



December 3, 2020

The Honorable Andrei Iancu
Under Secretary of Commerce for Intellectual Property
and Director of the U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Submitted in PDF via <https://www.regulations.gov>

Re: **Comments in Response to 85 FR 66502, "Request for Comments on Discretion To Institute Trials Before the Patent Trial and Appeal Board," 85 Fed. Reg. 66,502 (Oct. 20, 2020), Docket No. PTO-C-2020-0055**

Dear Director Iancu:

TiVo respectfully submits this response to the "Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board." TiVo is a subsidiary of Xperi, a global leader in digital entertainment, media, audio, imaging, and semiconductor technology for some of the largest consumer equipment manufacturers, service providers, and application developers in the world. Xperi is a publicly-traded company (NASDAQ: XPER) based in San Jose, California, with over 1,900 employees in over 42 offices around the world. Xperi generates approximately \$1 billion in annual revenue, and spends over \$100 million per year on research and development. As an innovator, Xperi has over 11,000 patents, and relies on the U.S. patent system to provide strong, reliable protection for its inventions. Strong protection of patents allows U.S. companies to not only innovate today, but to compete in the marketplace of tomorrow against a host of global competitors.

Over the past four years, TiVo's patents have been among the most challenged patents at the Patent Trial and Appeal Board (the "Board"). In total, 124 petitions for *inter partes* review ("IPR") have been filed against TiVo's patents since November 8, 2016.¹ These petitions were spread across 37 patents, resulting in an average of 3.35 petitions per patent. Moreover, every challenged patent was asserted in co-pending litigation several months before it was ever challenged in a single petition. Unfortunately, this is the normal strategy taken by patent challengers and not an outlier. Such a strategy is not only unduly burdensome on the Board, it drives up costs for the patentee in a non-linear

¹ Rovi is the patent owner named in these petitions. In 2016, Rovi acquired TiVo and adopted TiVo's name. TiVo merged with Xperi in 2019.



fashion—each IPR petition that is filed requires a substantive response if there is to be any chance of surviving *all* of the IPR petitions. These costs are especially acute where there is already pending litigation involving the same patent—where a court or the International Trade Commission (“ITC”) may already be twelve months into the very same validity issues.

In this letter, TiVo addresses the Board’s questions regarding parallel petitions and proceedings in other tribunals. 85(203) Fed. Reg. 66502 (Oct. 20, 2020). To curb abuse, promote fairness, and expand opportunities for cost-effective alternatives to litigation, the Board should promulgate rules, or otherwise provide guidance, that it will deny institution when a patent is challenged via parallel petitions. Moreover, the Board should promulgate a rule that codifies the case-specific analysis outlined in *Fintiv* and its progeny. We also propose that the Board should go further and put the burden on a patent challenger to show why the Board should institute an IPR when co-pending litigation is already underway reviewing the very same issues. If such rules are adopted through notice-and-comment rulemaking, there could be no argument that the process does not provide for the opportunity for, or consideration of, public input. See Complaint at ¶ 8, *Apple, Inc. v. Iancu*, No. 5:20-cv-6128 (N.D. Cal., Aug. 31, 2020) (complaining that a “rule” was created by precedential Board decisions and asking for a chance to comment).

Questions 1-4: Discretion to Institute Review of Parallel and Serial Petitions

Responses

TiVo answers questions 1-4 as follows, for the reasons set forth in the discussion below:

Question 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?

TiVo Response: **Yes**, the USPTO should promulgate a rule with a case-specific analysis for deciding whether to institute a petition on claims that have previously been challenged in another petition; **however**, the rule should address situations where serial or parallel petitions are filed against a single patent, by mandating denial of institution on such serial or parallel petitions absent exceptional circumstances.



Question 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?

TiVo Response: (a) **No**, the USPTO should not disregard whether claims have previously been challenged in another petition and (b) **No**, the USPTO should not altogether decline to institute if the claims have previously been challenged in another petition and **instead** the USPTO should promulgate a rule with a case-specific analysis for deciding whether to institute a petition on claims that have previously been challenged.

Question 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?

TiVo Response: **Yes**, the USPTO should 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.

Question 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?

TiVo Response: (a) **No**, the USPTO should not altogether disregard the number of petitions filed and (b) **No**, the USPTO should not altogether decline to institute on more than one petition and **instead** the USPTO should 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.

Discussion

TiVo applauds the Board's observation that "[t]wo or more petitions filed against the same patent at or about the same time . . . may place a substantial and unnecessary burden on the Board and the patent owner and could raise fairness, timing, and efficiency concerns." Consolidated Trial Practice Guide ("CTPG") at 59. Despite the Board's guidance that "multiple petitions by a petitioner are not necessary in the vast majority of cases," *id.*, the Board's practices have not deterred patent challengers from filing serial or parallel petitions in an effort to secure a strategic advantage over the patentee while substantially increasing costs for the patentee, the patent challenger, and the



Board. To remedy this issue, the Board should promulgate a rule that it will typically deny all petitions when a patent challenger files multiple petitions challenging the same claim(s) from the same patent.

The Board's current approach to parallel petitions favors partial institution wherein the Board institutes review of one or more petitions, and denies the remaining petitions. *Id.* at 59-60. Although the Board adopted this approach to reduce the number of parallel petitions, the Board's tendency to address parallel petitions by instituting on some but not all of the petitions, has had the unintended consequence of incentivizing patent challengers to continue filing parallel petitions.

First, the Board's current approach to parallel petitions invites patent challengers to reap the benefits of AIA review without the downside of meaningful estoppel under 35 U.S.C. § 315(e)(2) because, under current precedent, estoppel does not apply to grounds that were raised in a petition but not instituted. *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293 (Fed. Cir. 2016). In view of this loophole created by the Federal Circuit's decision in *Shaw Industries*, patent challengers are incentivized to file multiple petitions challenging a patent and thus maximize the likelihood that the Board will institute review on some, but not all, of the petitions. Knowing that some of the petitions will not be instituted, the patent challenger can be assured that they will not be estopped as to the art in the non-instituted petitions, even though the petitioner clearly knew of such art at the time it filed the petition(s) that are instituted. As a result, the Board's tendency to address parallel petitions by issuing a partial institution decision does not deter patent challengers from filing parallel petitions. Rather, the Board's current approach enables patent challengers—especially those who are highly motivated and well-funded—to shield at least a subset of prior art from estoppel in parallel district court proceedings. This tactic runs counter to the cost savings and efficiency that AIA review was intended to create.

Second, patent challengers are motivated to file parallel petitions, even though they know that a subset of those petitions are likely to be denied, because there is a strong correlation between the number of petitions filed against a patent and the likelihood that the Board will institute on at least one of those petitions. A recently published analysis of the impact of challenging a patent with multiple petitions found that virtually any patent can be invalidated by challenging the patent multiple times, regardless of the individual strength of



each challenge when viewed separately.² In a similar vein, a patent challenger can virtually guarantee that the Board will institute review on at least one petition by filing multiple petitions. As shown below, the probability of institution approaches 100% when a patent is challenged with four or more petitions³:

Multiple Petitions Effect on Institution Probability

Petitions	2013	2014	2015	2016	2017	2018	2019	2020	Total
1	82%	69%	57%	62%	66%	62%	64%	58%	63%
2	88%	83%	79%	72%	72%	73%	74%	75%	75%
3		83%	81%	82%	80%	70%	87%	77%	80%
4	100%	100%	93%	93%	79%	71%	91%	100%	86%
5		100%	91%	100%	93%	82%	90%	75%	91%
6+		100%	91%	95%	100%	96%	100%	100%	96%
Total	84%	73%	65%	68%	70%	66%	70%	65%	68%

The data summarized above demonstrates that a patent challenger can manufacture a finding of invalidity for most, if not all, patents by targeting them with a sufficient number of petitions. Like many patent owners, TiVo has experienced this form of abuse firsthand. As discussed above, an average of 3.35 IPR petitions were filed against 37 TiVo patents in the last four years. In the instituted IPRs, over 93% of challenged claims were found invalid and cancelled. Parallel petitions are insidious because even the best and most valuable patents are likely to be nullified if challenged multiple times.⁴ The same analysis applies to serial IPR petitions and practitioners see the same type of abuses. A petitioner, or those in privity with the petitioners such as real parties in interest, should be limited to a single 14,000 word petition.

As shown above, the Board's current approach to parallel petitions provides powerful incentives for patent challengers to file multiple petitions challenging a patent. The Board has both the authority and the mandate to curb this abuse:

² Sabatini, "PTAB challenges and innovation: a probabilistic approach," SSRN 3668216 (2020), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3668216.

³ <https://www.ipwatchdog.com/2020/05/21/ptab-institution-data-analysis-proves-reforms-failed/id=121440/>.

⁴ Sabatini, "PTAB challenges and innovation: a probabilistic approach," SSRN 3668216 (2020), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3668216.



[T]he 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. Further, such activity would divert resources from the research and development of inventions. As such, **the Committee intends for the USPTO to address potential abuses and current inefficiencies under its expanded procedural authority.**

H.R. Rep. No. 112-98, pt. 1, at 48 (2011) (emphasis added).

TiVo proposes that the Board exercise its discretion to deny institution of serial or parallel petitions absent exceptional circumstances.⁵ This approach will not prejudice patent challengers, as a petition comprising up to 14,000 words (and any number of exhibits) is more than enough space for patent challengers to bring their best invalidity challenges to the Board's attention. And more importantly, automatic denial of serial or parallel petitions promotes fairness, reduces costs, and enhances the finality of the Board's decisions. For these reasons, the Board should promulgate a rule, or otherwise provide guidance, that it will no longer tolerate serial or parallel petitions.⁶

The Supreme Court's ruling in *SAS Institute*, which eliminated partial institutions on a single petition, is also helpful in analyzing the parallel petition issue. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018). In that decision, the Supreme Court held that the Board lacks "partial institution power" over a single petition. *Id.* at 1358. Likewise, the Board should not address multiple petitions by issuing a partial institution decision. Rather, the Board should, in most cases, deny institution on all petitions when a patent is challenged via parallel petitions. This reasoning is especially apropos when petitioners file multiple petitions against a single patent which cover overlapping but different sets of claims.

⁵ For example, TiVo recognizes that more than one petition may be necessary if a challenged patent possesses an unusually large number of claims. But in that case, the patent challenger should not be allowed to file multiple petitions against a single claim.

⁶ The same analysis applies to serial IPR petitions. A petitioner, or those in privity with the petitioners such as real parties in interest, should be limited to a single 14,000 word petition. A rule would be helpful as it would formalize the Board's precedential decisions for analyses where serial petitions are filed.



Questions 5-7: Discretion to Institute Review of Patents Subject to Co-Pending Litigation

Responses

TiVo specifically answer's the Board's questions 5-7 as follows:

Question 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?

TiVo Response: **Yes**, the USPTO should 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.

Question 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?

TiVo Response: (a) **No**, the USPTO, 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 not disregard such other proceedings; and (b) **No**, the USPTO should not altogether decline to institute an IPR petition based on co-pending litigation, and **instead** the USPTO should create a rule that applies a *Fintiv*-type weighing of factors based on co-pending litigation **and** place the burden on the patent challenger to show that the burden and cost of a parallel validity challenge of a patent already in litigation through an IPR would minimize the burden and cost on the parties and the USPTO.

Question 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?

TiVo Response: **Yes**, the USPTO should put the burden on the patent challenger to show that institution of an IPR petition filed against a patent in parallel to co-pending litigation would minimize the burden on the USPTO and the patent owner and minimizes fairness, timing, and efficiency concerns.



Discussion

In *Fintiv*, the Board outlined a case-specific analysis for deciding whether to institute a petition on a patent that is subject to co-pending litigation. This was an important step toward creating the “timely, cost-effective alternative to litigation” that Congress envisioned when it enacted the AIA. 77 F. Reg. 48680-01 (Aug. 14, 2012). And TiVo is encouraged that “the most prevalent input that the Office has received from stakeholders [is] that the case-specific analysis outlined in [*Fintiv*] and the Consolidated Trial Practice Guide achieves the appropriate balance and reduces gamesmanship.” 85(203) Fed. Reg. 66502 (Oct. 20, 2020).

To ensure the continued application of a balanced approach, the Board should promulgate a rule that codifies the case-specific analysis outlined in *Fintiv* and its progeny.⁷ Such a rule would also provide crystal clear instruction on how the factors should be applied—with no factor being dispositive and each factor being weighed separately and equally.⁸

TiVo further recommends that the Board place the burden on the patent challenger to show why an IPR petition filed against a patent in co-pending litigation should be instituted under the *Fintiv* factors. When a petition is filed challenging a patent that is already asserted in district court or the ITC, the patent challenger asks the Board to, in essence, double the burden on patent owners. This request may occur despite up to twelve months of litigation having already occurred. Because the Board’s directive is to provide a “timely, cost-effective alternative to litigation,” and because the patent challenger is asking the Board to institute a second proceeding, the patent challenger should bear the burden to show that the Board should institute review despite the co-pending litigation. Such a rule would help promote speedy and cost-effective adjudication of the validity of the patent. The USPTO should put the burden on the patent challenger to show that institution of an IPR petition filed against a patent in co-pending

⁷ In applying the *Fintiv* factors, the Board should also consider that there is no statutory requirement for a parallel district court case to decide whether to enter a stay—unlike a CBM review. AIA Section 18(b).

⁸ See Complaint at ¶¶ 42, 54-58, *Apple, Inc. v. Iancu*, No. 5:20-cv-6128 (N.D. Cal., Aug. 31, 2020) (decrying an alleged lack of guidance as to how to apply the *Fintiv* factors but providing no specific argument or reason as to how the Board’s application of the factors and “decisions have been inconsistent and unpredictable” other than cases being decided differently based on different factors).



litigation would minimize the burden on the USPTO and the patent owner including fairness, timing, and efficiency concerns.

Shifting the burden to the patent challenger provides an incentive to file an IPR petition as quickly as possible after litigation is filed. Not only does this increase the cost effectiveness of the IPR process, it also minimizes the unfair litigation advantage currently enjoyed by patent challengers. As it stands, a patent challenger can wait twelve months after the filing of litigation to file an IPR petition. While the twelve-month period is allowed by statute, putting pressure on a patent challenger to file a timely IPR petition earlier during that period minimizes the cost on all parties in actually resolving the validity of the patent while also minimizing any unfair advantage gained through access to the patent owner's infringement and validity positions in litigation.

Again, such gamesmanship is the normal strategy and not an outlier. For example, TiVo was recently involved in litigation at the ITC. After conducting fact discovery, serving infringement and invalidity contentions, and serving expert reports, and putting on its expert on direct examination, the Respondent dropped its entire validity case. Then, a few weeks after the end of the ITC hearing, the Respondent filed multiple IPRs against the same patent based on the same art and arguments made, and subsequently dropped, at the ITC. This provided an unfair advantage to the patent challenger—because it provided a preview of TiVo's validity positions through discovery—which TiVo's proposed rule change would eliminate. And this is exactly the unfair advantage companies challenging the *Fintiv* case law in the courts want to hang onto—the right to be sued and wait as long as possible before filing an IPR petition in order to see a patentee's infringement and validity positions and use the uncovered strategy in the IPR.⁹

⁹ Similarly, the argument that the Director lacks the discretion to deny institution or that they have the right to challenge his exercise of that discretion is not only incorrect but it also runs completely opposite to the positions taken in cases like *Cuozzo* and *Thyve*. See, e.g., Brief for Apple, Inc. as Amicus Curiae, *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131 (2016). In those cases, the plaintiffs argued that the Director's discretion to institute IPR proceedings—even in the face of petitions outside the time bar of the statute—was not only absolute but could not be questioned by appeal to the courts. These same companies now argue that the Director does not have this authority and that they can challenge his authority in the courts. See Complaint at ¶¶ 78-91, *Apple, Inc. v. Iancu*, No. 5:20-cv-6128 (N.D. Cal., Aug. 31, 2020).



TiVo appreciates the opportunity to provide comments on the proposed rule changes. We would welcome any further opportunity to discuss these or other issues with you in detail.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "M Schwartz", is written over the typed name.

Michael Schwartz
Senior Vice President, IP Litigation