



PTO-P-2018-0036

July 2, 2018

Andrei Iancu  
Director  
United States Patent and Trademark Office,  
Department of Commerce  
P.O. Box 1450, Alexandria, VA 22313-1450

Re: Submission Concerning the Proposed Revision to the PTAB Rules  
(Changes to the Claim Construction Standard for Interpreting Claims in  
Trial Proceedings Before the Patent Trial and Appeal Board)

Dear Mr. Director:

First of all, let us express our gratitude for your providing us with an opportunity to submit our comment for the public consultation on the proposed revision to the PTAB rules.

We are the Japan Electronics and Information Technology Industries Association ("JEITA"), one of Japan's largest industry organizations, primarily constituted by stakeholders including electronics and information technology (IT) businesses. Our Patent Committee has 20 member companies, of which 10 members are among the top 50 companies in terms of the number of patents granted in the U.S.

These companies, being patent owners and at the same time manufacturers, have active worldwide presences, including in Japan and the U.S.

We believe that our unique position as being representative of both patent owners and manufacturers allows us to gain insight on patent policy measures from a well-balanced point of view. Based on this insight, we would like to make a submission hoping to be of assistance to your making an informed decision on revising the rules on PTAB proceedings.

### **1. Fundamental Point of Issue**

A patent should be invalidated if the scope of protection granted is found to be broader than as otherwise should have been granted. At the same time, it is necessary to prevent an invalidation of a patent which would otherwise have been patented.

We understand that the proposed revision to the PTAB rules seeks to

establish a proper approach for avoiding the invalidation of patents which would otherwise have been patented.

## **2. Approaches to Solution**

Different approaches may be possible for preventing an invalidation of patents which would otherwise have been patented. For example, as with the case of the proposed revision to the PTAB rules currently being contemplated, replacing the claim construction standard with a narrower one that is the same as the standard applied in federal district courts ("Federal District Court Standard") might be a possible option. Alternatively, an approach that would maintain the BRI standard while providing improved opportunities for amendments to claims would also be an option.

Meanwhile, the AIA trial proceedings have been introduced to reduce unnecessary litigations by providing inexpensive means to review patents with the potential of being invalidated. For delving into the best approaches to be taken, this background and goal of introducing the AIA trial proceeding system must be also taken into account so as to ensure that patents containing grounds of invalidity will not survive.

The USPTO proposed the revision to the PTAB rules to apply the approach that would replace the existing claim construction standard; however, other options would also be possible which would solve the fundamental point of issue. All approaches have their respective pros and cons.

Against this backdrop, we believe that the USPTO should delve into various other approaches from diverse points of view to decide on the best approach, without being confined to the approach replacing the claim construction standard from the beginning.

## **3. Consideration for Discussion of Approach to Solution**

### **3-1. Nature of AIA Trial Proceedings**

We understand that the AIA trial proceedings are different in nature from the proceedings before the federal district courts; namely, the latter aims at dispute resolution, whereas the former merely provides the opportunity for the USPTO's review of its initial patent examination under the AIA. As

asserted by the USPTO in the past,<sup>1</sup> the AIA trial proceedings are more closely analogous to USPTO examination proceedings compared to the proceedings before the federal district courts. This fact is also evident from the following: i) unlike the proceedings before the federal district courts, a patent is not presumed to be valid in the AIA trial proceedings, ii) different standards of proof are applied to both proceedings, respectively, and iii) patent owners have opportunities to submit a motion to amend the claims in question in the AIA trial proceedings.<sup>2</sup> Thus, as the AIA trial proceedings aim to revisit the USPTO examination proceedings and therefore can be viewed as a part of examination proceedings, we believe that the BRI standard applied to the examination would be appropriate.

In addition, the BRI standard is applied to the ex-parte reexamination and reissue proceedings. It seems unreasonable to apply different claim construction standards to the same patent in the case of the ex-parte reexamination/reissue and the AIA trial proceedings. This may also create inefficiency for the PTAB in its trial examination process.

### **3-2. Effectiveness of Approaches Other Than Replacement of Claim Construction Standard**

As mentioned above, in order to avoid an invalidation of a patent which would otherwise have been patented, other approaches may also be possible in addition to the replacement of the claim construction standard, for example, an approach that would maintain the BRI standard while providing patent owners with improved opportunities for amendment to patent claims.

The scope of patent protection should be unambiguous, otherwise it may be difficult for third parties to predict what activities might constitute patent infringement, ultimately causing unexpected damages and disadvantages to them. In addition, an ambiguous scope of protection might also create

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<sup>1</sup> "for this procedural purpose, inter partes review is more closely analogous to initial examination (where the petitioner does not dispute the propriety of the broadest-reasonable-construction rule, see Pet. 23-25) than to district-court litigation (where no amendment of contested claims is permitted)." (No. 15-446 In the Supreme Court of the United States, *Cuozzo Speed Technologies, LLC, PETITIONER v. Michelle K. Lee*, Under Secretary of Commerce for Intellectual Property and Director, Patent and Trademark Office, Brief for the Respondent in Opposition, December 2015)

<sup>2</sup> The PTAB explains in its current rules that, for an expired patent or a patent expiring in the course of the proceedings, claim construction pursuant to the principle set forth by the federal district court should be applied since an expired claim is not subject to amendment. This further supports that the AIA review is more similar to examination proceedings compared to the proceedings before the federal district court.

disadvantage for patent owners as it is uncertain whether the patent is free from any ground for invalidity. In reality, there are some cases where a patent application with an obviously ambiguous scope of protection is granted, for example, a patent claiming an overbroad protection beyond the scope of the patent specification. In our opinion, the BRI standard is suitable for making the public clearly understand the scope of patents, as applying this standard leads to clearly demarcating the boundary of claims. In addition, we believe that the approach that would maintain the BRI standard while further improving the opportunity for amendment to claims would effectively protect patent owners from invalidation of their patents which would otherwise have been patented.

Meanwhile, if the Federal District Court Standard is applied for the claim construction in the course of the AIA trial proceedings, the necessity for claim amendment during the AIA trial proceedings would decrease, as this standard leads to narrower interpretation of claims than the BRI standard. Then, without appropriate amendments to limit the scope of claims, there may arise a possibility that a patent with an obviously ambiguous scope of protection compared with the statement of claims may survive, thereby causing unexpected damages to third parties.

### **3-3. Increase of NPEs**

For businesses exposed to risks of unreasonable enforcement actions from NPEs, the AIA trial proceedings can be effective, powerful tools against NPEs. In particular, for enforcement actions by NPEs owning patents containing grounds for invalidation, the AIA trial proceedings based on the BRI claim construction standard have been countermeasures for effectively and properly invalidating these patents.<sup>3</sup> This has also allowed businesses to reduce the risk of unreasonable enforcement actions from NPEs and devote themselves to their activities without being distracted by them, and in turn has contributed to the innovation of the entire industry.

We are concerned that, if the BRI standard is replaced as a result of the

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<sup>3</sup> In the proposed rulemaking, the USPTO explains that 86.8% of patents at issue in AIA trial proceedings also have been the subject of litigation in the federal courts (and therefore the same standard needs to be applied.) However, considering the possibility of instituting the AIA trial proceedings in the course of licensing negotiations, the AIA trial proceedings and litigation in the federal district courts may not always run concurrently. Thus, this data does not necessarily mean that uniformity between claim construction standards for these procedures must be secured.

forthcoming revision, there may be the increased possibility of survival of patents which would otherwise have been invalidated.

### **3-4. Concern Over Increased Burden (Including Costs) of Parties in AIA Proceedings and Protracted Dispute Resolution**

According to the Federal Register dated May 9, 2018, the proposed rulemaking is not economically significant and would cause no additional burden on the procedures. However, at the federal district courts, in general, the evaluation of claim construction requires a large amount of time and costs on the parts of the parties and court. Therefore, applying the same claim construction standard as the federal district court may require the PTAB to conduct such burdensome evaluation in AIA proceedings like those before the federal district court. As a result, we are concerned that this may cause an increased burden on the parties to the AIA trial proceedings and protracted dispute resolution.

### **3-5. Predictability for Third Parties To Use Technology**

AIA trial proceedings (in particular, IPR) are effective tools for revoking patents not meeting the non-obviousness requirement and maintaining non-obvious patents (in other words, invalidating patents that would otherwise have been rejected), and thereby increasing the predictability for third parties to freely use the technology. We believe that this owes to the BRI standard which would give the broadest reasonable construction to claims and delineate the scope of claims to minimize variations in the conclusions on whether to maintain a patent. However, if the BRI standard is replaced with the Federal District Court Standard which would allow a broader possibility for different claim constructions on whether to maintain the patent, there may arise variations in the findings before AIA trial proceedings. If this is the case, a patent containing grounds of invalidity may survive without being invalidated, making it more difficult for third parties to predict the availability of a technology.

## **4. Pending Proceedings**

The Federal Register indicates that the proposed revision will apply to patents subject to pending all IPR, PGR and CBM proceedings before the PTAB. However, for the time being, in order to handle the pending

proceedings after the revision, there seem to remain some points which need to be further clarified, including the following:

i) If, at the time of the institution decision, the BRI standard for claim construction was applicable, is the PTAB required to revisit the institution decision by applying the Federal District Court Standard?

ii) If a patent owner reply has already been submitted, will the PTAB permit the patent owner to submit the reply again after making the claim construction?

Based on the above, in our opinion, the USPTO should establish detailed procedures fair and equitable to both parties, including the timetable.

## **5. Our Proposal**

As mentioned thus far, we consider that the claim construction based on the existing BRI standard should be maintained in the AIA trial proceedings. We believe that the USPTO should delve into other approaches from diverse points of view to decide on the best approach, without being confined to the approach replacing the claim construction standard from the beginning.

Respectfully Submitted,

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