



# Licensing Executives Society

(U.S.A. and Canada), Inc.

A Member Society of the Licensing Executives Society International

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July 1, 2018

The Honorable Andrei Iancu  
Under Secretary of Commerce for Intellectual Property and  
Director of the United States Patent and Trademark Office  
U.S. Patent and Trademark Office  
600 Dulany Street  
Alexandria, CA 22314

Via email: PTABNPR2018@uspto.gov

Re: Licensing Executives Society (USA and Canada), Inc. Comments in Response to 83  
FR 21221 – “Changes to the Claim Construction Standard for Interpreting Claims...”,  
Federal Register Volume 83, Issue 90 (May 9, 2018), Docket No. PTO-P-2018-0036

Dear Undersecretary Iancu:

The Licensing Executives Society (USA and Canada), Inc. ("LES") appreciates the opportunity to comment on the proposal of the U.S. Patent and Trademark Office ("USPTO") to change the claim construction standard for inter partes review ("IPR") and other post-grant proceedings before the Patent Trial and Appeal Board ("PTAB"). LES strongly supports this proposed change as one that will increase predictability, efficiency, and equity in our patent system; and thereby stimulate investment in innovation by providing intellectual assets that are more durable and reliable.

LES is a non-partisan, non-profit, volunteer-driven professional society devoted to speeding innovation to market. For over 50 years, we have been the only professional society devoted exclusively to promoting innovation and the public well-being through the licensing of intellectual property. We represent all industries, from high technology to pharma and biotech. Our 3,000 members are inventors, entrepreneurs, business executives, accountants, and lawyers. We represent licensors as well as licensees. In short, we represent all sides in all quadrants of the innovation economy. We are a member society of the Licensing Executives Society International (LESI), a global community of over 10,000 licensing professionals committed to predictable, reliable, and durable intellectual property rights.

LES strongly supports the USPTO's proposed rule change. Under the new rule, the PTAB would no longer apply the Broadest Reasonable Interpretation ("BRI") claim construction standard, by which the USPTO assesses patentability (pre-grant); but instead the PTAB would apply the Phillips claim construction standard, which federal district courts and the U.S. International Trade Commission ("ITC") have long since used to assess patent validity.

In the notice of proposed rulemaking, the USPTO acknowledges that "86.8% of patents at issue in AIA trial proceedings also have been the subject of litigation in the federal courts." (citing Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, Strategic Decision Making in Dual PTAB and District Court Proceedings, 31 Berkeley Tech. L.J. 45 (2016), <https://ssrn.com/abstract=2731002>). Despite the substantial overlap in patents being tested before these two tribunals, the manner in which the patents themselves are construed differs



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in a significant and substantive manner.

As noted, the USPTO assesses patentability, pre-grant, by resort to the BRI standard; whereas Article III courts and the ITC assess validity according to the Phillips standard. The result is that the outcome is determined not by the merits of the case, but instead by which tribunal assessed validity. This encourages gamesmanship, increases unpredictability, and diminishes investment in innovation. In order to increase confidence in U.S. patents, we need a system that gives appropriate deference to the work of the USPTO pre-grant; and employs a common standard of claim construction, post-grant, regardless of tribunal.

The current PTAB practice of using BRI creates inefficiencies and inequities in that patent-holders often must defend their rights in alternative adjudicative forums using different and conflicting claim construction standards. As a result, neither patent owners nor patent challengers can rely on the finality of judgments of Article III judges upholding the validity of a patent. The very same patent claims, at the same time, and on the same evidence, could be held unpatentable by the PTAB in an IPR proceeding. Whole enterprises, if not industries, are built on the strength and dependability of the U.S. patent system. The unpredictability that derives from the current state of affairs will diminish investment and new business formation.

This also undermines public confidence in the judgments of our Article III courts; and, it undermines public confidence in the work of the USPTO in its initial examination. In effect, the judgments of our Article III courts become subordinate to the judgments of the PTAB. Equally importantly, the USPTO's examination is never concluded. This undermines dependability, and thus value, of the USPTO's principal product – a U.S. patent.

Patent owners, and the public, deserve and demand greater confidence in the work of the USPTO and our courts. Patent owners are entitled to the benefit of a final and dispositive determination as to validity; and that should be respected in post-grant proceedings, regardless whether it occurs before an Article III court or the PTAB.

Congress intended IPR proceedings as an alternative to district court litigation. See H.R. Rep. No. 112-98 (2011), at 48, 2011 U.S.C.C.A.N. 67, 78 (Committee Report stating that PTAB post-grant petitions were “not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent” and that such would “frustrate the purpose of the section as providing quick and cost effective alternatives to litigation.”).

A single claim construction standard will improve efficiency. With the PTAB and district courts applying the same claim construction standard, Article III judges and PTAB patent judges are more likely to arrive at a common conclusion, thereby reducing the possibility of split, and conflicting, decisions. By using a common standard, patentees will invest in their inventions with greater confidence knowing that the validity of the patent claims will be assessed in a consistent manner regardless of tribunal; and a common and more dependable body of case law will continue to develop. This will promote investment in innovation, with the result that the public will benefit from further advancement of the useful arts.



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The AIA's creation of IPR, PGR, and CBM proceedings is an experiment in expediting patent disputes involving issues of validity. It should not be exploited as a mechanism for interminable and repeated examination, and conflicting conclusions. Courts have reliably performed claim construction on issued patents according to a common standard for over two hundred years. It is unduly disruptive, and unnecessary, to upset that longstanding precedent by introducing new proceedings, by new tribunals, using fundamentally different standards to address the same legal question. It is a disservice to inventors, to patent owners, and to the public.

We appreciate your consideration of our comments. We look forward to working with you and the USPTO to continue to improve the U.S. patent system by, among other things, ironing out the unintended consequences of the America Invents Act (AIA), and other perturbations to the system. We encourage you to call on us for any assistance you think we might be able to lend. We believe that the USPTO's proposed rule change is an important step forward in improving predictability, uniformity, and equity in the U.S. patent system. We strongly encourage you to promptly implement this rule change.

Very best regards,

A handwritten signature in black ink, appearing to read "Brian O'Shaughnessy". The signature is fluid and cursive, with a large loop at the end.

Brian O'Shaughnessy  
Immediate Past President  
LES U.S.A. & Canada

A handwritten signature in black ink, appearing to read "Kimberly S. Chotkowski". The signature is cursive and elegant, with a prominent flourish at the end.

Kim Chotkowski  
CEO  
LES U.S.A. & Canada