



November 19, 2020

To: Director of the USPTO

Re: Request for Comments on Discretion to Institute 85(203) Fed. Reg. 66502

Dear Director Iancu,

I am writing to offer comments in response to the *Request for Comments on Discretion to Institute 85(203) Fed Reg. 66502* that the Office has announced. My comments on behalf of myself as an inventor and on behalf of my company, Clear Imaging Research LLC, is enumerated below.

I am an inventor on nearly 450 US patents and patent applications. Throughout my professional life I have created inventions and commercial products that benefit multiple generations of cellular technologies, as well as such broad technologies as noise cancellation, image and video stabilization, coding and encoding, digital security, network communication protocols, and countless digital signal processing solutions that make life easier and safer for consumers. I have started multiple companies and created employment through investment in R&D and patented inventions. My company, Clear Imaging Research, as well as myself as an American inventor have a direct stake in the eventual ruling from the Office as my business depends on patented inventions to secure investment, hire engineers, and market products.

Comments on the 7 questions/issues posed:

***(1) Should the Office issue a rule with a case-specific analysis, such as in General Plastics, for deciding whether to institute on claims that have previously been challenged in another petition?***

Yes. The Office should issue a rule with a case-specific analysis for deciding whether to institute on claims that have previously been challenges in another petition. We believe that after the adoption of the General Plastic factors by the Board, it has become significantly less common to see petitions that are follow-on to prior filed



petitions. What we see is that parties chose to challenge patents by way of multiple petitions and file two or more petitions against the same patent, rather than file follow-on petitions. The issue has not been resolved, but rather turned into an issue of multiple challenges against the same patent, which is the topic of questions 3 and 4 that we address below.

***(2) Alternatively, should the Office (a) altogether disregard previous challenges or (b) altogether decline to institute if the claims have been previously challenged?***

The Office should issue a rule with a case-specific analysis for deciding whether to institute on claims that have previously been challenges in another petition. Although, if an alternative path is chosen such as altogether disregarding previous challenges or altogether declining to institute in cases of previous challenges, the outcome will not have a big impact. Because, the issue has shifted to multiple challenges being filed against the same patent, covered under questions 3 and 4 below.

***(3) Should the Office issue a rule with a case-specific analysis for deciding whether to institute more than one petition filed at or about the same time on the same patent?***

The Board in its Practice Guide offered a high-level guidance regarding multiple petitions filed against the same patent. Accordingly, the Board stated:

*" Based on the Board's experience, one petition should be sufficient to challenge the claims of a patent in most situations. Two 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. See 35 U.S.C. § 316(b). In addition, multiple petitions by a petitioner are not necessary in the vast majority of cases. To date, a substantial majority of patents have been challenged with a single petition."*

We agree with the Board's assessment of parallel challenges against the same patent being unnecessary, with the exception of very rare circumstances. However, the Board's guidance on multiple parallel petitions has not deterred patent challengers



from continuing this practice. Available statistics from the Office show that the Board's guidance has not change the behavior of challengers. Therefore there is a need for a more prescriptive, bright-line policy is needed to preserve fairness, timing, and efficiency. The reasons that multiple challenges have not been discouraged by the Board's guidance is multi-fold. Here are some of the reasons:

1. *Ineffective IPR estoppel.* The Board's guidance has a perverse and opposite effect than intended because it incentivizes multiple parallel challenges against the same patent for the following reason. Under the current process, the IPR estoppel in a following district court case does not apply to grounds raised in petitions that are not instituted. In other words, a challenger can, and would want to, file multiple challenges knowing that if any of the petitions are denied under the Board's discretionary authority, the same grounds can be brought up in the district court case again. So, there is no downside to bringing multiple challenges.
2. *Greater chance of institution.* The post-grant review process and in particular institution decisions do have a certain degree of statistical variation. Different panels looking at the same petition can rule differently, the same panel looking at similar petitions may rule differently, and the same panel looking at the same petition may rule differently at a different time. It is a fact that the process is not immune to such variations – a fact that the Office itself recognizes and therefore attempts to reduce such variations in the outcome of decisions in important cases by stacking the Board. It is easy to recognize that a challenger is well served by filing multiple petitions knowing that the overall probability of having at least one challenge instituted increases.
3. *Financial warfare.* Patent challengers who are generally in stronger financial position can and frequently do outspend smaller patent holders and force them to defend their patents at great expense – twice. Cost of patent litigation in the US is such that vast majority of smaller companies, innovators, and independent inventors can not afford to protect their patented inventions without financial backing. A patent holder can undertake district court litigation perhaps by seeking funding from third parties or contingency representation from a litigation firm, however that comes at a steep cost. Unfortunately, opposite of the stated objective of lowering cost, multiple petitions against the same patent multiply that cost. A patent holder has to defend its patents in multiple IPR challenges and then have to defend them again a second time in the district court case. Even if the Board used its discretionary authority to deny a petition, the patent holder still has to bear great expense. Statistics support the above argument in that multiple parallel petitions are filed exclusively by large industry player.

The cumulative effect of the above factors resulted in the current process where an expensive endeavor, namely the district court litigation, is replaced by two expensive endeavors, namely the (multiple) IPRs and the district court litigation.



Stated purpose of AIA reviews has not worked as envisaged. To prevent IPRs from being used as tools for harassment or a means to prevent market entry through repeated administrative attacks, we propose the following.

1. *No multiple petitions.* The Board should deny multiple petitions as a bright-line rule. There is no right lost and there is no door closed by doing so. Any challenger can still contest the validity of patents in early stages of a district court case. The fairness, time, and cost considerations weight in favor of denying multiple parallel petitions as a rule. In situations that are truly exceptional, the Board can allow multiple petitions for example when priority date of the patent is in doubt and different art may apply accordingly. But that should be exception to the rule and constitute less than 1% of the petitions filed.
2. *No multiple petitions when a parallel litigation does not exist. No exceptions.*
3. *IPR estoppel on all grounds of invalidity.* As an alternative to the above two proposals, the Board can adopt the position that multiple parallel challenges can be allowed, however that the patent challenger must give up all ability to challenge the same patent claims in the parallel district court case under section 102, 103. This can, and will, reduce the cost of overall patent challenge/litigation.

***(4) Alternatively, should the Office (a) altogether disregard the number of petitions filed or (b) altogether decline to institute on more than one petition?***

Please see the reasoning we laid out above in response to question 3. Based on that reasoning, we propose that the office should as a rule decline to consider more than one petition. Moreover, if the Board adopted a rule where it disregards the number of petitions filed, it should do so only if the patent challenger gives up the ability to challenge the same patent claims in a district court case on any section 102, 103 grounds.

***(5) Should the Office issue a rule with a case-specific analysis, such as in *Fintiv*, for deciding whether to institute on a patent that is or has been subject to proceedings in district court or the ITC?***

The Congress was clear in its intent when it created the post-grant reviews and in particular IPR proceedings. Accordingly, the Congress intended IPRs to be an inexpensive alternative to district court litigation as far as resolving validity of patents under section 102, 103. Conducting IPRs while a district court case is in its advanced stages is completely contrary to the Congress's intent, and contrary to



basic sensibility. Therefore, the objectives of fairness, timing, and cost can be served while fulfilling Congress's intent in most cases by denying IPR petitions where a parallel district court or ITC case is present.

Some level of timing and cost efficiency may be gained by considering IPR petitions if there is strong likelihood that a Final Written Decision will be issued before the validity issues are taken up in the district court trial. Otherwise, forcing the patent holders to fight two fight over validity at a much higher cost than district court case alone would be unfair and completely contrary to Congress's intent.

It is clear that the district courts apply their own principles and general way of conducting their trials, and these are not uniform across district courts. For instance, it is clear that institution of a trial at the Board does not prompt district courts to stay a case necessarily. Thus, tying institution of an IPR to some sort of assurance from the district court that it will stay the case is not a workable solution. In fact, it will lead to venue-shopping and gaming of the system in unintended ways.

Therefore, we propose the following:

1. Yes. The Office should issue a rule clarifying the Fintiv factors and turn them into bright-line rules, and thus have a more clear and prescriptive formula as to how discretionary authority is exercised in denying institution. More specifically, the Board should deny institution of any IPR unless the Final Written Decision can be issued before the trial date in a parallel district court or ITC trial. In further clarifying this proposal, the Board should deny institution of an IPR unless the institution date would be at least 9 months before the set trial date.
2. Fintiv factors should be supplemented with an additional factor involving cases where multiple patents are involved in the same district court case. As a rule, the Board should deny institution of all IPR petitions against all patents that are in a parallel district court case unless it finds that the petitioner is likely to prevail in all of challenges. Anything less than this determination would guarantee that the overall time to resolution of the district court case plus the IPR trials will be significantly longer than having validity issues on all patents to be decided by the district court. It is unfair to a patent holder to institute an IPR on one patent out of several patents asserted in the district court and as a consequence add two and a half year delay to the resolution timeline (including possible appeal of the IPR decision).

***(6) Alternatively, 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 other proceedings unless the district court or ITC has indicated that it will stay the action***

Please see the reasoning laid out in the comments addressing the previous question. Accordingly, the Board should deny institution of all IPRs on all patents that are in a parallel district court case as a rule, unless the Board determines that the challenger is likely to prevail in all IPRs filed against all of the patents. This rule should be applied in conjunction with the rule proposed on timing above, namely that unless a Final Written Decision can be issued before the trial date, IPR petitions should be denied.

***(7) 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?***

Below are specific suggestions for modification of existing rules:

1. Under the current process, the institution decision by the Board is not appealable to a higher court. However, there does not seem to be a judicial bar to an appeal to the Director. A new rule should be adopted that allows institution decisions to be appealed to the Director.
2. Under the current rules the Board issues Written Decisions in cases where it denies institution as well as where it institutes. The details of the analysis for denying a petition is used by patent challengers as a blueprint to amend or modify the petition according to this blueprint and file a serial petition. There is no legal requirement for the Board to issue a Written Decision with details of their reasoning. It is waste of resources and time. The Board should simply deny institution without commentary. There is no reason to provide anything more.
3. The Office and the Board does the same amount of work whether a petition results in institution or denial of institution. So, there is no rationale for the office to refund the petition fee in cases where an IPR is not instituted. The Office should stop refunding the petition fees.
4. Petition fee should increase substantially for IPR's filed against the same patent with each subsequent petition. A simple proposal is to double the fee with every challenge brought against the same patent, whether serial, parallel, or temporally spaced, and whether same or different parties challenge the patent.
5. The Board should terminate an ongoing IPR if the challenged patent is found not invalid in a parallel district court case or ITC case where similar invalidity arguments had been raised based on similar 102, 103 grounds. Doing otherwise amounts to giving more weight to a decision by the Board



than a decision by a district court that relies on witnesses, subject matter experts, substantially more discovery, cross examinations, lot more in depth consideration of issues, and the fact finder. There is no logical reason why the Board should spend time and money adjudicating a controversy that has already been decided by a district court.

6. In cases where multiple patents are involved in a district court case also challenged in IPR petitions, the Board should deny institution on all petitions unless it determines that the challenger is likely to prevail in all of the IPRs. In other words, the decision on IPRs that involve multiple patents in the same district court cases should be binary, all denied unless all instituted. Doing otherwise guarantees that the timeline to resolution in a patent case will lengthen by years, including IPRs and possible appeals. It is against the goal of gaining time and cost efficiency through IPRs. It also disadvantages patent holders unfairly.

On behalf of my company and myself, thank you for the opportunity to submit comments on this very important issue that affects the strength, fairness, and effectiveness of our patent system, and the USPTO rules promoting the same.

Yours Sincerely,

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