

**REQUEST FOR COMMENTS ON TRIAL PROCEEDINGS UNDER THE AMERICA
INVENTS ACT BEFORE THE PATENT TRIAL AND APPEAL BOARD**

Docket No. PTO-P-2014-0031

Comments by Samsung Electronics Co., Ltd.

October 16, 2014



1.0 INTRODUCTION

Samsung Electronics Co., Ltd. is a leading innovator of technology and is both one of the top United States patent recipients and an active participant in the post-issuance review proceedings created by the America Invents Act (“AIA”). We are grateful for the opportunity to respond to the United States Patent and Trademark Office’s (“PTO”) request for comments on the trial proceedings under the AIA before the Patent Trial and Appeal Board (“PTAB”). In this submission, we provide our comments on issues responsive to some of the questions posed by the PTO. To assist the PTO, we begin with a summary of our responses.

2.0 SUMMARY OF RESPONSES

PTO Question No. 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?

The broadest reasonable interpretation (“BRI”) should continue to apply to unexpired patent claims.

PTO Question No. 2:

What modification, if any, should be made to the Board’s practice regarding motions to amend?

No modification is needed to the Board’s practice of allowing only one substitute claim for each challenged patent claim.

The Board appropriately requires that any proposed substitute claims and amendments be responsive to the ground of unpatentability.

No modification is needed to the Board’s requirement that the Patent Owner bear the burden of proof in demonstrating that proposed amendments overcome assertions of invalidity.

PTO Question No. 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?

The Board should not permit new testimonial evidence in the Patent Owner Preliminary Response.

The definition of “new testimonial evidence” should be clarified.

PTO Question No. 4:

Under what circumstances should the Board permit discovery of evidence of non-obviousness held by 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?

The Board should very rarely, if ever, permit discovery of the Petitioner’s product.

PTO Question No. 5:

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

Any challenge regarding a real party-in-interest should be made by the Patent Owner in response to the petition or in the first filing after institution.

PTO Question No. 6:

Are the factors enumerated in the Board’s decision in *Garmin v. Cuozzo*, IPR 2012-000001, appropriate to consider in deciding whether to grant a request for additional discovery? What additional factors, if any, should be considered?

The Garmin factors and their explanation are appropriate.

PTO Question No. 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 Board should continue to strive for completion of each trial in one year.

PTO Question No. 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?

The Board should consider making Preliminary Responses mandatory with certain disclosure requirements.

3.0 DETAILED COMMENTS IN RESPONSE TO THE PTO’S QUESTIONS

- 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?**

BRI should apply to unexpired patent claims.

When interpreting claims of any patent that will not have expired as of the date on which the Board issues its decision on invalidity, the Board should continue to apply the broadest reasonable interpretation. Giving patent claims their broadest reasonable construction “serves the public interest by reducing the possibility that the claims, finally allowed, will be given broader scope than is justified.” *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984).

Applying BRI during the AIA proceedings leads to clear patent claims that provide the public with better notice of what subject matter falls within the claims. Therefore, applying BRI comports with the Congressional intent that the AIA proceedings “provide a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court.” H.R. Rep. No. 112-98, pt.1, at 48 (2011).

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

No modification is needed to the Board’s practice of allowing only one substitute claim for each challenged patent claim.

Allowing one substitute claim to replace each challenged claim falls in line with the goals of the post-issuance review processes, particularly with respect to the compressed timeline for final decision. This practice gives Patent Owners the incentive to come forward with their best substitute claim and present their strongest validity arguments. Submitting substitute claims can trigger the need for additional prior art searches and invalidity arguments by the Petitioner. Therefore, the number of substitute claims should be kept at a minimum. By contrast, allowing the Patent Owner to expand the number of claims at issue during the proceeding would unnecessarily slow and complicate the proceeding, making it more difficult for the Board to meet the mandated timetable.

Allowing multiple substitute claims would also significantly discourage Petitioners from using the post-issuance proceedings, contrary to Congressional intent that the proceedings serve as a robust alternative to litigation. Petitioners have only a limited amount of time during the proceeding to search for prior art relevant to the new claims and formulate new arguments. Despite this, they will still be estopped from raising future challenges to any substitute claims that are approved by the Board. The problem would multiply with increasing numbers of claims.

The Board appropriately requires that proposed substitute claims and amendments be responsive to the ground of unpatentability.

Post-issuance review is not the appropriate forum for Patent Owners to craft new claims. It is a proceeding intended to test the patentability of patent claims and should,

therefore, allow substitutions and amendments only to the extent necessary to respond to the particular unpatentability arguments presented.

By preventing Patent Owners from amending claims in a way unrelated to the Petitioner's challenge, the Board's current procedures promote efficiency. The compressed AIA schedule does not allow enough time for the Board or the parties to address new, unrelated issues. Further, Petitioners cannot anticipate amendments that are unrelated to the validity challenge and, therefore, face particular difficulty in addressing such amendments within the short timeframe of an AIA trial. Despite that, Petitioners would still face estoppel on any allowed claims. Accordingly, any changes to the Board's current practice would discourage use of the AIA proceedings and their value as litigation alternatives.

No modification is needed to the Board's requirement that the Patent Owner bear the burden of proof in demonstrating that proposed amendments overcome assertions of invalidity.

When a Patent Owner moves to amend a claim in response to an assertion of invalidity, the Board cannot conduct a search of an original examination of the claim. The Board is not a body of original fact finding and any endeavor behave like one would jeopardize the statutory deadline for the proceeding.

The Patent Owner rightfully bears the burden of proof on in demonstrating that proposed amendments can overcome assertions of invalidity. This is not an unfair burden as Patent Owners typically make arguments for why amendments overcome the prior art as a matter of course.

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?

The Board should not permit new testimonial evidence in the Patent Owner Preliminary Response.

New testimonial evidence should not be permitted in the Patent Owner Preliminary Response. The introduction of new testimonial evidence risks converting the institution decision into something it was not intended to be, without the benefit of adequate discovery procedures afforded the parties at trial. Moreover, with only six months for the pre-institution stage, the parties would not have time to properly develop a full record prior to the institution decision.

The Patent Owner will not be prejudiced since it will have an opportunity to fully develop the record post-institution if the Board decides to institute trial.

The definition of “new testimonial evidence” should be clarified.

Many disputes have arisen over what constitutes new testimonial evidence and in certain cases, the Board has permitted arguably new testimonial evidence in a preliminary response. *See, e.g.*, Paper 11, IPR2013-00265. In some cases, Petitioner has had no meaningful opportunity to cross-examine the witness or take discovery of facts that witnesses relied on. *Id.* The Board has adopted no procedure or rule on this topic, and the cases on this topic are scarce enough that there is no clear guidance. As such, all parties would benefit with further guidance.

If a Patent Owner is introducing testimony that has not been subjected to cross examination by the Petitioner, then that testimony should be considered new testimonial evidence. In those situations, the Board should not render the institution decision using

untested testimony. If the new testimonial evidence leads to a decision to not institute any part of a petition, the petitioner is left with little or no recourse to address the issues with the Board or on appeal.

- 4. Under what circumstances should the Board permit discovery of evidence of non-obviousness held by 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?**

The Board should very rarely, if ever, permit discovery of the Petitioner's product.

The Board should very rarely, if ever, permit discovery of the Petitioner's product. Such discovery requests are typically made under the guise of evidence of commercial success to support validity of the patent as a secondary consideration. Discovery on the Petitioner's product could overwhelm the AIA trial process and completely sabotage the efficient procedure focused on validity that Congress intended to create.

For the Patent Owner to rely on the Petitioner's product to show the secondary indicia of commercial success, it must show that the patent actually covers the product, which would lead into issues of infringement. Beyond that, the Patent Owner would also need to show that the Petitioner's product was commercially successful and that the success was caused by the patented feature and not other features of the product. These issues would require evidence far outside the realm of the typical validity analysis and would inappropriately expand the range and expense of an AIA proceeding.

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

Challenges regarding a real party-in-interest should be required to be made by Patent Owners in response to the petition or in the first filing after institution.

To prevent gamesmanship and to conserve Board resources, Patent Owners should be required to raise challenges regarding a real party-in-interest in their preliminary response or first filing following the Board's decision to institute a proceeding. Over the course of the trial, the Board cannot continuously evaluate changing real party-in-interest (or privity) facts. As such, the Board should establish a rule or precedential decision stating that the real party-in-interest (and privity) is determined based on the facts in existence at the time of petition filing.

- 6. Are the factors enumerated in the Board's decision in *Garmin v. Cuozzo*, IPR 2012-000001, appropriate to consider in deciding whether to grant a request for additional discovery? What additional factors, if any, should be considered?**

The *Garmin* factors and their explanation are appropriate.

The Board strikes a fair balance between obtaining meaningful discovery and preventing the expensive, over-discovery often prevalent in district court cases. In particular, factors 1 and 5 together limit the excesses often seen during discovery in district court litigation.

The Board has stressed its desire to maintain the 1-year trial schedule. A major threat to that goal is the discovery process. Parties seeking burdensome discovery or seeking discovery late in the trial process could cause severe schedule disruption and significant expense.

- 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 Board should continue to strive for completion of each trial in one year.

The Board's current goal on completing trials within the one-year period has been a major driver of the widespread adoption of the AIA procedures. Significant benefits of AIA trials include the early resolution of validity issues and the reduction of overlapping district court activity. Because the majority of AIA trials have corresponding district court litigation, any

extension of the one-year period could impact the district court litigation. Courts have cited the one-year period as a reason for granting stays of district court litigation. Therefore, any systematic extension of the one-year period could reduce the willingness of district courts to grant stays pending an AIA trial outcome.

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?

The Board should consider making Preliminary Responses mandatory with certain disclosure requirements.

The Board should consider making Preliminary Responses mandatory and require the Patent Owner to provide certain information, including, for instance, antedating facts. Making certain disclosures mandatory would not increase burden on the Patent Owner. Rather, making early disclosures mandatory merely shifts the Patent Owner's current obligations to an earlier phase of the process so the entire process can unfold efficiently.

Many practitioners currently counsel against Patent Owners providing a Preliminary Response, which if followed, does not allow the Board or the Petitioner to learn important information earlier in the proceeding.