



By Email

TrialRules2015@uspto.gov

November 18, 2015

Hon. Susan Mitchell
Mail Stop Patent Board
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
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Re: Comments in Response to Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board (80 Fed. Reg. 50720 (Aug. 20, 2015))

Dear Judge Mitchell:

I submit these comments on behalf of Askeladden L.L.C., in response to the Office's proposed Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board.

Askeladden is an education, information, and advocacy organization dedicated to improving the understanding, use, and reliability of patents in financial services and other industries. Through its Patent Quality Initiative ("PQI"), Askeladden strives to improve patent quality and to address questionable patent holder behaviors. To this end, Askeladden is working to strengthen and support the patent examination process by making pertinent prior art more easily accessible and by providing educational briefings on the evolution of technology in financial services. Askeladden also files amicus briefs that highlight issues critical to patent quality and petitions the United States Patent and Trademark Office to take a second look at patents under *inter partes* review (IPR) that it believes are invalid.

Askeladden is a wholly owned subsidiary of The Clearing House Payments Company L.L.C. Established in 1853, The Clearing House is the nation's oldest banking association and payments company. The Clearing House Payments Company provides payment, clearing, and settlement services to member banks and other financial institutions, clearing almost \$2 trillion daily.

Askeladden and the financial services industry have a strong interest in the proper implementation of America Invents Act ("AIA") post-grant proceedings, such as *inter partes*

review and the transitional program for covered business method patents. Every year, America's financial services companies make significant investments to develop innovative technologies that are critical to the future growth of the U.S. economy. They rely on a strong patent system to protect those investments. Thus, financial services companies have a strong interest in ensuring that AIA post-grant proceedings are fair to patent owners.

On the other hand, the financial services industry has been plagued for many years by patent litigation based on patents that are of low quality and that should not have issued. Such patents, frequently asserted by entities seeking to extract payments based on the high cost of district court patent litigation, rather than the merits of their patent infringement case, are a major burden and a detriment to economic progress and actual innovation. The financial services industry therefore has an equally strong interest in ensuring that AIA post-grant proceedings, which were designed to provide a lower-cost alternative to district court litigation for determining patent validity, are effective at accomplishing that goal.

Taking both of those perspectives into account, Askeladden first wishes to express its support for the Office's approach to amending the Rules. The last three years have shown that the Rules originally established by the Office in 2012 are generally functioning well and there is no need for wholesale fundamental changes to the way in which post-grant proceedings are currently conducted.

In that vein, Askeladden by and large supports the currently proposed amendments, and believes that they reflect properly tailored responses to specifically identified concerns raised by a variety of different interested parties. For example, Askeladden agrees with the Office's decision to amend 37 C.F.R. §§ 42.107 and 42.207 in order to enable patent owners to submit evidence. By providing patent owners with the opportunity to submit relevant evidence at the pre-institution phase, the Board will have the benefit of more complete information on which to make their institution decision. However, if the patent owner is permitted to submit new evidence in its preliminary response, then it follows that, in some cases, a reply from the petitioner will be justified. The Office's proposed amendment enabling the petitioner to move for leave to file a reply in amended 37 C.F.R. §§ 42.108 and 42.208 is therefore likewise a sensible amendment. Finally, where pre-institution evidence is in conflict, Askeladden fully supports the decision to require the Board to view the evidence in the light most favorable to the petitioner, as these amended Rules provide, because there will be no deposition testimony or other basis on which the Board could meaningfully resolve factual disputes at the pre-institution stage.

Askeladden also supports the Office's clarification regarding application of the broadest reasonable interpretation ("BRI") standard for claim construction in amended 37 C.F.R. §§ 42.100(b), 42.200(b), and 42.300(b). Askeladden agrees, consistent with Federal Circuit precedent, that BRI is the proper standard to apply in post-grant proceedings that concern patents that are not expired. The Board's amendment, clarifying which standard applies to a patent that

is not expired at the time the petition is filed, but which will expire before the Board issues a final written decision, is helpful and resolves an issue that was left open by the current version of the Rules.

In addition to supporting the amendments the Office intends to make, on many issues Askeladden also agrees with the Office's decision not to make certain proposed amendments. For example, some commenters requested that the Office change the Rules so that amendments to the claims are "liberally allowed" during AIA post-grant proceedings. *See* 80 FR 50723. The Office correctly declined to make this amendment, because (1) AIA post-grant proceedings are not like *ex parte* patent prosecution, reexamination, or reissue, particularly because the Board does not conduct any prior art search, and (2) broadly allowing the claims to be amended would be impractical during a proceeding that is statutorily limited in time and is intended to be an efficient alternative to a district court proceeding for addressing low quality patents. A rule that allows patent owners to liberally amend during an AIA post-grant proceeding would be not only unfair to the petitioner, but against public interest for these reasons.

Finally, while Askeladden supports the amendments as currently proposed, in one instance it believes that the proposed amendment should apply more broadly than as currently worded, and therefore would support eliminating an enumerated carve-out. Specifically, Askeladden is pleased to see the Office formally adopt a Federal Rule of Civil Procedure Rule 11-type process in amended 37 C.F.R. § 42.11. The justification for such a rule in AIA post-grant proceedings is at least as strong as it is in civil litigation, given the speed with which the proceedings move forward.

But the Office should consider departing from Federal Rule of Civil Procedure 11 in one respect: its carve out for disclosures, discovery requests, and responses. *Compare* Fed. R. Civ. P. 11(d) (exempting disclosures, discovery requests, responses, and objections from Rule 11) *with* proposed 37 C.F.R. § 42.11(e) (exempting same from 42.11).¹ As the Board has frequently recognized, the scope of proper discovery in AIA post-grant proceedings is far more limited than under the Federal Rules of Civil Procedure. Further, the timeline for completion of an AIA post-grant proceeding is statutorily limited and cannot be extended based on the existence of discovery disputes. As such, unwarranted requests for discovery are more problematic in an AIA post-grant proceeding than they are in civil litigation, because they can disrupt the proceeding without sufficient ability for the Board to account for the disruption by extending other deadlines. Likewise, a failure to fairly or adequately respond to proper discovery requests the first time in an AIA post-grant proceeding is more problematic in post-grant proceedings than it is in civil litigation, because there is inadequate time in the schedule for repeated requests for complete information, or for verifying that the information provided is complete. Thus, while Askeladden supports the changes the Office has made by adding 37 C.F.R. §§ 42.11(b), (c), and

¹ Unlike under the Federal Rules, the currently proposed 37 C.F.R. § 42.11(e) does not exempt discovery motions.

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(d), it suggests that the Office consider deleting currently proposed § 42.11(e), and modifying (c) to also apply to written discovery requests and responses between petitioners and patent holders. This would clarify that no submission during an AIA post-grant proceeding may be made for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of the proceeding, and that all factual contentions, and denials of factual contentions, have evidentiary support.

On behalf of Askeladden, I again wish to thank the Office for its diligence and careful consideration of all comments made in connection with proposed changes to the Rules for AIA post-grant proceedings.

Respectfully,

Sean Reilly
General Counsel
Askeladden L.L.C.