

JAPAN INTELLECTUAL PROPERTY ASSOCIATION

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To: United States Patent and Trademark Office
TrialRFC2018Amendments@uspto.gov

Dear Director of United States Patent and Trademark Office,

Re. JIPA Comment on Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board

1. Japanese Intellectual Property Association (hereafter “JIPA”) is composed of more than 1300 companies, which means JIPA is one of the world biggest associations for IP users. JIPA will respectfully deliver its comments on ” Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board (PTAB)”, published in Federal Register (hereafter, FR) dated October 29, 2018, since lots of our member companies have been filing patent applications to USPTO.

2. Regarding the amendment to the Motion To Amend Practice and Procedures at PTAB, we at JIPA would like to make comments on the following 3 points. We would like for PTO to consider our comments when making amendments to the procedures.

(1) Current Motion to Amend Practice and Procedures are sufficiently fair and balanced.

We agree that in fact the current amendment permission rate is low and that the aim of this amendment to the procedure is to increase the rate.

However we consider that the current procedure is sufficiently fair and balanced. The reason why is that the current procedure allows the patent owner to make a preliminary response after the

IPR petition, and the PTAB makes a decision on whether to institute the IPR considering the response. Therefore it is possible for the patent owner to know the IPR petitioner's petition ground and the PTAB's decision of instituting the IPR at the time of the decision. In other words, the patent owner can know the fact that there may be some claim with a risk of invalidation based on the prior documents submitted by the petitioner. It can be said that an opportunity is sufficiently provided for the patent owner to submit an amendment document to fulfill the requirements, because the patent owner is provided an opportunity to make an amendment to the current claim that may be invalidated according to the above information, and furthermore the amendment requirements are clearly indicated on the articles and the rules. Therefore we consider that the current procedure is sufficiently fair and balanced.

On the other hand, in the new process, it is suggested such methods as providing an opportunity for “the parties with the Board's initial assessment of the proposed amendment early in the process; (refer to Summary)”, and providing “an opportunity for a patent owner to revise its motion to amend thereafter (refer to Summary)” to improve the amendment permission rate. However this mainly considers the merit of the patent owner side, and we worry that it may not necessarily become “to provide an improved amendment practice in AIA trials in a manner that is fair and balanced for all parties and stakeholders (refer to Summary)”. Also, imposing the burden of proving the unpatentability on the petitioner side as judged in the Aqua ruling, the burden on the patent owner got lighter and that on the petitioner got heavier when compared to Pre-Aqua, therefore it can be said that the burden has already been much lightened on the patent owner side. If you are going to progress in implementing the new procedure, we would ask that this process be rational from the viewpoint of all parties including the petitioner. (Refer to 3. below)

(2) Reasonability for the process change is not shown from the

current amendment denial reasons

Currently 81% of the reasons for denying the amendments are concerning patentability (refer to Reasons for Denying-in-Part the Motions To Amend), in other words, it is indicated that they are not denied based on the problems in the procedure and that the procedure at PTAB is reasonable. And, as previously mentioned, even if considering that 19% is the reasons concerning other than patentability (refer to Reasons for Denying-in-Part the Motions To Amend), we think it is lack of effort on the patent owner side that has been causing cases where amendment documents satisfying the amendment requirements could not be submitted despite the fact that the amendment requirement itself is also clearly indicated in the articles and the rules as mentioned above.

If such relief is provided for the lack of effort of the patent owner, some relief should be given to the petitioner as well, such as an opportunity to allow the ground and its logic that are not presented at the time of the petition due to the lack of effort of the petitioner side.

However it would be obvious that if such relief were given, it would be a long way from an efficient solution of dispute which is the purpose of the IPR system, and the procedure with such relief would be decreased foreseeability.

From the above reason, the current procedure is sufficiently fair and balanced and as far as the statistical information on the reason for denying the amendment is concerned, we think that there is not the reasonability for the procedural changes.

(3) About the rulemaking to allocate the burden of persuasion.

As indicated in the Aqua ruling, the petitioner should be responsible for the burden of proof according to 35 U.S.C. 316(e). Like the Bosch ruling indicated with the Western Digital Order, when the petitioner expresses non-participation in the IPR, we think it is desirable that the PTAB does not make the decision of the unpatentability in their discretion (i.e. FWD is not issued)

and the petitioner withdraws the petition if it has no desire to continue with the procedure. The reason why is that the main party has abandoned continuing the challenge of invalidation in the IPR.

As indicated at the Oil states supreme court ruling, patent right is a public right. However even if it is taken into consideration, it cannot be said to be reasonable that the PTAB makes a decision to invalidate the right while the challenger ceases to participate in the IPR. The reason why is that if the petitioner declares that they will not participate after a decision for institution is made and the PTAB then makes a decision to invalidate the right, then the petitioner could use this method where they can abandon their burden of proof and lighten their expenses for the invalidation. Therefore from the above reasons, according to the articles and the rules, we believe that the petitioner should be responsible for the burden of proof.

JIPA respectfully would like to make a proposal of that the conventional process is utilized in the IPR amendment process from the above three reasons.

3. JIPA presents the following comments for each of the Question from PTO considering the situation where the new amendment process is implemented. We would like PTO to consider those in making a decision of the process change.

(1) Comments for each of the Questions from PTO.

Q2. 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.

A2. We understand that all the records of the IPR would be referenced by PTAB to make a judgment on patentability for the original claim and the substitute claim and to deny or permit amendment, but we find some IPRs insisting “violation of duty of candor” in the recent IPRs (example: IPR2017-01321,

IPR2017-01421).

For the duty of candor, we would ask you to provide a clear guide to show in what cases it is considered a violation and what kind of effect it would have for the procedure, so that the foreseeability of the response by the all parties will be heightened.

(For example, if "duty of candor" is based on a document PTAB makes a discussion and judgment for the violation, while it does not if it is based on all the products of the patent owner, etc.)

Q3. 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?

A3. As for the Appendix A1's timeline, the period for each to make a response is either 1 month or 1.5 months and we think it is not sufficient for either the petitioner or the patent owner to conduct sufficient evaluation or investigate the invalid documents.

Furthermore the preparation for and reply to the procedures such as Deposition and Declaration must be done in a short period of time, which leads to the conclusion that the burden for the all parties increases, and that the PTAB's own burden for the trial also increases.

The purpose of the changes in the process this time is, we think, to provide sufficient amendment opportunity for the patent owner, so as an example of the solution, we suggest that you not make any changes to the current procedure schedule, but for the patent owner who is requesting the amendment to be able to submit both the Main request and the Auxiliary request.

This will enable sufficient amendment opportunity for the patent owner without shortening the reply period, and make it possible for the petitioner to perform sufficient consideration for replying in the same way that it is currently being done. In addition, we think it would increase its foreseeability if only claim restriction(as indicated question 6 in FR) is allowed in the Auxiliary request.

Q4. 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?

A4. Yes.

Otherwise the practice becomes complicated, exceptions should be decreased as much as possible.

Q5. 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?

A5.

We would desire that concrete reasons be detailed - if it was determined to be patentable, then which point of the limitation of the claims leads to such determination, and if it was determined to be unpatentable, then the details as to which part of the description in the cited reference is considered to anticipate the claims or render the claims obvious.

The reason why is that a concrete reason for a decision in the preliminary decision would help predict or find out how the opponent would respond, , and it promotes an efficient solution of dispute.

Q6. 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?

A6. Yes.

As indicated in the example, we think it would be better that there is a restriction so that the patent owner could only narrow the scope of the claim already submitted in the motion to amend .

Q8. 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?

A8. We think that if the petitioner ceases to participate in the procedure, then the PTAB should determine that the petitioner does not have the will to continue and to end the procedure without making any decision.

Q10. 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.

A10. It should be non-contingent.

Because the patent owner has probably replied to the reason for the unpatentability based on the 37 CFR §42.121(a)(2), and the fact that the patent owner has submitted a motion to amend constructively indicates that the patent owner is seeking relief to the extent that the patent owner wishes to protect their claim because it admits the claim may be invalidated, so we consider it should be non-contingent. We think that the patent owner should submit the motion to amend after careful determination.

Q14. Should the Office consider not proceeding with the pilot program in AIA trials where all parties agree to opt-out of the program?

A14. Yes.

In a case of "opt-out" we request that the pilot program not be applicable.

We believe that a rule change should not be uniformly applied, but being provided with options such as opt-out and if such option is chosen, applying the existing procedure would be the most correct and balanced for all parties.

Moreover as for the cases to which the pilot program is applied, we would not like to see it applied to all cases instituted after the decision to implement the pilot program, but for the cases where petition was filed after the decision. That is because there was no predictability that the rules would be changed at the time of petition.

If the rule change is uniformly applied retrospectively, it may not guarantee appropriate procedure (rather, due process may be lacking).

We would like you to make the rule changes with consideration and that the changes are not applied either uniformly or retrospectively.

We respectfully request your careful consideration for the above comments at your decision on applying the new amendment procedure.

Yours faithfully



Minoru Kato
Managing Director
Japan Intellectual Property Association