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SHAWN FOSTER, PRESIDENT
EXXON MOBIL CHEMICAL COMPANY
shawn.h.foster@exxonmobil.com

HOWARD SPEIGHT, PRESIDENT-ELECT
LAW OFFICE OF HOWARD SPEIGHT
howard@hspeight.com

THEODORE RO, VICE-PRESIDENT
NATIONAL AERONAUTICS & SPACE
ADMINISTRATION
theodore.u.ro@nasa.gov

KEANA TAYLOR, TREASURER
WONG & CABELLO
ktaylor@counselip.com

CARLYN BURTON, SECRETARY
OSHA LIANG
burton@oshaliang.com

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(Includes officers above)

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jbeauchamp@jonesday.com

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WINSTON STRAWN LLP
lculpepper@winston.com

NATHAN DUNN
ALBEMARLE
natedunn_1999@yahoo.com

JASON SANDER
LYONDELL CHEMICAL COMPANY
jason.sander@lyondellbasell.com

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TANYA CHANEY
SUTTON MCAUGHAN DEEVER
tchaney@SMD-IPLaw.com

ANDREA TRAN
SCHLUMBERGER
atran7@slb.com

TODD BYNUM
CONOCOPHILLIPS
todd.a.bynum@conocophillips.com

VIA EMAIL

Scott R. Boalick, Vice Chief Administrative Patent Judge (Acting)
Director, U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
TrialsRFC2014@uspto.gov

Dear Judge Boalick:

The Houston Intellectual Property Law Association provides the following comments to the U.S. Patent and Trademark Office's June 27, 2014, request for comments as published at 79 Fed. Reg. 36474.

Sincerely,

/s/ Shawn Foster

Shawn Foster
President, Houston Intellectual Property Law Association

Claim Construction Standard

1. *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?*

Comment 1:

The broadest reasonable construction standard should not be used in IPRs for several reasons:

(a) These proceedings are generally accompanied by parallel litigation, which means the parties and attorneys already have an eye to the "correct" claim construction so it is inefficient to have parallel proceedings applying different claim construction approaches;

(b) The justification for using the "broadest reasonable construction" rule—that patentees can amend the patent claims if they think the broadest reasonable construction is too broad—appears to be illusory in light of the near impossibility of getting a motion to amend granted in practice. My casual monitoring of PTAB opinions suggests that the judges are very uncomfortable allowing new claims when they are only familiar with a couple of references that are at issue in the trial. As a result, they regularly deny motions to amend because they don't satisfactorily prove patentability over the rest of the universe of prior art. But putting the burden on the patentee to prove a negative (*i.e.*, that no other invalidating prior art exists) in

order to get new claims after the original claims were found unpatentable under the “broadest reasonable construction” rule has tilted the playing field too far against patentees.

Comment 2:

The Board should construe a claim in an unexpired patent in accord with its ordinary and customary meaning (*i.e.*, in accord with the standard of *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005)) and 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 under the following two conditions:

- (a) the Patent Owner has filed a terminal disclaimer of the remaining term of the challenged patent; and
- (b) the filing of the terminal disclaimer occurs sufficiently early in the inter partes review (IPR) such that the IPR could yet be accomplished efficiently and within the time period required under 35 U.S.C. 316(a)(11) and 37 C.F.R. 42.100(c), *i.e.*, generally 1-year, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months.

These recommendations appear to be consistent with the Board’s Order of May 22, 2014 in *Amkor Technology, Inc. v. Tesser, Inc.*, IPR2013-00242 for U.S. Patent No. 6,046,076 (terminal disclaimer held in abeyance and claim construction under broadest reasonable interpretation (BRI) standard maintained in view of the Patent Owner waiting until all substantive briefing in the proceeding was completed before the Patent Owner filed the terminal disclaimer).

Any guidelines of the Board that may follow consideration of submitted comments not suggest that a deadline for a Patent Owner to file a terminal disclaimer possibly be set to occur before, or to coincide with, the deadline for the Patent Owner to file a preliminary response (*i.e.*, within three months after receiving notice that a petition challenging patentability has been filed), but that any deadline be set to coincide with a date only after the decision of the Board instituting the IPR, *e.g.*, possibly to coincide with the deadline to file a motion to amend under 37 CFR 42.121(a)(1), *i.e.*, “...no later than the filing of a patent owner response.”

Under such a latter, reasonable deadline, the Patent Owner could consider at least two options: filing a motion to amend the claims, wherein claim construction would continue under the BRI standard; or filing a terminal disclaimer without amending the claims, wherein claim construction would then proceed under the Phillips standard. Under either option, this Patent Owner decision point at least could be informed by the decision of the Board instituting the IPR.

Comment 3:

The PTO does not use the “broadest reasonable interpretation” standard of construing claims in expired patents because a patent owner cannot amend the claims of an expired patent. The PTAB’s current *de facto* practice is not to allow amendments to claims during IPR, regardless of its rules allowing such amendments. The Board’s alleged practice of allowing claim amendments during IPR currently is illusory. So long as the Board continues to deny patent owners’ the ability to amend their claims during IPR, it should use the district court standard for construing claims as defined in *Phillips v. AWH Corp.*, 415 F. 3d 1303 (Fed. Cir. 2005).

Comment 4:

The principle of applying the broadest reasonable construction was traditionally predicated on the patent owner’s ability to amend the claims before the patent office. Given the fact that amendment is more limited in an IPR, the Board might consider claim construction principles more in line with the federal court’s approach. Because the IPR is closer to litigation than an original examination, the claim construction standard should reflect this

Motion To Amend

2. *What modifications, if any, should be made to the Board’s practice regarding motions to amend?*

Comment 1:

The Board should exclude claim listings from the pages counted toward the page limits for Motions to Amend. The Board has suggested that amendment during an IPR is a narrow opportunity to preserve at least one claim in a patent and that patent owners should seek additional amended claims in other proceedings, such as reexamination or reissue. Based on this reasoning, the Board has required claim listings be included in the page count for a motion to amend, which is 15 pages. The practical effect is that patent owners are only able to propose a small number of proposed amended claims, sometimes only one, without regard to the number of challenged claims at issue or the nature of the proposed amendments. This is inconsistent with 35 U.S.C. § 316(d), which permits patent owners to file a motion to amend that “**for each challenged claim**, propose[s] a reasonable number of substitute claims.” (emphasis added)

By omitting claim listings from the page count, the Board permits patent owners to propose an amended claim “for each challenged claim,” as required by statute. By retaining a page limit for the motion itself that the Board determines to be reasonable, the Board limits the number of issues that can be effectively raised by patent owners during the amendment process, preserving the streamlined nature of the proceedings. It is highly unlikely that a patent owner would be capable of supporting a large number unique

amendments among the challenged claims in a limited motion to amend, but the patent owner would at least be able to propose substitute claims on a one-for-one basis, which the Board has described as being presumptively reasonable. *See* 37 C.F.R. § 42.121(a)(3).

Comment 2:

The Board provided helpful guidance in several cases regarding motions to amend, particularly its Order of March 7, 2014 in *Toyota Motor Corp. v. America Vehicular Sciences LLC*, IPR2013-00419 for U.S. Patent No. 6,772,057, as well as its Final Written Decision of May 20, 2014 in *International Flavors & Fragrances Inc. v United States*, IPR2013-00124 for U.S. Patent No. 7,579,016.

The motion to amend of the *International Flavors* IPR is generally recognized as the first motion to amend to be granted in IPR proceedings. With continued expert guidance from the Board, HIPLA anticipates that practitioners will more closely conform motions to amend to the Board’s guidance, and more motions to amend will be granted.

Comment 3:

See Comment 3 to Question 1 above.

Comment 4:

The requirement that amendments substitute existing claims is a good one and should not be changed. The number of new claims in reexaminations could really get out of hand.

Patent Owner Preliminary Response

3. Should new testimonial evidence be permitted in a Patent Owner Preliminary Response? If new testimonial evidence is permitted, how can the Board meet the statutory deadline to determine whether to institute a proceeding while ensuring fair treatment of all parties?

Comment 1:

Limited new testimonial evidence should be permitted in a Patent Owner Preliminary Response, but should generally be limited to issues on which the patent owner has the initial burden of coming forward with evidence, such as common ownership or date of invention prior to the effective filing date. At present, the exclusion of testimonial evidence makes it impossible to prove up many defenses based on common ownership (under § 103(c), as in effect on September 15, 2012) or prior invention because corroborating documents often leave logical gaps in the proof of the issue. Nevertheless, these defenses can be dispositive in some cases, and when they are, both petitioners and patent owners are better served by the Board denying institution on those grounds. Both parties save the cost of additional

proceedings on the merits, petitioners will not suffer the estoppels effect of 35 U.S.C. § 315(e), and the patent owner preserves the claims of its patent. It should be noted that the standard for institution would not be changed by accepting testimonial evidence on these issues at the preliminary stage. The Board would be considering whether, in light of the evidence presented by the patent owner, the petitioner has a reasonable likelihood to prevail on the claims and grounds to which the evidence pertains. Accordingly, if the evidence presented does not make out the prima facie requirements of the defense or if there is a reasonable likelihood the petitioner could find a material flaw in the evidence, the Board could still institute trial on the petition.

Comment 2:

The Board might take a middle-of-the-road approach by accepting testimonial evidence on issues of fact (as opposed to expert analysis). It is a little problematic that the petitioner would not have the opportunity to cross-examine or depose the declarant prior to the decision to institute, but the Board is capable of giving the testimony the appropriate weight in light of this limitation. For example, non-controversial statements of fact should be considered. Broad characterizations might be taken with a grain of salt. In any event, the patent owner’s attorney is likely to make many of the same assertions anyway through “argument” and the Board will be considering these representations anyway.

Comment 3:

Yes. Permit the petitioner also to introduce new testimonial evidence. Why wouldn’t the Board want all relevant facts before it before it decides whether to terminate the patent rights of an inventor? What’s more important, the Board’s deadlines, or a fair and open process that sufficiently considers all relevant evidence?

Obviousness

4. Under what circumstances should the Board permit discovery of evidence of non-obviousness held by the petitioner, for example, evidence of commercial success for a product of the petitioner? What limits should be placed on such discovery to ensure that the trial is completed by the statutory deadline?

Comment 1:

This discovery should probably be limited if not prohibited. While evidence of non-obviousness is relevant, this has the potential to become a side-show particularly where it is disputed that petitioner’s commercial data is actually evidence of non-obviousness. Satisfying the nexus requirement may require a mini-trial on infringement of the petitioner’s product.

Comment 2:

When the patent owner is a non-practicing entity. No statutory requirement exists that requires patent owners to practice their patents. No limits. All relevant evidence should be considered to ensure and full and fair review of a patent before terminating an inventor’s patent.

Real Party in Interest

5. *Should a patent owner be able to raise a challenge regarding a real party in interest at any time during a trial?*

Comment 1:

If this is for estoppel-related reasons, yes.

Comment 2:

Generally, yes. But this is a discretionary call for the panel considering the review and challenges should be allowed.

Additional Discovery

6. *Are the factors enumerated in the Board’s decision in *Garmin v. Cuozzo*, IPR2012–00001, appropriate to consider in deciding whether to grant a request for additional discovery? What additional factors, if any, should be considered?*

Comment 1:

Factors 1, 3, and 5 make sense and seem generally applicable. Factor 4 would seem to apply to all discovery and doesn’t seem necessary as a separate factor. (If anything, it could be rolled into Factor 5.) I think Factor 2 is too restrictive to become a per se rule. If a party asks for something out of time, the other side can object and refer to a deadline. This happens all the time in litigation. But I think it leads to unintended consequences to adopt a rule that you cannot seek discovery on “Litigation Positions and Underlying Basis” – that’s sort of the point.

Multiple Proceedings

7. *How should multiple proceedings before the USPTO involving the same patent be coordinated? Multiple proceedings before the USPTO include, for example: (i) Two or more separate AIA trials; (ii) an AIA trial and a reexamination proceeding; or (iii) an AIA trial and a reissue proceeding.*

Comment 1:

I don’t think there is a good answer, but this should probably be handled on a case-by-case basis. If multiple petitions for IPR are pending concurrently, the Board should have the discretion to consolidate them. But if one IPR is chugging along and an unrelated party files a second one for the same patent, they should be handled separately to avoid slowing down the first one.

Comment 2:

Consolidated as done in the district courts.

8. What factors should be considered in deciding whether to stay, transfer, consolidate, or terminate an additional proceeding involving the same patent after a petition for AIA trial has been filed?

Comment 1:

This is a case-by-case, discretionary determination. Stay if a prior trial is too far underway to initiate another one; transfer if another panel has greater familiarity with the patent and it would be efficient to do so; consolidate if a prior trial is not too far along; terminate if the later-filed petition provides cumulative prior art or does not reasonably question the validity of at least one of the patent's claim.

9. Under what circumstances, if any, should a copending reexamination proceeding or reissue proceeding be stayed in favor of an AIA trial? If a stay is entered, under what circumstances should the stay be lifted?

Comment 1:

I would let the reexamination run its course. As the IPR is replacing the reexamination process, this shouldn't be a problem for much longer.

Comment 2:

Agree with Comment 1. For reissue proceedings, this is a discretionary judgment call based on the status of the reissue. If it is far along in the process, staying the reexam may not be efficient. If stayed, the stay should be lifted upon the termination of the AIA trial.

10. Under what circumstances, if any, should an AIA trial be stayed in favor of a copending reexamination proceeding or reissue proceeding? If a stay is entered, under what circumstances should the stay be lifted?

Comment 1:

See Comments 1 and 2 to Question 9 above.

11. Under what circumstances, if any, should a copending reexamination proceeding or reissue proceeding be consolidated with an AIA trial?

Comment 1:

I would not consolidate these. The procedures are too different that this would have the effect of staying one in favor of the other.

Comment 2:

Only if the Board loosens its standards for amending claims during IPR.

12. How should consolidated proceedings be handled before the USPTO? Consolidated proceedings include, for example: (i) Consolidated AIA trials; (ii) an AIA trial consolidated with a reexamination proceeding; or (iii) an AIA trial consolidated with a reissue proceeding.

Comment 1:

Follow the district court model through trial. The same schedule would apply to the proceedings. Except, ALLOW CLAIM AMENDMENTS if consolidating with reexams or reissues, please.

13. Under what circumstances, if any, should a petition for an AIA trial be rejected because the same or substantially the same prior art or arguments previously were presented to the USPTO in a different petition for an AIA trial, in a reexamination proceeding or in a reissue proceeding?

Comment 1:

The Board should consider whether the petition presents a new argument in determining whether the petition raises a “substantial likelihood” that the petition will prevail. If the petitioner relies on previously cited art, it may be harder for the petitioner to meet this standard but there shouldn’t be a per se rule. I think this is analogous to the issue in Microsoft v. i4i whether the validity standard should be different if the defendant is citing new art – the standard is the same regardless of whether the PTO has considered the art. Here too, the standard is the same regardless of the prior art, although it may be considerably harder for a petition to meet that standard if it simply rehashes a previously rejected invalidity challenge.

Comment 2:

All circumstances. Why would the Board want to waste its time with arguments and prior art already considered?

Extension of 1 Year Period To Issue Final Determination

14. What circumstances should constitute a finding of good cause to extend the 1-year period for the Board to issue a final determination in an AIA trial?

Comment 1:

Delay by the party not seeking the extension.

Comment 2:

When in the interests of justness, fairness to the parties, and the opportunity to conduct a full and fair review of the record before potentially eliminating an inventor’s patent.

Oral Hearing

15. Under what circumstances, if any, should live testimony be permitted at the oral hearing?

Comment 1:

Live testimony should be allowed, although the Board could establish a reasonable time limit.

Comment 2:

When a panel determines that live testimony would be helpful.

16. What changes, if any, should be made to the format of the oral hearing?

Comment 1:

Allow panels more discretion to adjust the format as needed when in the interests of justness, fairness to the parties, and the opportunity to conduct a full and fair review of the record before potentially eliminating an inventor's patent.

General

17. What other changes can and should be made in AIA trial proceedings? For example, should changes be made to the Board's approach to instituting petitions, page limits, or request for rehearing practice?

Comment 1:

Limit the number of invalidity arguments. Petitioners have been throwing in everything but the kitchen sink with the hopes that at least one argument will stick. This can be accomplished by imposing page limits on petitions. And fine petitioners or award fees and costs to patentees when the rules are violated. The Board can use the standards articulated in *Octane Fitness* when deciding to do so.

Rehearing motions should be freely allowed. But the Board should fine movants or award fees and costs to respondents when presented with "exceptional" motions as defined in the Supreme Court's ruling in *Octane Fitness*.