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United States Patent & Trademark Office
600 Dulany Street
Alexandria, Virginia 22314

**RE: REQUEST FOR COMMENTS ON DISCRETION TO INSTITUTE TRIALS BEFORE
 THE PATENT TRIAL AND APPEAL BOARD**

US PTO Patent Trial and Appeal Board,

Thank you for the opportunity to comment on the PTAB's discretion to institute trials. Request for Comments on Discretion To Institute Trials Before the Patent Trial and Appeal Board, 85 Fed. Reg. 203, (October 20, 2020), pp 66502-06.

As an initial matter, some of the policy reasons why the PTAB wishes to exercise institution discretion in non-redundant, non-parallel *inter partes* reviews and post-grant reviews seem vague. For example, the Office writes that it has taken into consideration a variety of factors in deciding to exercise its discretion, including: “[t]he economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete instituted proceedings.” *Id.* at 66503. What about the economy, for example, causes the PTAB to decline a petition for institution? Likewise, how is declining petitions for *IPR*—even after a panel has opined that there is a reasonable likelihood that “at least 1 of the claims challenged in the petition” will be found unpatentable under §§314 and 324—serving the integrity of the patent system? And so forth. As stakeholders we wonder why panels are declining institution in non-redundant, non-parallel cases; we are curious if we can perhaps mitigate or assist the Office in whatever impediments exist to the Office meeting your timing and quality goals?

I recognize that §316(b) and §326(b) require the Director to “consider the effect of any []regulation 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” but that does not mean that the economy generally, *inter alia*, should trigger new regulations. The Administrative Procedures Act requires that decisions from the Office not be “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” 5 USC §706(2)(a). Though a bright-line rule may not be necessary, the absence of a clear definition of the **factors and/or policy concerns** that cause the exercise of discretion beg for APA challenges.

The informative and precedential cases on point provide some guidance on the PTAB’s discretion in non-redundant, non-parallel petitions but the advisory does not speak to the considerations in those cases and/or questions remain.

- 1) In *NHK Spring v. Intri-Plex Techs.*, IPR2018-00752 (PTAB Sept. 12, 2018) the panel considered several factors related to the similarities and material differences between the art asserted in the post-grant petition and the pre-issuance examination art as well as related arguments. pp11-12. This is objective or concrete in terms of the types of events that might cause efficiency concerns at the Office and a petition to be declined in your reasonable discretion. *See also*, ftn1. The Federal Register Notice appears to be silent as to these **factors** but are they not relevant?
- 2) In another case mentioned in the Fed. Reg. Notice, there were 10 different references relied upon in a 103 based petition and the petitioner argued 19 different combinations for obviousness, *inter alia*. *Adaptics v. Perfect*, IPR2018-01596 (PTAB March 6, 2019), pp18-24 (where the panel found that the petition lacked particularity and the grounds were voluminous and excessive). Stating that a petition is “voluminous” or “excessive” is one thing but describing *how* the argument was in excess and the **policy concerns** such vagueness implicates enables practitioners to better appreciate your policy drivers for discretion.
- 3) The discretionary decisions that deny institution for lack of a substantial number of claims (or grounds) that are likely to be found unpatentable seems both underdefined—in terms of the quantitative percent of claims that are needed for institution—and to directly contradict §§314(a) & 324(a) and *SAS Institute. Deeper v. Vexilar*, IPR2018-01310 (PTAB January 24, 2019), pp41-43 (denying institution because only two of twenty-three claims were likely to be unpatentable) and *Chevron Oronite v. Infineum*, IPR2018-00923 (PTAB Nov. 7, 2018), pp10-11 (denying institution because only two of twenty claims were likely to be unpatentable because “instituting a trial with respect to all twenty

claims based on evidence and arguments directed to dependent claims 3 and 4 is not an efficient use of the Board's time and resources."). What **specific factors** and **policy concerns** are at play here? We do not know what number or percentage of claims are enough for institution. Sections 314(a) and 324(a) literally state that one is enough. Doing the opposite of Sections 314 and 324 probably offends the original intent of Congress in creating the proceedings because it defies the plain text on an issue to which the text directly speaks. Remember also, that the pre-AIA standard on *inter partes* reexaminations only required presentation of a substantial new question of patentability on "any claim" or with respect to one claim. Pre-AIA 35 USC §312(a). Lastly, it only takes one claim for an invention to be "patented" and to create infringement liability under 35 USC §271.

Respectfully, *SAS* does not provide the Board with the broad discretion it now exercises in denying non-redundant, non-parallel petitions based upon a statute-defying number or percentage of claims likely to be found unpatentable. *SAS Institute v. Iancu*, 138 SCt 1348, 1354 (2018) stated that the plain language of §318(a) requires the PTAB to "issue a final written decision with respect to the patentability of **any** patent claim challenged by the petitioner" once the PTAB has instituted a post-grant proceeding. (emphasis given). The word "any" was construed to "refer[] to a member of a particular group or class without distinction or limitation' and in this way 'impl[ie]d *every* member of the class or group,'" i.e., every (challenged) claim. *Id.* The Office should not subvert this requirement of detailed review by avoiding institution all together, especially without specific rhyme or reason. 5 USC §706(2)(a).

Since Congress spoke directly to the minimum number of claims required for institution, the Patent Office creating a higher threshold could defy its congressional mandate. *SAS supra* at 1356 (emphasis given).

The Director argues that [314(a)'s] language requires him to "evaluate claims individually" and so must allow him to institute review on a claim-by-claim basis as well. Brief for Federal Respondent 28. But this language, if anything, suggests just the opposite. Section 314(a) does not require the Director to evaluate every claim individually. Instead, it simply requires him to decide whether the petitioner is likely to succeed on "at least 1" claim. **Once that single claim threshold is satisfied, it doesn't matter whether the petitioner is likely to prevail on any *additional* claims; the Director need not even consider any other claim before instituting review. Rather than contemplate claim-by-claim institution, then, the language anticipates a regime where a reasonable prospect of success on a single claim justifies review of all.**

A quantitative or percent-based requirement of claims likely to be found unpatentable causes to matter “whether the petitioner is likely to prevail on any additional claims” outside of at least one. Since a “reasonable prospect of success on a single claim justifies review of all” where two of twenty-three or one hundred and twenty-three are likely to be unpatentable the Director’s discretion must yield to congressional instruction.

It makes no sense that *SAS* requires the Board to opine on the patentability of all challenged claims (i.e., “any patent claim challenged”) anytime at least one claim is reasonably likely to be found unpatentable but that the Board can deny institution on all claims when as many as 2 of 23 are likely to be found unpatentable.

Unlike petitions that are either redundant, parallel or materially similar to pre-issuance prosecution, with the numeric based limitations on institution, patentability issues that satisfy §§314(a) and 324(a) will likely go unmet by another competent venue. That would also seem to upset congressional purposes for the proceedings.¹

Finally, as to redundancy, a patent owner’s position on discretion (as discussed on 85 Fed. Reg. 203 *supra* at 66505-06) should be taken with a grain of salt since the Office does not require an “actual case or controversy” to exist between the petitioner and patent owner, unlike with district court subject matter jurisdiction. Therefore, it is possible, though probably uncommon, that a less zealous or incompetent petitioner might be the first to file a petition that could preclude later petitions. More than the mere existence of a prior proceeding should be considered in deciding against institution.

If you have questions send an e-mail to: Kristy@iheartcreativeenergy.com.

Sincerely,

s/ Kristy J. Downing

¹ As to petitions denied for vagueness under *Adaptics v. Perfect*, one might argue that §§314 and 324 were not reasonably met or that ascertaining the same would be unreasonably burdensome given the petition’s lack of clarity. Likewise, for petitions whose grounds are materially similar to considerations competently examined pre-issuance, under *NHK Spring*, one might reasonably deduce that §§314/324 are not likely to be met in those cases either.