, patent owners may only amend the challenged claims.

**7. What is the most effective way for parties and the Office to use declaration testimony during the procedure discussed above? For example, how and when should parties rely on declaration testimony? When should cross-examination of declaration witnesses take place, if at all, in the process? At what stage of briefing should a party be able to rely on cross-examination (deposition transcripts) testimony of a witness?**

To promote fairness and an equal opportunity to be heard, while seeking to minimize expense, the Associations propose allowing patent owners to support their initial MTA with declaration evidence. Petitioners should be afforded the opportunity to present rebuttal declaration evidence in their initial opposition as well as an opportunity to cross-examine the patent owner's expert prior to filing its initial opposition. New declaration testimony should not accompany either of the Sur-Replies.

The patent owner should then be afforded the opportunity to cross-examine the petitioner's expert witness subsequent to the Board's preliminary decision, and prior to the filing of its reply or revised MTA. The Board however should not consider, in the revised MTA, any deposition or cross-examination testimony referenced by the patent owner in its initial MTA, as doing so would allow patent owners to question unfairly petitioner's expert prior to proposing amendments.

**8. If a petitioner ceases to participate in an AIA trial and the Board solicits patent examiner assistance regarding a motion to amend, how should the Board weigh an examiner advisory report relative to arguments and evidence provided by a patent owner? What type of assistance or information should a patent examiner provide? Should prior art searches by examiners be limited to those relevant to new limitations added to proposed substitute claims and reasons to combine related to such limitations?**

As noted above in connection with the answer to question number 2, the Associations believe that any amended claims submitted under the proposed pilot program be reviewed by an examiner, preferably one from the Central Reexamination Unit. Furthermore, examiners should not limit their review to new limitations. The public relies on the Office to ensure that amended claims comply with patentability requirements. Thus, examiners should provide a thorough examination. This would enhance the public trust in any amended claims that issue.

**9. Should the Board solicit patent examiner assistance in other circumstances, and if so, what circumstances? For example, should the Board solicit patent examiner assistance when the petitioner remains in the AIA trial but chooses not to oppose the motion to amend?**

The Associations believe that the Office should comprehensively examine proposed substitute claims for the reasons set forth above, irrespective of whether the petitioner opposes the motion to amend.

**10. Should a motion to amend filed under the proposed new process be contingent or non-contingent? For purposes of this question, “contingent” means that the Board will provide a final decision on the patentability of a proposed substitute claim only if it determines that a corresponding original claim is unpatentable (as in the current proposal); and “non-contingent” means that the Board will provide a final decision on the patentability of substitute claims in place of determining the patentability of corresponding original claims.**

For the reasons set forth above in connection with the response to question number 2, the Associations submit that any motions to amend made under the pilot program be non-contingent.

**11. If the Office implements the proposal in which the Board issues a preliminary decision on a motion to amend, as discussed above, should any additional changes be made to the current default trial schedule to accommodate the new practice?**

As stated above in response to Question 2, the proposed timeline for filing a Motion to Amend and Opposition to a Motion to Amend (as well as the papers filed after a Preliminary Decision on the Motion to Amend) are fairly tight and the Office should consider adding some flexibility into this process wherein interim deadlines could be extended. The Office should articulate a list of factors that the PTAB will consider in granting requests to extend the interim deadlines.

**12. What impact would implementing the proposals above have on small or micro entities who participate as parties in AIA trial proceedings?**

As explained in the comments responding to question number 1 above, the Associations are concerned that, given the unavoidable increase in cost due to the increased briefing and submissions being proposed, some small or micro-entity patent owners may be discouraged, or even prohibited from, pursuing a MTA if the proposed pilot program procedure is their sole option. Therefore, the Associations encourage the Office to maintain both MTA options during the pilot program period.

**13. Should the Office consider additional options for changing the timing and/or the Board's procedures for handling motions to amend that are not covered by the proposals above? If so, please provide additional options or proposals for the Office to consider, and discuss the advantages or disadvantages of implementation.**

See the comments above in response to questions 2-3.

**14. Should the Office consider not proceeding with the pilot program in AIA trials where both parties agree to opt-out of the program?**

Yes. Consistent with the Board's authority to manage AIA proceedings, and the mitigation of due process concerns through agreement of the parties on procedure, the Board should be flexible in modifying its procedures when such modifications are agreed upon by the parties. The Board should, of course, maintain oversight and ensure that any such modifications afford a fair and equal opportunity to be heard.

**Questions Regarding Potential Rulemaking To Allocate Burden of Persuasion as Set Forth in the Western Digital Order**

**15. Should the Office engage in rulemaking to allocate the burden of persuasion regarding the patentability of proposed substitute claims in a motion to amend as set forth in the Western Digital order? What are the advantages or disadvantages of doing so?**

The Associations take the view that, whenever feasible, the Office should engage in rule-making in situations where its procedures are being significantly and substantially modified. This provides ample opportunity for stakeholders to provide input, and improves certainty and predictability by helping to insulate the Office from administrative law-based challenges on appeal.

**16. If the Office continues to allocate the burden as set forth in the Western Digital order, under what circumstances should the Board itself be able to justify findings of unpatentability? Only if the petitioner withdraws from the proceeding? Or are there situations where the Board itself should be able to justify findings of unpatentability when the petitioner remains in the proceeding? What are the advantages or disadvantages?**

The public relies on the Office and the Board to ensure that only patentable claims issue. The Associations ask that the Board make findings of unpatentability and allow for opportunities to respond consistent with the Administrative Procedure Act. The AIA indeed requires that the Board "shall" make findings "with respect to the patentability of ... any new claim."<sup>4</sup>

The strength of our patent system is of paramount importance, and this requires confidence that issued claims are patentable. Only the Board and examiners can provide this confidence when petitioners fail to challenge sufficiently proposed substitute claims. The Associations therefore urge the Board to promote confidence in the patent system by making findings of unpatentability where appropriate.

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<sup>4</sup> 35 U.S.C. §§ 318(a) and 328(a).

**17. If the Office adopts the current proposal including a preliminary decision by the Board on a motion to amend, do the answers to questions 15 and 16 change?**

No, this does not change the answers to questions 15-16 above.

Respectfully submitted,

David E. Bright

A handwritten signature in black ink, appearing to read "David E. Bright", written in a cursive style.

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A handwritten signature in black ink, appearing to read "Charles H. Haake", written in a cursive style.

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