



July 9, 2018

The Honorable Andrei Iancu  
Under Secretary of Commerce for Intellectual Property and Director of the United States  
Patent and Trademark Office  
United States Patent and Trademark Office  
600 Dulany Street Alexandria, VA 22314  
Via Email: [PTABNPR2018@uspto.gov](mailto:PTABNPR2018@uspto.gov)

**Re: Comments on “Changes to the Claim Construction Standard for Interpreting Claims In Trial Proceedings Before the Patent Trial and Appeal Board.”  
Federal Register Vol. 83, No. 90; May 9, 2018, Docket No. PTO-P-2018-0036**

Dear Under Secretary Iancu:

BSA | The Software Alliance (BSA) welcomes the opportunity to provide comments on the United States Patent and Trademark Office (USPTO) Notice of Proposed Rulemaking regarding the claim construction standard in post-issuance proceedings before the Patent Trial and Appeal Board (PTAB). Federal Register Vol. 83, No. 90; May 9, 2018. BSA appreciates the USPTO’s continued attention and diligence to improve the post-issuance review proceedings and overall patent quality. Post-grant review (PGR) and inter partes review (IPR), which provide a cost-effective mechanism for improving patent quality by weeding out invalid patent claims, are important to BSA and the health of the patent system.

BSA | The Software Alliance (BSA)<sup>1</sup> is an association of the world’s leading software and hardware technology companies. On behalf of its members, BSA promotes policies that foster innovation, growth, and a competitive marketplace for commercial software, artificial intelligence, and related technologies.

BSA members are among the Nation’s leading technology companies, producing much of the hardware and software that power computer and telecommunication networks. Due to the complexity and commercial success of their products, these companies are frequently the subject of patent infringement claims.

At the same time, by virtue of their inventions, BSA members hold hundreds of thousands of patents. Our members invest billions of dollars in research and development every year, and every one of those members relies on intellectual property for the viability of its business. Intellectual property rights are the cornerstones of innovation - giving creators confidence that it is worth the risk to invest time and money in developing and commercializing new ideas. For the software industry, robust intellectual property

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<sup>1</sup> BSA’s members include: Adobe, ANSYS, Apple, Autodesk, Bentley Systems, Box, CA Technologies, Cadence, CNC/Mastercam, DataStax, DocuSign, IBM, Informatca, MathWorks, Microsoft, Okta, Oracle, PTC, Salesforce, SAS Institute, Siemens PLM Software, Splunk, Symantec, Trend Micro, Trimble Solutions Corporation, and Workday.

protections are fundamental to ongoing innovation and technology improvements. Patents are an indispensable part of these protections. Because they are both innovators as well as substantial patent holders, BSA members have a particularly acute interest in properly calibrated mechanisms for ensuring patent quality.

The key to promoting innovation is a predictable and well-functioning patent system that rewards innovators without fostering a fertile environment for bad actors to abuse the system. The cost-effective post grant review programs PGR and IPR are critical to these efforts.

### **Summary**

BSA members have a variety of perspectives on how best to improve the patent system. At the same time, BSA members uniformly agree that since its creation by the America Invents Act (AIA), the IPR program overall has been an important contribution to the patent system. Clearing improperly granted claims out of the system in a timely and cost-effective manner is good for the overall patent system, and the IPR program has been successful in helping to accomplish this goal. That is why BSA's overarching priority is for the IPR program to be effective and function as Congress intended.

The USPTO has proposed changing the claim interpretation standard used by the Patent Trial and Appeals Board (PTAB) during post-issuance proceedings, including IPR. The PTAB currently uses the Broadest Reasonable Interpretation (BRI) standard for interpreting claims and the USPTO has proposed adopting the standard used by district courts, often referred to as the *Phillips* standard. We understand the interest of the USPTO and some stakeholders in aligning the claim construction standard used by the PTAB with that used in court. Some BSA members believe aspects of the USPTO's implementation of IPR require attention, such as the ability to amend, while others believe the existing IPR program works well and change is not necessary. All members agree that IPR should be maintained as an effective tool to improve quality.

We also understand that the PTAB intends to continue its well-regarded practice of issuing its claim construction decision with the institution decision. If the claim construction standard for the PTAB is changed as proposed, BSA strongly recommends the Director allow petitioners a reply brief in response to the patent owner's preliminary opposition, to ensure that the claim construction issue will be adequately briefed before the PTAB's decision on claim construction and institution.

### **The Importance of an Effective IPR Program**

Patent quality is essential to innovation. A patent is "a reward, an inducement, to bring forth new knowledge."<sup>2</sup> Patents that should not have been issued – those in which the invention claimed is obvious or not novel – damage the public interest and chill the development of new technologies.

BSA's core objective in the legislative debates leading to enactment of the post-issuance proceedings in the Leahy-Smith America Invents Act was to create a review system at the USPTO that would provide a more effective and efficient process to weed out invalid patent

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<sup>2</sup> *Graham v. John Deere Co.*, 383 U.S. 1, 9 (1966).

claims while preserving and strengthening valid patents. That remains BSA's objective in this debate.

IPR has been an extremely effective tool in weeding out invalid patent claims, which has reduced both the number and cost of frivolous lawsuits. That is why BSA believes the IPR program must remain strong and effective.

The problem of invalid patents being mistakenly issued by the USPTO is not new. "It is unrealistic to believe a patent examiner would know all of the places to look for [relevant] information" at the examination stage, "and even if the examiner knew where to look, it is unlikely he or she would have the time to search all of these nooks and crannies."<sup>3</sup>

Prior to the AIA, there was abusive behavior, often involving overly broad or invalid patents asserted against technology companies at an alarming rate and a significant cost. In part, this is because there was not a cost-effective method for accused infringers to challenge the validity of these patents. The only effective option accused infringers had was to litigate in district court. District court actions are extremely expensive and oftentimes more costly than the potential damages arising from an ultimate finding of infringement. Moreover, district court actions can take several years to adjudicate, leaving a cloud of uncertainty over the company for an extended period of time. This environment created fertile ground for bad actors to bring district court actions asserting arguably invalid patents with the knowledge that the accused infringer would likely settle the lawsuit to avoid the cost of litigation.

The IPR program has proven to be a very effective tool at curbing many abusive patent assertions and curbing settlement demands in appropriate situations. The program's effectiveness is supported by statistics. The cost of patent litigation has fallen dramatically since the passage of the AIA, and IPR has played a significant role.<sup>4</sup>

The positive effects of IPR are also demonstrated by the increased recognition among stakeholders, commentators, and the USPTO, that abusive litigation is no longer as prevalent as it was prior to enactment of the AIA.

### **The Proposed Standard**

The Notice of Proposed Rulemaking explains that the proposed change "would replace the BRI standard for construing unexpired patent claims and proposed claims in IPR, PGR, and CBM proceedings with an approach that follows the framework set forth in *Phillips*." We encourage the USPTO to ensure that, if it moves forward with the proposal, the standard aligns with the standard in court – including by allowing the standard to adjust if the standard in court changes – to avoid the need to revise the rules based on further development of court doctrine.

Specifically, the proposed changes to 37 CFR 42.100, 42.200, and 4.300 should remove the phrase "including construing the claim in accordance with the ordinary and customary

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<sup>3</sup> 157 Cong. Rec. 2,843 (2011) (remarks of Sen. Klobuchar); see also 157 Cong. Rec. 3,401 (2011) (remarks of Sen. Leahy) ("Patent examiners are facing a difficult task" in weeding out low-quality patents "given the explosion in the number of applications and the increasing complexity of those applications.").

<sup>4</sup> <https://www.bna.com/cost-patent-infringement-n73014463011/>.

meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.” Regardless of whether this accurately describes the standard used in court today, the clause is not needed and restricts the ability of the USPTO to continue ensuring the standards are aligned.<sup>5</sup>

In addition, a change in the standard would make it even more important that the rules clearly enable the IPR petitioners to respond adequately to claim construction arguments made by patent holders. The IPR petitioner should be permitted to file a response to claim construction arguments made by patent holders prior to the institution decision.

### **Oversight and Review of the Impact of the Proposed Changes**

BSA’s overall objective is to ensure that IPR remains effective. If the USPTO does proceed with changing the standard, we strongly encourage the Director to monitor the effectiveness of IPR as a result of the change, both formally through metrics, and on an informal, ongoing basis. We urge the USPTO to consider and evaluate the impact of the changes proposed in this proceeding before making further, significant modifications.

One area of particular concern is how the change in claim construction standard will impact the ability to amend claims in IPR – and to challenge amended claims. BSA supports the changes and clarifications made in the recent PTO bulletin announcing the designation of *Western Digital v. SPEX Techs*<sup>6</sup> as an informative order. The contours of the amendment process outlined in *Western Digital* are in alignment with the purpose and scope of the AIA. BSA understands that some stakeholders have proposed making additional, significant changes to the process for making amendments in IPR, such as creating an “off ramp” from IPR for amendments. This would be a significant change from the process envisioned in the AIA.

BSA urges USPTO to consider the impact of any significant further changes on the effectiveness of the IPR process before making such changes. Any future changes to the amendment process must preserve Congress’ intent when it created the IPR program, including the completion of IPRs in a timely and efficient manner. Furthermore, any changes to the amendment process should adhere to the following principles:

1. Most BSA members, but not all, believe that the BRI standard should be used when examining an amended claim. The BRI standard is the one used for new claims in a patent application. An amended claim in an IPR, is for all practical purposes, a “new” claim, and should be subject to the same standard;
2. IPR petitioners should have the ability to challenge the amended claim – this will prevent forcing the petitioner to challenge the claim after it issues in a subsequent IPR; and
3. the USPTO should conduct a robust search as part of the amendment process – this will help ensure that the USPTO does not issue a new, but still invalid claim.

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<sup>5</sup> The statement in the NPRM that “the doctrine of construing claims to preserve their validity would apply to AIA trials” (NPRM at 21223) provides an example of why this is important. Although it has always been “of limited utility,” and it is unclear whether it remains, or will remain, a tool used in federal court, the NPRM and rules adopted should be careful not to incorporate language that may lead to inconsistency with the court standard, if that is the USPTO’s objective.

<sup>6</sup> *Western Digital Corp. v. SPEX Techs., Inc.*, Case IPR2018-00082, -00084 (PTAB Apr. 25, 2018) (Paper 13).

**Conclusion**

We are grateful to the USPTO for allowing BSA to comment on the proposed rule change. We look forward to working with the Office as it moves forward with this initiative.