



June 26, 2020

Michael Tierney
Vice Chief Administrative Patent Judge
Patent Board
Director of the United States Patent and Trademark Office
600 Dulany Street
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Docket Number PTO–P–2019–0024

Re: USPTO Request for Comments on Proposed Rulemaking: Intel’s Comments on Changes to 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, 85 Federal Register 31728 (May 27, 2020)

Intel Corporation (Intel) appreciates the U.S. Patent and Trademark Office’s continued commitment to improving the success of the administrative review proceedings created by Congress in the America Invents Act (AIA), as well as the opportunity to respond to the Office’s Federal Register request for comments on proposed changes to 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. Intel is both a leading innovator and a company frequently subjected to abusive patent owner behaviors. Intel believes that a balanced patent system that protects valid patents but rids the system of invalid patents promotes and protects US innovation.

Intel supports the Office’s first two proposals to implement the decision in *SAS Institute, Inc. v. Iancu* and to adopt current Patent Trial and Appeal Board (PTAB) practice of allowing sur-replies to principal briefs and permitting responses and replies to respond to the decision on institution. On these proposals, Intel appreciates the Office’s efforts to conform its rules with current precedent and practice. Nonetheless, Intel respectfully opposes the UPSTO’s third proposal to eliminate the presumption that a genuine issue of material fact created by the patent owner’s testimonial evidence filed with a preliminary response will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute a review.

I. Intel Opposes Eliminating the Presumption in Favor of Petitioners on Disputed Issues of Fact

The Office should maintain the presumption that a genuine issue of material fact created by testimonial evidence filed with a patent owner preliminary response will be viewed in the light most favorable to the petitioner when deciding whether to institute a review. Intel strongly believes that the Office’s proposed change would undermine due process in AIA post-grant proceedings by

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denying petitioners the opportunity to challenge contested evidence before a determination on the merits. Moreover, eliminating the presumption on disputed evidence thwarts Congress's purposes in establishing the AIA post-grant proceedings by hampering the ability to challenge low quality patents. Additionally, the Office's concerns raised in the notice of proposed rulemaking are unsupported and contrary to empirical data on post-grant proceedings. The Office's proposal is also inconsistent with its own findings in the rulemaking that established the presumption in 2016.

A. Eliminating the Presumption on Disputed Facts Poses Fairness and Due Process Concerns

i. Basic fairness and due process support a presumption in favor of proceeding to institution when there is a genuine dispute of material fact.

The AIA's post-grant proceedings were designed by Congress to provide an efficient, expedient resolution of the question of patent validity. These proceedings are important to petitioners who may bring AIA post-grant challenges when facing litigation or making business determinations. After the time and expense of preparing a petition, a denial of institution deprives the petitioner by denying access to a technically trained tribunal for prompt resolution of whether the challenged claims are patentable. Because the PTAB's decision of whether to institute review substantially impacts the petitioner and other stakeholders in the patent system, it is paramount that the decision comports with basic principles of procedural fairness and due process.

Procedural fairness requires that petitioners be given the opportunity to challenge evidence through cross-examination before the PTAB determines the weight of such evidence. "In almost every setting where important decisions turn on questions of fact, due process requires an opportunity to confront and cross-examine adverse witnesses."¹ The rights to confrontation and cross-examination "have ancient roots" and are among the cornerstones of rule of law.² Without these protections, factual determinations devolve into a swearing contest with no basis to assess credibility and weigh competing facts. This is why, when district courts determine motions to dismiss or motions for summary judgment, factual disputes are taken in the light most favorable to the non-moving party.³ The PTAB's determinations are subject to the Administrative Procedures Act (APA), which requires that agency decision-making comports with these basic

¹ *Goldberg v. Kelly*, 397 U.S. 254, 269 (1970).

² *See id.* at 270 (quoting *Greene v. McElroy*, 360 U.S. 474, 496-497 (1959)).

³ *Ashcroft v. Iqbal*, 556 US 662 (2009) (holding that a court will not dismiss a case that states a facially plausible claim for relief).



fairness principles.⁴

Evidentiary presumptions at early stages of a proceeding preserve the rights of litigants to challenge facts that are contested at a later stage. Evidentiary presumptions conserve a tribunal's resources by allowing judges to postpone time-intensive weighing of facts until after a determination is made that the claim should proceed as a matter of law. Because the PTAB's institution decision is an early threshold determination as a matter of law, before cross-examination, PTAB should maintain a presumption that favors the proceeding going forward to the merits when there is a factual dispute. The presumption in favor of the petitioner at the institution phase is merely a presumption that favors proceeding on the merits, to a stage when cross-examination is permitted. Basic fairness and due process requires that the presumption be maintained so the PTAB does not base its institution decision on evidence that has not been subject to cross-examination.

Intel appreciates the diligent work of the Office to ensure its rules are based on sound policy and principles of fairness. Intel therefore urges the Office's consideration of core principles of due process when reviewing the proposed modifications to PTAB rules of practice.

ii. If the presumption is removed, the PTAB should give petitioners a pre-institution opportunity to test the patent owner's evidence and offer a reply.

Alternatively, if the PTAB eliminates the presumption, it should provide an opportunity for the petitioner to challenge the patent owner's testimonial evidence with cross-examination and submit a reply prior to a determination on institution, in light of due process concerns and the finality of a decision to deny institution. The Office previously stated, however, that one of the reasons it adopted the presumption is that the short time frame for the preliminary stage of AIA proceedings "does not generally allow for cross-examination of a declarant before institution as of right, nor for the petitioner to file a reply brief as of right."⁵ Intel agrees with the Office's initial assessment that there is not sufficient time in ordinary proceedings to cross-examine the patent owner's declarants and submit a reply prior to institution. Moreover, it is not efficient to do so because many petitions could be denied as a matter of law, even when viewing all evidence in favor of the petitioner. Ensuring that the expense of factual investigations are reserved for those petitions that meet the legal threshold for institution helps preserve the Office's and parties'

⁴ *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1303 (Fed. Cir. 2016) (Reyna, J., concurring) ("[R]egardless of whether the Board's institution decisions can be appealed, the Board cannot create a black box decisionmaking process. Conclusory statements are antithetical to the requirements of the Administrative Procedures Act ("APA"), which the PTO and its Board are subject to. The APA requires 'reasoned decisionmaking' for both agency rulemaking and adjudications because it 'promotes sound results, and unreasoned decisionmaking the opposite.' (quoting *Allentown Mack Sales & Serv., Inc. v. N.L.R.B.*, 522 U.S. 359, 374-75 (1998) (noting that when an agency engages in fact-finding, it "must draw all those inferences that the evidence fairly demands," making reasoned determinations supported by substantial evidence, to satisfy the requirements of the APA)) (internal citations omitted)).

⁵ Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18750, 18755 (Apr. 1, 2016).



resources. Without the ability to conduct a pre-institution investigation of disputed facts, a presumption is needed “to preserve petitioner’s right to challenge statements made by the patent owner’s declarant” in light of due process requirements.⁶

B. Eliminating the Presumption Would Undermine Congress’s Intended Goals for AIA Post-Grant Proceedings

The Office’s proposal would also frustrate Congress’s intent to encourage high patent quality through AIA post-grant proceedings. The AIA’s post-grant review proceedings were intended to “provide a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court.”⁷ As stated by Senator Patrick Leahy, one of the AIA’s chief architects: “Too many dubious patents also unjustly cast doubt on truly high quality patents.”⁸ Therefore, one purpose of the new proceedings was to create an “efficient system for challenging patents that should not have issued.”⁹ If petitions for institution that otherwise have legal merit are denied based on contested, hearsay statements in patent owner’s testimonial evidence, then the proceedings do not provide a meaningful opportunity to challenge faulty patents. The presumption in favor of the petitioner helps to ensure that proceedings that are likely to result in a finding of invalidity as a matter of law go forward, without being undermined by early disputes over evidence that cannot be tested prior to institution.

Moreover, legislative history of the AIA supports a presumption that is equivalent to requiring only a showing of prima facie evidence to support institution. The patent statute provides that a petitioner seeking institution must show “a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged.”¹⁰ During Senate debates on the AIA in March 2011, Senator Kyl stated that the “reasonable likelihood” standard for institution under § 314(a) “effectively requires the petitioner to present a prima facie case justifying a rejection of the claims in the patent.”¹¹ A presumption in favor of the petitioner when there is a genuine dispute of material fact prior to institution is consistent with the requirement set out in the legislative history that a petitioner need only present a prima facie case for institution.

⁶ *See id.*

⁷ H.R. Rep. No. 112-98, pt. 1, at 48 (2011).

⁸ Statement of Patrick Leahy, 157 Cong. Rec. S1362 (Mar. 8, 2011).

⁹ H.R. Rep. No. 112-98, pt. 1, at 39-40 (2011).

¹⁰ 35 U.S.C. § 314(a).

¹¹ 157 Cong. Rec. S1375 (daily ed. Mar. 7, 2011).



C. The Office's Concerns About the Presumption Are Unwarranted and Inconsistent with Empirical Data

i. There is no indication that the presumption disincentivizes patentees from submitting testimonial evidence.

The Office also states that it “has concerns that the presumption in favor of the petitioner may be viewed as discouraging patent owners from filing testimonial evidence with their preliminary responses, as some patent owners believe that such testimony will not be given any weight at the time of institution.”¹² This concern is unsupported by any data and, indeed, contradicted by data available on AIA post-grant proceedings conducted since the presumption was adopted.

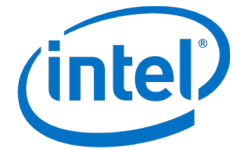
Patent owners submit testimonial evidence in about 32% of cases (305 of 951) where the patent owner files a preliminary response, based on data from 2018.¹³ Contrary to the Office's concerns, the patent owners' testimonial evidence has weight at the time of institution even with the presumption currently in favor of institution. Empirical research suggests that a patent owner's submission of a new expert declaration is associated with 5% lower institution rates for IPRs and 18% lower institution rates for PGRs.¹⁴ In IPRs, the institution rate when a preliminary response was filed without an expert declaration was 68% (442 of 646), but 63% when the preliminary response was filed with an expert declaration (191 of 305). In PGRs, the institution rate dropped from 68% (15 of 22) to 50% (10 of 20) when the preliminary response was filed with an expert declaration. Patent owners' testimonial evidence has an impact on institution without the need to alter the current presumptions of evidence.

Additionally, the Office articulates no policy justification for its desire to incentivize additional submissions of testimonial evidence by patentees prior to institution. There is, for example, no data suggesting that the type of testimonial evidence that patentees choose to withhold until after institution would, if provided prior to institution, help the Office to resolve the dispute more efficiently or correctly. To the contrary, as noted above, due process favors resolution of evidentiary disputes within an instituted AIA post-grant proceeding, with the ability to fully vet disputed evidence through cross-examination. Moreover, assuring that facially legitimate questions of patent validity proceed to a determination on the merits supports the patent quality goals of the AIA. Hearsay testimonial evidence by the patentee does not aid that determination.

¹² 85 Fed. Reg. 31729-30.

¹³ Brian Koide, *Stats Show Expert Declarations Can Help Avoid AIA Institution*, LAW360, October 11, 2019, <https://www.law360.com/articles/1208083/stats-show-expert-declarations-can-help-avoid-aia-institution> (based on 2018 data).

¹⁴ Koide, *supra* note 13 (analyzing data from 2018 and excluding cases procedurally dismissed or instituted and then joined, which the author determined were unlikely to be aided by an expert declaration).



ii. ***The presumption should favor the petitioner on any disputed issues, including the question of whether a reference is a publication.***

The Office notes concern of how the presumption would apply to disputes of fact over whether a document is a printed publication.¹⁵ Intel supports the positions of the amici in *Hulu, LLC v. Sound View Innovations, LLC*¹⁶ to the extent they argue that the presumption in favor of petitioners should apply to all disputed evidentiary issues, including questions of whether a document is a printed publication. As noted by the amici, the standard as articulated in the legislative history of the AIA suggests application of the same prima facie evidence standard used by examiners when making an initial rejection of claims during prosecution or reexamination, treating the publication date on the face of a publication as prima facie evidence of the date of publication.¹⁷ To the extent that a declaration submitted by the patent owner prior to institution raises contrary evidence, the factual dispute should be tested by cross-examination.

D. The Office’s Previous Rulemaking Supports the Presumption

The Office previously succinctly expressed these same due process and policy concerns when it adopted the presumption in favor of the petitioner:

[B]ecause a denial of institution is a final, non-appealable decision, deciding disputed factual issues in favor of the patent owner when a petitioner has not had the opportunity to cross-examine patent owner's declarant is inappropriate and contrary to the statutory framework for AIA review. *See, e.g.*, 35 U.S.C. 316(a)(5), 326(a)(5). That both parties are in the same position at the preliminary stage, where generally there is no time for cross-examination of witnesses, does not support the view that no presumption should exist for either party because it is only through the trial process that each party is afforded a full and fair opportunity to cross-examine declarants. A presumption in favor of petitioner for disputed facts, which may be fully vetted during a trial when cross-examination of declarants is available, is appropriate given the effect of denial of a petition.¹⁸

The Office noted that one of the reasons the presumption in favor of petitioners was proposed was “to preserve petitioner’s right to challenge statements made by the patent owner’s declarant, which

¹⁵ 85 Fed. Reg. 31729.

¹⁶ Case IPR2018–01039.

¹⁷ *See* Br. of Amicus Curiae Google LLC, et. al., *Hulu, LLC v. Sound View Innovations, LLC*, Case IPR2018–01039, Paper 21 (PTAB May 1, 2019) (citing *e.g.*, *inter partes* reexamination 95/001,808 (2011-12-16 Office Action, p. 3) (during the 1-year transition period, accepting a facial “January February 2001” date of a journal article, with no issue or volume number, as “102(b) prior art”).

¹⁸ Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18750, 18756 (Apr. 1, 2016).



may be done as of right during a trial.”¹⁹ Nothing has changed in the intervening four years to alter the Office’s policy determination that there is a need for the presumption to maintain a right to cross-examine declarants on disputed facts.

II. Conclusion

Intel reiterates its support for the USPTO’s goal to improve the administrative review process but respectfully disagrees with its proposed change to the presumption on disputed evidence prior to institution. The proposed change would undermine due process in AIA post-grant proceedings and thwart Congress’s stated purpose for these proceedings, as well as run contrary to the Office’s prior rulemaking. Intel appreciates the USPTO’s consideration of its comments.

¹⁹ *Id.* at 18755.