



AMERICAN BAR ASSOCIATION

Intellectual Property
Law Section

321 N. Clark Street
Chicago, IL 60654-7598
T 312-988-6254
iplaw@americanbar.org
www.americanbar.org/iplaw

CHAIR

June Besek
New York, NY

CHAIR-ELECT

Kim R. Jessum
Yardley, PA

VICE CHAIR

Thad Chaloeontiarana
Chicago, IL

SECRETARY

Adriana S. Luedke
Bethesda, MD

FINANCIAL OFFICER

Robert Lytle

REVENUE OFFICER

Susan E. McGahan

CLE OFFICER

David Postolski

MEMBERSHIP OFFICER

Kevin Greenleaf

PUBLICATIONS OFFICER

Stephen E. Gillen

**SECTION DELEGATES TO
THE HOUSE OF DELEGATES**

William L. LaFuze (2021)
Lisa A. Dunner (2022)
Joseph M. Potenza (2023)

IMMEDIATE PAST CHAIR

George W. Jordan III

COUNCIL MEMBERS

James R. Davis II (2021)
Jonathan R. Sick (2021)
Joshua L. Simmons (2021)
Francine D. Ward (2021)
Steven P. Caltrider (2022)
Dale Cendali (2022)
Christina D. Frangiosa (2022)
Mary E. Rasenberger (2022)
Richard B. Biagi (2023)
Diane Dunn McKay (2023)
Donna M. Meuth (2023)
Anna (A.J.) Oakes (2023)
James L. Bilkoff (2024)
Keisha Hylton-Rodic (2024)
Rivka D. Monheit (2024)
Richard J. Stark (2024)

Young Lawyer Council Member

Pervin Rusi Taleyarkhan (2021)

SECTION STAFF

Michael G. Winkler
Director
Carey Farley
Programming / Events
Amy Mandel
Communications / Publications

November 19, 2020

Mail Stop Patent Board

Director of the U.S. Patent and Trademark Office

P. O. Box 1450

Alexandria, VA 22313-1450

Attention: Vice Chief Administrative Patent Judge Scott C. Weidenfeller

Submitted through the Federal eRulemaking Portal (<https://www.regulations.gov>)

Docket No. PTO-C-2020-0055

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

Dear Vice Chief Judge Weidenfeller:

I write on behalf of the American Bar Association Section of Intellectual Property Law (“Section”) to provide comments in response to the U.S. Patent and Trademark Office’s (“Office”) Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board (“RFC”), 85 Fed. Reg. 66502 (Oct. 20, 2020). The views expressed herein are presented on behalf of the Section and have not been approved by the House of Delegates or the Board of Governors of the American Bar Association. Accordingly, they should not be construed as representing the position of the ABA.

The Section appreciates the Office’s continued efforts to improve America Invents Act (AIA) trial proceedings before the Patent Trial and Appeal Board (PTAB or Board), and appreciates the opportunity to provide comments addressing the Questions identified in the RFC. For the reasons provided below, the Section generally supports the Office promulgating proposed rules with case-specific analyses for the Board’s application of discretionary institution under 35 U.S.C. §§ 314(a) and 324(a). The Section prefers that the Office engage in the rulemaking process, which includes evaluating public comments in response to proposed rules,¹ rather than establishing Office binding policy through precedential or informative decisions.

¹ The Section understands the RFC as containing a solicitation for public comments in response to questions 1-7 as set forth in the RFC. The Section does not believe that the RFC contains “the terms or substance” of proposed rules in compliance with 5 U.S.C. § 553(b)(3).

The Section has long-standing policy supporting patent operations changes leading to greater efficiency, consistency, and confidence in the United States patent system. The Section encourages a strong patent system to incentivize innovators to invent and patent owners to invest resources in developing their inventions into new products and technologies. Accordingly, the Section supports the exercise of discretion to minimize conflicting decisions on materially identical issues by a district court and the PTAB to preserve the integrity of the U.S. patent system.

I. Summary of Comments

The Section recognizes the balance between preventing harassment of patent owners, the need for inventors, investors and the public to be confident in a US issued patent, and the need to provide an efficient forum through which a petitioner can challenge the patentability of issued claims as Congress authorized in the America Invents Act (AIA). In this regard, the Section recommends that the Office promulgate proposed rules for serial and parallel petitions with case-specific analyses that take into account the conduct of *both* petitioners and patent owners. The Section provides recommended factors below that consider the conduct of both parties to a proceeding. The Section also provides its view that the Office should reconsider the *Fintiv* factors in light of the statutory framework and the realities of ever-changing district court case schedules.

II. Serial Petitions

The Section generally supports the Office promulgating a proposed rule with a case-specific analysis for the application of discretionary institution with regard to serial or follow-on petitions. On balance, the Office's current discretionary institution policies on serial petitions have curtailed the same or related petitioners from having multiple attacks against a patent. The Office's current policies on serial institution focus on the conduct of petitioners based on the nature and timing of later-filed petitions. However, as discussed in more detail below, the Section believes that the Board should take into account the conduct of the patent owner. The Office's current policies on serial petitions focus predominantly on the conduct of petitioners and may unfairly prejudice later-filing petitioners who have no meaningful relationship to the original petitioner or who filed later petitions in response to the timing of the patent owner's assertion strategy.

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 Section encourages the Office to promulgate a proposed rule with case-specific analysis to address the issue of serial or follow-on petitions. A rule with a case-specific analysis is preferable because promulgating a bright-line rule "would only serve to invite gamesmanship." *Shenzhen Silver Star Intelligent Tech. Co. v. iRobot Corp.*, IPR2018-00761, Paper 15 at 18-19 (PTAB Sept. 5, 2018) (Saindon, concurring).

The Section generally supports the Office's guidance set forth in *General Plastic, Valve I, Valve II*, and their progeny. However, the Section has concerns that the Office's current guidance in *General Plastic, Valve I*, and *Valve II* focuses predominantly on the conduct of petitioners, and does not adequately take into account the conduct of patent owners. The factors that the Office promulgates in a proposed rule for serial or follow-on petitions should equitably take into account the conduct of *both* petitioners and patent owners. The Section also supports the Office carefully examining the statutory basis for any regulations and gathering and publishing data relevant to any rules.

The *General Plastic* factors focus predominantly on the conduct of petitioners. See *Gen. Plastic Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16 (PTAB Sept. 6, 2017) (precedential) (factors 1-5 focus on the conduct of petitioners, while factors 6 and 7 are neutral to the parties). The Board has expanded the first *General Plastic* factor to consider the existence of “any relationship” between different petitioners. See *Valve Corp v. Elec. Scripting Prods., Inc.*, IPR2019-00062, Paper 11 at 2 (PTAB Apr. 2, 2019) (precedential). This is consistent with the recognition that there is “the potential for abuse of the review process by repeated attacks on patents.” *Gen. Plastic*, IPR2016-01357, Paper 19 at 16-17. Through case-specific application of the *General Plastic* factors, serial filings by the same or related petitioners have been minimized. Any promulgated rule should continue to provide this effect of preventing the same or related petitioners from having multiple bites at the apple, particularly when the same or related petitions use earlier filings of the patent owner or Board decisions in pursuing modified grounds of challenge.²

The Section also encourages the Office to promulgate a proposed rule that expressly considers the conduct of patent owners in related proceedings involving the challenged patent. Patent owners may serially assert their patents against multiple defendants over the course of multiple years. See, e.g., *NetApp Inc. v. Realtime Data LLC*, IPR2017-01195, Paper 9 at 6-8 (PTAB Oct. 12, 2017) (identifying proceedings asserting the challenged patent against different parties over time); *Microsoft Corp. v. IPA Tech. Inc.*, IPR2019-00838, Paper 9 at 3 (PTAB Nov. 7, 2019) (same). By considering such behavior when evaluating serial petitions, the Office can minimize incentives for patent owners to take advantage of the Board’s general restrictions against subsequent petitions that unfairly disadvantage later petitioners that had no involvement in an earlier IPR.

For example, *General Plastic* factor 3 considers whether a preliminary response has been filed or a decision to institute has been issued in earlier proceedings. See *Gen. Plastic*, IPR2016-01357, Paper 19 at 9, 11. This factor exists to prevent similarly situated petitioners from using prior filings as a road map to improve their subsequent petitions. *Id.* But many later petitions are not the result of a petitioner’s delay to gain a strategic advantage by reviewing earlier-filed papers. Some petitioners simply receive notice of an infringement complaint late in a patent owner’s assertion campaign. Yet these later-sued petitioners sometimes cannot overcome factor 3 if an earlier petition has been filed. In these situations, the *General Plastic* factors unfairly prejudice later-sued petitioners. Congress did not intend *inter partes* review to be available only to the first-sued petitioner, or the petitioner who filed the first petition when the patent owner sues different, unrelated defendants over a period of time.

These subsequent petitioners should not be penalized, particularly if their unpatentability challenges differ materially from those previously presented. Considering the timing of the patent owner’s assertion pattern, along with other conduct, would prevent the type of gamesmanship of the *General Plastic* factors that effectively prevents later-sued defendants from having their say before the Board. This would also allow panels to discourage other forms of gamesmanship such as the late

² The Section, however, supports Board decisions that have refused to rely on participation in joint defense groups as a basis to deny petitions. See, e.g., *Microsoft Corp. v. Koninklijke Philips N.V.*, IPR2018-00023, Paper 7 at 12-13 (PTAB Apr. 11, 2018) (Board declined to deny institution of a later-filed petition filed by a different petitioner that shared a common interest with earlier-filing petitioners in the patent-at-issue). Such participation should not be discouraged as it promotes efficiency in litigation.

identification of asserted claims in parallel proceedings. *See, e.g., Facebook, Inc. v. Windy City Innovations, LLC*, IPR2017-00709, Paper 11 at 2-4 (PTAB Aug. 1, 2017) (describing patent owner’s identification of asserted claims after the one-year statutory bar); *Microsoft Corp. v. IPA Tech. Inc.*, IPR2019-00812, Paper 12 at 9-15 (PTAB Oct. 17, 2019) (same).

When promulgating a proposed rule with a case-specific analysis for serial or follow-on petitions, the Office should also consider the merits of the patentability challenges presented in later-filed petitions. Notably, the merits of challenges presented in a later-filed petition is absent from the *General Plastic* factors.

Therefore, the Section recommends that the Office promulgate a proposed rule with a case-specific analysis that takes into account the conduct of both petitioners and patent owners. In addition to the seven *General Plastic* factors,³ the Section recommends that the Office also include the following two **additional** factors:

8. whether the patent owner’s conduct unfairly impacted the timing of a later petition filed against the patent; and

9. if a later-filed petition is filed by a different petitioner, whether the later-filed petition presents materially different grounds than the earlier petition, and whether the merits of the later-filed petition warrant institution of review.

Proposed new factor 8 expands on *General Plastic* factor 5, which is limited to “the same claims of the same patent.” *Gen. Plastic*, IPR2016-01357, Paper 19 at 16 (“5. 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.*”). There may be circumstances in which a later petitioner might challenge a different set of claims than an earlier petition, even if there is some overlap in the claims challenged, possibly due to a subsequent assertion of the patent against a different defendant.

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?

See response to question 1. The Section believes the Board should promulgate a proposed rule with a case-specific analysis that considers the conduct of *both* petitioners and patent owners to equitably balance the interests of all parties before the PTAB.

III. Parallel Petitions

The Section generally supports the Office promulgating a proposed rule with a case-specific analysis for the application of discretionary institution when parallel petitions are filed. However, as discussed in more detail below, the Section believes that the Office’s guidance has been unduly restrictive on balance. The Office’s current policies on parallel petitions focus predominantly on the conduct of petitioners. The Office should also take into account the conduct of patent owners in its analysis. Further, to avoid discretionary denials based on developments in other tribunals, the Office

³ *See General Plastic*, IPR2016-01357, Paper 19 at 16.

should recognize that petitioners may feel compelled to file parallel petitions before there is clarity on which claims are at issue in parallel litigation.

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 Section supports the Office promulgating a proposed rule with a case-specific analysis to guide Board panels on exercising discretion to institute or deny parallel petitions that are filed by the same petitioner(s) at or near the same time. The Section supports establishing policies by rule rather than by decisions that are designated precedential without public input. The Section also supports the Office carefully examining the statutory basis for any regulations and gathering and publishing data relevant to any rules.

The Section appreciates the Office's balancing of a petitioner's desire to be heard with not "plac[ing] a substantial and unnecessary burden on the Board and the patent owner." See Consolidated Trial Practice Guide (CTPG), at 59. But the Office's current policies have effectively created a rebuttable presumption that only one petition by the same petitioner may be instituted. On balance, the Office should not create a presumption in favor of instituting only one petition per patent, but rather address parallel petitions on a case-by-case basis.

The Office identifies two examples where multiple petitions by the same petitioner may be appropriate: (1) when the patent owner has asserted a large number of claims in litigation, or (2) when there is a dispute about a priority date requiring arguments under multiple prior art references. *Id.* Situation (1) above assumes that a petitioner has been informed of the claims that are asserted in litigation before the petitioner files its petition(s). It is not unusual for patent owners to add claims to a litigation after the one-year bar period has passed. See, e.g., *Facebook Inc. v. Windy City Innovations, LLC*, IPR2017-00659 and IPR2017-00709 (petitions filed to challenge claims added to the district court litigation after the one-year time-bar had passed); see also *Microsoft Corp. v. IPA Techs. Inc.*, IPR2019-00810 to -00814 (Board instituted five petitions challenging all 89 claims of the patent because the patent owner did not identify the asserted claims until after the one-year bar had passed). Due to the Board's increasing use of discretionary denials when patent owners sue in fast-moving forums, a petitioner may believe it is compelled to file one or more petitions before the patent owner informs the petitioner which claims it is asserting. A district court's rules may also allow a patent owner to add additional claims in amended contentions in the future. Therefore, rather than focus on the number of claims that a patent owner *has asserted* in the litigation, the Board should instead consider the merits of a petitioner's challenges based on the number of claims in the patent.

The Office should address this situation in rulemaking now that petitioners may no longer pursue same-party joinder to challenge additional claims that are asserted after the one-year time-bar of 35 U.S.C. § 315(b) has passed. See *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321, 1333 (Fed. Cir. 2020) (holding that same-party and issue joinder is not permissible under 35 U.S.C. § 315(c)). Thus, the Office should provide petitioners greater flexibility in addressing claims in separate petitions to account for this uncertainty created by patent owners.

Further, due to the Board's increasing use of discretionary denials when patent owners sue in fast-moving forums, a petitioner may believe it is compelled to file one or more petitions before a patent owner advises (i) how the petitioner's products or processes are alleged to infringe the asserted

claims, or (ii) how the patent owner is construing the asserted claims. For example, a petitioner may file parallel petitions within 4-6 months of service of a complaint, before the patent owner discloses which claims it intends to assert, how it alleges the petitioner's products or processes infringe the asserted claims, or how it is construing the claims. Due to this uncertainty, a petitioner may need to pursue multiple petitions with different grounds based on different claim constructions that the patent owner may pursue in parallel litigation.

The Section believes that efficiencies are gained in the dispute between the parties when a petitioner may pursue alternative grounds based on different claim constructions that the patent owner may pursue in parallel litigation. A district court may be more inclined to stay parallel litigation if the Board institutes multiple challenges against the asserted claims. When determining whether to exercise its discretion to institute or deny parallel petitions presenting alternative grounds of unpatentability, the Board should take into account, in addition to the merits of a petitioner's challenges, whether the patent owner had disclosed, at the time the petitioner filed its parallel petitions, the claims of the patent being asserted and the total number of claims, the products or processes of the petitioner that are accused of infringement, and the claim construction positions of the patent owner.

On balance, the Section believes that the Board's denial of meritorious challenges to claims on procedural grounds may unnecessarily increase costs for the parties and undermine the purposes of the AIA to provide an expert administrative review of patents. Procedurally denying meritorious petitions can have the disadvantageous effect of increasing costs for the parties by shifting validity disputes to other more costly forums, such as district courts or the International Trade Commission (ITC). A petitioner is not estopped from raising validity challenges in district court or the ITC when the Board denied institution for those challenges. *See Shaw Indus. Grp, Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016). To be clear, the Section is not advocating that the Board permit a limitless number of challenges. Rather, the Board should promulgate a proposed rule with a case-specific analysis accounting for the merits of the challenges in parallel petitions *and* the conduct of both petitioners and patent owners. The Board's analysis should consider at least the following non-exhaustive factors:

- (a) the merits of the challenges presented in parallel petitions;
- (b) whether the challenges presented in parallel petitions are materially different;
- (c) whether the patent owner has asserted a large number of claims in litigation;
- (d) the number of claims in the challenged patent and the degree of specificity, at the time parallel petitions were filed, about the claims in the patent that could be asserted against the petitioner;
- (e) the degree of specificity, at the time parallel petitions were filed, about how the patent owner is construing and asserting the challenged claims;
- (f) if different challenges are pursued in parallel petitions based on different claim construction positions, the reasonableness of the alternative claim constructions advanced by the petitioner; and
- (g) whether there is a dispute about a priority date requiring arguments under multiple prior art references.

The Section believes that promulgating a proposed rule with the above factors for consideration of parallel petitions properly balances fairness, timing and efficiency concerns from parallel petitions, and consideration of meritorious challenges to patent claims asserted in parallel litigation.

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?

See response to question 3.

IV. Proceedings in Other Tribunals

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?

If the Office continues to maintain the position that it has the authority to deny a petition based on the status of parallel litigation, the Section generally supports the Office promulgating a proposed rule with a case-specific analysis for deciding whether to institute a petition on a patent that is involved in parallel litigation in a U.S. district court or the ITC. Consistent with the comments above, the Section prefers that the Office engage in rulemaking to establish binding policy rather than creating binding policy through precedential decisions or other guidance. The Section also supports the Office carefully examining the statutory basis for any regulations and gathering and publishing data relevant to any rules.

Based on a review of the statistics regarding factors such as trial dates, the *Fintiv* factors appear to be based on incorrect assumptions regarding the realities of unpredictable litigation. For example, the first *Fintiv* factor has Administrative Patent Judges (APJs) analyzing the likelihood of a particular court issuing a stay, something that can be hard to predict (at best). In fact, in the vast majority of cases the district court does not even decide whether to stay the case until after the initial determination by the Office in the IPR proceeding. The second factor asks the APJs to compare whether a district court is scheduled to go to trial before the prospective date on which the Board would issue a final written decision. *See Fintiv*, IPR2020-00019, Paper 11 at 9 (“If the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor exercising authority to deny institution under *NHK*.”). But this reasoning ignores the fact that scheduled district court trial dates often move, including when the scheduled dates of district courts are used by the Board as one of the bases to deny institution. For example, in *NHK*, a Board panel denied institution in part due to the “advanced state of the district court proceedings.” *NHK*, IPR2018-00752, Paper 8 at 20. There, the panel specifically focused on the fact that a district court trial was set for approximately six months before the statutory deadline for issuing a final written decision if the Board instituted review. *Id.* at 19–20. But shortly thereafter, the court in the parallel district court case moved the trial date back six months. *See Intri-Plex Techs. v. NHK Int’l Corp.*, No. 3:17-cv-01097, ECF Nos. 173, 175 (N.D. Cal.). At least one subsequent Board panel pointed to this fact—which undermined the basis for denying institution in *NHK*—as “illustrating the uncertainty associated with litigation schedules.” *See Mylan Pharma. Inc. v. Sanofi-Aventis Deutschland GmbH*, IPR2018-01670, Paper 19 at 10 n.3 (PTAB Apr. 3, 2019). Commentators have reported that scheduled district court trial dates are often moved, on average, by three to seven months, including in the District of Delaware and the Western District of Texas, which are popular

forums for bringing patent infringement complaints.⁴ Under the *Fintiv* factors, APJs are not even asked to consider the likelihood of a trial date moving.

The Office should not base discretionary denials on scheduled trial dates that are often moved for a variety of reasons. One petitioner was able to successfully request rehearing of a discretionary denial after the district court moved the trial date, but that was only because the trial date was moved within the thirty-day period during which the petitioner could request rehearing. *See Sand Revolution II, LLC v. Continental Intermodal Grp.—Trucking LLC*, IPR2020-01393, Paper 24 (PTAB June 16, 2020) (informative) (panel granted institution on rehearing of discretionary denial based on finding that uncertainty over district court’s trial date weighed against discretionary denial).

The *Fintiv* factors may also lead to disparate results based on where a patent owner chooses to file suit. To date, the application of the *Fintiv* factors has led to a starkly higher rate of discretionary denials when the patent owner files its infringement complaint in faster-moving district courts having accelerated trial dates. U.S. District Courts for the Western District of Texas and the Eastern District of Texas provide faster times to trial due to their accelerated trial schedules, as compared to other U.S. district courts.⁵ These accelerated trial schedules have led to a disproportionate number of discretionary denials in comparison to IPRs involving patents that are being asserted in other U.S. district courts. One commentator recently found that **56% of petitions were discretionarily denied** by the Board under *Fintiv* when the parallel district court case was brought in either the Western District of Texas or the Eastern District of Texas.⁶ In comparison, only 3% of petitions were discretionarily denied under *Fintiv* in all other forums.⁷ This stark disparity in outcomes can effectively prevent a defendant from pursuing validity defenses before the PTAB based on the forum that the patent owner chooses.

If the Office continues to use any of the *Fintiv* factors, the Section also recommends that the Office recast *Fintiv* factor 4 to limit its applicability and avoid variation in application by Board panels. As noted in the explanation of *Fintiv* factor 4, the Board in *NHK* was presented with “substantially identical prior art arguments that were at issue in the district court.” *Fintiv*, IPR2020-00019, Paper 11 at 12. Based on this fact, the Board explained that “concerns of inefficiency and the possibility of conflicting decisions were particularly strong.” *Id.* Some Board panels have indicated that the potential for “inconsistent results” weighs in favor of discretionary denial under *Fintiv*. *See, e.g., Intel Corp. v. VLSI Tech. LLC*, IPR2020-00583, Paper 22 at 11 (PTAB Oct. 5, 2020) (“[I]nstituting

⁴ *See* Scott McKeown, “District Court Trial Dates Tend to Slip After PTAB Discretionary Denials,” available at <https://www.patentspostgrant.com/district-court-trial-dates-tend-to-slip-after-ptab-discretionary-denials/>.

⁵ For example, Judge Albright’s default scheduling order for patent cases in the Western District of Texas provides that trial should occur approximately 18 months from the initial case management conference. *See* <https://www.txwd.uscourts.gov/wp-content/uploads/Standing%20Orders/Waco/Albright/Sample%20Order%20Governing%20Proceedings%20-%20Patent%20Cases%20092220.pdf>. According to statistics from Docket Navigator, the median time to trial in the Eastern District of Texas for a patent case filed since January 1, 2018 is 24.1 months.

⁶ *See* Brenton Babcock et al., “A Proposed Alternative to PTAB Discretionary Denial Factors,” available at <https://www.law360.com/articles/1315934/a-proposed-alternative-to-ptab-discretionary-denial-factors?>

⁷ *Id.*

an *inter partes* review would likely duplicate the district court’s efforts and could lead to inconsistent results, undercutting the efficiency and integrity of the patent system.”). Some Board panels have held that simply having two references in common with the petitioner/defendant’s preliminary invalidity contentions is sufficient to create the potential for “inconsistent results.” See, e.g., *U.S. Venture, Inc. v. Sunoco Partners Marketing & Terminals L.P.*, IPR2020-00728, Paper 10 at 14 (PTAB Oct. 1, 2020) (in denying institution under *Fintiv*, the panel explained that because two references were included in the IPR and the petitioner/defendant’s preliminary invalidity contentions, “instituting an *inter partes* review would likely duplicate the district court’s efforts, as well as create the potential for inconsistent results, both of which undercut the efficiency and integrity of the patent system.”).

If the Office continues to use this factor, the Section believes that, in general, *Fintiv* factor 4 should weigh in favor of discretionary denial only when a petitioner/defendant is pursuing the same references on the same grounds in district court that are asserted in the petitioner/defendant’s grounds raised in an IPR petition. If the petitioner/defendant stipulates not to pursue grounds in the district court or ITC relying on those same grounds if the IPR is instituted, then there cannot be inconsistent results between the IPR and the other proceeding. See *Sand Revolution*, IPR2019-01393, Paper 24 at 12 (petitioner’s stipulation to not pursue the same grounds in district court mitigates “concerns of potentially conflicting decisions.”); see also *NanoCollect Biomedical, Inc. v. Cytonome/ST, LLC*, IPR2020-00551, Paper 19 at 23 (PTAB Aug. 27, 2020) (petitioner’s stipulation resulted in “no overlap” between the IPR and district court proceeding); *Apple Inc. v. SEVEN Networks, LLC*, IPR2020-00285, Paper 10 at 22 (PTAB July 28, 2020) (petitioner’s stipulation to not pursue the same grounds in district court mitigates “concerns of duplicative efforts between the district court and the Board, as well as potentially conflicting decisions.”).

If the Office continues to maintain that it has the proper authority, the Section therefore recommends that the Office promulgate a proposed rule with a case-specific analysis for deciding whether to institute a petition on a patent that is involved in parallel litigation in a U.S. district court or the ITC. However, the Section does not support the Office promulgating a rule consistent with all factors of *Fintiv*, for the reasons presented above. Further, the Section’s comments above in response to question 5 should also be viewed in conjunction with the Section’s comments below in response to question 6.

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?

Given the statutory framework established by Congress, the Section encourages the Office to deny IPR institution based on parallel district court or ITC proceedings, in general, only when the petitioner files its IPR petition more than one year after the patent owner serves the petitioner with a district court complaint asserting infringement of the patent at issue. In a section entitled “Relation to Other Proceedings or Actions,” the AIA expressly addresses how to proceed when there is a competing action. The Office will deny any IPR petition filed more than one year after the service of a district court infringement complaint. 35 U.S.C. § 315(b). Congress declined to bar institution based on any other time limitation with respect to other actions, including any requirement that the final written decision be issued prior to any district court jury trial. For example, the proposed bill originally allowed only six months after service of a district court complaint to file an IPR. See 157

Cong. Rec. S5429 (daily ed. Sept. 8, 2011). Congress, however, was persuaded that this did not allow enough time for petitioners:

High-technology companies, in particular, have noted that they are often sued by defendants asserting multiple patents with large numbers of vague claims, making it difficult to determine in the first few months of the litigation which claims will be relevant and how those claims are alleged to read on the defendant's products. Current law imposes no deadline on seeking inter partes reexamination. And in light of the present bill's enhanced estoppels, it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation. It is thus appropriate to extend the section 315(b) deadline to one year.

Id. Additional protections were also provided to protect patent holders with respect to parallel proceedings. If an entity files a civil action seeking to invalidate a patent, then it may not later file an IPR on that patent. 35 U.S.C. § 315(a)(1). However, Congress expressly allowed IPRs to be filed by district court defendants who raise invalidity counterclaims when sued for infringement. 35 U.S.C. § 315(a)(3).

NHK, Fintiv and other similar decisions refusing to institute IPRs because a district court or ITC trial has been set before the estimated date for the PTAB's final written decision upset this balance and goes beyond the letter and intent of the pertinent provisions of the AIA. Congress already considered the views of those advocating that an IPR should always be denied when there is parallel district court litigation and the views of those advocating that an IPR should never be denied in favor of district court litigation. Congress struck a careful balance that should not now be upset.

V. Other Considerations

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?

The Section has provided recommended modifications to the Office's current policies in response to questions 1, 3, 5, and 6 above.

* * * *

The Section thanks the Office for the opportunity to submit these comments. We would be pleased to further discuss these comments with the Office and others as appropriate. The Section encourages the Office to continue to make strides toward patent system policies enhancing efficiency, predictability and confidence in the U.S. patent system.

Sincerely,



June M. Besek Chair
ABA Section of Intellectual Property Law