

October 15, 2014

Via email: TrialsRFC2014@USPTO.gov

The Honorable Michelle K. Lee
Deputy Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Re: Response to the Request for Comments on "Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board" Fed. Reg. Vol.79, No. 124 (June 27, 2014)

Dear Deputy Director Lee:

Capital Legal Group PLLC ("CLG") appreciates the opportunity to comment on the rules and regulations regarding trial proceedings under the America Invents Act (AIA) before the Patent Trial and Appeal Board.

CLG represents patent owners in maximizing the value of their assets. Our members have years of experience in both patent prosecution and litigation and have represented clients before the PTAB in proceedings under the America Invents Act.

CLG supports reform to the United States patent system that strengthens the patent regime by providing certainty regarding the scope and validity of patent rights that have been granted to patent owners.

Our comments are directed to the questions in the Request for Comments on Trial Proceedings Under the America Invents Acts Before the Patent Trial and Appeal Board. The comments herein represent the opinions of the members of CLG and are not being presented on behalf of any of CLG's clients.

Question 1: *Claim Construction Standard* - Under what circumstances, if any, should the Board decline to construe a claim in an unexpired patent in accordance with its broadest reasonable construction in light of the specification of the patent in which it appears?

The current practice of the Board to apply the broadest reasonable interpretation (BRI) standard for claim construction leads to inequitable results for patent owners, particularly in light of the Board's current practices regarding the amendment of claims. Claims in AIA Trials should be construed as to their actual scope of protection by applying the claim construction standard of set forth by *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005).

The Board has alleged that the use of the BRI standard is supportable both because of the ability of the patent owner to amend claims and the lack of a presumption of validity of patents before the PTAB. See *Travelocity.com L.P., et.al. v. Cronos Technologies LLC*, CBM2014-00082, slip op. at 15 (PTAB September 11, 2014) (Paper 10) (Adopting BRI standard even when patent would expire before conclusion of a potential CBM Review). However, the ability to amend claims during *ex parte* and *inter partes* reexaminations was given much more freely to patent owners than what is currently available under AIA Trial Proceedings. See e.g. MPEP 2250, 2272. The transition from *inter partes reexamination* into *inter partes* review drastically moved the nature of the proceedings away from examinations proceedings into adversarial adjudicative proceedings.

This change has led to significant prejudice against patent owners. Because AIA Trial Proceedings are often requested by accused infringers in District Court infringement proceedings, patent owners who seek to protect their rights must defend against validity challenges using a different construction than what the Court will utilize to determine infringement. The Federal Circuit has repeatedly held that the same claim construction should be used to determine infringement and validity. See e.g. *SmithKline Diagnostics, Inc., v. Helena Laboratories Corp.*, 859 F.2d 878, 882 (Fed. Cir. 1988). Putting the adjudicative burden of patent

validity upon an administrative agency, as opposed to an Article III tribunal, should not change a bedrock claim interpretation principle.

Question 2: *Motion to Amend* - What modifications, if any, should be made to the Board's practice regarding motions to amend?

35 U.S.C. § 316(d) clearly states that during the *inter partes* review, the patent owner may file one motion to amend one or more claims. The post-grant rules and procedures, however, prevent amendments by patent owners and, in effect, vitiate this portion of the statute.

Amendments during *inter partes* reviews are virtually non-existent, with the only known claim amendment occurring when the Board granted an unopposed motion to amend the claims (and wherein the patent was owned by the U.S. government).¹ As a result, instead of a means to ensure a patent's claims are fairly reexamined, with the possibility of the patent traversing the *inter partes* review with narrower albeit valid claims, the *inter partes* review has become an administrative procedure that allows accused infringers a free swing at invalidating a patent. The inability to amend the claims (even modestly) creates an all-or-nothing scenario in which the patent owner is forced to argue the patentability of the claims over prior art that the patent owner (and the patent examiner who examined the original patent application) has never seen - instead of narrowing the claims (even modestly) to overcome the prior art.

As a result, besides the cost of instituting an *inter partes* review (which is modest compared to litigation), the "valid or invalid" claim verdict resulting from a *inter partes* review is virtually risk-free to the petitioner and therefore provides a strong motivation for an accused infringer to initiate an *inter partes* review.

Most importantly, a proceeding that allows patent owners a fair chance at amending claims ensures a fair and equitable examination resulting in claims covering inventions - many of which of come at a significant investment of financial and other resources - instead of simply the invalidation of claims covering a particular claimed embodiment.

¹ *International Flavors & Fragrances Inc. v. United States*, Case 2013-00124.

(a) The burden of proof regarding patentability should be with the petitioner

One obstacle to successfully amending a claim is that, under the Board's interpretation of the rules, the patent owner bears the burden to show a patentable distinction of each proposed substitute claim over the prior art. However, 35 U.S.C. § 316(e) states that "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." The statute provides no exception for amendments. The Board has apparently created an exception to this statutory requirement because the patent owner is the moving party (and the moving party normally bears the burden of showing it is entitled to the requested relief). This standard, however, is clearly inconsistent with the statute.

Further, it is impractical for the patent owner to bear the burden of showing patentability over the prior art. First, requiring the patent owner to bear the burden requires the patent owner to prove a negative - that the prior art does not disclose or teach a given claim element.

Second, the very nature of technology leaves the prior art references, their terminology, and their teachings open to interpretation. Consequently, placing the burden upon the patent owner forces the patent owner to guess as to what portion of which prior art reference the petitioner may argue discloses the new claim limitation.

Next, the petitioner is often combining multiple prior art references, all of which must all be addressed, in addition to prior art not of record (and known to the patent owner), and prior art generally.² This fact compounds the first two points.

Finally, the page limit (fifteen pages) and the fact that the patent owner must provide insight as to the level of ordinary skill in the art and various other topics ensures that the patent owner will not be successful in carrying its burden - as is evidenced by the number of successful amendments to date.

² Idle Free, IPR2012-00027, Paper No. 26 at 7 (PTAB June 11, 2013).

(b) The page limits for motions to amend should be increased.

As discussed in the previous section, the page limit of fifteen pages for motions hampers the patent owner's ability to provide fair argument as to the patentability of its new claims. The page limit should be limited to fifteen pages plus three pages per amended claim - not including the proposed claim language. Thus, if a motion to amend requested amendment of five claims, the patent owner would have a page limit of thirty pages. As opposed to a fixed page limit, a variable page limit ensures that the patent owner has sufficient pages to address the many required topics.

(c) The patent owner should not be limited to substituting only one claim for each challenged claim.

Presently, patent owners are presumptively permitted to propose only one substitute claim for each challenged claim that is cancelled. See 37 C.F.R. §42.121(a)(3). Rebutting this presumption by demonstration of need adds yet another burden on the patent owner and is inconsistent with the statute.

35 U.S.C. § 316(d)(1) states that "During an *inter partes* review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways: (A) Cancel any challenged patent claim. '(B) For each challenged claim, propose a reasonable number of substitute claims."

Thus, under the statute the patent owner has the right to propose a reasonable number of substitute claims for each challenged claim and the Board has created a presumption that is inconsistent with the statute. This rule and practice should be modified to be consistent with the statute. Specifically, the patent owner should be permitted to propose two, three or more claims for each challenged claim, provided the number proposed for each challenged claim is reasonable.

(d) The patent owner should not have to cancel a challenged claim in order to submit substitute claims.

As discussed above, patent owners are presumptively permitted to propose only one substitute claim for each challenged claim that is cancelled. See 37 C.F.R. §42.121(a)(3). In other words, the patent owner must cancel a claim in order to propose substitute claims. However, as recited above, 35 U.S.C. § 316(d)(1) states that the patent owner may move to amend the patent "in 1 or more of the following ways." Thus, under the statute the patent owner can move to:

- (1) cancel challenged claims;
- (2) propose a reasonable number of substitute claims for each challenged claims; or
- (3) cancel challenged claims and propose a reasonable number of substitute claims for each challenged claim.

In other words, the statute expressly permits the patent owner to propose substitute claims without canceling the challenged claim. Patent owners should not be forced to cancel a claim in order to propose a reasonable number of substitute claims. This rule should be modified to be consistent with the statute.

Question 3: *Patent Owner Preliminary Response* - Should new testimonial evidence be permitted in a Patent Owner Preliminary Response?

The patent owner should not be restricted from filing any evidence in its Preliminary Response that would inform the PTAB regarding whether an AIA Trial Proceeding should be instituted. Two primary areas of testimonial evidence are routinely supplied by petitioners, and patent owners should be allowed to provide similar evidence. Petitioners routinely provide declarations and affidavits related to the construction of claims and relating to issues regarding obviousness.

Patent owners should be permitted to provide testimony from fact and expert witnesses related to these two issues, particularly if the petitioner submits this evidence to the Board. Not allowing testimonial evidence on these issues

significantly increases inefficiency at the Board because, receiving expert testimony only from the petitioner, the Board will undoubtedly incorrectly institute some *inter partes* reviews.

CLG appreciates the opportunity to comment on the rules and regulations regarding trial proceedings under the America Invents Act (AIA) before the Patent Trial and Appeal Board.

Sincerely,

/Douglas L. Bridges/

Douglas L. Bridges

/Melvin L. Barnes, Jr./

Melvin L. Barnes, Jr.