



December 21, 2018

The Honorable Andrei Iancu
Undersecretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Re: Innovation Alliance Comments in Response to 83 FR 54319: 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, Federal Register Volume 83, Issue 209 (Oct. 29, 2018), Docket No. PTO-P-2018-0062

Dear Director Iancu:

The Innovation Alliance appreciates the opportunity to submit comments on the proposal of the Patent Trial and Appeal Board (“PTAB” or “Board”) of the U.S. Patent and Trademark Office (“Office”) regarding motions to amend during trial proceedings before the Office. We commend the Board and the Office for their serious consideration of an issue of great importance to the U.S. patent system. Subject to the further suggestions expressed below, we offer our support for the proposal, as described below.

The Innovation Alliance is a coalition of research and development-based technology companies representing innovators, patent owners, and stakeholders from a diverse range of industries that believes in the critical importance of maintaining a strong patent system that supports innovative enterprises of all sizes. The Innovation Alliance is committed to strengthening the U.S. patent system to promote innovation, economic growth, and job creation, and we support legislation and policies that help to achieve those goals.

Congress granted patent owners the right to amend a challenged claim during post-grant proceedings, and permitted the Office to accept additional motions to amend. *See, e.g.*, 35 U.S.C. § 316(d)(1)–(2); *see also* S. REP. NO. 110–259, at 22 (2008) (“[d]uring the proceeding, the patent holder has one opportunity as a matter of right to amend the claims”). Claim amendments benefit the patent system because patent owners “are able to resolve ambiguities and overbreadth through [motions to amend], producing clear and defensible patents at the lowest cost point in the system.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

Thus, motions to amend were envisioned as an important check and balance for patent owners during post-grant proceedings. Patent owners could survive the pro-petitioner gauntlet – including institution based only on a showing of reasonable likelihood, cancellation based on

only preponderance of evidence, broadest reasonable interpretation (which we applaud the Board for now abandoning in favor of *Phillips*), and inferences in favor of petitioners – and emerge with new claims, without examination and with the imprimatur of PTAB review. Patent owners, however, have been unable to assert this right effectively under the current amendment process. The numbers reported in the Office’s Request for Comments are extremely discouraging: more than 90% (171 out of 189) of motions to amend that the Board has decided have been denied in full. 83 Fed. Reg. 54,319, 54,321 (Oct. 29, 2018). Not only does the extraordinary failure rate discourage patent owners from pursuing claim amendments, it also introduces inefficiency and uncertainty, and ultimately weakens the U.S. patent system.

The Office’s proposal for a new amendment process is a productive first step toward restoring patent owners’ ability to amend claims during post-grant proceedings, as Congress intended. Under the two-part proposal, a patent owner may file a first motion to amend, followed by a nonbinding preliminary decision by the Board indicating whether there is a reasonable likelihood that the patent owner will prevail in its amendment. Depending on the substance of the preliminary decision, the patent owner may either file a reply brief, or re-amend the claims and file two subsequent briefs.

The Innovation Alliance agrees that this general structure for the amendment process, which enables patent owners to make informed decisions about claim amendment, should improve amendment results. Our primary concern is that the time compression created by the proposal’s parallel structure with the already fast-tracked timeline of post-grant proceedings will cause undue burden on the Board and on IPR stakeholders. We elaborate on this concern below in response to some of the Office’s questions about (1) the substance and (2) the timing of the proposed amendment process.

1. Response to Question 1 – The Innovation Alliance firmly believes the Office should modify its current practice to implement the proposed amendment process and pilot program.

The proposed amendment process and pilot program are essential first steps toward fixing an ineffective system for motions to amend. Although certain aspects of the proposed amendment process may require adjustment, such as the timing (*see* Response to Questions 3, 11 & 13, below), the Innovation Alliance believes the Office should implement some form of new procedure for amending claims for at least two reasons.

First, the proposed two-step amendment process will promote fairness. Under the current system, patent owners must amend claims “in the dark,” based only on the preliminary Institution Decision, which often omits the Board’s specific views on key issues, such as claim construction or the content of the prior art. This may explain in part why the failure rate for motions to amend is greater than 90%. Under the proposed process, the Board’s Preliminary Decision on the Motion to Amend will remove some of the guesswork and enable patent owners to amend claims with a better understanding of the Board’s positions. Consequently, the Office’s proposal helps to level the playing field for patent owners and should decrease the massive failure rate for claim amendments.

Second, the proposed amendment process will protect innovation by improving patent quality. The procedures for amending claims before the PTAB permitted by the America Invents Act (“AIA”), Pub. L. No. 112-29 (2012), establish a dialogue between patent owners and the Board. *See Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1299 (Fed. Cir. 2017) (“Congress saw the amendment process in [*inter partes* review proceedings] as analogous to narrowing reissues, albeit prompted by a third-party challenger”). With an opportunity to amend claims guided by the Board’s input, patent owners are less likely to lose patent protection based on technicalities or other avoidable problems. The resulting claims will be stronger, and patent owners will be more likely to realize the Office’s goal of “clear and defensible patents at the lowest cost point in the system.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

The current “one-and-done” amendment process unfairly limits patent owners’ statutory right to amend claims. Because the Office’s proposed changes attempt to address the unfairness and poor outcomes of the current system, the Innovation Alliance supports the Office’s proposed amendment process and pilot program, as qualified below.

2. Response to Questions 3, 11 & 13 – The Innovation Alliance recommends that the Office consider changes to the timing of the proposed amendment process during the pilot program.

The compressed schedule of the proposed amendment process may have unintended consequences that will add to the Administrative Patent Judges’ (“APJ”) already significant workloads and potentially harm patent owners. While the Innovation Alliance agrees with the Office that changes must be made to the current amendment process, the Office’s proposed timeline appears to force the parties to manage parallel proceedings. But the existing trial procedure—with the Patent Owner Response, Petitioner Reply, and Patent Owner Sur-Reply, along with expert declarations and depositions, all within a span of roughly five months—already strains outside counsel’s IPR and litigation teams. Adding a separate amendment process that runs concurrently, with up to three additional major motion papers filed by patent owners alone, will further burden the APJs by requiring analysis and preparation of the preliminary nonbinding decision, and require a significant investment of time and resources by patent owners and petitioners alike. Indeed, some patent owners, especially small or micro-entities, may avoid the new amendment process because of this burden. *See* Question 12 of the Request for Comments.

Accordingly, the Innovation Alliance respectfully requests that the Office consider the following changes to the timing of the proposed amendment process. Either change below would ease the burdens on the Board and patent owners by providing a less compressed trial schedule.

a. *Staggering the proposed amendment process and the merits briefing.*

The Innovation Alliance recommends that the Office consider a timeline in which the proposed amendment process and the merits briefing do not overlap. For example, the Board could freeze the merits briefing when a patent owner files a motion to amend, and reactivate the merits briefing after the Board has decided the motion. Alternatively, the amendment process could begin after the issuance of a conditional final written decision, which could be finalized only after the amendment process has been completed. In these staggered approaches, patent owners

will not be forced to augment their IPR litigation teams to handle parallel proceedings, and APJs will not have additional decisional responsibilities added to their already sizable dockets and compressed schedules.

To accommodate a staggered amendment process and merits briefing, the Innovation Alliance also recommends invoking the good-cause extension of 35 U.S.C. § 316(a)(11) for all proceedings that include a motion to amend. The Innovation Alliance believes that improving the current ineffective amendment process is more than sufficient to satisfy the good-cause requirement of the statute. The extension may be shorter than the six months allowed by section 316(a)(11), but even a few extra months would enable the de-coupling of the amendment process from the merits of post-grant trials, with more reasonable deadlines that the Board and counsel can realistically meet.

b. Alternatively, delaying the oral hearing but maintaining a 12-month trial schedule.

The Innovation Alliance acknowledges and applauds the Board for its superb record of issuing final decisions in nearly all post-grant proceedings within one year of institution. While we believe, as noted above, that motions to amend warrant invocation of the good-cause extension beyond the one-year period, if the Office would prefer to maintain a twelve-month trial timeline, then an alternate solution to the timing problem would be to move the oral hearing closer to the final written decision. The current schedule for AIA trials typically includes a gap of two to four months between the oral argument and the final written decision. The Innovation Alliance is acutely aware and sympathetic to the burden already placed on APJs, but moving the oral hearing closer to the final decision—even one month closer—would provide some breathing room to the compressed schedule.

In this scenario, the Innovation Alliance would recommend delaying the first motion to amend until six weeks after the Patent Owner Response. This minor shift would allow patent owners to focus fully on their case-in-chief before turning to the amendment process. Using the Board’s proposed time limits for responsive papers, this delayed amendment process can be completed no later than one month before the Final Written Decision, well within the twelve-month schedule.

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The Innovation Alliance thanks the Office for its consideration of these comments. We believe that the Office’s proposed amendment process and pilot program are necessary and significant steps toward restoring balance to the patent system. We look forward to the results of the pilot program, and appreciate the opportunity to work with the Office to improve the amendment process.

Sincerely,

Brian Pomper
Executive Director