



July 9, 2018

The Honorable Andrei Iancu
Undersecretary of Commerce and Director
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22301

Docket Number PTO-P-2018-0036

Attn: Vice Chief Administrative Patent Judges Michael Tierney, Vice Chief Administrative Patent Judge
Jacqueline Wright Bonilla, PTAB Notice of Proposed Rulemaking 2018

Dear Director Iancu:

SAS appreciates the opportunity to comment on the Patent and Trademark Office's (PTO) proposal to change the claim construction standard used in inter partes review proceedings.

As a preliminary matter, the revised proceedings created by the America Invents Act (AIA)—inter partes review (IPR), post-grant review (PGR) and covered business methods (CBM)—are important processes to help ensure that patent claims are of the highest quality. SAS believes these trials have been functioning largely as intended by Congress and have been functioning well. SAS supported then-Director Kappos' decision to use the "broadest reasonable interpretation" (BRI) to construe claims in these proceedings as both the proper standard from a policy perspective and one that comported with a century of PTO practice. As Director Kappos noted at the time, "[the BRI standard] has for decades been uncontroversial, because it represents good policy and strikes a fair balance. It ensures that the public can clearly understand the outer limits applicants and patentees will attribute to their claims." *Director's Forum: A Blog from USPTO's Leadership*, June 19, 2012.

The issue of what claim construction standard to use in the AIA proceedings, particularly in IPRs, was the subject of notice and comment by the PTO following enactment of the AIA. Some comments submitted during the rulemaking suggested the PTO should not follow the BRI standard and should instead match district court practices. Responding to those comments and declining to adopt a district court standard, the PTO stated (among other responses): that "[t]he adoption of the 'broadest reasonable interpretation' standard is further consistent with the legislative history of the Leahy-Smith America Invents Act, which indicates that Congress was aware of the 'broadest reasonable interpretation' standard and expected the Office to apply the standard to the new Leahy-Smith America Invents Act review proceedings. Nothing in the legislative history indicates that Congress or the drafters of the legislation considered a different standard

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The Honorable Andrei Iancu
July 9, 2018

for inter partes review Congress could have set a different standard in the Leahy-Smith America Invents Act" *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings and Transitional Program For Covered Business Methods*, 77 Federal Register 48679 (Aug. 14, 2012) at 48697 (internal citations omitted). As the PTO said at the time, "Federal courts and the Office have applied the 'broadest reasonable interpretation' standard for nearly thirty years to patent claims in reissue and reexamination proceedings. *Yamamoto*, 740 F.2d at 1571-1572. It would be anomalous for the Board to have to apply two different standards in the merged proceeding." 77 Federal Register at 48697-48698 (other internal citations omitted).

No fact has changed in the nearly six years since implementation of the AIA to justify changing the claim construction standard in AIA proceedings. Indeed, because amendments are now to be more liberally granted than during the initial years of AIA practice, the BRI standard has become more important, so there is even less reason now to change the claim construction standard.

Reversing its historic position, the PTO justifies a need to change the claim construction standard on the basis that it would harmonize practice with the district courts and would lead to more efficient, streamlined processes. While changing the standard might facially harmonize the two proceedings, the fundamental problem is that AIA proceedings differ significantly from district court litigation. Even though IPR shares a few "trappings of litigation" like limited discovery and oral hearings, *SAS Inst. Inc. v Iancu*, 584 U. S. ____ (2018), slip op., at 3, it remains "a second look at an earlier administrative grant of a patent" where the PTAB "considers the same statutory requirements that the PTO considered when granting the patent." *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 584 U. S. ____ (2018), slip op., at 8 (internal citations omitted). "Thus, inter partes review involves the same interests as the determination to grant a patent in the first instance." *Id.* at 9. But those same interests cannot be adequately protected without the same claim construction standards.

The differences between litigation and an IPR are significant and important. In district court litigation, the question is whether the patent claim at issue is invalid, based on clear and convincing evidence. The validity of the patent is presumed, and the owner is not afforded any opportunity to amend the patent through the litigation process. In contrast, as the Supreme Court noted, "inter partes review is less like a judicial proceeding and more like a specialized agency proceeding." *Cuozzo Speed Techs. LLC v. Lee*, 136 S. Ct. 2131, 2143 (2016). The *Cuozzo* court noted several important distinctions beyond the ability to amend claims: third parties who do not necessarily have constitutional standing may institute an IPR; challengers need not remain in the process; the PTO may intervene later in an IPR; and the proceedings involve different burdens of proof. "Although Congress changed the name from 'reexamination' to 'review', nothing convinces us that, in doing so, Congress wanted to change its basic purposes, namely to reexamine an earlier agency decision." *Cuozzo*, 136 S. Ct. at 2144. Importantly, "inter partes review helps protect the public's 'paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.'" *Id.* at 16 (internal citations omitted). Protecting the public interest from patents of improper scope by allowing the PTAB a "second look" will prove difficult if the second look is confined to a narrower scope.

Further justifying the BRI standard, the AIA gave patent owners the ability to amend their claims in IPR proceedings. Because these amended claims are fundamentally new claims, albeit narrower, it is appropriate to use the standard of review that the Office would use if it had been confronted with that claim from the outset. In this way, the AIA trials perform the gatekeeping role of a traditional office action, as the only barrier between the patent owner's claim language and the public. Thus, it is more important that the PTAB's claim construction standard for amended claims matches that used for traditional examination. As in 2012, "this

change [to a district court standard] would not be workable or appropriate. Employing a district court approach to claim construction in the new proceedings would impair the efficient operation of the Office and result in facially inconsistent results, as well as constitute bad policy for our country's IP system." *Director's Forum*. Importantly, review of new claims under the BRI standard "increases the possibility that an examiner will find the claim too broad (and deny it), [such that] use of the standard encourages the applicant to draft narrowly. This helps ensure precision while avoiding overly broad claims, and thereby helps prevent a patent from tying up too much knowledge, while helping members of the public draw useful information from the disclosed invention and understand the lawful limits of the claim." *Cuozzo*, 136 S. Ct. at 2145.

Applying a district-court-type construction could prove problematic for several additional practical reasons. For example, district courts sometimes construe terms to preserve validity, a practice that makes little sense in an IPR that does not involve a presumption of validity. And while district courts consider a Patent Trial and Appeal Board (PTAB) proceeding to be part of a patent's file history, it will be impossible for the PTAB to look at a proceeding that it is in the middle of conducting.

At the very least, the PTAB should limit any change in the claim construction standard to unamended claims. Without good reason, the proposed rule change also applies to amended claims. Although theoretically narrower, these amended claims will contain new claim language just as any newly examined claims would and therefore should be measured against prior art just as any other new claim would be. In contrast to an approach that safeguards the public, the proposed change in claim construction would effectively allow patent owners to secure claims that have never undergone an examination process meant to determine that patent's meaning and scope as it could reasonably apply to every future product for the entire life of that patent. And in IPR, that new language is not examined under section 112, leaving BRI as the only tool available for resolving ambiguity in the new claim language. Without BRI, new claims would escape IPR even though there has been no proper examination of those claims.

The PTAB does not have the resources itself to undertake an original examination of amended claims, nor is the tight timeline specified by the AIA necessarily conducive to permitting review. However, the AIA does authorize amendments and the PTAB has recently designated guidance as to the proper procedure for amendments. *Western Digital Corp. v. SPEX Techs Inc.*, Case IPR2018-00082 (PTAB Apr. 25, 2018) (Paper 13). In light of this, it makes more sense to issue a proposed change in the claim construction standard at the same time the PTO begins a notice and comment process relating to amendments. Amendments and BRI go hand-in-hand and should not be considered separately.

In summary:

1. SAS strongly believes that the PTO should not change the claim construction standard for post grant proceedings.
2. If the PTO should decide to change that standard, it should relate only to unamended claims. Amended claims should always receive BRI review.
3. In applying the BRI standard to amended claims, the PTO should consider designating an examiner from the examination or re-examination corps to review amendments under the BRI standard and on an expedited basis, considering art from the petitioner and from a search. The examiner will have experience applying the BRI standard as well as searching for and applying prior art, and will provide

The Honorable Andrei Iancu
July 9, 2018

valuable input for the PTAB to consider. The amendment process should also automatically constitute “good cause shown” to extend the IPR time frame for an additional six months.

The PTAB has an important role to play to ensure that the patent system produces only high-quality patents. SAS appreciates the opportunity to provide comments on the proposed changes in the PTAB’s processes, is happy to discuss these concerns and proposals in greater detail.

Sincerely,

A handwritten signature in black ink that reads "John Boswell". The signature is written in a cursive, flowing style.

John Boswell
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