

November 19, 2020

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

**Re: Comments in Response to “Request for Comments on the Discretion to Institute Trials Before the Patent Trial and Appeal Board” (85 FR 66502)**

Dear Under Secretary Iancu:

As an inventor-stakeholder and small business owner, I am grateful for the opportunity to provide comments pursuant to the *Request for Comments on the Discretion to Institute Trials Before the Patent Trial and Appeal Board*, 85 FR 66502. The commentary below is my own and reflects my personal views; it does not reflect the views of any entity with which I have or have had a professional relationship.

Additionally, my comments are informed in part by my involvement with the Study of Underrepresented Classes Chasing Engineering and Science Success Act of 2018 (“SUCCESS Act”), *Pub. L. No. 115-273, 132 Stat. 4158 (2018)* and reflect my views on the origin and purpose of the various legislative provisions that Congress enacted into law through the Leahy-Smith America Invents Act (“AIA”), *Pub. L. No. 112-29, 125 Stat. 284 (2011)*.

Prior to getting into specific issues, I want to applaud you, Under Secretary Iancu, for the changes you have proposed and implemented to the operations of the Patent Trial and Appeal Board (PTAB) during your tenure as USPTO Director with the intention to make the PTAB and inter partes review (IPR) process more transparent and balanced. Now that we are just short of a decade into the enactment of the AIA and realize ways in which the IPR procedure under 35 U.S.C. § 31 can be utilized as a patent litigation stratagem, it is vital to understand that i) Congress instructed that “the changes made by [the AIA] are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost-effective alternatives to litigation.” H.R. Rep. No. 112-98, at 48 (2011); and ii) Congress gave the Director discretionary authority whether to institute AIA trials and states that the Director shall prescribe regulations pursuant to 35 U.S.C. 316(a), 326(b), and 35 U.S.C. 2(b)(2)(A). I am pleased to see the Director and the Office seek comments in their ongoing effort to achieve consistency and fairness by considering promulgating additional rules for instituting AIA trials.

**The Voice of the Inventor and the Desire to be Heard**

I encourage the Office to remember that the inventor is the source of innovation, and, for each comment received pursuant to this *Request for Comments*, to consider whether the comment is being provided by an inventor,

is being provided by an entity preaching what amounts to Orwellian “doublespeak”<sup>1</sup>, or is being provided by one who belittles independent district court judges and juries. Respecting the voice of the inventor is paramount, as is respecting our well-established court system.

Unfortunately, the current challenges inventors face as a result of the AIA are indeed a result of their voices not being considered in the discussion, as John M. Whealan, Intellectual Property Advisory Board Associate Dean for Intellectual Property Law Studies at George Washington Law School, recently testified on the unexpected consequences of the AIA<sup>2</sup>: “A critical voice seems to have been missing from the discussion: that of patent owners—the innovators who invested thousands of dollars and months of effort in obtaining patents from the USPTO only to be later told by the same USPTO that their patents are worthless.” Whealan strongly recommended that the government consider IPRs from the patentee’s perspective, emphasizing that “without the innovators, the inventors, and the patentees, none of us would be doing what we are today.” Thus, the voice of the inventor in this *Request for Comments* should be of utmost importance.

### **A SUCCESS Opportunity for the Underrepresented**

In May 2019, my family traveled to Alexandria, VA to assist the USPTO by providing commentary in the first of three SUCCESS Act hearings regarding the participation of women, minorities, and veterans in the patent system and entrepreneurial activities. *See 84 FR 17809*. My wife, a minority female, and I provided both oral testimony<sup>3</sup> and written testimony<sup>4</sup>, and our concerns remain true: the ability to utilize, enforce, and defend a patent is *the critical factor* when deciding whether to pursue a patent in the first place. Unbeknownst to us at the time we spoke, we did not realize the unison of voice among those who testified. By inspecting the comments provided during this study<sup>5</sup>, an overwhelming 79% of the individual comments received by the USPTO expressed concerns that the following are obstacles to participating in the patent system: difficulty with enforcing patents, risk of PTAB invalidations, and efficient infringement. (From my continued engagement with inventors, it is very fair to say that the remaining percentage of SUCCESS Act commenters who did not express similar sentiments was only because they were unaware of the AIA changes that affect patents, post grant. Once informed, they too become concerned.)

Our written testimony included legislative recommendations for the USPTO to provide to Congress pursuant to the SUCCESS Act to increase the number of patents applied for and obtained by underrepresented inventors. Throughout our testimony, we emphasized that, to achieve success with underrepresented inventors, both dimensions – the front end (i.e., the initial pursuit of a patent) and the back end (i.e., the ability to use, enforce, and defend a patent once received) – must work in tandem. ***If patents ultimately cannot be defended by underrepresented inventors, then seeking patents becomes moot.***

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<sup>1</sup> <https://www.ipwatchdog.com/2018/10/19/iancu-risk-takers-patent-troll-narrative-orwellian-doublespeak/id=102474/>

<sup>2</sup> *The Patent Trial and Appeal Board and the Appointments Clause: Implications of Recent Court Decisions*, House Subcommittee on Courts, Intellectual Property, and the Internet, <https://docs.house.gov/meetings/JU/JU03/20191119/110260/HHRG-116-JU03-Wstate-WhealanJ-20191119.pdf>

<sup>3</sup> <https://www.youtube.com/watch?v=2ff7d9i0Km4>

<sup>4</sup> <https://www.uspto.gov/sites/default/files/documents/SUCCESSAct-Hardin-Duran.pdf>

<sup>5</sup> <https://uspto.gov/successact>

I applaud you and the USPTO for the recent creation of the National Council for Expanding American Innovation (NCEAI)<sup>6</sup> in response to the SUCCESS Act study. Increasing participation in our innovation ecosystem by encouraging, empowering, and supporting inventors so that none are left behind, especially women and other underrepresented groups, is of utmost importance. However, unless and until the aforementioned back end dimension of the patent system does what it is intended to do by our founding fathers (“*securing for limited Times to Inventors the exclusive Right to their respective Discoveries*”<sup>7</sup>), underrepresented inventors who are aware of the risks that the PTAB and IPRs introduce to their patents will steer clear of seeking patents at the USPTO, as they expressed in their SUCCESS Act comments<sup>8</sup>. In fact, a large number of the underrepresented inventors who testified in the SUCCESS Act study are disappointed in that the Office provided no legislative recommendations to Congress in the Office’s Report<sup>9</sup> to specifically address the concerns the inventors raised regarding the PTAB and IPRs in this very back end dimension, resulting in them expressing their frustrations directly to Congress by letter<sup>10</sup>.

With this backdrop, promulgating the correct rules for instituting trials before the Office under the AIA presents an opportunity to regain trust and confidence from the inventor community and underrepresented inventors by correcting the back end dimension of the patent process. Additionally, this would satisfy the sense of Congress that “the patent system should promote industries to continue to develop new technologies that spur growth and create jobs across the country *which includes protecting the rights of small businesses and inventors from predatory behavior* that could result in the cutting off of innovation.” (emphasis added) *See Sec. 30. Sense of Congress, Pub. L. No. 112-29, 125 Stat. 284 (2011)*.

### **Privy & Parties of Interest**

35 U.S.C. § 315(b) states that “[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” Unfortunately, the critical question regarding who exactly is covered by “privy of the petitioner” is not defined by the statute. This causes a number of unexpected and unintended consequences. For example, one detriment to inventors is the emergence of predatory behavior by entities whose sole goal is to invalidate patents on behalf of undisclosed members. This demands the following regulations that will bring predictability and thwart abuse whereby entities can circumvent Congressional intent, for example, time bar limitations:

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

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<sup>6</sup> <https://uspto.gov/expandingamericaninnovation>

<sup>7</sup> U.S. Const. Art I, Sec. 8, Cl. 8

<sup>8</sup> <https://uspto.gov/successact>

<sup>9</sup> <https://www.uspto.gov/sites/default/files/documents/USPTOSuccessAct.pdf>

<sup>10</sup> <https://usinventor.org/wp-content/uploads/2020/01/Inventor-Letter-to-Rep-Velazquez-re-SUCCESS-Act.pdf>

## **Serial & Parallel Petitions**

Another unexpected and unintended consequence of the AIA is an inventor's inability to obtain quiet title. Parties may file petitions throughout the entire life of the patent, thereby harassing the inventor. This demands the following regulations that will bring predictability and thwart abuse of predatory behavior, helping bring quiet title to inventors:

- Given that the AIA was purported to be an alternative to district court litigation, similar to the standing requirement to challenge a patent in district court and obtain a declaratory judgment of invalidity, a petitioner seeking to challenge a patent under the AIA must demonstrate standing, similar to the existence of an actual case or controversy within the meaning of Article III.<sup>11</sup>
- A petitioner, real party in interest, and privy of the petitioner should be jointly limited to one petition per patent.
- Each patent should be subject to no more than one instituted AIA trial.
- 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.
- Petitioners filing within 90 days of a first petition against the same patent should be permitted to join an instituted trial.
- These provisions should govern all petitions absent a showing of extraordinary circumstances approved by the Director, Commissioner, and Chief Judge.

## **Proceedings in Other Tribunals**

It is not uncommon for patent-infringement litigation in district court to be stayed for two or three years, pending the disposition of IPRs challenging the asserted patents and any subsequent appeals to the Federal Circuit. This defeats the purpose of IPRs serving as a substitute for litigation; rather, they are in addition to it. This demands the following regulations that will bring predictability and remove conflicting outcomes from differing branches of government:

- The PTAB should not institute duplicative proceedings.
- 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.
- 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.
- 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.

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<sup>11</sup> MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 126 (2007).

## **Inventor-Patentees with Pre-AIA Patents**

Inventors who entered the patent bargain with the government and disclosed their inventions to the public prior to the AIA did not subscribe to the rule changes retroactively applied to their patents by the AIA. The differences in the risk factors alone between inter partes reexamination and inter partes review has destroyed inventor confidence in the predictability and reliability of the patent system. Our founding fathers understood that laws such as the AIA applied retroactively “are contrary to the first principles of the social compact, and to every principle of sound legislation.”<sup>12</sup> Moreover, inventor-patentees who retain ownership of their patents do not fall into the category of “patent troll”; thus, providing said inventors a consent option ensures their ability to select a fair venue for patent validity challenges. This demands the following regulations that will bring fairness, predictability, reliability in the patent grant, and trust in our government—all things on which inventors dearly rely:

- Unless the patentee expressly consents to an IPR in writing, a petition should be denied if (1) the challenged patent was examined under pre-AIA provisions; and (2) the inventor of the invention claimed by the patent or an entity controlled by that inventor: (i) is the patentee; and (ii) holds all substantial rights in the patent.

## **Financial Resources**

As expressed on the U.S. House floor during the introduction of the Sense of Congress stating that the patent system should protect the rights of small businesses and inventors from predatory behavior, Representative Jackson Lee emphasized that “[s]mall businesses should be as comfortable going to the Patent Office as our large businesses.” Unfortunately, and as a result of the AIA, small businesses do not possess equal outcome opportunities as large businesses do at the PTAB. Given the high cost of an IPR trial to independent inventors and small businesses<sup>13</sup>, and the fact that there is no financial upside in the patent validity inquiry in an IPR trial, it is difficult for these independent inventors and small businesses to obtain access to effective legal representation, thereby putting their patents further at risk. This harm to innovation ultimately hurts the economy and the integrity of the patent system.

- Regulations should account for the proportionally greater harm an AIA trial creates for economically-challenged independent inventors and small businesses.

## **Predictability**

Most importantly, a common theme found within this commentary is predictability, and stakeholders must know in advance whether a petition is to be permitted or denied for policy reasons. To this end, regulations should be objective and refrain from being subjective. Decision-making should be procedural, and should be based on clear, bright-line rules.

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<sup>12</sup> Federalist No. 44.

<sup>13</sup> Per the *2017 AIPLA Report of the Economic Survey*, the estimated mean cost of a single post-grant review proceeding through appeal is roughly \$450,000. <https://www.aipla.org/detail/journal-issue/economic-survey-2017>

**Conclusion**

Thank you for your consideration, and I thank you for remembering the voice of the Inventor and the exclusive Right that is to be secured to her for her Discoveries. To discuss this commentary in more detail, you may contact me directly via my LinkedIn page, linked below.

Respectfully submitted,

A handwritten signature in black ink that reads "Jeff Hardin". The signature is written in a cursive style with a long horizontal line underneath the name.

Jeff Hardin

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