



**IN THE MATTER OF REQUEST FOR COMMENTS ON MOTION TO AMEND  
PRACTICE AND PROCEDURES IN TRIAL PROCEEDINGS UNDER THE AMERICA  
INVENTS ACT BEFORE THE PATENT TRIAL AND APPEAL BOARD**

**Docket No. PTO-P-2018-0062 (Oct. 29, 2018).**

**COMMENTS OF THE ELECTRONIC FRONTIER FOUNDATION**

The Electronic Frontier Foundation (“EFF”) welcomes the opportunity to provide comments regarding the United States Patent and Trademark Office’s (“USPTO”) Request for Comments on Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board, Docket No. PTO-P-2018-0062 (Oct. 29, 2018).

EFF is a nonprofit civil liberties organization that has worked for more than 25 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 37,000 dues-paying members who care deeply about ensuring that intellectual property law in this country serves the goal set forth in the Constitution: promoting the progress of science and technological innovation.

**I. Introduction**

Congress established new trial procedures when it passed the America Invents Act of 2011 (“AIA”) in order to provide a more efficient and effective alternative to litigation in district court and reexamination at the USPTO. Our comments are informed by EFF’s own experience as a petitioner in an inter partes review (IPR2014-00070). For this reason, EFF strongly supports procedures that provide smaller companies affordable options for responding to a patent threat. We urge the PTO to make AIA trial proceedings as fair and accessible as possible for smaller companies who often cannot afford the immense costs of defensive patent litigation.

EFF is deeply concerned that the USPTO’s proposed change to claim amendment procedures will undermine the ability of AIA proceedings to serve the goals for which they were created. The easier it is for patent owners to amend claims in AIA proceedings, the harder it will be for those proceedings to improve the efficiency of patent litigation or quality of issued patents. That is because patent owners will be able to shift the goal posts once review proceedings are instituted by changing the language of their claims and thus changing the scope of prior art relevant to their validity while creating potential new grounds that are not amenable to resolution in AIA proceedings, such as invalidity under Section 112. The result will be more invalid patent claims and more district court litigation—exactly what AIA proceedings are supposed to prevent. Claim amendment procedures should not be changed to produce results that contravene Congress’s purpose in creating AIA proceedings.

The timing of the USPTO's decision to change claim amendment procedures provides further grounds for concern. The USPTO recently announced that the *Phillips* claim construction standard would govern AIA proceedings before the patent and Trial Appeal Board ("PTAB") rather than the broadest reasonable construction standard governing examination and reexamination. To justify that change, USPTO relied on the need to align district court litigation and AIA proceedings. Allowing patent owners to amend claims is incompatible with the *Phillips* standard as well as the justification given for its adoption. If patent owners can amend claims, it is imperative that those claims receive their broadest reasonable interpretation. The USPTO has recognized that through its history. The decision to adopt a narrow claim construction standard *and* lower the bar for claim amendments is a striking departure from USPTO's longstanding practices and precedent.

We urge the USPTO to reconsider its decision to take this approach in AIA proceedings because it is unprecedented, incompatible with precedent, and contrary to the AIA's goals of enhancing innovation and efficiency in this country. At the very least, the USPTO should wait to adopt any such change until it can assess the effect of the change to the *Phillips* claim construction on the time-to-resolution of AIA proceedings from institution through the resolution of any appeal to the U.S. Court of Appeals for the Federal Circuit.

## **II. The USPTO Should Not Make it Easier for Patent Owners to Amend Claims Following Institution of AIA Proceedings.**

### **A. The AIA Only Authorizes Procedures for Allowing Motions to Amend that Seek to Cancel Claims or Propose a Reasonable Number of Substitute Claims.**

Patent owners should only be permitted to cancel claims or propose a reasonable number of substitute claims. They should not be permitted to use AIA proceedings to claim entirely new matter or draft entirely new patent claims. That approach follows directly from the words Congress used:

The Director shall prescribe regulations . . . setting forth standards and procedures for **allowing the patent owner to move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims**, and ensuring that any information submitted by the patent owner in support of any amendment entered under subsection (d) is made available to the public as part of the prosecution history of the patent.

35 U.S.C. § 316(a)(9) (emphasis added).

In authorizing the Director to make regulations allowing only amendments to cancel claims or propose a reasonable number of substitute claims, Congress provided far less authorization than it had for amendments in inter partes reexamination proceedings. Prior to the AIA, Section 316 directed the Director to issue a certificate "incorporating in the patent **any proposed amended or new claim** determined to be patentable." 35 U.S.C.A. § 316 (West) (2012) (2002 Amendments. Pub.L. 107-273, § 13202(c)(1), amended Pub.L. 106-113,

§ 1000(a)(9) [Title IV, § 4604(a)] (enacting this chapter), requiring no change in text) (emphasis added).

The AIA thus narrowed the range of permissible amendments to include only cancellations and a reasonable number of substitutes. That makes sense: allowing patent owners to introduce new matter or entirely new claims will prevent AIA proceedings from serving as an efficient mechanism for resolving disputes over invalid patents.

**B. Data from Reexamination Shows That Making it Easier for Patent Owners to Amend Claims After Institution of AIA Proceedings Will Undermine Their Ability to Improve Patent Quality and the Efficiency of Patent Litigation.**

The USPTO's experience with reexamination shows that patent owners will exploit opportunities to amend claims if permitted. As this Office is aware, reexamination proceedings to challenge issued patents were available before the AIA's enactment, and those proceedings generally resulted in amended claims. According to the USPTO's data, 26% of the *ex parte* reexamination proceedings conducted from July 1981 through June 2007 resulted in all claims confirmed, 10% resulted in all claims cancelled, and **64% resulted in claims amended and allowed**.<sup>1</sup> Because patent owners were able to amend claims during reexamination, they could re-draft claims that would otherwise have been cancelled. The result was more—and more expensive—district court litigation, not less. That is why Congress decided to create a more effective means of post-issuance review when enacting the AIA. The USPTO's current proposal would effectively undo Congress's efforts by undoing the structural differences Congress put in place to ensure rigorous post-issuance review of invalid patents.

The more patent claims that emerge amended from AIA proceedings, the greater the uncertainty and cost of litigation in district court. Claim amendments likely change the issues relevant to validity, and thus the relevance of the grounds on which the petitioner sought review. That either means the proceeding can no longer be effective or that the petitioner's challenge must effectively begin again. And any ongoing litigation involving an amended patent—including litigation involving parties not participating in the AIA proceeding—will need to begin again to account for invalidity and infringement issues specific to the reissued claim.

Claim amendments also add uncertainty and inefficiency because they create entirely new problems of intervening rights of third parties. Courts will have to ensure that those who infringe only a re-issued claim do not lose their right to continue conduct that would not have infringed before the amendment. Allowing patent owners to amend claims in AIA proceedings will add to the already-excessive uncertainty and inefficiency of patent litigation in district court.

Making it easier for patent owners to amend claims following in AIA proceedings will encourage the use of such proceedings to gain strategic leverage in litigation, increase the cost and complexity of district court litigation, and make the meaning of patent claims more uncertain

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<sup>1</sup> Roger Shang, *Inter Partes Reexamination and Improving Patent Quality*, Northwestern J. of Tech. and Intellectual Property Law 185, 188, Vol. 7 No. 2 (Spring 2009) (citing L. Kryza, *Inter Partes Reexamination Filing Data* (June 30, 2007) (unpublished USPTO report circulated to practitioners, on file with author)).

and unpredictable in the eyes of the public.<sup>2</sup> EFF hopes the USPTO will not adopt procedures make AIA proceedings as ineffective and disproportionately favorable to patent owners as the reexamination proceedings they were meant to displace.

### **C. Allowing Claim Amendments in AIA Proceedings Is Incompatible with the *Phillips* Claim Construction Standard the USPTO Recently Adopted.**

Now that the USPTO has abandoned the broadest reasonable interpretation (“BRI”) standard in AIA proceedings and adopted the *Phillips* standard that district courts employ in order to harmonize AIA proceedings with those in district court, such harmonization counsels in favor of making amendments harder, not easier, in AIA proceedings.

A patent owner’s ability to amend claims is relevant to the claim construction standard because, as this Office explained, “[w]hen confronted with an ambiguity in a patent claim, rather than apply the broadest reasonable construction, a court must, if possible, resolve an “ambiguity in the claim language . . . in a manner that would preserve the patent’s validity.” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1327 (Fed. Cir. 2005) (en banc). Resp. Br. 19, *Cuozzo Speed Technologies, LLC v. Lee*, 2016 WL 1165967 (U.S.). That is because, “unlike the PTO, a court construing an ambiguous patent claim cannot invite the patentee to resolve the ambiguity by making clarifying amendments to the claim language.” *Id.* (citations omitted). Now that the USPTO has adopted the *Phillips* standard in AIA proceedings, the only way to align AIA proceedings with those in district court is to limit a patent owner’s ability to amend claims to cancellations and substitutions that are reasonable in number.

If patent owners are permitted to avoid the full scope of potentially relevant prior art by invoking the *Phillips* standard *and* writing entirely new patent claims, the result will be more issued patents of uncertain and unpredictable scope. If review is instituted, patent owners will be able to move the goal posts by writing new claims instead of having to defend the claims that the petitioner actually challenged. That will necessitate more district court litigation, not less. Now that the BRI standard is employed only in the examination process, patent owners should be encouraged to make substantive amendments and introduce new matter at that stage. The plentiful opportunities for amendment that exist during examination have already led the Supreme Court to conclude that no unfairness results from existing limitations on claim amendments in AIA proceedings. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2145 (2016).

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<sup>2</sup> These are similar to concerns affecting pre-AIA reexamination proceedings. *See* Michael J. Mauriel, *Patent Reexamination’s Problem: The Power to Amend*, Duke L. J., 46:135, 147 (“The power to amend frustrates the goals of patent reexamination by encouraging the use of reexamination as a strategic adjunct to litigation and by increasing uncertainty about the validity of patents.”).

**III. If the USPTO Changes Claim Amendment Practices, It Must Ensure AIA Proceedings Do Not Produce More Invalid Patents by Requiring Examination of Amended Claims and Proof of Patentability from Patent Owners.**

**A. To Ensure AIA Proceedings Do Not Cause Uncertainty and Inefficiency, the USPTO Must Examine All Amended Claims Prior to Issuance and Review All Instituted Claims Within the AIA’s Statutory Time Limits.**

The USPTO’s responsibility is to evaluate patent applications, not to facilitate settlement between litigants. Accordingly, the USPTO must fulfill its duty to ensure that any amended claims receive a full examination prior to issuance. However, the USPTO must ensure that this does not disturb the statutory time limits for the conclusion of AIA proceedings. Therefore, EFF believes the USPTO should require the PTAB to conclude review proceedings following institution without being delayed while the amended claims receive a full and thorough examination as any applied-for claims would. Otherwise, there is a grave risk that AIA proceedings will allow patent owners to receive grants for invalid patents. Not only are petitioners ill-equipped to conduct full prior art searches following claim amendments that may reduce their liability for infringement, there are many grounds of invalidity not available in AIA proceedings. Accordingly, the USPTO must ensure that a full and rigorous examination for compliance with all requirements of patentability, including those of Section 112, which cannot be raised as a ground of invalidity in any AIA proceeding.

**B. The USPTO Should Engage in Formal Rulemaking Procedures to Place the Burden of Proving Amended Claims Patentable on Patent Owners.**

Should the USPTO decide to adopt new claim amendment procedures in AIA proceedings, it should place the burden of establishing patentability for amended claims on the shoulders of patent owners. As EFF has previously explained,<sup>3</sup> on a motion to amend, the patent owner is incentivized to receive the broadest grant of exclusivity possible. But should a patent owner propose amendments which would take a petitioner outside the scope of infringement, the petitioner is generally not incentivized to present fully articulated and investigated arguments as to why the proposed claim is not patentable. Indeed, a petitioner may choose to not oppose a motion to amend if it is confident it would not infringe any amended claim, given the costs involved in opposing. By placing the burden on the patentee to show the proposed amended claims are patentable, the PTAB recognizes the relative incentives of the parties and better insures that it allows only those claims that are, in fact, patentable. This also maintains the normal burdens that would apply in any prosecution where the applicant amends claims after a non-final rejection. *See* 37 C.F.R. 1.111(c) (requiring the applicant to “clearly point out the patentable novelty which he or she thinks the claims present in view of the state of the art disclosed by the references cited or the objections made”).

Should the burdens be reversed, the PTAB runs a much higher risk of allowing claims that are not novel or nonobvious over the prior art. The patentee may submit amended claims, and the petitioner, so long as it is outside the scope of the claims, will not raise a full challenge to the claims. Without that challenge, the patent owner may receive a patent without substantive

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<sup>3</sup> [https://www.uspto.gov/sites/default/files/ip/boards/bpai/eff\\_20141016.pdf](https://www.uspto.gov/sites/default/files/ip/boards/bpai/eff_20141016.pdf).

presentment or challenge on the merits. This could result in a right to exclude without any showing of entitlement to that grant, and with less of a burden than required to receive a patent in the first instance. It is hard to imagine a result that is more anathema to the AIA's goal than a procedure that would allow new invalid patent claims to issue.

EFF emphasizes its agreement with the conclusion the USPTO previously reached:

Although . . . other procedures would streamline presenting a motion to amend, the Office remains concerned that if such a motion to amend were granted, the substitute claims become part of an issued patent without any further examination by the Office. To account appropriately for this lack of independent examination of substitute claims, the Office has required the patent owner to show in its motion to amend patentability over: (a.) Any material art in the prosecution history of the patent; (b.) any material art of record in the current proceeding, including art asserted in grounds on which the Board did not institute review; and (c.) any material art of record in any other proceeding before the Office involving the patent, in addition to showing patentability over prior art of record in the proceeding. The Office agrees with one commenter that such a requirement does not place an onerous or undue burden on patent owner.

Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, Docket No. PTO-P-2015-0053(Apr. 1, 2016), <https://www.federalregister.gov/documents/2016/04/01/2016-07381/amendments-to-the-rules-of-practice-for-trials-before-the-patent-trial-and-appeal-board> (81 Fed. Reg. 63 at 18754).

Nothing has changed to undermine the USPTO's conclusion that motions to amend require independent examination of substitute claims as well as a showing of patentability from patent owners. To the extent the USPTO ultimately disagrees with its previous conclusion, it should therefore explain the grounds for doing so and provide support for any assertions about the impact of such change.

### **C. The USPTO Should Continue to Assign to Patent Owners the Burden of Persuasion Regarding the Patentability of Proposed Substitute Clams.**

Although the Federal Circuit's *en banc* opinion in *Aqua Products v. Matal* was fractured, a majority of the court voted to *uphold* the USPTO's decision to assign to patent owners the burden of persuading the PTAB that proposed amended claims are patentable. Six judges joined Part III of Judge Taranto's opinion—Chief Judge Prost, Judge Dyk, Judge Reyna, Judge Chen, Judge Hughes, and of course, Judge Taranto. That is crystal clear from the first paragraph of the opinion, which states:

Most of this opinion sets forth a full analysis supporting the following two legal conclusions that are joined by a majority of the court—the four Judges signing on to this opinion in full and Judges Dyk and Reyna. First, in an *inter partes* review (IPR), 35 U.S.C. § 316(a) authorizes the Director of the Patent and Trademark Office (PTO) to address who has the burden of persuasion on the patentability of

substitute claims that the patent owner proposes to add to the patent in a motion to amend the patent. Second, 35 U.S.C. § 316(e) does not unambiguously bar assigning that burden to the patent owner. This opinion also notes my agreement with the majority conclusion, set forth in Judge Reyna's opinion, that certain PTO regulations imposing burdens of production on the patent owner are undisturbed and therefore applicable on remand in this case.

*Aqua Prod., Inc. v. Matal*, 872 F.3d 1290, 1342 (Fed. Cir. 2017) (Taranto, J.); *see also id.* at 1345 n.2 (“[N]othing in today's decision casts doubt on the PTO's authority or prescriptions regarding the burden of producing evidence or duties to address specified matters in pleadings or other filings.” *Aqua Prod., Inc. v. Matal*, 872 F.3d 1290, 1345 n.2 (Fed. Cir. 2017) (citing Reyna Op. 1340–42)).

Moreover, Judge Reyna's opinion, joined by Judge Dyk, makes clear that there will be no deference given to the agency's decision to assign the burden of persuasion on either party unless it “do[es] so through the promulgation of a regulation consistent with the APA, 5 U.S.C. § 553.” *Aqua Prod., Inc. v. Matal*, 872 F.3d 1290, 1338–39 (Fed. Cir. 2017) (Reyna, J.). The USPTO should therefore promulgate a Notice of Proposed Rulemaking pursuant to the APA before implementing any final regulation regarding the burden of persuasion for amended claims in AIA proceedings.

That process would also allow the USPTO to consider in full the costs and consequences of facilitating more claim amendments. Such consideration is necessary, especially given the increased burden on the PTAB as a result of the Supreme Court's decision in *SAS* to require institution of all (rather than some) challenged claims and the USPTO's decision to require the PTAB to respond to all grounds of challenge raised. Those changes, combined with the more exacting *Phillips* claim construction standard, mean the PTAB's workload will increase. There is no reason to create even more work for the USPTO by allowing patent owners to introduce entirely new patent claims upon institution of AIA proceedings. That will give patent owners undue leverage to use AIA proceedings to distort the meaning of their claims and undermine rather than improve the efficiency of patent litigation.

#### **IV. Conclusion**

We urge the USPTO to reconsider the changes to the claim amendment process in AIA proceedings that it has proposed. If implemented, the process will allow patent owners to use AIA proceedings to rewrite patent claims that should never have issued. The result will be more uncertainty and more unpredictability as to the scope and quality of issued patents, which in turn will necessitate more district court litigation. In short, the proposed changes to PTAB trial practice and procedure will undermine the efficiency of patent litigation and the quality of issued patents. That is exactly the opposite of what the AIA proceedings were created to achieve.

Respectfully submitted,

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