



Leading the Conservative Movement since 1964

EAGLE FORUM EDUCATION & LEGAL DEFENSE FUND

November 16, 2020

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

RE: Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board, Docket No. PTO-C-2020-0055

To whom it may concern:

Eagle Forum Education and Legal Defense Fund, a nonprofit organization founded by Phyllis Schlafly¹ in 1981, is pleased to comment on the “Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board” (Docket No. PTO-C-2020-0055). We applaud the leadership of Patent and Trademark Office (PTO) Director Andrei Iancu and of Deputy Director Laura Peter in working to restore the reliability and certainty of the patent grant. We commend their “ongoing effort to achieve consistency and fairness with respect to PTO administrative proceedings.” This initiative is within that constructive vein.

We state at the outset: We firmly support a bright-line approach that narrows the institution of Patent Trial and Appeal Board (PTAB) proceedings, broadens the likelihood of petitions being denied, gives appropriate weight to important, countervailing factors in institution decisionmaking, and exercises statutory authority in the pursuit of improving issued patents’ certainty and reliability, as well as subsequent consistency and fairness toward issued patents.

One of the glaring problems with PTAB since its inception has been a one-sided decision process regarding the institution of proceedings. This has led to parallel reviews, serial proceedings, and proceedings in other tribunals (i.e., federal district

¹ Phyllis Schlafly was an outspoken advocate of the rights of inventors, emphasizing the importance of their traditional rights to our national prosperity and security. She wrote often about this topic. A compilation of her writings on this subject is *Phyllis Schlafly Speaks, Vol. 4, Patents & Inventions*. Skellig America, 2018 (Ed Martin, Editor).

court or the U.S. International Trade Commission (USITC)), even on the same patent and the same issues, yet with conflicting outcomes. This situation denies patent owners quiet title to their intellectual property, essentially throughout the patent term. This is not a faster, cheaper alternative to judicial litigation for expeditiously resolving legitimate patent validity matters.

The America Invents Act (AIA), which established PTAB, authorizes discretionary denial of petitions seeking institution of PTAB proceedings and specifies that these decisions may not be appealed. In addition to statute, the U.S. Supreme Court in *Cuozzo v. Lee* and *Thryv v. Click-to-Call* has affirmed the Director's broad discretion to decline to institute a PTAB proceeding. Moreover, the AIA gives PTO authority to issue regulations for exercising discretion to deny petitions seeking institution of PTAB proceedings. We concur with the analysis in the Background section of the notice requesting comment that the PTO has broad discretion to deny institution requests. Notably, the statute directs the Office to "consider the effect of any such regulation [under this section] on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter." Further, we appreciate the remedial efforts the notice cites: "The Office has also worked to address the emergence of repeated administrative attacks on the patentability of the same patent claims and the harassment of patent owners."

There is basic unfairness to patent owners and inventors who must otherwise litigate the same patent claims or the same issues more than once. The degree of this unfairness and its undermining of our patent system is compounded when different outcomes on the same patents and the same issues occur in different proceedings or different settings.

Further, undertaking multiple PTAB proceedings once a patent's validity has been adjudicated in federal court, in a PTAB proceeding, or elsewhere wastes government resources on duplicative proceedings in parallel or serially, at PTAB or before both PTAB and district court, and unnecessarily and unjustifiably denies finality on an issued patent's validity. Thus, we strongly support PTO's undertaking rulemaking to formalize the bases for recent precedential denials, including those in *General Plastic*, *Valve I*, *Valve II*, *NHK Spring*, and *Fintiv*, and the factors therein for case-specific analysis for arriving at a discretionary denial.

Congress intended administrative proceedings such as inter partes review (IPR) to provide a cheaper, faster alternative to district court litigation – not another layer or

means for harassing patent owners. If a district court case will conclude about the same time as an IPR proceeding regarding the same dispute, the IPR proceeding would not be a faster alternative. Instituting an IPR proceeding would merely make resolving the dispute more expensive. When a district court can resolve a dispute in a reasonable time period or more efficiently, the PTO Director should exercise his or her discretion not to institute an IPR proceeding, and in our view should deny such petitions, whether serial, parallel, coinciding with court or USITC proceedings, or one among multiple assaults by one or several parties on the same patent or claims.

Such discretionary denials promote the integrity of the patent system, efficient administration of the PTO, the timely completion of validity proceedings, and the well-being of patent owners, respect for patent exclusivity, reduction in the harassment of patent owners, and the economic benefits from quiet title for commercializing or licensing an invention. Thus, we support formalizing these countervailing factors and grounds for denying institution petitions, as they align with congressional intent, statutory authority, and prudent denials that have now been designated precedential. Placing these important principles and guidelines into regulation promotes the rule of law. A rules-based approach will promote consistency, fairness, patent reliability, and appropriate review of patent validity disputes in a less expensive, more expeditious, predictable, and fairer proceeding. Putting these criteria into a rule should help reduce the misuse of PTAB proceedings to game the system.

Therefore, Eagle Forum Education and Legal Defense Fund believes the option closely corresponding to the most appropriate set of considerations is described in the notice, “a bright-line rule that it [PTAB] should use its discretion to preclude claims from being subject to more than one AIA proceeding, regardless of the circumstances. In other words, once a trial is instituted against certain claims, this proposal would preclude the Office from instituting further AIA trials that include challenges by any party to any of the same claims if the patent owner opposes institution.” In order to achieve the “faster, cheaper, alternative” goals for PTAB, a patent should be subject to one bite at the apple for reviewing its validity, with institution decisionmaking applying a bright-line approach that makes it near impossible for patent infringers or other unscrupulous parties to game the system, effectively freeze a patent’s commercialization prospects, undermine its exclusivity, or otherwise disquiet title to the property.

In order to bring PTAB trials into compliance with the spirit and the letter of the statute, it is important that principles of the rule of law and of fairness guide the Office. The policies and procedures that guide PTO decisions as to whether to implement

petitioned proceedings at PTAB should not presume institution. Rather, making PTAB into the intended faster, cheaper alternative to judicial litigation would require a narrow gate. This would align most closely with Congress's intent for PTO to formalize the guidance of precedential decisions and to apply them to every petition, including serial petitions, parallel petitions, and petitions where other proceedings are pending.

This approach would "altogether decline to institute on more than one petition" and decline to institute if the same patent or the same patent claims have already been or are in the process of being adjudicated in any proceeding. Such exercise of discretion would consider whether the petitioner is an accused infringer of the challenged patent, either in parallel litigation the patent owner has filed, as recipient of a demand letter, or otherwise; those accused of infringement who resort to validity challenges at PTAB should be denied. These and similar factors would necessarily disqualify a petition from being instituted. In addition, petitioners who are not accused infringers should be required to certify and explain in their petitions why they seek cancellation of the patent owner's claims.

In conclusion, Eagle Forum Education and Legal Defense Fund appreciates the opportunity to comment on this important, salutary proposal. It is constructive to provide uniformity and consistency for patent owners, who should be afforded confidence that an issued U.S. patent is reliable. To the extent the prospective regulation appreciably reduces the rate of PTAB proceedings being instituted, the new rule would help strengthen the American patent system. Thank you for considering these reforms.

Sincerely,

Ed Martin
President

Andrew L. Schlafly
Counsel

James Edwards
Patent Policy Advisor