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Via Email to: TrialRFC2018Amendments@uspto.gov

To the Attention of 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, VA 22313-1450

Re: Cisco Systems, Inc.'s Comments on Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board

Judges Bonilla and Tierney:

Cisco Systems, Inc. ("Cisco") thanks the United States Patent and Trademark Office for the opportunity to provide comments on the Office's proposed changes to the motion to amend practice in trial proceedings before the Patent Trial and Appeal Board.

As a regular participant in *inter partes* reviews before the Board—as both a petitioner and a patent owner—Cisco believes that the Office's current patent amendment rules and processes have largely struck a fair and appropriate balance between the interests of petitioners and patent owners. Based on its experience in these proceedings, Cisco is not currently advocating for major changes to the USPTO's procedures for conducting IPR. Nonetheless, Cisco is open to supporting changes that improve or preserve the efficacy of the procedure while addressing the concerns of other stakeholders. If the contemplated amendment rule changes go forward, however, various small adjustments to the Office's proposal in the Request for Comments (RFC) can improve the amendment process for all parties involved, as discussed further below.

1. Questions 1 & 2: The Office should not implement the proposed amendment process because it relies on unrealistic deadlines.

In the Office's proposal, there is only one month between the substantive papers in the amendment process (the patent owner reply or revised MTA, the petitioner sur-reply, the patent owner reply for the revised MTA, and petitioner sur-reply for the revised MTA). That one month will not be sufficient to enable the respective parties to (i) assess the previously-filed paper; (ii) coordinate and schedule a deposition of the other party's expert; (iii) conduct the deposition (often involving travel for the parties); (iv) gather evidence in support of its planned arguments (including evidence to prove up documents under the Federal Rules of Evidence); and (v) draft a corresponding responsive paper. Additionally, in instances where patent owner files a revised motion to amend, time would need to be allocated to enable (i) petitioner to conduct a revised prior art search; (ii) petitioner's expert to assess the results of that prior art search; and (iii) petitioner's expert to prepare a declaration based on the assessment of the prior art. If the Office continues to allow contingent amendments,¹ the parties will also be busy conducting parallel discovery and preparing the petitioner reply and patent owner sur-reply with respect to the original claims.

As a point of comparison, the time periods currently allotted for the patent owner response and petitioner reply (roughly three months each) are often an insufficient amount of time. Cases before the Board frequently see the petitioner and patent owner agree to extend those time periods to provide adequate time to conduct the appropriate discovery and prepare each paper. There are many reasons why these extensions are necessary, including the difficulty of arranging for the depositions of declarants, which require that both parties' counsels, the witness, and a suitable hosting location all be available on the same day (and for the entire day). Expert declarants, in particular, are often busy professionals with other full-time obligations and limited availability.

Given that parties often need to extend the three months provided for discovery and paper drafting in the mainline of an AIA trial, the succession of one-month periods in the Office's RFC proposal is unrealistic. Since the rapid-fire one-month periods span roughly half of the one-year trial timeline, approximately half of all AIA trials will have one-month response periods spanning the end-of-year holiday season, when coordinating schedules can be particularly difficult and witnesses may be on vacation. Problems associated with the short deadlines are compounded by the timeline already being packed with papers and filing deadlines. The Board and the parties will have little leeway to adjust the schedule without extending the proceeding beyond the statutory one-year deadline for the final written decision. There is simply no slack in

¹ Cisco Systems urges the Office to disallow contingent amendments in any revised amendment process, as discussed below in response to Question 10.

the timeline to buffer against the disruptions and unavoidable delays that routinely arise in AIA trials.

For these reasons, Cisco believes that the Office's RFC proposal will prove unrealistic in too many cases. The problems associated with the accelerated schedule could manifest in a variety of ways, including:

- the Board being unable to meet the statutory 1-year timeline for issuing a Final Written Decision;
- the Patent Owner being unable to meaningfully utilize its second opportunity to amend the claims;
- the Petitioner or examining corps being unable to fully evaluate the amended claims relative to the prior art (potentially further leading to the issuance of unexamined, or insufficiently examined, claims); and
- a party's expert declaration being excluded, to the detriment of an innocent party, because the witness' deposition could not be scheduled within a limited discovery window.

Cisco believes that such negative consequences, together with the increased costs associated with the many proposed new filings, outweigh the potential benefits of providing patent owners with a second amendment opportunity. Accordingly, we urge the Office not to proceed with its RFC proposal.

We recognized, however, that the Office's Request for Comments reflects the Office's strong desire to allow for a second amendment opportunity. If the Office moves forward with such a plan, Cisco urges the Office to incorporate the adjustments discussed below to improve the Office's RFC proposal for the benefit all parties and the Board.

2. Question 10: The new amendment process should be an optional alternative to the entire "traditional" IPR trial timeline.

As discussed above, a key concern with the Office's proposed new amendment process is the amount of additional work created for both the parties and the Board. Currently, the seven-month period following institution is a busy time for the parties as they conduct discovery and prepare their substantive filings, the Patent Owner Response, the Petitioner's Reply, and the Patent Owner Sur-Reply. The Office's proposal would add several substantive filings from the parties during this active trial time: the Patent Owner revised MTA, the Petitioner Sur-Reply or Opposition, and, potentially, another Patent Owner Reply and Petitioner Sur-reply. Some of these new due dates would fall on the same day as existing due dates for other substantive filings. For example, the Petitioner's Reply (regarding the original claims) and the Petitioner's

Sur-Reply or Opposition (regarding amended claims) would be due the same day. Adding these numerous new filing deadlines to the trial schedule is against the best interest of practitioners and the Office, as it will jeopardize practitioners' abilities to provide the level of thoughtful and organized arguments that the Office expects and that each *inter partes* review deserves.

As the Office hinted at with Question 10 in the RFC, there is a simple solution to balancing the parties' workloads and the interests of patent owners who seek to amend claims to an appropriate scope: disallow so-called "contingent" amendments under the new amendment process. Thus, a patent owner choosing to present amended claims would concede the unpatentability of the challenged (and instituted) claims. This adjustment makes the new motion-to-amend process an *alternative* to the traditional IPR trial deadlines, as the concession of unpatentability renders moot the papers of traditional Due Dates 1 through 3: Patent Owner Response, Petitioner Reply, and Patent Owner Sur-Reply. The parties and the Board can instead focus their attention solely on the proposed amended claims.

Cisco recognizes that some patent owners may be reluctant to concede the unpatentability of the original claims prior to a final decision from the Board. To address such concerns, Cisco further proposes that the Office also retain the current amendment process (which allows contingent amendments) as an option for patent owners. Thus, a patent owner desiring to pursue an amendment on a contingent basis could continue to do so under the existing motion-to-amend framework.

A further benefit to Cisco's proposal is that the new motion-to-amend process would more resemble a pilot program, as not every proceeding would be involved. Only cases where the patent owner chooses the new amendment process would use the alternative process. Other cases—with either no motion to amend or a motion to amend filed on Due Date 1—would remain subject to the existing rules and process.

In summary, these two small adjustments to the Office's proposal would ensure that the new amendment process is an optional program for patent owners that tests changes to improve *inter partes* reviews as an efficient, timely, and cost-effective alternative to other proceedings:

- Disallow contingent amendments under the new amendment process;
- Allow patent owners to choose between the traditional amendment process (which would continue to allow contingent amendments) or the new amendment process.

3. Questions 8 & 9: The Patent Office should perform an examination of the amended claims in all instances.

Another concern with the Office's proposed new amendment process is how the substitute (amended) claims are to be examined for statutory compliance. Under the Office's

proposed new amendment process, the Board is putting both the burden of production and persuasion on the petitioner. This is statutorily and procedurally problematic because a petitioner is not a disinterested party and cannot be expected to protect the interests of the public.² It is the Patent Office that represents the interests of the public.³ And, it is the Patent Office that protects the public's interest in seeing that patent monopolies are kept within their legitimate scope.⁴

More specifically, Congress has required, by statute, that the Director of the Patent Office examine new inventions for compliance with the statutory requirements for patentability.⁵ The “primary responsibility for sifting out unpatentable material lies in the Patent Office.”⁶ Not unexpectedly, the Patent Office has further acknowledged that it, the Patent Office, has the responsibility of conducting a thorough examination to determine whether an alleged invention meets the statutory criteria for patentability.⁷ Conversely, the Board is not performing an *examination* of the claims when determining whether to grant a motion to amend.⁸

Accordingly, by not performing an examination, coupled with putting both the burden of production and persuasion on the petitioner, the Board is effectively placing the Patent Office's obligation to *examine* the proposed substitute claims upon the petitioner. A petitioner will not protect the public's interest by ensuring that a patent is kept within its legitimate scope. Instead, a petitioner will seek to protect its own interests, and may elect, for any number of reasons, not to perform a search of the prior art, not to file an opposition, or to file a limited opposition. For example, the petitioner's incentive to challenge an amended claim may depend on whether and how well that claim can serve as a basis for an infringement assertion against the specific products manufactured or sold by the petitioner. As the public's representative, the Patent Office

² See, e.g., *Washington ex rel. Seattle Title Trust Co v. Roberge*, 278 U.S. 116 (1928) (delegating governmental responsibility to private citizens is a violation of due process because the private citizens “are not bound by any official duty, but are free to withhold consent for selfish reasons.”).

³ See *Application of Henze*, 181 F.2d 196 (CCPA 1950) (The Patent Office is the “public's representative”).

⁴ *Cuozzo Speed Tech., LLC v. Lee*, 136 S.Ct. 2131, 2144 (2016) (citing *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945)).

⁵ 35 U.S.C. § 131 (“The Director shall cause an examination to be made of ... the alleged new invention”).

⁶ *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

⁷ Memorandum in Support of Defendants' Renewed Motion to Dismiss at 3, *Hyatt v. United States Patent and Trademark Office*, 146 F. Supp. 3d 771 (E.D. Va. 2015).

⁸ See *Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2012-00022 at 51 (PTAB Sept. 2, 2014) (“[W]hen considering a motion to amend, we do not *examine* and *allow* or *reject* the substitute claims...” (emphasis in original)).

should not rely solely on a private party to perform a thorough examination, because that private party will not be acting to protect the interests of the public.

Instead, the proposed new amendment process should be modified so that the proposed substitute claims in a motion to amend are searched and evaluated by the Office's examining corps (e.g., the Central Reexamination Unit, CRU). To assist the CRU with the tight timelines, Patent Owner's motion to amend should identify the specification support for the proposed substitute claims.

Under Cisco's proposal, an examiner would prepare and file a patentability report, akin to an Office Action, addressing the full scope of patentability issues for every amended claim in every trial. With a full report from the examining corps, the Board would be better positioned to assess whether the alleged invention meets all the statutory criteria for patentability.

The report would have the same deadline date as the petitioner's opposition to the motion to amend. If patent owner files a revised motion to amend, then the examining corps will provide an additional patentability report on the revised motion to amend (due on the same day as the petitioner's sur-reply). If there is no revised motion to amend, then there will not be a further report from the examining corps.

In this way, the Board will receive useful information for assessing the patentability of the amended claims regardless of whether, and on what basis, the petitioner chooses to oppose (or not oppose) the motion to amend. The Office will also be assured that it has examined every alleged new invention identified by a substitute claim.

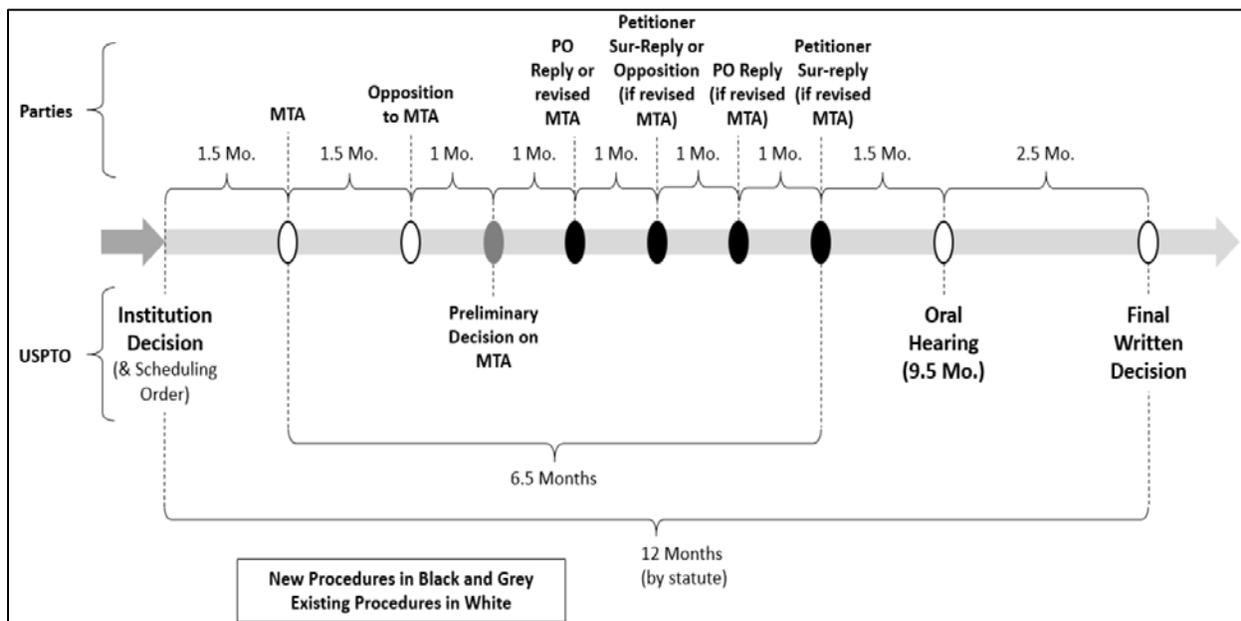
In summary, the RFC's proposed amendment process recognizes the need to involve the examining corps in certain circumstances. Cisco proposes that the examining corps should be involved in all instances to reflect that the Board is not solely relying on the petitioner, a private party, to protect the public's interest.

4. Question 3: The amendment schedule should maximize the time available for the Patent Owner, Petitioner, and Examining Corps to fully develop the record.

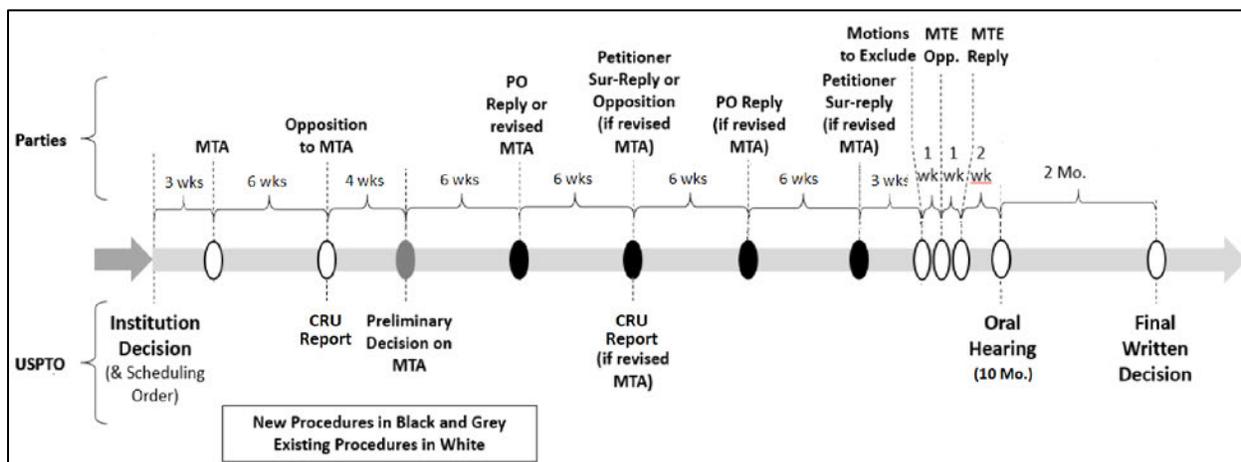
As discussed above in relation to Questions 1 and 2, the RFC contemplates a rushed briefing schedule with successive papers due at one-month intervals. Cisco proposes that each of the time periods that involve discovery in the new amendment process be extended to six weeks. To accommodate these six-week periods, the 1.5 months allotted for the motion to amend would be decreased to three weeks after institution, and the time between the oral argument and final written decision would be adjusted from 2.5 months to two months. These adjustments are reasonable because Patent Owner has at least six months from the initial petition to the institution decision to contemplate the scope of the claims in view of the prior art and assess whether a motion to amend is desired. An additional three weeks, following that six month planning period, is sufficient time to draft the motion to amend.

For comparison, the Office's proposed amendment timeline and Cisco's proposed timeline are shown below:

Patent Office's Proposed Amendment Timeline



Cisco's Proposed Amendment Timeline



To be clear, Cisco believes that its proposed revised timeline may still present scheduling difficulties, as discussed above in relation to Questions 1 and 2. However, by providing the

parties some additional time for each responsive paper, it would present fewer problems for the parties than the timeline proposed in the RFC.

Conclusion

Cisco appreciates the opportunity to provide these comments regarding the amendment process in AIA trials. We thank the Office for continuing to refine and develop the rules governing these proceedings, which are now an important part of ensuring that patent rights are kept to an appropriate scope to reward inventors without improperly burdening the public. The Office's continued attention to carefully considering any changes to these successful programs is critical to keeping them available as time- and cost-efficient tools for addressing patent validity disputes.

Best Regards,

s/ Dan Lang /
Vice President, Intellectual Property
Cisco Systems, Inc.