



December 3, 2020

The Honorable Andrei Iancu
Undersecretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Re: Comments in Response to 85 FR 66502, “Request for Comments on Discretion To Institute Trials Before the Patent Trial and Appeal Board,” 85 Fed. Reg. 66,502 (Oct. 20, 2020), Docket No. PTO-C-2020-0055

Dear Director Iancu:

The Innovation Alliance appreciates the opportunity to submit comments on the proposed rulemaking of the Patent Trial and Appeal Board (“PTAB” or “Board”) of the U.S. Patent and Trademark Office (“USPTO” or “Office”) regarding the discretion to institute trial proceedings before the Board. We commend you and your staff at the USPTO for seeking public input. Subject to the further suggestions expressed below, we offer our support for the potential rulemaking as follows.

The Innovation Alliance is a coalition of research and development-based technology companies representing innovators, patent owners, and stakeholders from a diverse range of industries that believes in the critical importance of maintaining a strong patent system that supports innovative enterprises of all sizes. The Innovation Alliance is committed to strengthening the U.S. patent system to promote innovation, economic growth, and job creation, and we support legislation and policies that help to achieve those goals.

Before responding to the specific questions posed in the Request for Comments, we would again like to express our support for the important improvements USPTO has implemented under your leadership. You have been a consistent advocate for the patent system and for inventors, and have focused your efforts exactly where they were most sorely needed – bringing more certainty and predictability to the patent system and increasing the reliability of the patent grant.

That has certainly been the case with the changes you have introduced to PTAB practice. You have made the post-grant system a fairer and more balanced system, and one that more accurately reflects congressional intent in the America Invents Act (“AIA”) that PTAB trials should be a cost-effective alternative to district court litigation.

As you know, some companies would prefer PTAB trials offer an *additional* avenue – not an *alternative* avenue – to challenge patents. That is why they sued to block the institution of USPTO’s proposed rulemaking concerning the factors PTAB panels can use to deny institution of a petition when there is parallel litigation in district court. The Innovation Alliance and hundreds of other companies, associations, and independent inventors wrote to the congressional Judiciary Committees on October 26, 2020 voicing their full support for your efforts on that proposed rule. We wrote that it was clear both the AIA and common sense support the authority of the USPTO Director to set regulations for the exercise of discretionary authority to deny institution when duplicative litigation would conclude prior to or concurrent with the PTAB trial. We also pointed out that the Supreme Court decisions in *Cuozzo v. Lee* and *Thryv v. Click-to-Call* both affirm the Director’s broad discretion in the AIA for decisions on instituting an inter partes review.

For these reasons, the Innovation Alliance supports and appreciates the Office’s efforts to work toward rules codifying the Board’s standard for discretionary institution of AIA trials. 35 U.S.C. § 316(a)(2) provides the Director with both the latitude and obligation to promulgate regulations and rules “setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a).” While precedential rulings such as *General Plastic* and *Fintiv* have helped to address the burden placed upon patent owners to concurrently, and continuously, protect their patents against repeated and duplicative challenges at the Board and in court, formalized guidance on the case-by-case analysis related to discretionary institution would serve to further clarify Board precedent and practices and discourage abuse of the AIA framework by accused infringers.

1. Question 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?

Yes, the Innovation Alliance believes that a rule will beneficially formalize the guidance of precedential decisions for case-by-case analyses for “serial” petitions, i.e., where a petition is filed on claims that have previously been challenged in another petition. In considering the standard for the discretionary institution of trial proceedings, 35 U.S.C. § 316(b) instructs that “the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete [instituted proceedings].” In promulgating case-by-case rulings like *General Plastic*, *Valve I*, and *Valve II*, the Board has recognized that serial petitions have the potential to impede these goals and to allow for “abuse of the review process by repeated attacks on patents.” *General Plastic Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357 Paper 19 at 17 (PTAB Sept. 6, 2017) (precedential); see Patent Trial and Appeal Board Consolidated Trial Practice Guide at 56-58 (Nov. 2019).

Though the Innovation Alliance recognizes that in some very limited circumstances a “follow-on” petition may assist the Board in fully resolving a petitioner’s challenges, unfettered serial petitions create the potential for significant abuse to U.S. patent owners, with each successive petition allowing challengers to “road-map” their prior art and arguments based on other IPRs’ paper and Board decisions. Though the AIA provides a forum for the resolution of certain patent challenges, it does not promise petitioners unlimited and repeated opportunities to do so. A case-by-case analysis of the circumstances related to each follow-on petition will achieve the best balance between these competing interests.

2. Question 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?

While the Innovation Alliance opposes “bright-line” binary choices – in particular the Office altogether disregarding whether claims were previously challenged in another petition – if the Office is inclined to implement such a “per se” rule, then the Innovation Alliance believes that option 2(b) is more appropriate in light of the very limited instances of credible serial petition circumstances. As stated above, disregarding entirely whether claims have previously been challenged in another petition enables petitioners to have “second bites at the apple” to address any potential deficiencies the Board previously identified to the petitioners in the prior petition(s). *Butamax Advanced Biofuels LLC v. Gevo*, IPR2014-00581, Paper 8 at 12–13 (PTAB Oct. 14, 2014).

3. Question 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?

Yes, the Innovation Alliance believes that a rule will beneficially formalize the guidance of precedential decisions for case-by-case analyses where parallel petitions are filed. As the USPTO has previously explained, “[t]wo or more petitions filed against the same patent at or about the same time (e.g., before the first preliminary response by the patent owner) may place a substantial and unnecessary burden on the Board and the patent owner and could raise fairness, timing, and efficiency concerns.” Patent Trial and Appeal Board Consolidated Trial Practice Guide at 59 (Nov. 2019). Requiring patent owners to defend against multiple simultaneous challenges to the same patent is typically an unreasonable burden which is then shared by the Board. While parallel petitions do not raise the specter of successive “bites at the apple,” they materially burden patent owners by enabling a “kitchen sink” approach that incentivizes petitioners to simultaneously and indiscriminately raise excessive arguments in multiple petitions. This is an issue which the Office already takes into consideration through its promulgation of word count limits for petitions, noting that “the presentation of an overwhelming number of issues tends to detract from the argument being presented, and can otherwise cause meritorious issues to be missed or discounted.” Patent Trial and Appeal Board Consolidated Trial Practice Guide at 39 (Nov. 2019). Case-by-case analysis of serial petitions

and their potential for misuse and uneconomical application would align with this practice and allow for the most efficient use of both the Board's and the potential parties' resources.

As the USPTO has recognized, in the vast majority of cases, one petition should suffice to provide petitioners with an adequate forum to present their challenges. Though the Innovation Alliance recognizes that in some very limited circumstances more than one petition may assist the Board in fully resolving patent challenges, nearly all challenges can and should be resolved through a single petition. A case-by-case analysis of the circumstances related to each petition will achieve the best balance between these competing interests, with the expectation that one petition is likely sufficient in virtually all situations.

4. Question 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?

While the Innovation Alliance opposes “bright-line” binary choices – in particular the Office altogether disregarding the number of parallel petitions being filed – if the Office is inclined to implement such a “per se” rule, then the Innovation Alliance believes that option 4(b) is more appropriate in light of the very limited instances of credible multiple petition circumstances. As stated above, a complete disregard for the number of petitions filed could lead to the Board being inundated with petitions and patent owners being subjected to multiple patent challenges simultaneously.

5. Question 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?

Yes, the Innovation Alliance believes that a rule will beneficially formalize the guidance of precedential decisions for case-by-case analyses where other proceedings are pending. In *NHK*, *Fintiv*, and subsequent Informative and other relevant decisions, the Board has recognized that the existence of proceedings in district court or before the ITC challenging the same patent may unreasonably and unfairly burden both patent owners and the USPTO for many of the same reasons as serial and parallel petitions. A case-by-case analysis of these circumstances provides clarity and allows for the Board to consider the efforts already expended by the parties, or that which will have be expended prior to the Board's issuance of its institution decision. The Innovation Alliance urges the Board to officially codify its practice of reviewing important case-by-case factors such as the existence of a stay, the trial schedule and trial date, expected investment in parallel proceedings, and the similarity of the parties and overlap of issues. Doing so will help ensure that the Board takes a holistic view of whether efficiency and integrity of the patent system are best served by denying or instituting review.

6. Question 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?

While the Innovation Alliance opposes “bright-line” binary choices – in particular the Office altogether disregarding the pendency of other proceedings in district court or the ITC – if the Office is inclined to implement such a “per se” rule, then the Innovation Alliance believes that option 6(b) is more appropriate. As stated above, disregarding the existence and status of other pending proceedings involving the same patent could significantly overburden patent owners and unnecessarily require multiple tribunals to duplicatively review the same issues.

To be sure, under option 6(b), the mere existence of a stay should not in turn support a bright-line standard for instituting trial. Rather, a stay should be just one of the *Fintiv* factors to be carefully considered by the Board in determining whether to exercise discretion to deny institution.. As such, the Innovation Alliance believes balance is best achieved through a case-by-case analysis which takes into account the specific *Fintiv* circumstances related to the challenges in the petition, the pendency of any related proceedings, and the resources expended by both the parties and the Board.

7. Question 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?

Yes, the Innovation Alliance additionally proposes that the Office consider in its exercise of discretion whether a petitioner is an accused infringer of the challenged patent, either in parallel litigation filed by the patent owner or otherwise (e.g., by demand letter), and that petitioners who are not accused infringers be required to submit in their petitions a certification and explanation of their relationship to the patent owner, if any, and why they are seeking cancellation of patent owner's claims.


As we have addressed above, the Innovation Alliance recognizes that there are some limited circumstances which necessitate a case-by-case analysis regarding serial and parallel AIA petitions, proceedings in other tribunals, and the use of discretion in deciding whether to institute an AIA trial generally. The Office has acknowledged that it is necessary to carefully balance the AIA’s statutory framework for patent challenges against a patent owner’s duly granted property rights.

We believe the Office could be benefited by carefully considering the filing intent accompanying AIA petitions in its case-by-case institution decision analysis. To effectuate this, the Innovation Alliance suggests two modifications to include in any new rules related to discretionary institution: (1) consideration of whether a petitioner is an accused infringer of the challenged patent, and (2) a requirement that petitioners who are not accused infringers submit a certification and explanation of their relationship to the patent owner, if any, and why they are seeking cancellation of patent owner's claims.

These proposed considerations and requirements are in congruence with current Board practices and merely clarify discretionary institution considerations for petitioners and patent owners. For example, under *General Plastic*, the Board already considers certain factors regarding intent, such as “whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent.” *General Plastic Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16 (PTAB Sept. 6, 2017) (precedential). Similarly, the Board in some circumstances already requests that petitioners include an explanation of their filing intent. *See* Patent Trial and Appeal Board Consolidated Trial Practice Guide at 60 (Nov. 2019) (requesting petitioners filing parallel petitions to include a separate paper ranking the petitions, explaining the differences among the petitions and why they believe multiple institutions are warranted).

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The Innovation Alliance thanks the Office for its consideration of these comments. We believe that rules codifying the Office’s practice of careful case-by-case analysis in determining whether or not to institute a trial will reaffirm the standards for granting and denying institution. We appreciate the opportunity to submit these comments and hope the Office will keep them in mind during its rulemaking process regarding these issues.

Sincerely,

Brian Pomper
Executive Director
Innovation Alliance