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Re: Federal Register Notice of October 29, 2018; 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

Attention: Acting Deputy Chief Administrative Patent Judge Jacqueline Wright Bonilla and Vice Chief Administrative Patent Judge Michael Tierney,

Judges Wright and Tierney:

Thank you for the opportunity to provide comments on the proposed rulemaking described above. The comments provided below reflect my personal views.

Please permit me to begin with a brief comment on related USPTO rulemaking.<sup>1</sup> In 2015 congressional testimony, I offered views on the importance of eliminating the “broadest reasonable interpretation” standard from the USPTO’s contested post-issuance review procedures, suggesting that action by Congress would be warranted in the absence of remedial action by the USPTO.<sup>2</sup> I would like to congratulate the Director on the recent rulemaking that has ended the use of the BRI standard in contested post-issuance review proceedings in the USPTO. This action by the Director squarely addresses criticisms that these proceedings have the potential to operate unfairly in protecting the interests of owners of patent rights, *i.e.*, because patent-owner rights would otherwise be immune from a successful invalidity challenge, either in patent infringement litigation or in litigation over the validity of the patent at the International Trade Commission, to the extent such a challenge depended on patent claims being given their broadest reasonable interpretation.

The subject of the present Federal Register notice relates to another potentially problematic aspect of post-issuance review proceedings as they relate to the contested post-issuance review procedures created under the America Invents Act. Prior to the AIA, each of the USPTO post-issuance proceedings (reissue, *ex parte* reexamination, and *inter partes* reexamination) were conducted based (at least loosely) on an *examination* model. Examination models inherently provide at least some iterative procedures for amending claims—as the examination process has give-and-take elements to it.

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<sup>1</sup> See Federal Register Notice of May 9, 2018; Seeking Comments on Notice of Proposed Rulemaking (83 Fed. Reg. 21221-21226); Docket Number P-2018-0036; Elimination of the “Broadest Reasonable Interpretation” Standard in Contested Post-Issuance Review Proceedings: Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings before the Patent Trial and Appeal Board.

<sup>2</sup> See Statement of Robert A. Armitage Before the United States House of Representatives Committee on the Judiciary On “H.R. 9 – The Innovation Act,” April 14, 2015, available at <https://judiciary.house.gov/wp-content/uploads/2016/02/Armitage-Testimony.pdf>, pp. 18-19.

The America Invents Act was careful to retain reissue and reexamination procedures in the course of creating the new contested post-issuance review proceedings in the USPTO. More importantly, the USPTO was given discretion to determine when and under what circumstances the remaining examination-based proceedings should take precedence over the new contested post-issuance proceedings—and *vice versa*. This is most clear in the superseding provision of 35 U.S.C. § 315(d) as it relates to inter partes review, “Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the USPTO, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.”

In the case of an inter partes review, the Director was given explicit authority to either stay or terminate an inter partes review in the situation that the patent owner was seeking amended claims as part of the IPR process. In addition, the Director has similar authority to delay the commencement of an IPR if, prior to commencement, the patent owner has sought amended claims. Under 35 U.S.C. § 314(c), this authority to delay commencement of an IPR in such a circumstance—including a period of delay sufficient to examine the amended claims—could not have been made more explicit, *i.e.*, “The Director shall notify the petitioner and patent owner, in writing, of the Director’s determination [to institute an IPR], and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.”

As part of the present rulemaking effort, I would urge that the USPTO determine whether it might make more extensive use of the historic *examination* capabilities of the USPTO when the patent owner has presented amended claims in connection with the IPR process. Because of the desirability of having the patent owner come forth early in the IPR process with possible claim amendments, it would be ideal if the USPTO were to mandate that patent-owner claim amendments come before the IPR process commences under § 314(c). If that were done, it would be possible for the date of IPR commencement to follow an examination of the amended claims. Such an examination could be undertaken through the *ex parte* reexamination procedure. The *ex parte* reexamination could continue until the point where a reexamination certificate would otherwise be issued or an appeal would otherwise be necessary, at which point the USPTO terminate the *ex parte* reexamination under § 315(d) and could only then commence the inter partes review under § 314(c).

In connection with the May 9, 2018 proposed rulemaking, I made a specific proposal for amending patent claims in an IPR proceeding along the lines suggested above.<sup>3</sup> I would urge the USPTO to consider whether aspects of this proposal might be incorporated into the outline that the Director proposed in the present Federal Register notice. Whether or not the USPTO determines that doing so would be desirable, *I would commend the framework for claim amendments that the USPTO has proposed as being far more consistent with the spirit and intent*

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<sup>3</sup> See Comments of Robert A. Armitage on Federal Register Notice of May 9, 2018; Seeking Comments on Notice of Proposed Rulemaking (83 Fed. Reg. 21221-21226); Docket Number P-2018-0036; Elimination of the “Broadest Reasonable Interpretation” Standard in Contested Post-Issuance Review Proceedings, available at <https://www.uspto.gov/sites/default/files/documents/comment-rarmitage.pdf>.

*of the post-grant review and inter partes review procedures than the current USPTO claim amendment practices in these proceedings. In a nutshell, the Federal Register notice lays out an amendment procedure that—like the USPTO’s recent BRI rulemaking—is not only more consistent with the manner in which these proceedings were originally envisioned, but again squarely addresses the concerns expressed that these proceedings were initially implemented by the USPTO in a manner that has the appearance of unfairness to patent owners.*

As I further noted in my Congressional 2015 testimony,<sup>4</sup> and again in my response to the Director’s May 9, 2018 BRI proposed rulemaking, there is a third aspect of the IPR procedure that would merit either action by Congress to modify the IPR statute itself or action by the USPTO to address elements of its 2012 rulemaking on IPRs. Unlike PGR proceedings that take place in the immediate post-issuance period, the IPR procedure under the AIA largely addresses the validity of patent rights that have been long established. Most IPRs are instituted with respect to patents that are involved in patent infringement actions and, thus, commercially valuable. At the heart of any strong patent system are safeguards for the patent owner that assure respect and deference for those rights absent a clear and convincing basis for invalidating them.

Given the later-in-life posture in which IPRs are instituted and decided, I would once again urge the USPTO to consider, as a further aspect of its present efforts to modify the practices relating to claim amendments in contested, post-issuance review proceedings, to consider proposed rules affording patent owners additional options for maintaining patent rights in situations *where the final written decision in an IPR would otherwise hold the patent claims invalid, but would do so in the absence of any clear and convincing evidence of invalidity.*<sup>5</sup>

While the standard of proof set out in the statute is clear and unambiguous,<sup>6</sup> the AIA did not foreclose the USPTO from affording patent owners, in the absence of any clear and convincing evidence that their patent claims were invalid, from presenting additional evidence that might tilt the evidence in favor of patent validity—or from presenting refining amendments to the claims that, once again, might tilt the outcome of such close calls in favor of patentability.

Such options have long been available to a patent owner in an ex parte reexamination proceeding. As noted above, the AIA not only left the ex parte reexamination statute unchanged, but specifically provided that the USPTO had the authority, for example, to terminate an IPR proceeding so that the patent owner could attempt to sustain patent rights by utilizing the greater flexibility in the reexamination process as a means for doing so.<sup>7</sup>

Thus, I would again urge that the USPTO consider a rule, a possible draft of which appears below, that might provide the patent owner a reexamination option where there was no clear and convincing evidence that an IPR-challenged patent claim was invalid:

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<sup>4</sup> See Statement, *supra*, at pp. 27-31.

<sup>5</sup> In my view, different considerations should apply in the case of post-grant review proceedings brought in the immediate post-issuance period. In such proceedings, the “preponderance” standard of proof for canceling patent claims is warranted and, indeed, this lesser standard than “clear and convincing” evidence should serve as an incentive for members of the public to contest patent rights promptly after a patent has issued.

<sup>6</sup> 35 U.S.C. § 316(e), “In an inter partes review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.”

<sup>7</sup> 35 U.S.C. § 315(d).

**§ 42.124 Right to ex parte reexamination; termination of inter partes review.**

(a) *Petitioner request for clear and convincing evidence standard.* The provisions of subsection (b) shall not apply to an inter partes review in which the petition for the review contains a request that the proof of the factual propositions necessary to establish unpatentability in the final written decision be through clear and convincing evidence. If a request is made under the preceding sentence, the final written decision in the review shall be rendered in accordance with such request.

(b) *Ex parte reexamination request.* The preliminary response of the patent owner to a petition for inter partes review may contain a contingent request that an inter partes review, if instituted on the petition, be terminated pursuant to section 42.72 prior to the final written decision, and that an ex parte reexamination be thereupon instituted with respect to the patent, if the final written decision in the review would otherwise have found one or more claims of the patent unpatentable based only upon one or more factual propositions that had not been established during the review through clear and convincing evidence. If such a request has been made and the contingency is met, the review shall be terminated by the Director upon institution of the requested ex parte reexamination and such reexamination shall consider patentability of each of the claims that would have otherwise been found unpatentable in the inter partes review.

The three rulemaking items discussed above (eliminating BRI, rationalizing the claim amendment process, and addressing the standard of proof in IPRs), if successfully completed by the USPTO, would mute any legitimate criticisms that the AIA's initial implementation by the USPTO had the potential to operate in a manner that was unfair to patent owners. With the completion of the BRI rulemaking and the significant progress being made on patent claim amendment rulemaking in the present Federal Register notice, I would urge the USPTO to turn its focus to standard of proof issue. Such a trifecta of rulemaking would contribute mightily to the integrity of the patenting process in the USPTO.

Again, the opportunity to participate in this important rulemaking process is much appreciated.

Respectfully submitted,



Robert A. Armitage