



December 14, 2018

The Honorable Andrei Iancu  
Under Secretary of Commerce for Intellectual Property and  
Director of U.S. Patent and Trademark Office  
U.S. Patent and Trademark Office  
600 Dulany Street  
Alexandria, VA 22314  
Attn: Acting Deputy Chief Judge Jacqueline Bonilla and Vice Chief Judge Michael Tierney

Via email: [TrialRFC2018Amendments@uspto.gov](mailto:TrialRFC2018Amendments@uspto.gov)

**Re: Comments of Internet Association in Response to the Request for Comments on Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board**

Dear Director Iancu:

Internet Association (IA) is pleased to provide the following input to the Patent Public Advisory Committee in response to the Federal Register notice of the *Request for Comments on Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board* (hereinafter “Request for Comments”).<sup>1</sup>

Internet Association's mission is to foster innovation, promote economic growth, and empower people through the free and open internet. The internet creates unprecedented benefits for society, and as the voice of the world's leading internet companies, we ensure stakeholders understand these benefits.<sup>2</sup> IA is dedicated to advancing public policy solutions that strengthen and protect internet freedom, foster innovation and economic growth, and empower users. IA's members include some of the largest patent owners in the world, as well as several of the most active petitioners before the Patent Trial and Appeal Board (PTAB), which provides IA with both a unique perspective and a keen interest in the effective operation of the administrative proceedings created by the America Invents Act (“AIA”).

IA members strongly support maintaining robust PTAB proceedings as an alternative to litigation and have significant concerns regarding the proposed pilot program. For patent owners like IA members, confirmation of a patent by the PTAB in the current robust proceeding preempts validity challenges, encourages settlements and accelerates licenses. And in those instances where the small percentage of patents of questionable validity are asserted, IPRs permit IA members to avoid the expense and burdens of expensive patent litigation with an accelerated proceeding. IA's concerns regarding the proposed pilot program as detailed below, include more cost and complexity, and less timely resolution of PTAB proceedings; the pilot program's apparent inconsistency with the streamlined, low-cost

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<sup>1</sup> 83 Fed. Reg. 54319 (October 29, 2018).

<sup>2</sup> Internet Association represents the interests of leading internet companies including Airbnb, Amazon, Coinbase, DoorDash, Dropbox, eBay, Etsy, Eventbrite, Expedia, Facebook, Google, Groupon, Handy, HomeAway, IAC, Intuit, letgo, LinkedIn, Lyft, Match Group, Microsoft, Netflix, Pandora, PayPal, Pinterest, Postmates, Quicken Loans, Rackspace, Rakuten, reddit, Salesforce.com, Snap Inc., Spotify, Stripe, SurveyMonkey, Thumbtack, TransferWise, TripAdvisor, Turo, Twilio, Twitter, Uber Technologies, Inc., Upwork, Vivid Seats, Yelp, Zenefits, and Zillow Group.



alternative to litigation created by Congress; and significant questions regarding whether the pilot program is likely to have a positive impact in most proceedings. In addition, we address the separate issue raised in the *Request for Comments* regarding how the burden of establishing the patentability of proposed amendments should be allocated and whether the Office should allocate the burden through rulemaking. Finally, the submission concludes with a discussion of several specific suggestions that would potentially ameliorate concerns regarding its impact of the proposed pilot program on costs and speed of resolution.

**I. The proposed changes appear to allow two motions to amend in every proceeding, which is inconsistent with the language and the commonsense interpretation of the AIA.**

As reflected in the text of the AIA, Congress believed that a single motion to amend would be sufficient absent a *joint* motion by the parties or other exceptional circumstances. It did not intend additional motions to be routinely permitted. The language of the statute explicitly states that “the patent owner may file 1 motion to amend” that requests cancellation of challenged claims or proposes a reasonable number of substitute claims.<sup>3</sup> Additional motions are allowed only “upon *the joint request* of the petitioner and the patent owner to materially advance the settlement of a proceeding” or “as permitted by regulations prescribed by the Director.”<sup>4</sup> The structure and text of the statutory limitations on motions dictate that Congress intended patent owners to be limited to a single motion in typical cases and that the authority granted to the Office was meant as a “safety valve” that would enable the Office to allow additional motions only in rare circumstances.

While there are multiple possible interpretations of the statute, none of them remotely suggests that authorizing a second motion in every proceeding is consistent with Congress’s intent. One reading of the language would require a joint request and either that the amendment advance settlement or meet other criteria “prescribed by the Director.” Because it requires a joint request in all circumstances, this would obviously preclude the proposed pilot program. Another possible interpretation would necessitate either a joint request or that the motion satisfy criteria prescribed by regulation. Even under this more permissive reading, the explicit imposition of a one-motion rule and the narrowness of the one specified exception to that rule – read in conjunction – dictate that the Office’s authority to authorize additional regulatory exceptions to extend only to exceptional circumstances.

Construing this language as giving the Office unfettered discretion to authorize multiple motions to amend in *every* proceeding ignores the statutory language limiting patent owners to one motion absent a joint request. In its regulatory implementation of the AIA, the Office adopted the more liberal reading of the statute, claiming it had authority to override the restriction but also implicitly recognizing it was intended to be used only where justified by special circumstances. Accordingly, the Office promulgated a rule that allows additional motions to amend only upon the joint request of the parties or “when there is a good cause showing.”<sup>5</sup>

The Office’s current proposal, however, rejects this understanding and seeks to interpret the “good cause showing” requirement in a manner that renders it utterly meaningless. As explained in the *Request for Comments*, “[t]o the extent it is necessary, the issuance of the Board’s preliminary decision addressing the initial motion to amend will be deemed ‘good cause’ for further amendment.”<sup>6</sup> In other

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<sup>3</sup> Separate but identical limitations on motions to amend in *inter partes* review and post-grant review are found in 35 U.S.C. § 316(d) and § 326(d).

<sup>4</sup> *Id.* (emphasis added).

<sup>5</sup> 37 CFR 42.121(c) & 42.221(c).

<sup>6</sup> 83 Fed. Reg. 54320.



words, the filing of an initial motion to amend will automatically result in a preliminary decision by the Board, which in turn will be deemed to satisfy the showing of “good cause” required for the filing of a second motion. As a result, the only proceedings where a second motion to amend would *not* be automatically permitted are those in which the patent owner has chosen not to seek any claim amendments and therefore has not filed an initial motion to amend.

By significantly adding to the complexity of proceedings and effectively providing patent owners with two motions to amend as of right, the proposed pilot program would move AIA trials away from the streamlined proceedings that Congress intended and represents a step in the direction of the *inter partes* reexamination model that Congress affirmatively rejected when it enacted the AIA. The proposed changes are clearly inconsistent with Congress’s intent that patent owners generally be limited to a single motion to amend absent the consent of both parties to the proceeding.

**II. The proposed pilot program would increase cost, complexity, and delays in PTAB trials and is fundamentally inconsistent with Congress’s goal of creating an inexpensive and effective alternative to litigation.**

It is widely understood that Congress intended administrative proceedings before the PTAB to provide “‘quick and cost effective alternatives’ to litigation in the courts.”<sup>7</sup> Both before the passage of the AIA and during the extensive rulemaking process that created the current amendment framework for the AIA proceedings, the Office borrowed heavily from interference practice that had – over the years – evolved to address many of the historical problems with patent interferences with tightly controlled timetables. While IA understands the Office’s legitimate desire to enhance the success of patent owners in amending claims, we respectfully submit that the proposed pilot project rejects the decades of experience that the Office gained from effectively administering interferences. It is therefore fundamentally inconsistent with Congress’s expectations (based in part on the Office’s own representations) and with the core goal of creating an inexpensive and effective alternative to litigation.

The proposed pilot program would expand the amendment process by allowing the patent owner to file both an “initial” and a “revised” motion to amend – with each motion including a set of proposed claim amendments that may differ starkly from each other. In response, the petitioner would likely file an opposition with different prior art. The proposal would also require the Board panel to issue a non-binding “preliminary decision” addressing the merits of initial motion, enabling the patent owner to prepare a revised motion to amend (and revised substitute claims) that corrects problems or defects identified in the preliminary decision, even where such defects could easily have been avoided by the patent owner.

Adding a second round of filings (*i.e.*, an additional motion to amend and a separate opposition to that motion) is a substantial expansion of the amendment process, increasing the number of filings that would typically be permitted to six – twice the number allowed in the amendment process adopted in the course of the initial regulatory implementation of the AIA.<sup>8</sup> The added burden on an already heavily

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<sup>7</sup> *Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board*, 83 Fed. Reg. 51340 (October 11, 2018) (quoting H.R. Rep. No. 112–98, pt. 1, at 48 (2011)). See also H.R. Rep. No. 112-98, pt.1, at 60–61 (2011) (“Congress created the administrative ‘reexamination’ process . . . in the expectation that it would serve as an effective and efficient alternative to often costly and protracted district court litigation”).

<sup>8</sup> Until recently, the PTAB amendment process typically included only three filings: a single motion to amend, the petitioner’s opposition, and the patent owner’s reply. The August 2018 updates to the PTAB Trial Guide authorized sur-replies as of right, increasing the number to four.



burdened Board will lead to delay and impede the Board's ability for timely resolution of its trial and appellate docket.

If proposed claim amendments are treated as contingent amendments (as is generally the case under current PTAB trial practice), this will require the parties and PTAB panel to address the patentability of three different sets of claims in the course of a streamlined proceeding intended to be concluded within 12 months. For the parties, this will not merely entail the costs of preparing an additional motion or opposition, but will frequently involve extensive analysis and preparation, including developing proposed claim constructions, searching prior art, preparing claim charts, obtaining expert declarations and testimony, conducting a prior art analysis, and identifying the legal arguments and evidence most relevant to the patentability of the claims in question. Taken individually, each of these tasks entail significant time and expense. Performing them together and in a compressed timeframe will be challenging for all parties and further adds to the cost. Given the complexity of conducting a significant prior art search and analysis and the expense of drafting the preliminary motion and opposition this additional round of filings could easily add tens – perhaps even hundreds – of thousands of dollars in costs to a process that Congress intended to be quick and inexpensive.

The added complexity of the proposal also raises concerns regarding the impact of the pilot program on the Board's workload. The new tasks required by the proposal – *e.g.*, reviewing the initial motion to amend and petitioner's opposition, conducting a patentability assessment of the proposed substitute claims, and producing a preliminary decision – will require significant time. Considering that the number of motions to amend roughly doubled after *Aqua Products* and would likely increase further as a result of the pilot program, the additional work required by the proposed changes would likely translate into a substantial increase in the Board's overall workload. In light of the growth in workload that is expected as a result of *SAS Institute v. Iancu*,<sup>9</sup> the imposition of additional burdens on the Board raises significant concerns about the Board's workload and the potential for delays in resolving proceedings. Those delays will hurt not only the parties to the trial proceedings but will also impact the Board's ability to dispose of appeals quickly.

IA is particularly concerned about the potential impact of the proposed pilot program on the ability of the Board to conclude proceedings within the congressionally mandated 12-month period prescribed by the AIA.<sup>10</sup> This deadline was adopted to address the long pendency times of *inter partes* reexaminations,<sup>11</sup> which often led courts to deny stays of litigation on the basis that the excessive delay resulting from a reexamination would unduly prejudice the plaintiff.<sup>12</sup> To date, the Board has done an exceptional job of

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*Office Patent Trial Practice Guide: August 2018 Update*, 83 Fed. Reg. 39989 (August 13, 2018).

<sup>9</sup> 138 S. Ct. 1348 (2018). As the Office recognized in its most recent fee proposal, *SAS Institute* is expected to drive a significant increase in PTAB workload. U.S. Patent and Trademark Office, *Patent Fee Proposal: Executive Summary* at 19 (2018) (available at [https://www.uspto.gov/sites/default/files/documents/PPAC\\_Executive\\_Summary.pptx](https://www.uspto.gov/sites/default/files/documents/PPAC_Executive_Summary.pptx)).

<sup>10</sup> 35 U.S.C. § 316(a)(11).

<sup>11</sup> At the time Congress was debating the AIA, *inter partes* reexaminations had an average pendency of almost three years in cases where there was no appeal to the Board and an estimated pendency of 6.5 years when there was. Robert G. Sterne *et al.*, *Reexamination Practice with Concurrent District Court Litigation or Section 337 USITC Investigations*, 10 SEDONA CONF. J. 115, 140 & 163 (2009).

<sup>12</sup> See Robert G. Sterne *et al.*, *Reexamination Practice with Concurrent District Court Litigation or Section 337 USITC Investigations*, 12 SEDONA CONF. J. at 140-141 (2011) (noting that “[f]or many judges, the single most important factor in determining whether to stay a litigation is the pendency of reexamination proceedings” and that “substantial uncertainty and confusion in reexamination pendency” was leading “many leading patent litigation jurisdictions [to rule] against the grant of stays”).



ensuring the timely resolution of AIA proceedings despite the numerous challenges in doing so. As Congress intended, this has been successful in convincing District Courts to more frequently grant stays, saving tens of millions of dollars of costs that would otherwise have been wasted in unnecessary litigation over claims subsequently found to be invalid. It is likely for this reason that Congress provided for only one motion to amend and made the granting of that motion discretionary with the Board. If the increased workload associated with the pilot program were to impair the Board's ability to consistently meet the one-year deadline, or if the added complexity were deemed to constitute good cause for an extension of time, this would be of deep concern to IA and its members and – more importantly – would clearly contravene Congress's intent in streamlining the *inter partes* review proceedings and mandating their timely resolution. The relative speed and predictable timing of PTAB decisions are absolutely essential to the success of AIA trials. Not only does the increased likelihood of a litigation stay save substantial litigation costs for both plaintiffs and defendants, the rapid resolution of validity disputes benefits both petitioners and patent owners. For patent owners, a quick decision enables them to make business and licensing decisions earlier, often preempts subsequent validity challenges, encourages settlement of litigation, accelerates licensing, and ameliorates significant business risks associated with prolonged uncertainty. Rapid resolution similarly allows petitioners to remove – or confirm – their risk of infringement liability at an earlier point, enabling them to proceed with business plans or to take steps to address the infringement, minimize their liability, and reduce the risk and potential business disruption of any co-pending infringement litigation.

In the longer term, the potential impact on timeliness of decisions could theoretically be addressed by increasing the number Administrative Patent Judges (APJs). However, the cost of these additional APJs would necessarily be passed along to the parties in PTAB trials in the form of higher fees.<sup>13</sup> Given that the Office recently proposed an increase of PTAB trial fees of more than 25% in response to the predicted impact of *SAS Institute*,<sup>14</sup> a further increase to cover the costs of the proposed pilot program seems problematic at best, as it would exacerbate concerns about smaller entities' ability to participate in proceedings and would further impair the cost-effectiveness of PTAB trials as an alternative to litigation.

In sum, Congress recognized the tradeoffs involved in adopting a more limited and streamlined proceeding in place of existing *inter partes* reexaminations, which – among other things – provided a more iterative and fulsome amendment process. In enacting the AIA, Congress made an affirmative policy decision that the benefits of reduced cost, complexity, and delays warranted adoption of a streamlined proceeding. The proposed pilot program undermines this decision, would impair the cost-effectiveness of PTAB trials as an alternative to litigation, and fundamentally conflicts with Congress's intent in creating a streamlined administrative process.

### **III. The proposed preliminary decisions are unlikely to be helpful except in rare cases and will generally be ineffective in enhancing the success of motions to amend.**

In its *Request for Comments*, the Office solicits input from stakeholders “exploring whether, and under what circumstances, a preliminary decision by the Board that evaluates a motion to amend might prove helpful in an AIA trial amendment process.”<sup>15</sup> IA respectfully suggests that a nonbinding advisory

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<sup>13</sup> 35 U.S.C. § 41(d)(11) requires the Office to set fees based on the estimated average cost of the service provided.

<sup>14</sup> U.S. Patent and Trademark Office, *Patent Fee Proposal: Executive Summary* at 19 (2018) (available at [https://www.uspto.gov/sites/default/files/documents/PPAC\\_Executive\\_Summary.pptx](https://www.uspto.gov/sites/default/files/documents/PPAC_Executive_Summary.pptx)).

<sup>15</sup> 83 Fed. Reg. at 54320.



decision of this type is unlikely to be helpful to either party in the vast majority of cases and will not have a significant effect on the grant of motions to amend.

As indicated by the Office’s study on motions to amend that is summarized in the *Request for Comments*, the overwhelming reason for denial of motions to amend is that the proposed substitute claims are either anticipated or obvious over the prior art.<sup>16</sup> This was the sole basis cited by the Board in 41% of denials and constituted one of several reasons for denial in an additional 23% (for a combined total of 64%).<sup>17</sup> Other reasons for denial, such as procedural defects and lack of written description, enablement, or statutory subject matter, are much less frequently cited as the sole basis for denial and appear to account for a much smaller proportion of denials.

It is unlikely that a preliminary decision addressing the initial motion to amend will be effective in helping to avoid denials based on anticipation or obviousness over the prior art. While the additional guidance provided in the preliminary decision may prove helpful in enabling a patent owner to avoid denial in a small proportion of cases, in most cases the patent owner is well aware of the prior art that must be overcome and fully understands how the challenged claims would need to be amended to distinguish them from the prior art and avoid a denial based on anticipation or obviousness.

In most cases, the denial of a motion to amend is not the result of the patent owner lacking the knowledge or ability to propose substitute claims that are patentable. Rather, most denials are the result of patent owners’ unwillingness to propose meaningful amendments.

The vast majority of PTAB trials involve either patents that are the basis of co-pending infringement litigation or patents that the patent owner seeks to monetize through licensing. Any substantive amendment of these patents would create intervening rights and preclude the recovery of past damages, eviscerating their value in both litigation and licensing. Additionally, patent owners involved in litigation or licensing have strong incentives not to amend their patents in a way that would defeat their claim of infringement against a defendant or potential licensee, which also substantially limits the amendments that a patent owner will be willing to propose. As a result, patent owners often intentionally propose amendments that are effectively meaningless in the hopes that an insignificant amendment might result in a claim being found patentable over the prior art while remaining “substantially identical” to the original claim to avoid creation of intervening rights. Unsurprisingly, such amendments are rarely found to be sufficient to render a claim patentable over the prior art, resulting in frequent denials of motions to amend.

There is little that can or should be done to reduce the high rate of denials in such cases. No amount of guidance, assistance, or additional opportunities to amend is likely to convince patent owners to substantially devalue their patents by making a substantive amendment.

In sum, because the proposed pilot program does not, and should not, address the disincentives to propose meaningful amendments, neither a preliminary decision from the Board nor the other aspects of the proposed pilot program seem likely to be successful in substantially increasing the grants of motions to amend. Rather, in the vast majority of proceedings, providing such a preliminary opinion (and permitting additional motions to amend) seems likely to merely increase the length and expense of trials, with minimal impact on the likelihood of successful amendments.

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<sup>16</sup> *Id.* at 54321.

<sup>17</sup> *Id.*



**IV. The Office should ensure an adequate assessment of the patentability of proposed substitute claims in all proceedings regardless of the participation of the petitioner or allocation of the burden of persuasion.**

The *Request for Comments* also seeks input from stakeholders on whether the Office “should engage in rulemaking to allocate the burden of persuasion as suggested by the *Aqua Products en banc* court, and if so, whether the Office should allocate that burden as set forth in the *Western Digital* order.”<sup>18</sup> The Office also requests comment on a related questions regarding the circumstances under which the Board itself should be able to justify findings of unpatentability and whether such circumstances are limited to proceedings that are continued in the absence of the petitioner.

IA supports a formal rulemaking proceeding to allocate the burden of persuasion for establishing the patentability of amended claims. However, given that *Aqua Products* neither mandates nor prohibits any particular allocation of burdens so long as the allocation is done through an appropriate rulemaking procedure, the Office is not required to adopt the current allocation of burdens set forth in *Western Digital Corp. v. SPEX Techs., Inc.*<sup>19</sup> If a rulemaking is conducted to allocate the burden of persuasion, IA would prefer that the Office reestablish its original rule allocating the burden of persuasion to the patent owner. This is more consistent with the traditional practice of placing the burden of persuasion on the movant, which is the patent owner in the case of motions to amend.

With regard to the circumstances in which the Board itself should be able to justify findings of unpatentability, the Board may appropriately do so in all circumstances, irrespective of the petitioner’s participation in (or absence from) the trial or whether petitioner files an opposition to the motion to amend. This is particularly important to the extent that the Office proceeds with the allocation of burdens set forth in *Western Digital*. Relying solely on the petitioner’s opposition as a means of ensuring the patentability of substitute claims is neither good policy nor required by *Aqua Products*. Rather, given that substitute claims adopted in a PTAB proceeding have the same preclusive effect and benefit from the same presumption of validity as any other claim, the public has a strong interest in ensuring that substitute claims adopted in PTAB trials satisfy the same statutory patentability requirements that would be assessed during examination. This is particularly the case because claims that survive a PTAB proceeding will often – in practice – benefit from an enhanced presumption of validity.

Protecting the public’s interest in patent validity requires an independent assessment of patentability. For this reason, it would be imprudent and inappropriate to limit the basis for the Board’s determination of patentability to only the prior art and arguments provided by the petitioner. For obvious reasons, this would be unlikely to yield an adequate assessment of patentability in situations where the petitioner has settled and is no longer participating in a proceeding or where the petitioner has chosen not to oppose the motion to amend. But the problems of this approach are not limited to these narrow circumstances. Even when the petitioner actively opposes the motion, its interests, incentives, and motivations are not well aligned with the interests of the public. For example, to the extent a proposed amendment strengthens its non-infringement argument in co-pending litigation, a petitioner will have only a weak – if any – incentive to expend resources on searching for prior art or mounting an effective opposition to the motion. Similarly, to the extent the magnitude of a potential damages award is small, a petitioner will have weak incentives to challenge patentability. And, finally, some petitioners will simply lack the resources, expertise, or foresight to mount an effective opposition. Because a substitute claim, if adopted, would be enforceable against the public and not just against the petitioner, the Office should

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<sup>18</sup> 83 Fed. Reg. 54324.

<sup>19</sup> Case IPR2018–00082 (Paper 13) (PTAB April 25, 2018).



ensure a full and independent prior art search and patentability analysis is conducted rather than relying solely on the petitioner.

In contrast to the petitioner, the Office has the resources, expertise, and appropriate incentives to safeguard the public's interest in ensuring the validity of patent claims. The Office also arguably has a duty to do so. The Office has an explicit statutory duty to examine applications before granting a patent.<sup>20</sup> While the duty imposed by Section 131 may not explicitly extend to the examination of post-issuance amendments, the underlying policy rationale and reasons for examination clearly do. Accordingly, the Office should do more than merely allow PTAB panels, at their discretion, to request examiner assistance in conducting a prior art search and analysis and producing an advisory patentability opinion as discussed in the *Request for Comments*. Instead of requiring a request for assistance in individual cases, examiner assistance should be automatically provided for every motion to amend and should be employed to ensure that substitute claims are subject to sufficient search and examination to enable a reliable determination of patentability by the Board independent of the arguments or grounds presented by the petitioner.

**V. If the Office chooses to proceed with immediate implementation of the pilot program despite the concerns voiced by IA and other stakeholders, it should take steps to minimize the potential negative impact on the cost-effectiveness and timely resolution of PTAB trials.**

Due to the risk it poses to the cost-effectiveness and timely resolution of PTAB trials, IA respectfully suggests that the Office not implement the pilot program or – at a minimum – delay implantation until the long-term impact of *SAS Institute*, *Aqua Products*, adoption of the *Phillips* claim construction standard, and recently-proposed PTAB fee increases can be more fully assessed. However, if the Office chooses to proceed with immediate implementation as proposed in the *Request for comments*, IA respectfully urges the Office to make every effort to minimize any increased costs and delays that result from the pilot program. To that end, IA would encourage the Office to adopt the following suggestions, many of which are either responsive to or suggested by the numbered questions posed by the Office at the end of its *Request for Comments*:

- *Limiting initial application of the pilot program to a subset of PTAB trials* – Typically a pilot program is implemented on a limited basis in recognition of the difficulty of predicting its full impact or long-term consequences. Given the potential negative impact on cost and timeliness of final decisions and the uncertainty regarding whether the pilot program will be effective or helpful to parties, it would be more appropriate to limit the initial application of the pilot program to a subset of proceedings rather than implementing it for all PTAB trials.
- *Discontinuing the practice of allowing contingent amendments* – The treatment of proposed substitute claims as contingent amendments under the pilot program would be a significant driver of increased costs of proceedings and additional PTAB workload. Moreover, it is not clear that contingent amendments are consistent with the statute, which authorizes “substitute claims,” suggesting that such claims were intended to be considered instead of rather than in addition to the original claims that they would replace. Treating proposed claims as substitutes rather than contingent amendments would reduce the cost and time associated with addressing the patentability of the original claims, ameliorating the negative impact of the pilot program.
- *Limiting claim amendments proposed in a revised motion to amend* – The Office should

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<sup>20</sup> 35 U.S.C. § 131.





consider requiring that the amendments proposed in the revised motion to amend consist of the amendments included in the initial motion to amend with only such changes as are directly responsive to the preliminary decision. This restriction would help ensure that patent owners have appropriate incentives to propose meaningful amendments in their initial motion to amend. It would also ameliorate the potential increase in costs by ensuring that the additional round of filings focuses on the issues identified in the preliminary decision, rather than issues that could have been addressed in the initial motion and opposition.

- *Prohibiting extension beyond the 12-month deadline in any proceeding in which the patent owner elected to file more than one motion to amend* – Precluding extension of the 12-month deadline in proceedings where the patent owner has taken advantage of the opportunity to file a revised motion to amend would significantly ameliorate concerns that the increased complexity and additional round of filings required by the proposed changes could threaten the timely conclusion of proceedings.
- *Ensuring a full search and examination of all substitute claims* – The Office should provide examiner assistance automatically for every motion to amend to ensure that proposed amendments are subject to a full prior art search and examination independent of the arguments or prior art presented by the petitioner.

## Conclusion

For the reasons discussed above, the Office should not adopt the proposed pilot program or – at a minimum – should delay its implementation until the impact of *SAS Institute*, *Aqua Products*, adoption of the *Phillips* claim construction standard, and the proposed fee increases can be more fully assessed. However, if the Office decides to proceed with the pilot program despite these concerns, it is critical that USPTO ensure that – except in truly exceptional cases – IPR proceedings are decided within the 12-month deadline and that PTAB panels have the responsibility and resources to conduct an independent assessment of patentability. Finally, should it choose to immediately implement the pilot program, the Office should consider limiting the pilot program along the lines of the suggestions listed above as a means of ameliorating the additional cost and complexity of the proposed changes.

In conclusion, IA appreciates the opportunity to submit these comments on the proposed pilot program and the allocation of burdens in PTAB trials. IA commends the Office for its commitment to ensuring the continued efficacy and efficiency of PTAB trials. IA and its members look forward to working with the Office to ensure that PTAB trials continue to provide a quick, low-cost, and effective alternative to litigation.