

July 9, 2018

Andrei Iancu  
Under Secretary of Commerce  
for Intellectual Property and  
Director,  
U.S. Patent and Trademark Office

**Docket No. PTO-P-2018-0036: Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board**

**Comments of the Global Innovation Policy Center**

The Global Innovation Policy Center (GIPC) appreciates the opportunity to submit these comments. Patents are at the heart of American innovation; they promote investment in new breakthroughs, facilitate the sharing of knowledge in a way that fosters and accelerates innovation, and help ensure a stream of income to successful innovators that in turn supports research and development into further advances.

The U.S. Chamber of Commerce's Global Innovation Policy Center ([www.theglobalipcenter.com](http://www.theglobalipcenter.com)) is working around the world to champion intellectual property rights as vital to creating jobs, saving lives, advancing global economic growth, and generating breakthrough solutions to global challenges.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

The Patent Trial and Appeal Board (PTAB) was created by Congress in the America Invents Act (AIA) with the goal of providing an efficient venue to evaluate patentability without the time and expense of litigation in federal courts. The U.S. Chamber of Commerce and GIPC supported that goal at the time and it remains laudable.

There are concerns regarding the practical implementation of the PTAB. The rate of finding patent invalidity in PTAB cases – reportedly upwards of eighty percent in certain fields – is of particular concern.

Further, too often, the PTAB is not used as an alternative to federal court litigation. As noted in the Federal Register Notice, PTAB cases often end up in federal court. In such instances, the PTAB has increased the cost and time associated with patent protection, not reduced it, as intended by the law.

These developments have created a new level of uncertainty and inconsistency in the American patent system. As Director Iancu heard at the GIPC's Investing in American Innovation Patent Policy Conference on April 11, this uncertainty has the potential to undermine confidence in the patent system. GIPC appreciates and applauds Director Iancu for his swift action to address this uncertainty.

Concerns about the functioning of the PTAB have led patent holders to undertake extreme measures, such as transferring their rights to a Native American tribe in the hopes that the doctrine of sovereign immunity would prevent review by the PTAB; others have attempted to challenge the constitutionality of the PTAB itself. The Supreme Court has upheld the

PTAB<sup>1</sup>, and it is therefore appropriate that Director Iancu take steps to improve its functioning.

## I. Administrative Action

The action contemplated by the Federal Register Notice is both appropriate and well within the Director Iancu's legal authority and responsibility.

Sections 316 and 326 of the Patent Act were enacted as part of the AIA and grant the Director the authority to issue regulations “establishing and governing inter partes review”<sup>2</sup> and “establishing and governing a post-grant review...”<sup>3</sup> The legislative history of the AIA confirms this already-clear statutory text: “The Director shall prescribe regulations that...establish and govern review...”<sup>4</sup>

It is not merely within the Director's authority to set the standard of review, it is the Director's responsibility to do so. Since no corrective action has been taken previously, many patent holders and advocates have resorted to the extreme measures noted above. It is far preferable that the PTAB should operate in a less disruptive manner.

GIPC applauds Director Iancu's decision to act efficiently in restoring confidence in the patent system.

---

<sup>1</sup> See *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 584 U.S. \_\_\_ (2018).

<sup>2</sup> 35 U.S.C. §316(a)(4).

<sup>3</sup> 35 U.S.C. §326(a)(4).

<sup>4</sup> House Rept. 112-98 at 76 (June 1, 2011).

## II. Goals of the Claim Construction Standard

As the Federal Register Notice notes, the PTAB applies a different standard for evaluating patentability than that of federal courts. This difference has the obvious potential for different outcomes, depending on the venue. It is undesirable and invites forum shopping.

GIPC believes that the claim construction standard applied by the PTAB should be designed to serve three goals: predictable patent protection, consistent patent protection, and strong patent protection.

### 1. Predictable Patent Protection

When litigation outcomes lack predictability, the resulting environment invites infringement and litigation. Where the potential profits from infringement of a patent are high, even a long-shot claim of invalidity may cause a rational economic actor to gamble on a favorable outcome. A patent system that fails to deter infringers is not doing its job.

Similarly, unpredictable litigation outcomes can lead to settlements that allow an infringer to profit from their deeds, because the patent holder is unwilling to risk the validity of the patent in the PTAB. Patent holders are forced into settlement not because a patent is weak, but because the process is unpredictable.

A lack of predictability in the patent system creates uncertainty for investors, which may result in reduced investment in innovative start-ups and financial

backing for individual inventors. According to many in the venture capital sector, this is especially true in regard to the current level of uncertainty regarding patent validity in the United States. The incentive to innovate, and the ability to secure financial support for research and development, depends on a certain level of confidence among investors that the law will sustain the relevant patent rights related to their investments.

## 2. Consistent Patent Protection

Differing standards of claim construction across venues will likely produce inconsistent results, in at least some cases, which invites forum shopping. Patentability should not turn on the forum in which a matter is heard. Since 1790, the United States has had a single federal Patent Act to promote consistency. In 1982, the Federal Circuit was created precisely to improve the consistency of patent litigation across the country.

A claim construction standard in the PTAB that is at odds with federal courts creates a lack of consistency and is contrary to congressional intent. Congress had good reason to seek consistency in the patent system.

## 3. Strong Patent Protection

Taken together, predictable and consistent adjudication of patents promotes a strong patent system that promotes progress through a virtuous cycle of investment, discovery, new products, and new investment.

A strong patent system is characterized not only by predictability and consistency, but also by enforceability, all of which lead to confidence in patents, deterrence of infringers, and enhanced levels of innovation.

### III. Other Possible Administrative Actions

In addition to the claim construction standard that is the subject of the present Federal Register Notice, GIPC believes there is at least one other opportunity for Director Iancu to act to improve the PTAB process.

Clarification of the factors that should be considered in granting a PTAB petition would be welcome. GIPC suggests that such factors include whether there was a significant investment by the patentee, whether the issue raised by the petition was addressed in the course of the examination, and whether there is already an existing statutory framework related to the patent life and the marketing of competitor products, such as the Hatch-Waxman law. Avoiding unnecessary and harassing PTAB cases would be a significant improvement.

### IV. Conclusion

GIPC applauds Director Iancu's swift and timely action to address concerns about the functioning of the PTAB, and GIPC appreciates this opportunity to comment. Improving the predictability, consistency, and confidence in the American patent system is of paramount importance and GIPC supports congressional efforts to do so.