



THE
AMERICAN
CONSERVATIVE
UNION
FOUNDATION

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United States Patent and Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22313

RE: PTAB Rules of Practice for Instituting on All Challenged Patent Claims and All Grounds and Eliminating the Presumption at Institution Favoring Petitioner as to Testimonial Evidence Docket No. PTO-P-2019-0024

To whom it may concern:

The American Conservative Union Foundation (ACUF) expresses its support for the proposed changes in the Rules of Practice before the Patent Trial and Appeal Board (PTAB) and commends the Patent and Trademark Office for submitting these proposals for public comment. Although ACUF supports all three proposed changes, the present submission will address only: **(I)** the amendment which brings the PTAB rules into compliance with Supreme Court’s decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018) and **(II)** the amendment that places burden of proof on the party seeking relief. These amendments are of particular importance to the well-functioning of the American patent system.

I.

The proposed amendments to 37 CFR § 42.108(a) and § 42.208(a) which would limit the PTAB, at the institution stage, to two options: **(1)** institute review on all claims that the petition for review has challenged or **(2)** no review at all — are not only necessary to comport with the Supreme Court’s opinion in *SAS*, but also makes eminent policy sense.

The Supreme Court has conclusively settled the meaning of the statutory language and held that 35 U.S.C. § 318(a) requires the Patent Office to institute review on an “all or nothing” basis. But even had the Supreme Court not mandated this approach, it is still better suited to achieving Congressional goals of “establish[ing] a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” *See* Press Release, Sen. Patrick Leahy, Senate Begins Debate on Leahy-Smith America Invents Act (Sept. 6, 2011). However, partial institutions undermine these goals.



The America Invents Act (AIA) balanced the new post issuance administrative review proceedings with estoppels provision so as to avoid harassment of patentees through repetitive and duplicative litigation. *See* 157 Cong. Rec. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley). Yet, prior to SAS, the Patent Office took the position that estoppel does not apply to claims which were challenged in a petition for review, but on which review was not instituted. *See Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016), *cert. denied*, 137 S. Ct. 374 (2016). This permitted petitioners to continually challenge patent claims until one of the challenges succeeded, keeping patents perpetually in limbo and the market and investment expectations unsettled. *See* Gregory Dolin, *Dubious Patent Reform*, 56 B.C.L. Rev. 881, 939-44 (2015); *cf.* Gregory Dolin, *Estopping Patent Harassment: A Response to Christa J. Laser*, 70 Fla. L. Rev. Forum 136, 143 (2020). Institution of trial on all challenged claims will trigger the estoppels provisions of 35 U.S.C. § § 315(e)(2) and § 325(e)(2), which will in turn reduce the likelihood of harassment of patent owners. *See generally* Dolin, *Estopping Patent Harassment, ante*.

The ACUF firmly believes that a well-balanced, predictable patent system is vital to innovation, job creation, investment, and economic growth. *See* Andrei Iancu, *Role of U.S. Patent Policy in Domestic Innovation and Potential Impacts on Investment* (Apr. 11, 2018), available at <https://bit.ly/2Nprs9m>. Formalizing rules that will increase predictability and reduce gamesmanship is faithful to the Congressional intent, Supreme Court’s mandate, and will promote the proper balance between patent quality and the stability of the rights secured by a duly issued patent. The ACUF urges the Patent Office to adopt the proposed amendments to 37 CFR § 42.108(a) and § 42.208(a) without changes.

II.

The ACUF also strongly supports the proposed amendment to 37 CFR § 42.108(c) and § 42.208(c) because these amendments properly allocate the burden of proof to those who seek to challenge a duly issued patent.

Although the Supreme Court has rejected the argument that an issued patent is a private right, *see* *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 138 S. Ct. 1365 (2018), it has reaffirmed time and again that a patent is private property. *See id.* at 1379 (“[O]ur decision should not be misconstrued as suggesting that patents are not property for the purposes of the . . . Takings Clause.”); *Horne v. Dep’t of Agric.*, 576 U.S. 350, 359-60 (2015) (“A patent confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation. . . .”) (alterations omitted) (quoting *James v. Campbell*, 104 U.S. 356, 358 (1881)); *Ford Motor Co. v. United States*, 405 U.S. 562, 576 n.11 (1972) (describing “patents” as “constitutionally protected property rights”); *see also* 35 U.S.C. § 261 (“Subject to the provisions of this title, patents shall have the

attributes of personal property.”). Divesting a person of his property right should require the party seeking to effectuate such a result to bear evidentiary burdens throughout the review process.

For over a century, the Supreme Court has held fast to the idea that “who assails the validity of a patent fair upon its face bears a heavy burden of persuasion.” *Microsoft Corp. v. I4I Ltd. P’ship*, 564 U.S. 91, 101 (2011) (quoting *Radio Corp. of Am. v. Radio Eng’g Labs.*, 293 U.S. 1, 8 (1934)). In litigation, that burden amounts to a clear and convincing standard of proof. *Id.* at 95. Although Congress has lowered the burden in the administrative post-issuance proceedings, *see* 35 U.S.C. §§ 316(e), 326(e), it did not abrogate it entirely. Indeed, the statutory language of § 314 and § 324 counsel that post-issuance review proceedings may be instituted only if “the information presented in the petition . . . *if such information is not rebutted*, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” (Emphasis added). In other words, the statutory language permits the Patent Office to credit the allegations of the petition if the petition is not rebutted. It is the challenger’s burden to show that the allegations have not been rebutted.

Patent Office’s current institution-stage approach of crediting the petition’s allegations even where the patentee has provided a detailed rebuttal undermines the value of patent owner’s response provided for in sections 313 and 323. The statute permits the patent owner to “sets forth reasons why no . . . review should be instituted based upon the failure of the petition to meet any requirement of this chapter.” In his preliminary response, the patent owner is permitted to argue that the petition does not meet the standards of section 314 or 324. But if the supporting evidence provided by the response is not considered in determining whether a dispute of material fact actually exists then the response loses much of its *raison d’être*. That, in turn deprives the patentee of the tools that Congress provided to defend his private property and disbalances the system that Congress tried so carefully to calibrate.

Conclusion

The ACUF applauds the Patent Office for promulgating draft rules that will bring the PTO’s practice in compliance with the Supreme Court’s decisions and will respect the careful balancing that Congress fashioned with the passage of the America Invents Act. These amendments will help make the patent system more predictable and fair to patentees which will in turn promote innovation and growth. The ACUF urges a formal adoption of the proposed rules.

*Comments authored by Dr. Gregory Dolin, American Conservative Union Foundation (ACUF)
Fellow for The Center for 21st Century Property Rights*