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Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board

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Discretion to Institute Trials Before the Patent Trial and Appeal Board

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Comment from Rob Honeycutt

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General Comment

My name is Rob Honeycutt and I am an inventor. I am new to the PTAB process and I'm concerned about the impacts on our economy relative to how the PTAB operates with respect to IPR's. The intent of the AIA was noble, to improve the efficiency of the overall system with post grant assertions, but I believe unintended consequences have resulted.

Based on some basic analysis I find that IPR's are being used as standard practice nearly every time a small patent owner seeks to assert their patent rights. For a small company the cost of a multiple IPR's can be financially devastating, just to defend rights which have already been granted by the USPTO. Then, even if the patent owner prevails they only retain what they already owned and are significantly poorer as a result.

I know from the PTAB's own stats that originally some 85% of IPR's were instituted and a significant number of those ended with invalidation of all claims. I know that number has fallen over time, but if that many are being instituted, that suggests a serious problem. My background is manufacturing and if I had a factory with a 50% failure rate, I would say either we have a

serious problem with the factory or the testing system is poorly calibrated.

I believe the problem is with the testing system: the PTAB/IPR process.

For large entities, IPR's seem to be a method for either financially crippling a small entity asserting their patents or a way of dragging out litigation much longer, adding another 1-2 years to a final judgement.

Small businesses are the backbone of our economy. The patent system is vital for small companies. While small entities asserting their patents may seem a costly nuisance for large companies, in reality it is core to the economic health of our nation.

I urge adoption of regulations to govern the discretion to institute PTAB trials consistent with the following principles.

I: PREDICTABILITY

Regulations must provide predictability. Stakeholders must be able to know in advance whether a petition is to be permitted or denied for policy reasons. To this end regulations should favor objective analysis and eschew subjectivity, balancing, weighing, holistic viewing, and individual discretion. The decision-making should be procedural based on clear rules. Presence or absence of discrete factors should be determinative, at least in ordinary circumstances. If compounded or weighted factors are absolutely necessary, the number of possible combinations must be minimized and the rubric must be published in the Code of Federal Regulations.

II: MULTIPLE PETITIONS

- a) A petitioner, real party in interest, and privy of the petitioner should be jointly limited to one petition per patent.
- b) Each patent should be subject to no more than one instituted AIA trial.
- c) A petitioner seeking to challenge a patent under the AIA should be required to file their petition within 90 days of an earlier petition against that patent (i.e., prior to a preliminary response). Petitions filed more than 90 days after an earlier petition should be denied.
- d) Petitioners filing within 90 days of a first petition against the same patent should be permitted to join an instituted trial.
- e) These provisions should govern all petitions absent a showing of extraordinary circumstances approved by the Director, Commissioner, and Chief Judge.

III: PROCEEDINGS IN OTHER TRIBUNALS

- a) The PTAB should not institute duplicative proceedings.
- b) A petition should be denied when the challenged patent is concurrently asserted in a district court against the petitioner, real party in interest, or privy of the petitioner and the court has neither stayed the case nor issued any order that is contingent on institution of review.
- c) A petition should be denied when the challenged patent is concurrently asserted in a district court against the petitioner, real party in interest, or privy of the petitioner with a trial is scheduled to occur within 18 months of the filing date of the petition.
- d) A petition should be denied when the challenged patent has been held not invalid in a final determination of the ITC involving the petitioner, real party in interest, or privy of the petitioner.

IV: PRIVY

a) An entity who benefits from invalidation of a patent and pays money to a petitioner challenging that patent should be considered a privy subject to the estoppel provisions of the AIA.

b) Privy should be interpreted to include a party to an agreement with the petitioner or real party of interest related to the validity or infringement of the patent where at least one of the parties to the agreement would benefit from a finding of unpatentability.

V: ECONOMIC IMPACT

Regulations should account for the proportionally greater harm to independent inventors and small businesses posed by institution of an AIA trial, to the extent it harms the economy and integrity of the patent system, including their financial resources and access to effective legal representation.