

December 3, 2020

Attn: Scott C. Weidenfeller, Vice Chief Administrative Patent Judge
Mail Stop Patent Board
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Via Federal eRulemaking Portal: <https://www.regulations.gov>

Re: Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board [Docket No. PTO-C-2020-0055]

Dear Judge Weidenfeller:

We are members of a group of practitioners and other stakeholders. We write to express our support for the effort by Director Andrei Iancu to provide the Patent Trial & Appeal Board (“the Board”) with a structured approach for deciding whether to institute an AIA trial if there are equitable, policy-based, or other valid reasons not to do so, even when the petition otherwise satisfies the threshold of 35 U.S.C. §§314(a) or 324(a).

We believe the Director is fully within his statutory authority to make these changes and improvements to Board practice. We also believe that memorializing these changes and improvements in formal federal regulations will provide long-term certainty and ensure these practices are not readily reversed. In that regard, we appreciate the opportunity to present our views to the U.S. Patent and Trademark Office (“Office”) regarding the Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board published in 85 Fed. Reg. 203 (Oct. 8, 2020). We believe the Director’s current initiatives to curb abusive petitioning and the effort to memorialize these initiatives in formal notice-and-comment rulemaking will strengthen the value of U.S. patents, improve confidence and predictability in the U.S. patent system, and ensure that the United States maintains its place as a global leader in innovation and science.

Bright Line Rule Against Institution

After a Final Written Decision following an AIA trial or after a final action or Decision on Appeal affirming a patent’s claims following reexamination, the Director should exercise his discretion not to institute additional petitions against those claims.

The Office has an interest in ensuring that it does not issue patents improvidently. And the public is not well served when an Examiner, acting on behalf of the Director, has acted unreasonably in deciding to issue a patent. Congress created AIA trials (namely, inter partes reviews and post-grant reviews) as a tool to further that interest and empowered the Director with discretion to use that tool to assess the patentability of issued patents. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2139–40 (2016) (“explaining that the statute seeks to ‘improve

patent quality and restore confidence in the presumption of validity that comes with issued patents”) (citing H.R. Rep. No. 112-98, pt. 1, pp. 45, 48 (2011)).

If there were lingering doubt whether the Office is of the view that it improvidently issued patent claims, however, that doubt should dissolve when a Final Written Decision issues after an AIA trial or after a final action or Decision on Appeal issues following reexamination. At that point, the Board has not only subjected every challenged claim of that patent to a full examination, it has also assessed the challenged claims with the full benefit of evidence and argument presented through the lens of a motivated petitioner or third-party requester, without regard for the presumption of validity that ordinarily applies to issued claims under 35 U.S.C. § 282.

If the Final Written Decision, final action, or Decision on Appeal confirms the challenged claims are patentable in the view of the Office, there should be no question that the Office has determined that the Examiner acted reasonably in deciding to issue the patent. The Office has then “screened out [a] bad patent[] while bolstering [a] valid one[].” 157 Cong. Rec. 9788 (2011) (remarks of Rep. Goodlatte). The public thereafter can have increased confidence that the challenged claims should have issued. The patent owner then should enjoy a semblance of “quiet title” to the challenged claims and a fairly obtained and well-deserved presumption of their validity before a District Court. Likewise, the Office should have a reduced further interest in entertaining subsequent petitions against the challenged claims. Those subsequent petitions would not answer the question whether the Office improvidently issued the claims. Instead, they would use the Office’s limited resources to make an end-run around the presumption of validity in District Court, resolving the same questions that a jury could and would otherwise answer. That strategy is not in the public’s or the Office’s interest, for it wrongly evinces a lack of faith in the American government’s legal system—both a lack of faith in lay juries to decide patent cases, and a lack of faith in the expertise of the Office to issue valid patents—and consumes the Office’s resources in redundant proceedings for no identifiable benefit. It also devalues U.S. patents as a whole because it makes their presumption of validity effectively meaningless. The ability to challenge a patent in inter partes review was not created as a personal right of every person in the world who may wish to someday file a petition against the patent. Rather, it was created to benefit the public by strengthening public confidence in the strength of patents, through allowing limited, balanced testing of patents once they have issued.

Thus, after a Final Written Decision following an AIA trial or after a final action or Decision on Appeal following reexamination, the Director should, as a general rule, exercise his discretion not to institute additional petitions against claims that have already been challenged and survived. If a future accused infringer wishes to challenge the claims’ validity, the accused infringer should exercise the full panoply of its rights to do so in District Court. And the patent owner should enjoy the presumption of validity that it has rightfully earned.

With that understanding, the following comments address situations in which no Final Written Decision following an AIA trial or a final action or Decision on Appeal following reexamination has issued.

Serial Petitions

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?*

Whenever a patent is vulnerable to serial attacks, each one written by an interested adversary informed by the attacks that preceded it, that vulnerability not only devalues the challenged patent, but also engenders a chilling effect on the value of U.S. patents as a whole. The Office does not have an interest in devaluing U.S. patents, and it has never communicated an interest in supplanting the role of the jury in hearing validity disputes. Rather, it has a limited interest in ensuring that it does not appear to issue patents undeservedly entitled to a presumption of validity in court trials. To that end, the Director's exercise of discretion to institute under §§314(a) and 324(a) can serve as a bulwark against abuse of the Office's power to hear AIA trials while still furthering the Office's interest in reviewing certain issued patents that may have been improvidently issued. Any decisions whether to institute should be based, in part, on circumstances and standards that will help promote predictability, incentivize and promote investment in innovation, prevent gamesmanship by parties, and protect the public.

Consistent with these interests, a patent generally should not be subject to repeated trial proceeding challenges before the Office. This principle flows both from fairness to the patent owner and from the need for efficiency. Fairness to accused infringers and the need to protect the public interest may provide reason for exceptions to the general rule, however, and thereby allow multiple and/or subsequent reviews of a patent, in certain situations.

Accordingly, we support rulemaking that allows Board panels, on behalf of the Director, to decide on case-by-case whether to institute a petition on claims that have been challenged in a subsequent petition. The regulation should provide predictability to that case-by-case analysis, however. Therefore, the rule should be drafted to promote its consistent application panel-to-panel and to allow the public to determine with reasonable certainty *ex ante* of any filing whether a petition is likely to be denied for equitable or other policy reasons.

Any proposed rulemaking should provide objective factors for determining whether institution is appropriate, coupled with an indication that the burden is on a subsequent petitioner to establish why such factors should authorize a departure from the principle that a patent generally should not be subject to repeated proceedings. The analysis outlined in *General Plastic, Valve I, Valve II*, and their progeny generally provide an acceptable starting point for such rulemaking.

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?*

The Director has discretion not to institute any proceeding under 35 U.S.C. § 314(a). Consistent with that discretion, the Director may altogether decline to institute if the claims have previously been challenged in another petition. As discussed above, after a Final Written Decision following an AIA trial or after a final action or Decision on Appeal following reexamination, the

Director should exercise his discretion not to institute additional petitions against the challenged claims.

Parallel Petitions

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?*

Parallel petitions (that is, those filed at or about the same time) are ordinarily premised on the understanding that some petitioners cannot fit their entire challenge to a patent in one petition. But the rules are already designed to accommodate this situation. Existing Board Rule 42.24 states that a petition “may be accompanied by a motion to waive the word counts” and, in such case, the “petitioner must show in the motion how a waiver of the word counts is in the interests of justice ...” In other words, the rules enacted by the Office with full notice-and-comment rulemaking already reflect that the burden is on the petitioner to show that additional words are required and the burden for doing so is the interests of justice.

We believe that Board Rule 42.24 adequately addresses situations in which the interests of justice require waiving the limits on a petition’s word count. Therefore, the general rule should be that if a petitioner has already filed a petition against a particular patent, a parallel second or subsequent petition filed by that petitioner, or its real party-in-interest or privy, against the same patent, without any Rule 42.24 motion having been filed, should be denied. Nevertheless, additional rulemaking may be appropriate to provide improved guidance to allow Board panels, on behalf of the Director, to decide when the interests of justice require waiver of word count limits. Any proposed rulemaking should provide objective factors for determining whether institution is appropriate. The analysis outlined in Consolidated Trial Practice Guide as it relates to parallel petitions generally provides an acceptable starting point for such rulemaking. Nevertheless, the final rule should make clear that the examples currently provided in the Consolidated Trial Practice Guide are not bright-line exceptions.

For example, the Consolidated Trial Practice Guide contemplates that “a dispute about priority date” may warrant instituting multiple parallel petitions. But merely presenting art based on two possible effective filing dates or priority dates, without more, may not promote the just, speedy, and inexpensive resolution of the proceedings if there is no meaningful difference in the art’s relative merits or if weaker art is presented to provoke the priority dispute and reap the benefit of two or more parallel proceedings. Where there is an alleged dispute about priority date, the Office should require petitioners to explain the relative merits of the petitions, similar to how the Office considered the issue of horizontal redundancy in *Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.*, CBM2012-00003, Paper 7 (PTAB Oct. 25, 2012).

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?*

The Director has discretion not to institute any proceeding. Consistent with that discretion, the Director may altogether decline to institute on more than one petition.

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?*

The Board has an interest in ensuring it does not improvidently issue patents that are undeservedly entitled to a presumption of validity in the District Court. But improvidently issued patents should be the rare exception, rather than the norm. If such patents were not the rare exception, no one can have faith in any issued patent or in the Office as an institution. Simply because a motivated petitioner is able to find new art and present new arguments that the Office did not previously consider does not mean the Examiner acted unreasonably and issued a “bad patent.” Instead, it simply means that the patent, like almost all patents, is amenable to a fair challenge to its validity. Indeed, even the best and most valuable patent potentially can be invalidated if it is challenged a sufficient number of times, for every time it is challenged, there is a nonzero chance of error in how that challenge is decided.¹ District Courts are well equipped to assess these validity challenges, and many provide local patent rules do to just that. The Board was not meant to supplant, and the Office should have no interest in supplanting, the central role of District Courts in assessing patent validity.² Indeed, because the Office conducts its trials with no presumption of validity, the Office should exercise its discretion carefully, ensuring that each review promotes the goal of ensuring patent quality, rather than providing an open door around the statutory presumption while undermining the public’s confidence in the Office’s ability to issue valid patents and the strength of the American patent system.

¹ A recent scholarly analysis of the statistical impact of multiple challenges demonstrates that the probability of invalidation of all patents begins to approach 100% when a patent is repeatedly subjected to challenges. Sabatini, “PTAB challenges and innovation: a probabilistic approach,” SSRN 3668216 (2020). https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3668216.

² Although the legislative history of the AIA perceived the new trials as “quick and cost effective alternatives to litigation,” H.R. Rep. at 48 (emphasis added), that statement is only true if all asserted claims are entirely invalidated. If they are not, the litigation goes forward, and the Office does not provide an “alternative” to resolve remaining the issues, including invalidity challenges. Particularly after inter partes review, the defendant still has many additional pathways for challenging validity in the district court, including challenges under 35 U.S.C. §§ 101 and 112, as well as under §§ 102 and 103 based on prior public use or knowledge. 35 U.S.C. §§ 311(b) (limiting scope of inter partes review to §§ 102 and 103 “and only on the basis of prior art consisting of patents and printed publications”); 35 U.S.C. § 315(e)(2) (noting that inter partes review estoppel only attaches to grounds that were raised or could have been raised during trial). In that regard, inter partes review only provides a narrow “alternative” for deciding one issue—invalidity under §§ 102 or 103 based on patents or printed publications. Indeed, the Supreme Court noted in *Cuozzo* that, despite Appellant *Cuozzo*’s argument that “Congress . . . must have designed inter partes review as a ‘surrogate for court proceedings,’” in fact, “inter partes review is less like a judicial proceedings and more like a specialized agency proceeding.” 136 S. Ct. at 2143.

When the AIA was enacted, slow District Court dockets were commonplace. Parties would wait for years for their day in court. Congress recognized that, while these trials were stalled awaiting trial, the Office could potentially simplify issues by resolving some validity issues early. If the asserted claims were found unpatentable over patents or printed publications, there would be no need for a District Court trial down the road. This, in theory, would promote the just, speedy, and inexpensive resolution of the parties' dispute. Since the AIA was enacted, however, some venues recognized that patent trials were moving too slowly and changed their practices to speed them up. Accordingly, some "rocket dockets," such as the Western District of Texas, now race to trial just as fast (or almost as fast) as the Board. If other forums now exist that can resolve both infringement *and* validity disputes in approximately the same time frame that the Board takes to assess patentability, then those forums align with Congress's goal in enacting the AIA to provide just and speedy resolution of parties' disputes. In that case, adding a second layer of review by the Board around the same time as the District Court trial does not speed up the process or make it cost effective. Instead, it makes dispute resolution slower and far more expensive because both forums will ultimately resolve the same question, potentially with inconsistent outcomes.

If another forum is likely to resolve the parties' dispute in around the same timeframe as the Office, then the Office should defer to that forum. Doing so promotes the just, speedy, and least expensive path for resolving the parties' dispute. If, however, the Office expresses an interest in reviewing the patent to ensure it is justly entitled to a presumption of validity in District Court and will do so before the District Court proceeds to trial, an exercise of discretion to institute may simplify the parties' dispute. In either case, the accused infringer will have the full right to mount a validity defense of its choosing.

Accordingly, we support rulemaking that allows Board panels, on behalf of the Director, to decide whether to institute a petition on claims that are also subject to a validity challenge in a co-pending district court litigation. Again, the regulation should provide predictability from case-to-case. And the rule should be drafted to promote its consistent application panel-to-panel and to allow the public to determine with reasonable certainty *ex ante* whether, if filed, a petition is likely to be denied for equitable or other policy reasons.

Any proposed rulemaking should provide objective factors for determining whether institution is appropriate, coupled with an indication that the burden is on a petitioner to establish why such factors should authorize a departure from the principle that a patent generally should not be subject to repeated proceedings. The analysis outlined in *Fintiv* and its progeny generally provide an acceptable starting point for such rulemaking.

Nevertheless, the final rule should make it clear that the "merits" assessed in Factor 6 should be considered as a secondary consideration only after weighing the primary factors. And that merits analysis should also consider the Examiner's actions during the original prosecution. As noted above, the Office has a limited interest in ensuring that it does not improvidently issue patents undeservedly entitled to a presumption of validity in court trials. But there is a marked difference between a "bad patent" and a patent that is amenable to a validity challenge.³ For the public to have faith in the U.S. patent system and confidence in the value of the patents it issues,

³ See note 1, *supra*.

the former must be the rare exception, rather than the norm. If a Board panel, acting on behalf of the Director, determines that a holistic assessment of the first five factors favors denying institution, the merits of proceeding should change that assessment only in exceptional circumstances, for example, where the Examiner acted unreasonably in allowing the patent. That would allow the Office to exercise its interest in issuing patents rightfully entitled to a presumption of validity while communicating to the public a reasonable confidence in the Examiners acting on behalf of the Director and the strength of patents they have issued.

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?*

The Director has discretion not to institute any proceeding. Consistent with that discretion, the Director may altogether decline to institute if the patent that is or has been subject to such other proceedings, unless the other tribunal has indicated that it will stay the action.

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?*

As discussed above, after a Final Written Decision following an AIA trial or after a final action or Decision on Appeal following reexamination, the Director should exercise his discretion not to institute additional petitions against the challenged claims.

Thank you again for the opportunity to provide these comments and to express our support for the Director.

The views expressed herein do not necessarily reflect the views of the undersigned, or of their firm, clients, or others. The views are presented to provide robust input to the issues discussed.

Sincerely,

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