

November 9, 2015

Via Email: [trialrules2015@uspto.gov](mailto:trialrules2015@uspto.gov)

The Honorable Michelle K. Lee  
Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office  
U.S. Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450  
Attn: Lead Judge Susan Mitchell

**RE: Response to the Request for Comments on “Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board,” Fed. Reg. Vol. 80, No. 161, August 20, 2015**

Dear Director Lee:

Post-issuance proceedings before the PTAB have been in place for just three years, and the system has provided an equitable, low-cost alternative to litigation for parties who seek to question the patentability of certain claims. Unified Patents Inc. has been an active participant before the Board, filing dozens of challenges. Thus, Unified appreciates the opportunity to provide comments to the United States Patent and Trademark Office (“USPTO”) in response to the Request for Comments on the Amendments to the Rules of Practice for Trials before the Patent Trial and Appeal Board.

Unified was founded over concerns with the increasing risk of non-practicing entities (“NPEs”) asserting poor quality patents against strategic technologies and industries. Unified was created to deter NPE litigation by protecting technology sectors. Companies in a technology sector subscribe to Unified’s technology-specific deterrence zones, and in turn, Unified performs many NPE-deterrent activities, such as analyzing the technology sector, monitoring patent activity (including patent ownership and sales, NPE demand letters and litigation, and industry companies), conducting prior art research and invalidity analysis, offering patent assertion insurance, providing a range of NPE advisory services to its subscribers, acquiring patents, and challenging patents at the USPTO. In the last year, Unified has been one of the top filers before the Board, filing 29 petitions with the USPTO for *inter partes* review proceedings.

Unified currently has over 100 members and counts dozens of start-ups, small businesses, cable, technology, automotive, and service providers among them. We represent industry-wide interest in the success of third-party membership trade organizations envisioned by the America Invents Act, and believe trade organizations allow businesses a valuable tool to defend against nuisance lawsuits. Trade organizations also play an important role before the Board in reviewing patentability both before and after suit.

Unified supports the USPTO's commitment to revisit the rules and practice guide after experience with the new AIA trials. We submit the following in response to the Office's request for comments.

## **Claim Construction Standard**

### *A. Unified Supports the Application of the BRI Standard to Claims in Unexpired Patents*

Unified supports the adoption of the comments favoring the retention of the BRI approach, and advocates that BRI standard should still be applied so long as there is an opportunity to amending the claims and no presumption of validity in office proceedings.

Practically, the use of the BRI standard allows the Office to use the same standard in multiple parallel proceedings, such as examination, reexamination, reissue, derivation, interference, and supplemental examination, reducing complexity and avoiding conflict. It also prevents potential conflict between constructions issued by the District Court and constructions issued by the Board. And it prevents the majority of early claim construction comments under the *Phillips* standard from happening at the Board, given the relative speed of parallel proceedings, thus avoiding conflict between these judicial and administrative bodies. Thus the standard serves to avoid conflict between the bodies and to prevent the Board's usurpation of the Court's traditional role in construing claims under the *Phillips* standard post-issuance.

### *B. Unified Supports the Adoption of the Phillips-type Standard for Patents to Expire During Review*

Adopting clear rules as to when the *Phillips*-type standard applies will best carry out Congressional intent and serve parties before the Board. Clarity breeds certainty, and certainty breeds efficiency and avoids wasteful legal spending. As with reexaminations, *Phillips*-type claim constructions

should be applied when a patent will expire, here within roughly eighteen month from the filing of the petition as determined in each case, for at least two reasons.

First, by all indications, Congress did not intend for any other method of claim construction to be applied to unexpired patents. Accordingly, the rules should seek to prevent the application of the Phillips-type standard to unexpired patents. Second, absent a clear rule guiding parties as to when the Phillips-type standard will apply, parties will be incentivized to increase the cost and duration of the proceeding by litigating which standard should apply, and to seek to artificially prolong the length of the proceeding in order to ensure the final decision will clearly occur after the expiration of the patent in question.

Practically, Unified suggests the Board issue guidelines to Petitioners guiding them to offer the *Phillips* standard, the BRI, or both, in petitions where it is possible the patent will expire thirteen to twenty months from the date of petition. Currently it can take anywhere from one to eight months from filing to receive an institution decision depending on when the Notice of Filing Date Accorded issues and whether the parties are joining or Petitioner waives their POPR, making it difficult to determine the probable date of any final written decision. The guidelines should highlight current Board practice, making clear that the Board will not penalize any petitioner who applies one standard or the other in error, as the Board makes an independent decision of which standard to apply, both at institution and in a final written decision.

### **Patent Owner's Motions to Amend**

Unified takes no position on the modifications to the practice regarding motions to amend.

### **Patent Owner's Preliminary Response**

Unified takes no position on this proposal, although we believe allowing the patent owner to provide new testimonial evidence it will do little to impact or influence an institution decision, which is by nature a preliminary ruling, though it risks increasing upfront costs for patent owners, and may result in another round of depositions and expert declarations without resulting in any substantive difference.

We would request that a petitioner be given the right to a reply to any threshold issues. We also note that the proposed rule includes a new legal

presumption that will apply to all material evidence. Patent owners advocating for the change should note that, as currently written, the legal presumption will apply to all of the many forms of evidence currently available including the patent, file history, and the petitioner's expert declaration, increasing the likelihood of institution where there are material facts in dispute. This may lead to even more institution decisions on anything but procedural grounds, resulting in patent owning businesses spending more money on legal fees upfront but shifting the legal presumption to the petitioner.

### **Additional Discovery**

Unified supports the adoption of the comments. Unified believes that the *Garmin* factors are appropriate, as limited discovery focusing on the validity of the challenged patent claims is one of the benefits of review proceedings.

### **Obviousness**

Unified agrees that the *Garmin* factors currently provide appropriate and sufficient guidance for how to handle requests for additional discovery. Doing so prevents needless loss of time and resources during unnecessary discovery, while balancing the parties' interest in obtaining a full and fair hearing before the Board. Unified also considers objective evidence of secondary indicia of non-obvious to be an important factor that merits careful consideration, particularly testimonial evidence of unexpected results submitted during patent prosecution that an examiner found persuasive.

### **Real Party in Interest**

*A. Estopping Parties from Raising Late Real Party in Interest Challenges that Reasonably Could Have Been Raised Earlier in the Proceeding Properly Balances Fairness and Efficiency, while Encouraging Parties to Meet and Confer Regarding the Issue Early in the Proceeding*

Unified agrees that it is important to resolve any real party in interest and privity issues early, preferably prior to institution. As the Office notes, this avoids delays and minimizes cost and burden on the parties, and the resources of the office. One way streamline any additional inquiries would be to limit parties' ability to raise RPII after institution a long as no new information has since come to light. This agrees with the proposed rule because it would still enable parties to seek additional discovery or

challenge the issue post-institution where the issue could not have been reasonably raised prior to institution. At the least, the Board should require a showing that the argument could not have been raised earlier in the proceeding, to avoid gamesmanship and increase efficiency.

To wit, Unified has consistently offered voluntary discovery at the petition stage to be as transparent and helpful to the Board as possible regarding the naming of the real party in interest and to assist patent owners in evaluating each petition. Unified seeks additional guidance of what, if anything, the Office or Board judges seek that may resolve any potential disputes as early and as predictably as possible.

*B. Unified Supports the Office's Decision to Not Require, as a Rule, the Expense of Additional, Possibly Privileged Mandatory Disclosures of Documents Associated with Real Party in Interest and Privity Challenges*

Unified supports the current requirement of such disclosures as the cases dictate. Unified notes that petitioners benefit from a full upfront disclosure of relevant information in the petition.

### **Multiple Proceedings**

Unified supports the Office's approach to take into account all factors bearing on the propriety and feasibility of joinder, and reiterates that it urges the office include two factors in particular within that consideration (a) The interests of the second petitioner in being heard and (b) The interests of the Office and the public in efficiency of resolving the entire dispute and improving quality of patents.

In particular, Unified requests detailed guidance on the proper timing and procedures for "me too" party joinder. Under current standards, many parties seeking joinder are denied the ability to participate based on procedural missteps, even where the current parties do not oppose, and time, money, and a proper hearing is denied based on perceived substantive or procedural difficulties. Clearly spelling out how a party should seek to join an existing IPR proceeding and providing detailed procedures to follow can lead to a more efficient means for small entities unable to afford full proceedings to be heard.

Unified also supports the combination, joinder, and consolidation of proceedings wherever practicable, as it results in a streamlined resolution of multi-party disputes.

Additionally, Unified supports robust consideration of any declarations, evidence, and prior art presented during prosecution under § 325(d). In cases where there is substantial objective evidence of secondary considerations for non-obviousness, such as unexpected results, developed during prosecution, particularly through testimonial evidence in the form of a declaration, Unified supports the Board freely using their existing authority deny institution where the record was substantially developed below. *See, e.g., Prism Pharma Co., Ltd. v. Choongwae Pharma Corp.*, Paper 14, IPR2014-00315 (July 8, 2014) (informative).

### **Extension of One Year Period to Issue a Final Determination**

Unified agrees with the Office that the one year period to issue a final determination should not be extended, except in the case of an extension of up to six months by the Chief Administrative Patent Judge, or as in the case of joinder, where extension by the panel judges is unlimited. 37 C.F.R. § 42.100 (“The time can be extended by up to six months for good cause by the Chief Administrative Patent Judge, *or adjusted by the Board in the case of joinder.*”) (emphasis added).

Unified would highlight that the legislative history, the statute, and the rules allow the Board panels to individually extend the one-year deadline indefinitely in the case of joinder, and recommends that, in the case of complex multi-party joinder disputes, the Board panels may and should consider extending the one-year deadline to allow all interested parties to join, with the understanding that grouping petitioners that are co-defendants in parallel proceedings benefits the speed, efficiency, and ultimate resolution of disputes before the Board. Unified supports liberal use of the Board’s consolidation powers.

### **Oral Hearing**

Unified supports the continued practice of considering requests for oral hearings as the circumstances dictate.

### **General Topics**

Unified supports making more decisions informative or precedential, and offering regular updates to the bar (perhaps in the form of an MPEP-like Trial Practice Guide laying out the Board’s current substantive understanding of certain provisions and how to follow them). Currently many issues—for example, joinder, litigation bars, or waiving objections to

evidence—remain abstruse or inconsistently applied, and any guidance the Board can give would increase certainty, efficiency, and justice.

Unified supports the practical adoption of the use of word count instead of page limits for petitions, preliminary responses, patent owner responses, and petitioner's reply briefs as an effective means to eliminate the burdensome ministerial office requirement to analyze claim charts for attorney argument with minimal, if any, impact on the substance of future filings.

Respectfully,



Jonathan Stroud  
Chief Patent Counsel, Unified Patents Inc.