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Samsung Electronics (“Samsung”) respectfully makes this submission in response to the U.S. Patent and Trademark Office (“PTO”) Request for Comments (“RFC”) published in the Federal Register on October 20, 2020. 85 F.R. 66502-06 (10/20/2020); deadline extension at <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/uspto-seeks-public-input-possible>. The RFC defines its purpose as requesting comments from the public prior to codifying its current policies and practices regarding “appropriate considerations for instituting AIA trials” via formal rulemaking. Rather than repeating the substantive arguments of other commenters, Samsung will limit itself to a few policy comments.

As an initial matter, the PTO recognizes that Congress designed AIA proceedings “to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” U.S. PTO Consolidated Trial Practice Guide (“CTPG”) at 56 citing H.R. Rep. No 112-98, pt. 1, at 40 (2011), 2011 U.S. C.C.A.N. 67, 69. We submit that codifying the current policies and practices will undermine the Congressional goals of these proceedings.

Questions 1 & 2 – Serial Petitions

Under the current policies and practices of *General Plastic*, *Valve I*, *Valve II*, and their progeny, the PTO has been applying a case-specific analysis weighing 7 “discretionary factors” against the single legal factor of the merits. None of these “discretionary factors” can convert a non-meritorious petition into one worthy of institution but each of these “discretionary factors” can convert a meritorious into one unworthy of institution. The strength and integrity of the U.S. patent system depends upon valid patents. If a petitioner has timely shown that it is more likely than not that an invalid patent has been issued, the PTO should be inclined to review that patent on those grounds in order to improve the quality of the patent stock and to prevent invalid patents from being asserted in unnecessary and counterproductive litigation. Section 325(d) expressly gives the Director the authority to deny institution if “the same or substantially the same prior art or arguments were previously presented to the office.” However, in situations where multiple petitions present unique grounds each showing that it is likely a patent never should have issued, the argument strengthens that review is even more necessary not less so.

Exercising discretion to deny meritorious petitions on grounds largely relating to the timing of the petition (although in all cases within the statutory 1 year period), creates the incentive to be the first to file a petition so as not to risk discretionary denial. This rush to the PTO diminishes a party’s opportunity to prepare the best petition using the best prior art and present the best well-thought out arguments. Such does not improve patent quality and under the current policies and practices regarding discretion, may prevent the PTO from actually considering the best information available within the statutory time limit. If meritorious petitions are denied through exercise of discretion, likely invalid patents may remain available for assertion due to settlement or ultimate failure on the merits. Further, in situations in which a patentholder has sued multiple parties, the race to the PTO has the potential to interfere with litigation by creating disharmony among defendants, each jockeying to be first to the PTO. Rather than

minimize unnecessary and counterproductive litigation costs, the current policies and practices, encourages them.

We note that discretionary denial is not necessary to ensure the efficient operation of the PTAB. Indeed, the PTO has not claimed any problem with its ability to complete such proceedings within the statutory time limits. Rather, the current policies and practices appear to result solely from the view that IPR allows for “repeated administrative attacks on the patentability of the same patent claims and the harassment of patent owners.” However, this view is unsubstantiated and unsupported by any objective criteria. As the PTO recognizes, a substantial majority of patents have been challenged with a single petition. CTPG at 59; *see also* 6/11/2020 PTAB Boardside Chat at 19. Moreover, as previously noted, section 325(d) expressly allows the PTO to decline to institute petitions based on the same or substantially the same prior art and arguments. Further, section 325(d) expressly allows the PTO to consolidate or stay proceedings thus providing options for productively dealing with meritorious serial petitions.

To the extent the PTO is concerned about serial petitions as harassment, the Director has the express authority under section 316(a)(6) to prescribe sanctions “for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding.” This would appear to be the more appropriate route rather than exercising discretion based on an inclination to suspect bad faith from a serial or follow-on petition. The PTO has rarely, if ever, sanctioned parties for using serial petitions for harassment or any other improper purpose. The PTO’s policy therefore harmfully restricts access to IPR as a draconian solution to an illusory problem the PTO has not substantiated in practice.

Questions 3 & 4 – Parallel Petitions

Many of the policy considerations addressed under questions 1 & 2 apply equally to parallel petitions. As the PTO recognizes in the CTPG, because of word count limitations, parallel petitions are often necessary when a petitioner is addressing a large number of claims, particularly complicated claims, or a dispute regarding the applicable priority date for prior art. CTPG at 59. Under the current policies and practices, a petitioner must devote words to justifying why the PTO should not exercise its discretion to deny it. This leaves fewer words to explain the technical and legal merits of the petition. As a result, a petitioner may require more than one petition to adequately address the rationale for invalidity. Thus, rather than mitigating a perceived problem with parallel petitions, the PTO’s current approach can necessitate them.

Another situation arises when a patentholder has sued multiple parties. As a result of the race to the PTO, discussed above, several petitions may be filed at or around the same time. As a matter of fundamental fairness, each defendant should have an opportunity to make its case before the PTO. Subject to denial for redundancy per section 325(d), if a petitioner has timely shown that it is more likely than not that an invalid patent has been issued, the PTO should be inclined to review that patent on those grounds. Indeed, in situations where multiple petitions present unique grounds each showing that it is likely a patent never should have issued, the argument strengthens that review is even more necessary not less so. As discussed above, there are other and better mechanisms (e.g., joinder, consolidation, stay) to deal with the issue of parallel petitions rather than using discretion to deny consideration of meritorious petitions.

Questions 5 & 6 – Other Tribunals

Under the current policies and practices of *Fintiv* and its progeny, the PTO has been applying a case-specific analysis weighing 9 “discretionary factors” against the single legal factor of the merits. As with *General Plastics*, none of these “discretionary factors” can convert a non-meritorious petition into one worthy of institution but each of these “discretionary factors” can convert a meritorious petition into one unworthy of institution. The PTO rationalizes this approach on the basis of efficient operation of the office *i.e.*, the validity dispute between the parties will timely be decided in another tribunal.

This rationale disregards both the realities of patent litigation and the purpose of IPR. As a practical matter, less than 10% of patent infringement suits in the U.S. District Courts are litigated to a final judgment. Thus, after the PTO has used its discretion to push the question of patent validity to the District Court, it is highly unlikely that the question of whether the patent is invalid will actually be answered. While the particular dispute between two private parties may be resolved, the question of whether the patent is invalid and should not have issued is not resolved. Rather than improve patent quality, it leaves invalid patents in force to continue being asserted against others. Rather than limiting unnecessary and counterproductive litigation, the current policies and practices of the PTO encourage it.

Specifically, with respect to litigation at the International Trade Commission (“ITC”), the question of whether the patent is invalid and should not have issued *cannot* be answered. The ITC does not have the authority to invalidate a patent and its determination is not binding on any U.S. District Court or other federal agency. *See e.g., In re Convertible Rowing Exerciser Patent Litigation*, 721 F.Supp. 596, 603-604 (D. Del. 1989) (denying defendants’ motion for summary judgment of invalidity despite prior ITC determination of invalidity); *Nautilus Hyosung Inc. v Diebold, Inc. et al.*, 3-16-cv-00364 (N.D. Tex. 2019) (denying defendants’ motion to dismiss complaint despite Federal Circuit holding patent invalid on appeal from the ITC)

In conclusion, rather than codify its current policies and practices, we would urge the PTO to reconsider them in light of the express Congressional intent that the PTO “establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”

Respectfully submitted,

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