



October 16, 2014

Submitted electronically via: trialsRFC2014@uspto.gov

The Honorable Michelle K. Lee
Deputy Under Secretary of Commerce for Intellectual Property
and Deputy Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

**Re: Request for Comments on Trial Proceedings Under the America Invents Act
Before the Patent Trial and Appeal Board, 79 Fed. Reg. 36474 (June 27, 2014)**

Dear Deputy Under Secretary Lee:

The Internet Association appreciates the opportunity to provide comments in response to the request by the United States Patent and Trademark Office (“USPTO”) for comments on trial proceedings under the America Invents Act (“AIA”) before the Patent Trial and Appeal Board (“Board”) published in the Federal Register on June 27, 2014 (“Request”).

We represent leading Internet companies and their global community of users.¹ The Internet Association is dedicated to advancing public policy solutions to strengthen and protect Internet freedom, foster innovation and economic growth, and empower users.

Our comments respond to the issues raised in the Request. In the AIA, Congress directed the USPTO to implement *inter partes* review, post-grant review, and post-grant review of covered business methods (collectively, “AIA trials”). See 35 U.S.C. §§ 316(a), 326(a). The statutes governing these AIA trials are designed such that a petitioner is required to present its arguments and give the patent owner notice in the preliminary phase of these trial proceedings. This prevents harassment of patent owners while providing a cost-effective alternative to federal court litigation for petitioners who have made a threshold demonstration of unpatentability.

Congress directed the USPTO to implement these trial provisions in order to balance the effect on the economy, the integrity of the patent system, the efficient administration of the Office, and

¹ The Internet Association represents the world’s leading Internet companies including: Airbnb, Amazon, AOL, Auction.com, eBay, Etsy, Expedia, Facebook, Gilt, Google, Groupon, IAC, LinkedIn, Lyft, Monster Worldwide, Netflix, Practice Fusion, Rackspace, reddit, Salesforce.com, Sidecar, SurveyMonkey, TripAdvisor, Twitter, Uber Technologies, Inc., Yelp, Yahoo!, and Zynga.



the ability of the Office to timely complete the proceedings. *See* 35 U.S.C. §§ 316(b), 326(b). The USPTO’s administrative trial rules and practice guide achieve this goal. Therefore, as detailed in the comments below, it is our position that the USPTO should largely continue with its current rules and practice for implementing these proceedings.

I. CLAIM CONSTRUCTION STANDARD – ISSUE NO. 1

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 Internet Association strongly supports the Board’s current practice of construing patent claims under their broadest reasonable interpretation (“BRI”) in the trial proceedings under the AIA. The PTAB is undoubtedly aware of the longstanding accepted use of the BRI standard in USPTO proceedings and the policies supporting its use. Therefore, we will only make a few points.

BRI is the only workable solution without statutory changes to the AIA proceedings. Indeed, the modern district court interpretational approach is complex and time consuming. It minimizes the likelihood that the district court’s interpretation will be reversed on appeal by forcing the parties to confer and agree to as much of the interpretation as is possible. To facilitate this agreement, district courts have adopted lengthy meet and confer, briefing, and hearing procedures to ascertain the meaning of claim terms. While expensive, lengthy, complex, and burdensome, by forcing the parties to narrow their interpretational differences, this approach minimizes the likelihood of an error that a party can appeal without having invited an error by agreeing to an interpretation.

This lengthy and complicated claim construction process is unworkable in the accelerated AIA proceedings. The short statutorily mandated period for a final decision means that the Board lacks the luxury of time that district court proceedings have. In addition, switching to the district court interpretational approach would put accused infringers in an untenable position. Many AIA proceedings are initiated either without any parallel litigation or are brought early in the litigation before the patent owner has stated its interpretation of the claims. Switching from the BRI to the district court interpretational approach would force the petitioner to guess in its petition the dozens of possible positions the patent owner may take to avoid invalidity. Indeed, this is nearly impossible as the petitioner will typically have no knowledge of the patent owner’s contention in its proceedings. The result would be to force the petitioner to guess at multiple possible positions rather than focusing on a single interpretation as followed by the BRI.

Another important rationale is that the BRI standard is appropriate in proceedings before the USPTO because patent owners have the opportunity to amend claims. The AIA trials are no



different in that a patent owner may move to amend claims once as a right, and may present additional motions to amend upon a showing of good cause. *See* 35 U.S.C. § 316(d), 326(d).

In keeping with this rationale, the PTAB should deviate from the BRI standard only in scenarios where it is evident at the time a petition is filed that the patent owner will not have the opportunity to amend claims, such as when a patent will expire naturally or by terminal disclaimer before a final decision is issued by the PTAB. Indeed, this approach is consistent with current Board practice. *See, e.g., Toyota Motor Corp. v. Hagenbuch*, IPR2013-00483, Paper No. 21 at 2-3 (Apr. 16, 2014) (applying “the proper non-BRI construction” to a patent that expired ten days after the decision to institute); *Amkor Tech., Inc. v. Tessera, Inc.*, IPR2013-00242, Paper No. 117 at 3 (Apr. 14, 2014) (holding a terminal disclaimer filed late in the proceeding in abeyance until the conclusion of the IPR and refusing to construe the patent claims under the standard used by district courts).

II. MOTION TO AMEND – ISSUE NO. 2

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

The Internet Association also strongly supports the Board’s current practice regarding motions to amend, as outlined in *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2014-00027, Paper No. 26 (June 11, 2013). The practices are consistent with Congress’s direction to the USPTO for implementing AIA. They strike an appropriate balance between the public’s interest in challenging the patentability of questionable patents and a patent owner’s interest in maintaining patent protection for a legitimate invention. Unlike during prosecution of a patent application or during a reexamination or reissue proceeding, the Board does not conduct a prior art search or perform an examination during the AIA trials. Therefore, the Board appropriately requires that proposed amendments be responsive to the invalidity arguments and that a patent owner must establish a *prima facie* case of patentability of proposed substitute claims. In addition, by establishing a presumption that only one substitute claim may be added for each canceled claim, the Board ensures that the proceeding can be completed within the statutory time frame.

The Board, however, has strictly adhered to a fifteen-page, fourteen-point-font, double-spaced limit on motions to amend, making it unwieldy for patent owners to sufficiently support their amendments, despite the potential patent owner estoppel effects. The Board’s strictness may explain why patent owners have largely been unsuccessful in amending claims in these AIA trials. The Internet Association proposes a few options for minor modifications to the Board’s current motions to amend practice that would ease the burden placed on patent owners without impacting the Board’s twelve-month statutory mandate for issuing final decisions.



One option is a moderate increase to the page limits for motions to amend, as well as oppositions and replies. Preferably, the increase would be provided by rule, as relaxing the standard for granting motions for additional pages would likely burden the Board with additional teleconferences and motions practice. A second option is to allow patent owners to present the listing of proposed substitute claims in an appendix that does not count towards the fifteen-page limit. A third option is to allow the patent owner to allocate the seventy-five total number of pages available for the patent owner response and motion to amend, such that the patent owner could, for example, allocate fifty pages to the patent owner response and twenty-five pages to the motion to amend. The Board has taken a similar approach before. *See Syntroleum Corp. v. Neste Oil OYJ*, IPR2013-00178, Paper No. 36 at 2 (Nov. 6, 2013) (“Given the subject matter, as well as the fact that Neste is not filing a Patent Owner response, the Board authorized three additional pages for the motion to amend claims.”). Each of these options would likely have no effect on the Board’s ability to issue a final decision by the statutory deadline, and, in fact, may provide efficiencies by reducing the number of teleconferences and motions practice regarding page limits.

III. PATENT OWNER PRELIMINARY RESPONSE – ISSUE NO. 3

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?

Again, The Internet Association generally supports the PTAB’s current practice regarding testimonial evidence in patent owner preliminary responses. The USPTO should, however, consider letting the patent owner submit testimonial evidence if the patent owner makes a threshold showing as to why the evidence is necessary (*e.g.*, through a showing of good cause).

IV. OBVIOUSNESS – ISSUE NO. 4

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?

The Board should continue its current practice of limiting discovery of evidence of non-obviousness to only those instances where the patent owner clearly establishes in its motion that the additional discovery is “in the interest of justice” and meets the threshold discussed in *Garmin International, Inc. v. Cuozzo Speed Technologies, LLC*, IPR2012-00001, Paper No. 26 at 8 (Mar. 5, 2013). Discovery of petitioner regarding commercial success of the patented invention will rarely, if ever, be appropriate. As a threshold matter, to establish the required nexus and show that the request would generate “useful” information, the patentee must



demonstrate that the petitioner's product incorporates the patented invention and that sales of the product are due to an inventive feature claimed by the patentee and not other features of the product. (See *Garmin*, Paper No. 26 at 8-9). Even if that factor is satisfied, however, other factors counsel against granting discovery related to commercial success. For instance, patentees can generate equivalent information by other means, such as conducting their own market surveys. *Id.* at 13-14. In most cases, discovery of commercial success will be overly burdensome and contrary to Congress's design of the AIA proceedings as low-cost, time-limited alternatives to litigation. Relying on discovery of the petitioner's product to establish evidence of commercial success rather than the patentee's product (as is the case in *ex parte* proceedings) would overwhelm the AIA proceeding by importing contested infringement and market analyses into an already strained timeline. See generally, *Square, Inc. v REM Holdings 3, LLC*, IPR2014-00312, Paper No. 23 (Sept. 15, 2014).

In terms of limits, however, if the patent owner makes the requisite showings on each of the *Garmin* factors to establish entitlement to discovery of secondary considerations, the Board should then permit the patent owner to issue only a reasonable number of document requests and allow for testimony only when the responses to the document requests are not sufficient.

V. REAL PARTY IN INTEREST – ISSUE NO. 5

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

The Board should continue with its current practice of considering a challenge regarding who is a real party in interest at the time of filing during the preliminary proceedings, before the Board and the parties expend time and money litigating the merits. See *Zoll Lifecor Corp. v. Philips Electronic North America Corp. et. al.*, IPR2013-00606, Paper No. 13 at 8 (Mar. 20, 2014) (affirming that challenges to a real party in interest is a threshold issue under 35 U.S.C. § 312(a) and 37 C.F.R. §42.8(b)(2)). Accordingly, the patent owner should be encouraged to raise such issues as soon as possible. The Board should, however, consider allowing the patent owner to challenge a real party in interest later in a proceeding, but only if the patent owner is able to show why it could not have raised the issue earlier in the proceeding.

VI. ADDITIONAL DISCOVERY – ISSUE NO. 6

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?

The factors enumerated in the Board's decision in *Garmin* are appropriate. The Board should continue to apply those factors when deciding whether to grant a request for additional discovery.



VII. MULTIPLE PROCEEDINGS – ISSUE NOS. 7-13

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.

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?

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?

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

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.

It is in the Board’s discretion whether to “stay, transfer, consolidate[e], or terminat[e]” any other proceeding in the USPTO “involving the patent” pending an *inter partes* review or post-grant review proceeding. See 35 U.S.C. §§ 315(d), 325(d). The Internet Association agrees with the Board’s current practice of determining whether to exercise its authority based on the particular facts of each case. As the Board has recognized, by exercising its authority under §§ 315(d) and 325(d), the Board could potentially avoid duplicative USPTO proceedings and inconsistent decisions, as well as simplify issues in other proceedings. See, e.g., *Motorola Solutions, Inc. v. Mobile Scanning Technologies, LLC*, IPR2013-00093, Paper No. 20 (Jan. 31, 2013).

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?

The Board should continue with its current practice of determining, on a case-by-case basis, whether to stay an AIA trial in favor of a copending reissue or reexamination proceeding. The Internet Association encourages the Board to consider staying an AIA trial only where a reissue or reexamination proceeding is close to completion. In these limited instances, a stay could avoid possible inconsistencies between the proceedings and a waste of resources.



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?

The Board should only consider rejecting a petition for an AIA trial when the petition raises the same or substantially the same arguments and evidence previously presented to the USPTO (*e.g.*, during original prosecution, reexamination, reissue, or an AIA trial) that was rejected after consideration on the merits by the USPTO. *See* 35 U.S.C. § 325(d).

VIII. EXTENSION OF DEADLINE FOR FINAL DETERMINATION – ISSUE NO. 14

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 Internet Association agrees with the Board’s current practice of determining, on a case-by-case basis, whether good cause exists to extend the 1-year period for the Board to issue a final determination in an AIA trial. As recited in the USPTO’s response to comments regarding the proposed rules for implementing the AIA, “[w]hether good cause is shown will depend on the particular facts of a given case and cannot be articulated with certainty in the abstract.” 77 Fed. Reg. 48680, 48695 (Aug. 14, 2012). As an example, the USPTO explains that good cause may be shown “where, through no fault of either party, new evidence is uncovered late in the proceeding that necessitates a motion to amend the patent.” *Id.* We agree with the USPTO, and provide a few additional circumstances that may constitute good cause: where multiple AIA trials are consolidated or joined, where there are a large number of parties involved, and where the trial involves complicated discovery issues.

IX. ORAL HEARING - ISSUE NOS. 15-16

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

The Internet Association agrees with the Board that live testimony will not be necessary at oral hearings. *See* 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012). We also agree with the Board that live testimony may be beneficial in limited circumstances, as determined on a case-by-case basis, such as when the demeanor of a witness is critical to assess credibility. *See K-40 Electronics, LLC v. Escort, Inc.*, IPR2013-00203, Paper No. 34 at 2-4 (May 21, 2014).

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

The Internet Association supports the Board’s current format, and does not suggest any changes.



X. GENERAL – ISSUE NO. 17

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 Internet Association believes the Board should reconsider its strict redundancy practice. We understand that the Board is under strict time pressures and adopting multiple grounds for rejection may slow down a proceeding, but a Board decision not to institute grounds for redundancy is, by statute, “final and nonappealable.” 35 U.S.C. §§ 314(d), 324(d). Thus, we encourage the Board to alter its redundancy practice to better balance the Board’s need to minimize the administrative burden of dealing with multiple, similar grounds, and the petitioner’s rights afforded under the statute to challenge a patent. For example, the Board should be more willing to adopt both §§ 102 and 103 grounds where the § 102 grounds include an inherency argument that may be subject to attack during the proceeding. In another example, the Board could have the petitioner select a certain number of grounds to maintain in the proceeding after the institution decision.

The Board should consider providing a petitioner a short reply if the patent owner files a preliminary response. Under current practice, the patent owner can file a preliminary response but the petitioner does not get an automatic reply. Providing for an automatic reply will allow a petitioner to respond to patent owner’s arguments and evidence and give the Board an opportunity to consider a more complete record. Indeed, in the past, the Board has, in certain cases, authorized a reply to patent owner’s preliminary response or asked for additional briefing.

Likewise, the Board should consider a reasonable increase in the number of pages for petitioner’s reply to patent owner’s response. The patent owner is currently afforded 120 pages to respond to a petition in an IPR proceeding and 160 pages to respond to a petition in a PGR proceeding (including the patent owner preliminary response and patent owner response). The petitioner, in contrast, is only afforded fifteen pages to respond. The Internet Association believes that an increase in the number of pages for the petitioner’s reply would be equitable and would allow for a more complete record.

Finally, the Board should permit one or both parties to file papers including claim construction orders from co-pending litigations and statements made in co-pending litigations, etc. For example, the Board could authorize motions to file supplemental information and lower its standard for granting such motions. This would allow the Board to consider, to the extent they are relevant, those positions in its determination of patentability.



XI. CONCLUSION

The Internet Association commends the USPTO for its efforts and appreciates the consideration of its comments.

Respectfully Submitted,

/s/ Gail Slater
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The Internet Association