

TO: TrialsRFC2014@uspto.gov

To whom it may concern:

The undersigned, Heidi L. Keefe, respectfully submits these written comments to the U.S. Patent and Trademark Office ("Office") pursuant to the Office's request for comments regarding AIA Trial Practice, published in the Federal Register, 79 Fed. Reg. 36494 (June 27, 2014). The deadline for these comments is September 16, 2014.

I am a patent litigator and registered patent attorney who has represented patent owners and accused infringers for almost twenty years, in proceedings before the Office and in district courts throughout the country. My comments will address certain of the 17 questions set forth in Vice Chief Judge Bolick's feedback request dated July 29, 2014. I submit these comments on my own behalf, based on my own experiences and views as a patent practitioner. These comments are not made on behalf of Cooley LLP (the law firm with which I am affiliated), nor are they being submitted on behalf of any clients that I represent or have represented in the past.

Question 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."

I have begun with Question 17 because it touches upon the important topic of pre-institution practice. The PTAB's pre-institution procedures can be improved in a way that reduces the burden on the PTAB and improves the quality of trial institution decisions.

AIA Petitioners Should Have the Right to File a Reply in Response to a Preliminary Patent Owner Response

Under the existing rules, a patent owner may file an optional Preliminary Response to an AIA petition within three months after the date on which the petition was granted a filing date. See 37 C.F.R. § 42.107(a) (IPR), § 42.207(a) (post-grant review), § 42.300(a) (incorporating 37 C.F.R. § 42.207 for CBM review). The patent owner's Preliminary Response may include arguments as to why the patent owner does not believe trial should be instituted, and may also include evidence of a non-testimonial nature. See 37 C.F.R. §§ 42.107(b), 42.207(b). The page limits for the Preliminary

Response are the same as the original petition (60 pages for IPR, 80 pages for CBM or post-grant review). See 37 C.F.R. § 42.24(b)(1). The Rules therefore provide a patent owner with the ability to submit extensive pre-institution arguments against the petition, but give the petitioner no right to respond to those arguments before an institution decision is reached. The Office should accordingly amend its rules to allow AIA petitioners to file a reply brief responding to a patent owner's Preliminary Response.

This change would improve pre-institution practice in several ways. First, a reply brief is consistent with the general long-standing practice of tribunals to allow the party who bears the burden of proof (in this case the AIA petitioner) to file a reply brief. As the Office noted in its Trial Practice Guide, "replies can help crystallize issues for decision." 77 Fed. Reg. 48767 (August 14, 2012). This principle is reflected in the PTAB's *post*-institution practice that allows the AIA petitioner to file a reply to the patent owner's response, and allows the patent owner to file a reply in support of a motion to amend or substitute claims. These rules recognize that reply briefs enable decision-makers to make better and more informed decisions.

Second, the ability to file a reply brief will likely reduce the burden on the PTAB and reduce the number of requests for rehearing filed by petitioners under 37 C.F.R. § 42.71(d). Under the existing rules, the PTAB must assess arguments in the Preliminary Response, which may be extensive and detailed, without any input from the petitioner. In IPR petitions in which the undersigned has been personally involved, for example, Preliminary Responses often present detailed arguments about claim construction, in some cases asking the PTAB to construe terms or phrases not addressed in the original petition.

Preliminary Responses may also include mischaracterizations of the record that could be easily addressed in a petitioner reply brief. Preliminary Responses may also include arguments about issues not addressed in the petition such as whether the petition is time-barred or whether the petitioner is estopped for some reason from raising one or more grounds set forth in the petition.

Patent owners often submit extensive non-testimonial evidence with their Preliminary Responses such as dictionary definitions, excerpts from technical treatises and other materials, and refer to them

throughout their arguments. “Question 3” posed by the Office’s request for comments, moreover, contemplates the possibility of patent owners submitting testimonial evidence with their Preliminary Response, which would make a reply brief even more essential.

In any case, after the submission of the Preliminary Response, the PTAB must evaluate a potentially extensive set of patent owner arguments without any input from the party who filed the petition and who bears the burden of proof.

A reply brief prior to institution is entirely consistent with the statutory policy of the AIA to permit adversarial and *inter partes* validity challenges by the Office. Current pre-institution practice, in fact, more closely resembles *ex parte* reexamination in the sense that the petitioner cannot present any response to patent owner arguments prior to the critical institution decision by the PTAB. This problem is exacerbated by the fact that no oral argument is held prior to an institution decision, and a decision denying institution is deemed “final and nonappealable.” 37 C.F.R. § 42.71(c).

The PTAB has in the past pointed to the availability of a request for rehearing in denying a petitioner the right to file a pre-institution reply brief. (See, for example, *Vestcom Int’l, Inc. v. Grandville Printing Co.*, IPR2013-0031, Paper 21, at 4.) But the ability to file a request for rehearing is not a substitute for a reply brief. A request for rehearing is reviewed only for “abuse of discretion” (37 C.F.R. § 42.71(d)), a deferential standard that results in few of these requests being granted. Rehearing requests are also typically heard by the same PTAB panel that issued the initial institution decision. By the time a request for rehearing is filed, therefore, the issuing panel has already invested time and effort in the initial institution decision and may feel understandably reluctant to revisit it. Pre-institution practice would better serve the statutory objectives of the AIA if it enabled the petitioner to respond to the patent owner’s arguments prior to the PTAB’s institution decision.

Finally, the inability of a petitioner to file a reply brief makes institution decisions less predictable and may ultimately undermine the effectiveness of the AIA trial procedure. An IPR petition, for example, is often the result of an enormous investment of time and meticulous attention to detail. But no matter how much care a petitioner exercises in crafting its petition, it is simply not possible

to predict and account for every conceivable argument the patent owner may make in its Preliminary Response. The fact that the petitioner has no ability to respond, in fact, may even incentivize patent owners to make arguably misleading or inaccurate arguments and factual assertions in their Preliminary Responses. The inability to predict and respond to such arguments not only complicates preparation of the initial petition, but, in the end, increases the burden on the Office by encouraging petitioners to file multiple simultaneous petitions on different prior art references to account for this uncertainty and increase the chances of institution.

The Page Limits for Post-Institution Reply Briefs Should be Increased

AIA Trial practice can also be improved by increasing the number of pages allowed for reply briefs filed by petitioners and patent owners. Under the existing rules, a petitioner's reply brief cannot exceed 15 pages, and a patent owner's reply in support of a motion to amend or substitute claims cannot exceed 5 pages. See 37 C.F.R. § 42.24(c). The undersigned respectfully submits that these page limits are insufficient in light of the PTAB's strict rules for typeface and margins. The petitioner's 15 page reply brief, for example, responds to a 60-page maximum (for IPR) or 80-page maximum (for CBM and post-grant review petitions) brief, and the patent owner's five-page reply in support of a motion to amend or substitute responds to an opposition of up to 15 pages.

In adopting the existing page limits, the Office noted that it "believes that the use of page limits in Federal courts and in contested cases is instructive when looking to trials under the AIA." 77 Fed. Reg. 48636 (August 14, 2012). The undersigned respectfully submits that, with respect to the length of reply briefs, the Office's rules do not follow the federal court examples or afford enough pages to prepare a thorough response. Federal courts generally allow a reply brief to be at least half the length of the brief to which it responds. See Federal Rule of Appellate Procedure 32(a)(7)(a) ("A principal brief may not exceed 30 pages, or a reply brief 15 pages..."); Northern District of California, Civil Local Rule 7.3 (opposition briefs may be 25 pages, reply briefs may be 15 pages) (available at <http://www.cand.uscourts.gov/localrules/civil>), Eastern District of Virginia, Civil Local Rule 7(F) (opposition briefs

may be 30 pages, reply briefs may be 20 pages) (available at <http://www.vaed.uscourts.gov/localrules/LocalRulesEDVA.pdf>).

Although the ratios between opposition and reply briefs are not uniform among tribunals, the undersigned is not aware of any federal tribunal that limits a reply brief to only one-fourth of the length of the brief to which it responds, as the current rules mandate for petitioner replies. Balancing the need for conciseness with affording parties an opportunity to more fully address their opponents' contentions, the undersigned believes that the page limits for reply briefs should be extended to 30 pages for petitioner reply briefs, and 8 pages for patent owner reply briefs in support of motions to amend claims.

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

The undersigned believes that the answer to this question depends to some extent on whether or not the petitioner is allowed to file a reply brief. As mentioned above, the problems associated with the PTAB having no petitioner response to the patent owner's arguments would be significantly exacerbated if a Preliminary Response could include testimonial evidence such as expert declarations.

Testimonial evidence would also significantly complicate pre-institution practice. For example, if *competing* expert declarations were weighed at the pre-institution phase, each side should theoretically have the opportunity to depose or cross-examine its opponent's expert witness. This could turn the institution decision into a full-blown mini-trial on the merits, which is inconsistent with the statutory mandate that the Office merely determine the threshold question of whether the petitioner has shown a likelihood of prevailing on the grounds in its petition – and not decide the underlying merits of the petition.

Question 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?"

Allowing extensive discovery of "secondary considerations" evidence held by the petitioner could dramatically increase the scope of

potential discovery in AIA Trials, in fact, to a level similar to district court litigation. Petitioners may have millions of documents relating to an allegedly successful product. Ordering this kind of discovery would undermine one of the key goals of the AIA, i.e., to provide a streamlined and cost-effective way to challenge the validity of an issued patent.

In fact, allowing discovery of such evidence could turn AIA Trials into full-blown patent infringement mini-trials. For example, in order to show that the commercial success of a petitioner's product is relevant for secondary considerations, the patent owner must present evidence that the petitioner's product actually practices one or more of the challenged claims. The patent owner must also show a nexus between the alleged commercial success of the petitioner's product and the features of the claimed invention. "Evidence of commercial success, or other secondary considerations, is only significant if there is a nexus between the claimed invention and the commercial success." *Ormco Corp. v. Align Tech., Inc.*, 463 F.3d 1299, 1311-12 (Fed. Cir. 2006).

The undersigned recognizes that secondary considerations evidence can, from time to time, help support a claim of non-obviousness. But the potential costs of this discovery, and the complexity it would bring to AIA Trials, far outweigh its limited evidentiary value in the majority of cases.

Question 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."

The undersigned believes that the six-month extension should be applied if there is a later-filed AIA proceeding on the same patent that will not reach a final decision until after the first proceeding is concluded. For example, take the situation where a particular patent is the subject of "Proceeding A" and "Proceeding B," the latter filed five months after the former. In this situation, regardless of whether the two proceedings are joined, the Office should exercise its discretion to extend the one-year period for Proceeding A in order that both proceedings can be considered at the same time. This will conserve the resources of the Office and avoid the possibility of inconsistent decisions on the same patent.

Thank you for your consideration of the above comments.

Respectfully submitted,

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