

VIA ELECTRONIC MAIL

June 26, 2018

The Honorable Andrei Iancu
Director of the U.S. Patent and Trademark Office
Attn: Vice Chief Administrative Patent Judges
Michael Tierney and Jacqueline Wright Bonilla
600 Dulaney Street
P.O. Box 1450
Alexandria, VA 22313-1450
PTABNPR2018@uspto.gov

Re: Request For Comments On “Changes To The Claim Construction Standard For Interpreting Claims In Trial Proceedings Before The Patent Trial And Appeal Board,” 83 Fed. Reg. 21,221 (May 9, 2018)
(Docket No. PTO-P-2018-0036)

Dear Director Iancu:

On behalf of Droplets, Inc., I write to express strong support for the USPTO proposal to abandon the BRI standard in PTAB proceedings, and to urge the USPTO to make two critical modifications to the proposed changes.

Droplets has a substantial interest in these issues. Droplets is the owner of groundbreaking patents that changed the modern online world. It is a significant stakeholder in the patent system. It has developed and sold technology to Global 1000 enterprises, the U.S. armed services, and scores of independent software vendors. It has been involved in litigation in district court to enforce its intellectual-property rights and to oppose (successfully) attempts to invalidate its patents. And it has been subjected to repeated attempts to invalidate its patents in a variety of post-grant proceedings before the USPTO.¹

Droplets enthusiastically endorses the changes proposed by the USPTO. As the published notice explains, there is a compelling argument for adopting the same claim-

¹ Two of those challenges remain pending before the courts, including one before the Supreme Court of the United States. See *Droplets, Inc. v. Iancu*, 698 F. App'x 612 (Fed. Cir. 2017), petition for cert. pending, No. 17-1384 (filed Apr. 3, 2018). The latter case arises out of an inter partes reexamination. Droplets also currently has cases in district court that have been stayed pending the final disposition of the PTAB proceedings.

construction standard for proceedings before the PTAB and Article III courts. Applying a consistent standard increases uniformity, promotes efficiency, advances predictability, and avoids unfairness. And the standard now applied in Article III courts also makes the most sense: there are obvious reasons to “seek out the correct construction—the construction that most accurately delineates the scope of the claimed invention”—rather than an artificially broad interpretation. *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, 815 F.3d 734, 740 (Fed. Cir. 2016). That “correct” construction reflects the meaning understood by the actual inventors and skilled artisans, and it is the standard that should apply in any post-grant review. The USPTO proposal is thus correct to abandon the BRI standard for PTAB proceedings.

While we agree with the overall proposal, Droplets believes it falls short in two critical respects.

First, the USPTO should adopt the same rules for *all* post-grant proceedings (including pre-AIA reviews), not just inter partes reviews, post-grant reviews, and covered-business-method-patent reviews. There is no reason to exclude pre-AIA proceedings from the ambit of the new rule. Those proceedings present the same issues and implicate the same concerns as AIA reviews. In each category, there is the same reason for seeking “uniformity and predictability,” avoiding “potential unfairness,” and “implement[ing] a fair and balanced approach.” 83 Fed. Reg. at 21,222-21,223. The same rationale applies for honoring the patent’s “ordinary and customary meaning”—*i.e.*, its “correct” interpretation. *Ibid.* And each category creates the same potential for conflicts with district-court litigation. In short, there is little logical or practical basis for the agency to abandon BRI for certain pending challenges but not others, even though the same animating concerns apply equally across the board.

And, in fact, there are practical reasons *not* to endorse different regimes for materially identical reviews. A single, uniform regime is easy to administer. It creates a workable system where the PTAB can apply the same body of law to all cases. And it promotes the interests in “consistency” that the notice itself highlights in adopting uniform rules for “all IPR, PGR, and CBM proceedings.” 83 Fed. Reg. at 21,224. Finally, while pre-AIA proceedings are less common today, they still do exist in sufficient number to justify expanding the rule to those cases. A contrary position would undermine the public’s confidence in the USPTO, as there is little substantive explanation for applying different rules to identically situated patentees.

We accordingly submit that the USPTO should amend the proposed rule to adopt the same process for all post-grant proceedings under the pre-AIA regime (including, *e.g.*, inter partes reexaminations).

Second, the USPTO should modify the effective date of its regulation. Under the notice, the USPTO suggests it will apply any final rule “to all pending IPR, PGR, and CBM proceedings before the PTAB.” 83 Fed. Reg. at 21,224. We submit this draws the line in the

wrong place. The proposed rule should apply to any *non-final* case, even if the case is pending on appeal from the PTAB's decision.

There is substantial basis for such a change. While many PTAB decisions are affirmed, a significant number are also reversed. Any decision remanded to the PTAB (whatever the specific ground for the remand) would presumably be entitled to take advantage of the new rule. Yet there is little justification for permitting those remanded cases to relitigate claim construction under the new standard while excluding other non-final cases; neither category would be pending before the PTAB at the rule's adoption, yet only one would obtain the rule's benefits, all on the fortuity that the case was remanded for *unrelated* reasons.

Moreover, the universe of pending cases is relatively small, so the administrative burden of reopening any non-final proceeding is minimal. And any cost is certainly acceptable to achieve the systemic benefits the proposed rule contemplates. The new rule reflects the agency's considered judgment that applying the BRI standard leads to incorrect results and suboptimal outcomes. There are clear administrability interests in refusing to reopen *final* proceedings. But where a case is still pending on appeal, the slight added cost of additional process is clearly outweighed by the substantial benefits of securing a proper disposition.

For these reasons, Droplets respectfully urges the USPTO to adopt the proposed rule with the two modifications outlined above. Droplets is very grateful for the opportunity to provide its views on these important questions.

Sincerely,

/s/ Daniel L. Geysler

Daniel L. Geysler
Counsel for Droplets, Inc.