



**COMMENTS OF THE ELECTRONIC FRONTIER FOUNDATION
REGARDING AMENDMENTS TO THE RULES OF PRACTICE FOR TRIALS
BEFORE THE PATENT TRIAL AND APPEAL BOARD**

Docket No. PTO–P–2015-0053, 80 Fed. Reg. 50719

The Electronic Frontier Foundation (“EFF”) and Public Knowledge (“PK”) are grateful for this opportunity to respond to the request by the United States Patent and Trademark Office (“PTO”) for comments regarding amendments to the rules of practice for trials before the Patent Trial and Appeal Board (“PTAB”). EFF is a nonprofit civil liberties organization that has worked for more than 20 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 22,000 dues-paying members have a strong interest in helping the courts and policy-makers to strike the appropriate balance between intellectual property and the public interest. PK is a non-profit organization that is dedicated to preserving the openness of the Internet and the public’s access to knowledge, promoting creativity through balanced intellectual property rights, and upholding and protecting the rights of consumers to use innovative technology lawfully.

I. Introduction

The trial procedures created by the America Invents Act of 2011 (AIA) are intended to provide a much cheaper and faster alternative to litigation. Given the immense cost of litigation in federal court, smaller companies and startups threatened with a patent suit often have no choice other than to settle. For this reason, commenters strongly support procedures that provide smaller companies affordable options for responding to a patent threat. Our comments are informed by EFF’s own experience as a petitioner in an *inter partes review* (IPR2014-00070). We urge the PTO to make AIA trial proceedings as fair and accessible as possible for smaller companies.

Commenters make the following submissions:

- The PTO should strive to make its nationwide “listening tours” more available and accessible to the general public regardless of the ability to pay and/or professional

affiliation, and should ensure that the public is not prevented from engaging with the PTO due to the manner in which the tours are organized.

- The PTAB should consider whether allowing a patent owner to amend may allow patents to issue where the amendments have undergone no substantive examination.
- The PTAB should continue to apply broadest reasonable interpretation in AIA trial proceedings.
- Petitioners should be afforded the opportunity to reply to arguments raised by the Patent Owner before the PTAB determines whether or not to institute review, regardless of whether the patent owner submits testimonial evidence.
- The rules should clearly require both petitioners and patent owners to support affirmative factual statements with evidence.

EFF and PK discuss each of these submissions in more detail below.

II. The PTO Should Endeavor to Make Its Roadshows Available Regardless of Ability to Pay or Organizational Affiliation

As noted in the Federal Register notice of this rulemaking, the PTO “in concert with the American Intellectual Property Association (‘AIPPLA’), [had] a Road Show Series ... where proposed rules [were] discussed.” The PTO further noted that the “Office considers these interactive programs to provide valuable input into how to improve the fairness and effectiveness of the AIA proceedings.” 80 FR 50719, 50742. Director Lee described the AIPPLA Roadshow as “invaluable to building that stronger patent system essential for the 21st century global economy.”¹

Although commenters support the PTO’s efforts to engage in the wider community beyond the Washington, D.C. metropolitan area, the manner by which these Road Shows were conducted is disappointing, particularly because of the substantial fees charged to attend these Roadshows. For example, to attend the event in Santa Clara, the published fees were listed as

¹ Remarks by Director Michelle K. Lee at Quarterly PPAC Meeting, Aug. 20, 2105, available at <http://www.uspto.gov/about-us/news-updates/remarks-director-michelle-k-lee-quarterly-ppac-meeting>

\$375.² Although discounts were available to members of the AIPLA, students and those in government, no provisions were made for others who could not afford this fee, including non-profits charitable organizations such as EFF and PK.

In addition, neither the PTO nor the AIPLA websites or announcements regarding the event made clear that the PTAB trials held at the events were free and open to the public, as constitutionally mandated. *See Detroit Free Press v. Ashcroft*, 303 F.3d 681, 694-711 (6th Cir. 2003) (holding that the public has a First Amendment right to access quasi-judicial administrative proceedings and any restriction must meet the Supreme Court test as enunciated in *Richmond Newspaper, Inc. v. Virginia*, 448 U.S. 555 (1980)). EFF made several requests to both the PTO and the AIPLA to address this issue, yet its concerns went largely ignored. It is disappointing that the PTO would not recognize the importance of communicating that PTO trials are public and free, especially where this was the first time the new trials had been held outside of the PTO headquarters in Virginia.

Finally, reduced fees were available for those who were members of the AIPLA. The AIPLA is an advocacy organization that regularly takes controversial positions with which others—even the PTO itself—may disagree.³ Reduced fees for members of an advocacy organization could easily give outsiders the undesirable impression that the PTO is beholden to particular organizations and their positions. If the PTO had offered discounted fees only to EFF's 22,000 members, it similarly would create an impression of favoritism. The Roadshows were ostensibly meant to receive public input about PTO operations, and affiliation with a single advocacy organization could lead to the perception that the PTO favors that organization's perspectives.

² *See* AIPLA, AIPLA/USPTO Road Show Series - Enhancing Patent Quality and Conducting AIA Trials, <http://www.aipla.org/learningcenter/AIARoadShows/Pages/Registration.aspx>

³ *See, e.g.*, AIPLA, *Response to the Request for Comments on "Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board"*, Oct. 16, 2014, available at http://www.uspto.gov/sites/default/files/ip/boards/bpai/aipla_20141016.pdf (calling for PTAB to use *Phillips* standard for claim construction in IPR, a proposal rejected by PTO).

EFF and PK raised similar concerns in 2013 that the PTO's outreach practices could evince a lack of concern for the broader community beyond patent practitioners.⁴ While commenters themselves understand the PTO's intentions to include that broader community, it is incumbent upon the Office's leadership to clearly avoid any appearance of favoritism, if the PTO is to remain a credible authority on innovation in the eyes of the public.

When the PTO engaged in a nationwide "listening tour" in April and May, 2014, no fees were charged.⁵ The PTO should endeavor to provide such access in the future.

III. The PTAB should consider how allowing a patent owner to amend may allow patents to issue that have undergone no substantive examination

Amendments in PTAB trials are intended to afford patent owners an opportunity to clarify their claims and narrow them to avoid questions of validity. But history shows that patent applicants and owners have strong incentives to inject ambiguity and overbreadth into their claims where they can, and PTAB amendments are no exception. The PTO's examination process is the guardian against such improper claims, and so it should ensure that PTAB amendment rules do not abdicate that necessary duty of examination.

Some have suggested having the petitioner identify and argue challenges to amendments instead of conducting independent examination, but this is far from sufficient. The underlying assumption of this suggestion is that the petitioner will have sufficient incentive to challenge any amendment. But should a patent owner propose amendments which would take a petitioner outside the scope of infringement,⁶ the petitioner is generally not incentivized to present fully

⁴ See Comments of Public Knowledge and the Electronic Frontier Foundation, *In re: Strategies for Improving Claim Clarity: Glossary Use in Defining Claim Terms*, Oct. 24, 2013, at pp. 8-9, available at <https://www.publicknowledge.org/files/comments-pto-roundtable.pdf>.

⁵ USPTO, PTAB AIA Trial Roundtables, <http://www.uspto.gov/patents-application-process/appealing-patent-decisions/trials/ptab-aia-trial-roundtables>

⁶ In post grant proceedings, petitions are often filed after an allegation of infringement is made against a petitioner. Indeed, petitions for Covered Business Method Review can only be filed by a petitioner that has been sued or charged with infringement by the rights holder. See 37 C.F.R. § 42.302(a). Thus the petitioner is incentivized to limit the grant of patent rights that can

articulated and investigated arguments as to why the proposed claim is not patentable. Indeed, a petitioner may choose to not oppose a motion to amend if it is confident it would not infringe any amended claim, given the costs involved in opposing. This opens the door to the patent owner proposing amendments that would be improper or overbroad and thus harmful to other members of the public, but just narrow enough so that the petitioner does not care to challenge them. Examination, and not mere reliance on weak petitioner incentives, is thus necessary to ensure that patents issued after a PTAB proceeding meet the statutory requirements of Title 35.

By placing the burden on the patent owner to show the proposed amended claims are patentable, the PTAB recognizes the relative incentives of the parties and better insures that it allows only those claims that are, in fact, patentable. This also maintains the normal burdens that would apply in any prosecution where the applicant amends claims after a non-final rejection. *See* 37 C.F.R. 1.111(c) (requiring the applicant to “clearly point out the patentable novelty which he or she thinks the claims present in view of the state of the art disclosed by the references cited or the objections made”).

For example, a patent owner may move to amend to add new claim limitations, thereby narrowing the claim. The new limitations may distinguish the prior art identified in the petition, even if other invalidating prior art is a single EAST search away. It would be an embarrassment to the patent system if such a patent issued, thus underscoring the importance of substantive examination of amended claims beyond just the prior art of record.

EFF recognizes that patent owners, by statute, have a right to file a motion to amend. *See* 35 U.S.C. §§ 316(d), 326(d). In addition, as the PTO noted in this rulemaking “AIA proceedings are neither *ex parte* patent prosecution nor patent reexamination or reissue.” 80 FR 50724. Given the possibility of patent claims being issued without substantive examination, commenters encourage the PTO to reexamine the role of the PTAB and whether, in the instance where a petitioner is not sufficiently incentivized to challenge proposed amended claims, it would be appropriate to refer the claims to the Examining Corps.

be enforced against it, but is not generally incentivized to limit the grant of patent rights more broadly.

IV. The PTAB should continue to apply broadest reasonable interpretation in AIA trial proceedings.

The PTO correctly determined that it should continue to apply the broadest reasonable interpretation when determining the meaning of claim terms, as patent owners are given the opportunity to amend claims. This strongly supports applying the broadest reasonable construction. If a patent should be interpreted differently from the broadest reasonable construction, the patent owner can add clarifying language to the claims. This protects the interests of both the patentee and the public by promoting clearer claim language.

Although it is appropriate to apply the *Phillips* standard to those claims that will expire prior to a final decision, the uncertainty regarding disparate treatment between patents that will expire and those that will not may increase costs and decrease efficiency of PTAB trials. In order to minimize the risk of uncertainty, the PTO should adopt rules that create a bright line determination. Specifically, if a patent will expire within 18 months from the date of the filing of the petition, as determined from the face of the patent, the PTAB should apply a *Phillips*-type standard. In all other instances, the BRI standard will apply. In any rule that the PTO adopts, it should seek to minimize the costs to the parties and the PTAB, and maximize efficiency.

A patent owner should not be allowed to opt-in to a *Phillips*-type standard by waiving the right to amend claims. Such a procedure would cause significant costs to a petitioner who has drafted a petition based on the BRI standard, including potential new expert and legal costs. In addition, it is unclear what opportunity the petitioner would have to amend her petition to address the new constructions. The better approach is for patent owners to amend claims to explicitly recite the constructions allegedly proper under a *Phillips*-type standard, thereby presumably narrowing the claims, following the usual procedure and rules related to amending claims.

V. Petitioners should be afforded the opportunity to reply to arguments raised by the Patent Owner before the PTAB determines whether or not to institute review, regardless of whether or not the patent owner submits new testimonial evidence.

After a petitioner submits a petition for inter partes review, a patent owner has the opportunity to present arguments as to why a petition should not be granted. *See* 37 C.F.R. §§ 42.107(a) & (b), § 42.207(a) & (b), § 42.300(a). The PTAB has proposed allowing patent owners to submit testimonial evidence in response to the petitioner. *See* 80 FR 50725-26. The PTAB

also suggests that the petitioner will be regularly afforded the ability to respond to this new testimonial evidence in a reply, although petitioners will need to request permission to file such a reply. *Id.* at 50726.

Although commenters are pleased to see the PTO recognize the importance of a reply in responding to testimonial evidence presented by the patent owner, the PTO should still adopt rules allowing for a reply, regardless of whether the patent owner submits new testimonial evidence.

Although many of a patent owner's arguments in response to a petition may be predictable to a petitioner, and may very well be addressed in the petition, it is not possible for a petitioner to completely and absolutely predict every possible argument a patent owner may raise in response. Thus a patent owner may raise arguments in response to a petition. The petitioner is thus not given the opportunity to demonstrate to the PTAB any flaws in the patent owner's argument. The PTAB should amend the rules to allow the petitioner a short reply to the patent owner response prior to the decision on whether to institute.

Respectfully, the PTO's concerns that a reply to the patent owner's preliminary response would "introduc[e] additional arguments into the record not presented in the petition," 80 FR 50738, are unfounded.⁷ Courts across the country routinely allow for replies that are limited to arguments in response to oppositions. These rules do not allow the moving party to raise arguments that should have been made in the moving papers. The replies are often short and must be filed shortly after an opposition is filed. Attorneys are well-versed in these rules and procedures, and can easily apply their knowledge to filings at the PTAB. Without a reply at the petitioning stage, the PTAB may erroneously credit arguments made by the patent owner that would not stand up to challenge by the petitioner.⁸

⁷ Indeed, this concern seems particularly unfounded given that the PTAB allows petitioners to file a reply responding to the patent owners' argument after the patent owner submits its response after institution. *See* 37 C.F.R. § 42.23.

⁸ In light of the inability to appeal a denial of institution of trial, see 35 U.S.C. § 314(d), a reply at the petitioning stage is critical to ensuring the PTO grants or denies petitions upon consideration of the full merits of each party's arguments.

A short reply would be beneficial for several reasons. First, this would allow the petitioner the opportunity to more fully develop the record with respect to arguments made by the patent owner. For example, it is not reasonable to require the petitioner to address every possible claim term in its petition. *Cf. U.S. Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554, 1568 (Fed. Cir. 1997) (“Claim construction is a matter of resolution of disputed meanings and technical scope, to clarify and when necessary to explain what the patentee covered by the claims....It is not an obligatory exercise in redundancy.”) A petitioner may reasonably believe that a given term does not require construction. However, a patent owner may argue that a term not addressed by the petitioner requires claim construction. By allowing the petitioner a short reply, the petitioner would be able to argue why that term needs no construction, or otherwise address the patent owner’s argument. Without a reply, the PTAB is left with only half the argument.

A reply is beneficial for a second reason: it will reduce the number of requests for rehearing. Currently, if a petition for inter partes review is not fully instituted or denied outright, petitioners are allowed to submit a request for rehearing pursuant to 37 C.F.R. § 42.71(d). Often, arguments made in the request for rehearing could have been easily made in a reply instead. But by filing a request for rehearing, the PTAB is burdened by the fact that it must now address petitioner’s request and issue an opinion on that request. The more efficient procedure would be to allow a reply so that the PTAB could address any petitioner response to the patent owner’s arguments in its initial decision.

Relatedly, a reply will also more fully ensure the decision on institution is correctly made. In a rehearing request, the PTAB will refuse to consider arguments not raised in the petition. 37 C.F.R. § 42.71(d). Furthermore, rehearing requests are only granted where the PTAB determines that its decision was an abuse of discretion. 37 C.F.R. § 42.71(c). Thus the petitioner is placed in an untenable position: it is not possible to address in a petition every possible argument a patent owner may make. A patent owner, knowing this, may then in its response address arguments not raised by a petitioner or otherwise distort the record knowing that the petitioner will not be given the opportunity to respond. Such an outcome should not be condoned. By allowing a reply, the PTAB would allow the petitioner the opportunity to rebut arguments made by the patent owner.

Finally, PTAB may be understandably concerned that a reply may delay the decision on institution and therefore impede the ability of the PTAB to render its decision in a timely manner. But a lack of reply could pose even greater delay. By allowing a reply, the PTAB is presented with a fully briefed dispute between the petitioner and the patent owner. Without such a reply, the PTAB must independently scrutinize the record to determine the validity of the arguments raised by the patent owner, without any guidance as to what counterarguments exist, if any. A reply would allow the PTAB to quickly and easily determine relevant information that should be considered when considering the validity of the patent owner's arguments, as presumably the petitioner is incentivized to present the best possible arguments in response.

Thus for all these reasons, the rules should be amended so as to allow a short reply to any patent owner response to a petition, regardless of whether the patent owner submits testimonial evidence in its preliminary response to a petition.

VI. The rules should clearly require both petitioners and patent owners to support affirmative factual statements with evidence.

The rules governing PTAB trial proceedings should clearly state that all affirmative factual statements, from any party, must be supported by citations to admissible evidence. The PTO correctly recognizes that “if the patent owner does not support affirmative factual statements with evidence, such statements will be given little or no weight.” But this rule should be formalized through amendment of either § 42.120 or § 42.22, as suggested by EFF in its previous comments. *See* Comments of the Electronic Frontier Foundation, PTO-P-2014-0031 at 9-10.

Formal amendment to the rules will help prevent any uncertainty and will minimize disputes between the parties.

VII. Conclusion

EFF and PK again thank the PTO for the opportunity to comment regarding trial proceedings under the AIA. We commend the PTO for its work so far in making trial proceedings before the PTAB a success. For the reasons given above, we hope the PTO will build on this success and make trials under the AIA more accessible to small businesses and startups.

Respectfully submitted,

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