

# PUBLIC SUBMISSION

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**Docket:** PTO-P-2018-0036

Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board

**Comment On:** PTO-P-2018-0036-0001

Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board

**Document:** PTO-P-2018-0036-DRAFT-0005

Comment on FR Doc # 2018-09821

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## Submitter Information

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## General Comment

See attached file(s).

I attached my comments on the proposed rule in the attached PDF file.

I have to make a meta-comment.

I am not sure that a substantive change in PTAB claim interpretation should be considered interpretive rule making in the sense of the APA.

The Rulemaking Considerations section of the Federal Register Proposed Rule entitled "Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board" states the following.

A. Administrative Procedure Act (APA): This proposed rule would revise the rules relating to Office trial practice for IPR, PGR, and CBM proceedings. The changes being proposed in this notice of proposed rulemaking would not change the substantive criteria of patentability. These proposed changes involve rules of agency procedure and interpretation. See *Perez v. Mortg. Bankers Ass'n*, 135 S. Ct. 1199, 1204

(2015) (Interpretive rules "advise the public of the agency's construction of the statutes and rules which it administers." (citation and internal quotation marks omitted)); *Bachow Commc'ns, Inc. v. F.C.C.*, 237 F.3d 683, 690 (D.C. Cir. 2001) (rules governing an application process are procedural under the Administrative Procedure Act); *Inova Alexandria Hosp. v. Shalala*, 244 F.3d 342, 350 (4th Cir. 2001) (rules for handling appeals were procedural where they did not change the substantive requirements for reviewing claims); *Nat'l Org. of Veterans' Advocates, Inc. v. Sec'y of Veterans Affairs*, 260 F.3d 1365, 1375 (Fed. Cir. 2001) (rule that clarifies interpretation of a statute is interpretive); *JEM Broad. Co. v. F.C.C.*, 22 F.3d 320, 328 (D.C. Cir. 1994) (rules are not legislative because they do not "foreclose effective opportunity to make one's case on the merits").

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law). See *Perez*, 135 S. Ct. at 1206 (Notice-and-comment procedures are required neither when an agency "issue[s] an initial interpretive rule" nor "when it amends or repeals that interpretive rule."); *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336-37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), do not require notice and comment rulemaking for "interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice") (quoting 5 U.S.C. 553(b)(3)(A)).

The Office, nevertheless, is publishing this proposed rule for comment to seek the benefit of the public's views on the Office's proposed changes to the claim construction standard for reviewing patent claims and proposed claims in AIA trial proceedings before the Board.

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## Attachments

BRResponse

June 14, 2018

DEPARTMENT OF COMMERCE

Patent and Trademark Office

[Docket No. [PTO-P-2018-0036](#)]

Response to Request for Comments on: Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board

Mail Stop Patent Board

Director of the United States Patent and Trademark Office

PO Box 1450

Alexandria, VA 22313-1450,

Attention of: Vice Chief Administrative Patent Judges Michael Tierney or Jacqueline Wright Bonilla

PTAB Notice of Proposed Rulemaking 2018

Via email: [ptabnpr2018@uspto.gov](mailto:ptabnpr2018@uspto.gov)

Dear Sir:

Thank you for this [opportunity](#) to inform the policy-making process.

After BRI claim construction in *ex parte* examination, it should not really make much difference in IPR, PGR, and CBM whether claims are constructed according to BRI or according the standard applied in federal district courts and in International Trade Commission (“ITC”) proceedings. There probably should be a study commissioned to understand exactly why the standard applied seems to make such a difference.

Trying to achieve consistency is without doubt a valid goal. Investors may invest tens of millions of dollars because they believe a patent claim is valid with a specific meaning and then are faced with revocation of the claim on a finding by the PTAB

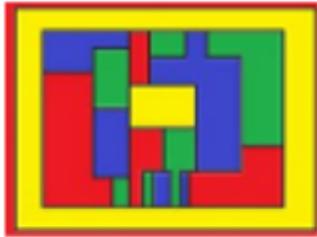
1. that the claim means something else, is ineligible, is indefinite, is anticipated, or is obvious and
2. that the claim is thus invalid.

When I read the proposed modifications of the rules, I have to wonder whether additional modifications and extensions in the future might be necessary truly to achieve consistency and judicial efficiency.

Below are comments.

Sincerely,

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PS. This email is attached in a PDF file.

(I) *Prima Facie* Case of Patentability

Because Phillips Construction is to be used and because the review proceedings explicitly place on the petitioner the the burden of proving a proposition of unpatentability by a preponderance of the evidence, the rules should explicitly state

1. that a *prima facie* case of patentability should have been established in response to the petition upon entrance into the oral argument phase and
2. that the petitioner must overcome this *prima facie* case in order to meet his burden.

(II) Acceptable Evidence

Because the parties may provide evidence from experts, the PTAB should follow [Federal Rule of Evidence 702](#)\* and act in the role of gatekeeper by excluding evidence provided by unqualified experts.

(III) Areas of Evidence

§ 101-ineligibility and § 103-obviousness are matters of law and depend on findings of fact (including implementation in the case of § 103\*\*). § 112-indefiniteness is a matter of law and depends on findings of fact. § 112-possession\*\*\* is a finding of fact.

If a patent claim is challenged on any of said grounds, the rules should indicate that each party must have the responsibility of providing any necessary evidence from an expert or otherwise in areas including:

- a) epistemology (knowledge theory);†
- b) epistemics (scientific study of knowledge);‡
- c) the technology *per se*;
- d) the specific jargon of the technology;
- e) linguistics, philology, prescriptive grammar, and punctuation;‡‡ and
- f) primary and secondary indicia of obviousness.\*\*

#### (IV) *qui tacet consentire videtur*

In order for the goal of consistency to be met, the rules should explicitly state that the PTAB like ITC or district court acts in the role of adjudicator and not as an over-examiner. There must be rules specifying PTAB decision in case of silence of either party.

- a) If the panel fails to receive necessary evidence from one party on a question that requires factual input, that party must be deemed to have conceded with respect to factual determination to the other party.
- b) If the panel fails to receive necessary evidence from every party, the plain meaning of the statutes says that the panel must accept the argument of the patent owner and reject the argument of the petitioner.

#### (V) Prior Decisions of Other Courts and Tribunals

There must be much more explicit rules pertaining to prior decisions of other courts and tribunals.

On reviewing the legislative history of CAFC, one can only conclude that Congress intended to create a single unified and consistent patent law realm in which the CAFC reviewed decisions of the ITC, BPAI/PTAB, and DCs consistently. If this observation is true, and if a claim construction has been fully litigated to the CAFC, the rules should state that the PTAB should follow that claim construction.

In addition, the rules should also state that if the claim has been challenged on a specific statutory basis on the basis of specific prior art, constructed, and fully litigated to validity at the CAFC through either of the other two litigation paths, obviously the PTAB should deny institution if a petitioner challenges validity of the claim on the same basis or a subset thereof.

If such full litigation to the CAFC takes place during a parallel PGR, IPR, or CBM, the PTAB should defer to the CAFC in its final written decision.

(VI) Repeat Review of a Claim via PGR, IPR, or CBM on the same Statutory Ground (either [§ 101](#), [§ 103](#), or [§ 112](#)) for Which It Has Been Previously Reviewed in Any of Said Proceedings\*\*\*

Decision to institute review inherently depends on likelihood. If the patent owner succeeds in defending patentability of a claim on a specific statutory ground, likelihoods must significantly shift in favor of the patent owner and against a new petitioner seeking to challenge the same claim on the same statutory ground even if a new petitioner brings new prior art into his petition.

The rules should state that if the PTAB has previously reviewed a claim for unpatentability on a specific statutory ground, validity of said claim on said ground should be quieted with respect to review before the USPTO and further institution of review of said claim for said statutory ground should be denied. (Under [SAS INSTITUTE INC. v. IANCU](#), it is possible that a claim may appear in multiple separate review proceedings and be challenged on the same statutory ground. In this case, consistency and judicial efficiency requires that if the first review to issue a final written decision finds the claim to be patentable, validity of the claim should be quieted with respect to that statutory ground, and subsequent final written decisions must find said claim patentable with respect to that statutory ground. The same rule should obtain if the first review to issue a final written decision finds the claim to be unpatentable. In short, every following final written decision of patentability of said claim on the same statutory ground should just adopt the decision of the first panel.)

This rule represents basic fairness (and avoids potential equal protection violation). Each new petitioner litigates the statutory challenge in question once before the PTAB, but without this rule the patent owner must relitigate with regard to the same statutory challenge in response to successive petitions. It is hard to deny that without this rule post-grant review of a claim at the USPTO would inevitably unfairly discriminate against the class of patent owners – not least because anyone except the patent owner can be a petitioner under [§ 311](#) and [§ 321](#). There is no requirement of Article III standing.

If a new petitioner believes that validity of the claim was erroneously quieted in review before the USPTO, he can still bring a complaint in federal district court if he has Article III standing, if he has not been estopped, and if the claim's validity on this statutory ground has not already been fully litigated to the CAFC.

If this option to litigate is not available to the new petitioner, he may still request *Ex Parte* Reexamination under [§ 302 – Request for reexamination](#).

#### Notes

\*[With respect to Federal Rule of Evidence 702](#), there is value to reproducing the text in full.

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

- (a) the expert’s scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
- (b) the testimony is based on sufficient facts or data;
- (c) the testimony is the product of reliable principles and methods; and
- (d) the expert has reliably applied the principles and methods to the facts of the case.

**\*\*With respect to obviousness**, cobbling together limitations is mere speculation on obviousness unless the petitioner demonstrates obvious existence of the capability of a PHOSA to implement the allegedly obvious claimed invention before the effective filing date.

SCOTUS points out the following [my emphasis] in [KSR v. TELEFLEX](#).

The principles underlying these cases are instructive when the question is whether a patent claiming the combination of elements of prior art is obvious. When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, §103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill. *Sakraida* and *Anderson’s-Black Rock* are illustrative—a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.

**\*\*\*With respect to possession**, it seems curious but not necessarily unreasonable that possession is a matter of fact while enablement is a matter of law. Judge Lourie states the following in [ARIAD v. ELI LILLY](#).

The term “possession,” however, has never been very enlightening. It implies that as long as one can produce records documenting a written description of a claimed invention, one can show possession. But the hallmark of written description is disclosure. Thus, “possession as shown in the disclosure” is a more complete formulation. Yet whatever the specific articulation, the test requires an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art. Based on that inquiry, the specification must describe an invention understandable to that skilled artisan and show that the inventor actually invented the invention claimed.

This inquiry, as we have long held, is a question of fact. *Ralston Purina*, 772 F.2d at 1575. Thus, we have recognized that determining whether a patent complies with the written description requirement will necessarily vary depending on the context. *Capon v. Eshhar*, 418 F.3d 1349, 1357-58 (Fed. Cir. 2005). Specifically, the level of detail required to satisfy the written description requirement varies depending on the nature and scope of the claims and on the complexity and predictability of the relevant technology. *Id.* For generic claims,

we have set forth a number of factors for evaluating the adequacy of the disclosure, including “the existing knowledge in the particular field, the extent and content of the prior art, the maturity of the science or technology, [and] the predictability of the aspect at issue.” *Id.* at 1359.

†‡With respect to epistemology and epistemics, I know I am doing something horrible. I am suggesting that practitioners, judges, and APJs learn about some new things, to wit, epistemology and epistemics.

It's no longer the 18th century and determining the eligibility of the knowledge encompassed by the metes and bounds of a claim to an invention is much more complex than it was in the 18<sup>th</sup> century (or in the 19<sup>th</sup> century).

†With respect specifically to epistemology, consider this passage from [CYBERSOURCE CORPORATION v. RETAIL DECISIONS INC.](#)

The Supreme Court reaffirmed and extended its Benson holding in the case of *Parker v. Flook*, 437 U.S. 584, 98 S.Ct. 2522, 57 L.Ed.2d 451 (1978). The patent in *Flook* claimed a method for calculating and updating the values of “alarm limits” for alarms that monitor process variables (such as temperature) during the catalytic chemical conversion of hydrocarbons. *Id.* at 585–86. The “alarm limits” were threshold values which, if exceeded, would trigger a warning alarm to sound. The Court characterized the invention as “simply provid[ing] a new and presumably better method for calculating alarm limit values.” *Id.* at 594–95. The Court noted that the calculations, while “primarily useful for computerized [applications],” could still “be made [using a] pencil and paper.” *Id.* at 586. The Court rejected the notion that the recitation of a practical application for the calculation could alone make the invention patentable, stating that any “competent draftsman could attach some form of post-solution activity to almost any mathematical formula.” *Id.* at 590. The Court thus found the claimed invention unpatentable.

When CAFC or SCOTUS refers the possibility of calculation by pencil and paper, these courts are referring to conjectures in computability theory, which is an area within mathematical logic, which is an area within epistemology. (It might be better to say that [mathematical logic, philosophy of mathematics, and epistemology](#) are intrinsically intertwined.) In the 21<sup>st</sup> century effectiveness in patent law requires that practitioners, judges, and adjudicators have some acquaintance with epistemology and epistemics. Otherwise patent law devolves to chaos, which is not a bad characterization of the current situation.

‡With respect to epistemics, epistemic evidence is necessary to understand how the technological area under consideration operates especially in order to determine whether “something is well-understood, routine, and conventional to a skilled artisan in the technological area at the time of the patent.” (See [Berkheimer v. HP.](#))

A Berkheimer factual determination involves some epistemological analysis. An expert in epistemics can explain what in a technological area can be considered *φρόνησις* or *phrónēsis*, which is technological wisdom, and what can be considered *τέχνη* or *téchnē*, which is ordinary craftsmanship. An expert in epistemology can further analyze the *phrónēsis* to provide additional factual basis for a judgment of § 101-eligibility.

‡‡With respect to linguistics, philology, prescriptive grammar, and punctuation, it must be emphasized that these are matters of law (see both *Flora v. United States*, 362 U.S. § 145, 150 (1960) and also *United States v. Wilson*, 503 U.S. § 329, 333 (1992)) and that they depend on determination of fact. Everyone thinks he understands the basic mechanics of his language, but linguists and philologists have shown over and over again that he does not. Because prescriptive grammar and punctuation are highly technical, like grammar and semantics they require explication by an expert.

‡‡‡With respect to repeat review of a claim on the same statutory ground, an opponent of the patent system might argue that a poor quality claim should not be allowed to stand. This argument should be ignored because patent system opponents consider all claims (except their own) to be poor quality. There is no value to paying attention to such whining even if new prior art is found that is alleged to render the claim anticipated or obvious. Opponents of the patent system argue that the patent owner receives unjust enrichment from the public because there is alleged to be no valid *quid pro quo* under the patent bargain theory in the face of the alleged new prior art.

While it is true that the patent owner may have a claim to an invention (territory of knowledge) that he should not have, the public still benefits because capitalism is an inherently unstable economic system. Economists from Adam Smith to Thomas Piketty worry about wealth accumulation or capital over-accumulation that break the system and possibly result either in collapse or in rebellion. The patent system provides gentle resets that stabilize the economic system to the benefit of the public. Within limits that the US patent system is nowhere near, it does not matter that a few patents may not be valid. Because the economic system is stabilized, the public still receives something (*quid*) for allowing the inventor an alleged statutorily undeserved patent (*pro quo*).

In addition, thanks to the quieting of patent claim validity in review before the USPTO, the undermining of the patent system by never-ending challenges to claim validity is forestalled, and the public receives the benefit of a strong patent system that Daron Acemoglu and James A. Robinson describe in *Why Nations Fail*, pp. 26-27.

## HAVING AN IDEA, STARTING A FIRM, AND GETTING A LOAN

The Industrial Revolution started in England. Its first success was to revolutionize the production of cotton cloth using new machines powered by water wheels and later by steam engines. Mechanisation of cotton production massively increased the productivity of workers in, first, textiles and, subsequently, other industries. The engine of technological breakthroughs throughout the economy was innovation, spearheaded by new entrepreneurs and businessmen eager to apply their new ideas. This initial flowering soon spread across the North Atlantic to the United States. People saw the great economic opportunities available in adopting the new technologies developed in England. They were also inspired to develop their own inventions.

We can try to understand the nature of these inventions by looking at who was granted patents. The patent system, which protects property rights in ideas, was systematised in the Statute of Monopolies legislated by the English Parliament in 1623, partially as an attempt to stop the king from arbitrarily granting “letters patent” to whomever he wanted — effectively granting exclusive rights to undertake certain activities or businesses. The

striking thing about the evidence on patenting in the United States is that people who were granted patents came from all sorts of backgrounds and all walks of life, not just the rich and the elite. Many made fortunes based on their patents. Take Thomas Edison, the inventor of the phonogram and the light bulb and the founder of General Electric, still one of the world's largest companies. Edison was the last of seven children. His father, Samuel Edison, followed many occupations, from splitting shingles for roofs to tailoring to keeping a tavern. Thomas had little formal schooling but was home-schooled by his mother.

Between 1820 and 1845, only 13 percent of patentees in the United States had parents who were professionals or were from recognizable major landowning families. During the same period, 40 percent of those who took out patents had only primary schooling or less, just like Edison. Moreover, they often exploited their patent by starting a firm, again like Edison. Just as the United States in the nineteenth century was more democratic politically than almost any other nation in the world at the time, it was also more democratic than others when it came to innovation. This was critical to its path to becoming the most economically innovative nation in the world.

If you were poor with a good idea, it was one thing to take out a patent, which was not so expensive, after all. It was another thing entirely to use that patent to make money. One way, of course, was to sell the patent to someone else. This is what Edison did early on, to raise some capital, when he sold his Quadruplex telegraph to Western Union for \$10,000. But selling patents was a good idea only for someone like Edison, who had ideas faster than he could put them to practice. (He had a world-record 1,093 patents issued to him in the United States and 1,500 worldwide.) The real way to make money from a patent was to start your own business. But to start a business, you need capital, and you need hanks to lend the capital to you.

Inventors in the United States were once again fortunate. During the nineteenth century there was a rapid expansion of financial intermediation and banking that was a crucial facilitator of the rapid growth and industrialization that the economy experienced. While in 1818 there were 338 banks in operation in the United States, with total assets of \$160 million, by 1914 there were 27,864 banks, with total assets of \$213 billion. Potential inventors in the United States had ready access to capital to start their businesses. Moreover, the intense competition among banks and financial institutions in the United States meant that this capital was available at fairly low interest rates.