



# The Coalition for 21st Century Patent Reform

## **21C's Comments In Response to USPTO's Request for Comments Relating to the USPTO Discretionary Authority to Deny IPR/PGR Institutions**

*Docket number PTO-C-2020-0055, published 10/20/2020*

The Coalition for 21<sup>st</sup> Century Patent Reform ("21C") is pleased to submit the following comments to the questions posed in the USPTO's Request for Comments published in the Federal Register on October 20, 2020.

The Coalition for 21<sup>st</sup> Century Patent Reform is a coalition of American manufacturers who invest heavily in research and development of inventions that they manufacture and/or market within the United States. These companies routinely patent their inventions, license needed patent rights, and, when necessary, defend against assertions of patent infringement. The Steering Committee of 21C is chaired by Philip Johnson, and includes 3M, Bristol Meyers Squibb, Caterpillar, Eli Lilly, General Electric, Johnson & Johnson, Procter & Gamble and Raytheon.

21C believes that formal notice-and-comment rulemaking is important to assure the continuity, uniformity, reliability and predictability of patent rights. Notwithstanding the designation of certain PTAB decisions as precedential, it still appears that uniformity of the PTAB's decisions exercising the Director's discretionary institution authority could be improved. Promulgating formal rules relating to the discretionary factors relevant to IPR/PGR institution decisions should also enhance the continuity, reliability and predictability of the IPR/PGR system. This is particularly import for innovators who want to know whether their patent rights can be reliably enforced against infringers without undue cost, delay and uncertainty when they are making decisions relating to the research, development and marketing of new products.

21C's answers responding to the USPTO's questions are set forth below:

### **Serial Petitions**

1. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *General Plastic, Valve I, Valve II* and their progeny, for deciding whether to institute a petition on claims that have previously been challenged in another petition?

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The Coalition for 21st Century Patent Reform represents 18 diverse industry sectors and includes many of the nation's leading manufacturers and researchers. The coalition's steering committee, which is chaired by Philip S. Johnson, includes 3M, Bristol-Myers Squibb, Eli Lilly, General Electric, Johnson & Johnson, Procter & Gamble, and Raytheon Technologies. For more information, visit <http://www.patentsmatter.com>.

*2IC's Answer:* Yes. Such a case specific approach is the best way to balance the interests of the parties, to avoid potential abuse of PGR and IPR proceedings, and to conserve the resources of the Office.

2. Alternatively, in deciding whether to institute a petition, should the Office (a) altogether disregard whether the claims have previously been challenged in another petition, or (b) altogether decline to institute if the claims have previously been challenged in another petition?

*2IC's Answer as to part (a):* No. Sections 316 ¶7 and 326 ¶6 of the America Invents Act (“AIA”) charge the USPTO with the responsibility to prescribe regulations to address “abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding.” As the Register Notice explains, other provisions in the AIA encourage the Director to consider the most efficient and least burdensome approach to handling the IPR and PGR issues, providing the Director *discretion* to deny institution even when the threshold showing has been met. To disregard whether the claims have previously been challenged in another petition would deprive the Office of important information concerning whether a petition under consideration, if instituted, would impose undue burden on the patent owner and the Office, and whether it may be part of an “abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding.” 35 U.S.C. §316(a)(6) and §326(a)(6).

*2IC's Answer as to part (b):* No, not as a bright line rule, however the Office should be reluctant to institute a second proceeding on any claim that has been found to be patentable after a prior IPR or PGR review. Preferably, such a rule would create a presumption that the second requested IPR or PGR would not be instituted except in instances where a miscarriage of justice would result by its denial. This would be reasonable because any party not already estopped by the final written decision entered in the prior IPR or PGR would still have the right to press its position in an *ex parte* reexamination request, or, if need be, in court.

### **Parallel Petitions**

3. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in the Consolidated Trial Practice Guide, for deciding whether to institute more than one petition filed at or about the same time on the same patent?

*2IC's Answer:* Yes, although that case specific analysis should also include consideration of the burdens that such institutions would have on the patent owner, and should decline to institute unless it is shown that the second petition is necessary to resolve grounds not based on prior art or arguments that are cumulative to those already considered by the Office or that would be considered by the Office in the first filed PGR or IPR.

4. Alternatively, in deciding whether to institute more than one petition filed at or about the same time on the same patent, should the Office (a) altogether disregard the number of petitions filed, or (b) altogether decline to institute on more than one petition?

*2IC's Answer as to 4(a) & (b):* No, no bright line rules should be applied. The AIA gives the Director broad discretion to grant IPR and PGR petitions as long as the threshold showing is met, and even if it is, complete discretion to deny institution after considering the factors enumerated in the AIA.

### **Proceedings in Other Tribunals**

5. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *Fintiv* and its progeny, for deciding whether to institute a petition on a patent that is or has been subject to other proceedings in a U.S. district court or the ITC?

*2IC's Answer:* Yes, in creating PGR and IPR proceedings Congress was interested in providing faster and cheaper alternatives to district court proceedings, not adjuncts to them. Congress did not intend to prolong and increase the expense of patent infringement cases, which is too often the result in cases where IPRs are instituted. This is particularly true in cases that will need to proceed to judgment regardless of the outcome of any IPR, as in certain ITC and court proceedings where time is of the essence and/or where issues exist that will not be resolved in the IPR.

6. Alternatively, in deciding whether to institute a petition on a patent that is or has been subject to other proceedings in district court or the ITC, should the Office (a) altogether disregard such other proceedings, or (b) altogether decline to institute if the patent that is or has been subject to such other proceedings, unless the district court or the ITC has indicated that it will stay the action?

*2IC's Answer to part (a):* No.

*2IC's Answer to part (b):* Not as a bright line rule, but there should be a presumption against instituting a PGR or IPR where the district court or ITC has indicated that it will not stay its proceeding pending the PTAB's conclusion. In such cases the district court or ITC has concluded that there is urgency in proceeding with its case and/or that other issues in the case dictate that it move forward notwithstanding any IPR/PGR petition. In such cases the interests of justice will be best served by declining to institute the IPR/PGR. So doing will relieve patent owners from the burden of conducting concurrent USPTO and court or ITC proceedings.

### **Other Considerations**

7. Whether or not the Office promulgates rules on these issues, are there any other modifications the Office should make in its approach to serial and parallel AIA petitions, proceedings in other tribunals, or other use of discretion in deciding whether to institute an AIA trial?

21C's Answer: Yes.

- (A) The USPTO should consider declining institution in situations where the patent owner has not charged others with infringement of any of the challenged patent claims and the effect of institution would likely be to slow the advancement and/or implementation of the patent owner's invention, and thus that of "science and the useful arts." Such considerations are authorized by the AIA which charge the Director with the responsibility to promulgate regulations relating to considerations of "the economy," and the "integrity of the patent system." In these situations, particularly where the patent owner is an independent inventor, startup, university, or a person of limited means, the USPTO should recognize the prejudice that is likely to result from imposing the burdens of time and cost involved in defending an IPR or PGR. Other considerations should include whether the invention is being actively developed and/or is about to be (or recently has been) launched commercially, and whether those activities would likely be impeded by having to defend an IPR or PGR.

Should the Office choose to decline IPR/PGR institution but nonetheless conclude that the petitioner has raised a substantial new question of patentability that should be resolved sooner than later, the Office should consider having the new question of patentability be resolved in an *ex parte* reexamination proceeding. Such an *ex parte* reexamination would consider all the issues raised in the IPR petition, and resolve them at a fraction of the time and expense needed to proceed with an IPR trial. The *ex parte* reexamination proceeding may be one that has already been requested by the patent owner, one that the patent owner agrees to request as a condition of the institution denial, or one that the Director orders.

- (B) In situations where a patent owner has not charged the petitioner with infringement of any of the challenged patent claims, and the patent owner (a) files a Request for *ex parte* Reexamination or for Reissue no later than three months after the filing of the original IPR or PGR petition, (b) proposes amendments to one or more of the challenged claims that will be the subject(s) of substantive examination in the Reexamination or Reissue proceeding, and (c) within three months from the filing of the original Petition, requests the USPTO to dismiss the Petition without prejudice pending the conclusion of the Reexamination or reissue proceeding, the USPTO should favor dismissing the Petition unless the Petitioner demonstrates that it will be irreparably harmed by that dismissal or that the denial of the Petition without prejudice will result in a miscarriage of justice.
- (C) As originally proposed by the Committee of Six Experts in the joint submission of the ABA, AIPLA and IPO relating to proposed implementing regulations, the Director should also decline institution if,

The Director determines that, in view of the temporal and procedural limitations pertaining to the review, the nature of the review sought, and the likely timeliness of the parties' access to the evidence necessary to a just determination of that

review by the Office, the institution of the review would not be in the interests of justice or due process. [*See* 157 Cong. Rec. §1368, §1376-77] <sup>1</sup>

Such a rule is needed where witnesses important to the patent owner's case are not willing to voluntarily appear, where evidence important to the patent owner is not available (due to the lack of subpoena power to compel its production or the coverage of a confidentiality agreement or order restricting its use), where material evidence is located outside the U.S., or where the issues turn on the credibility of fact and/or expert witnesses whose testimony would best be assessed through live cross-examination before the trier of fact. In such instances, regulations should permit the Office to decline PGR or IPR institution in favor having those matters litigated in district court or ITC proceedings.

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<sup>1</sup> ABA-AIPLA & IPO Comments on Leahy-Smith America Invents Act Implementation, accessible at <https://www.uspto.gov/patent/laws-and-regulations/comments-public/comments-leahy-smith-america-invents-act-implementation> , Intellectual Property Organizations, item 2