

November 17, 2015

The Honorable Michelle K. Lee
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office

Via electronic mail: PTABTrialPilot@uspto.gov

**Re: Department of Commerce
United States Patent and Trademark Office**

[Docket No.: PTO-P-2015-0055]

Request for Comments on a Proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews

Dear Director Lee,

Ford Motor Company (“Ford”), American Honda Motor Co., Inc. (“Honda”), Toyota Motor Corporation (“Toyota”), Hyundai Motor Company (“Hyundai”), Volkswagen Group of America, Inc. (“VW”), and Mercedes-Benz USA, LLC (“MBUSA”) submit the following comments on the proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews. We thank the U.S. Patent and Trademark Office (the “Office”) for the opportunity to present our views on the proposed pilot program.

We applaud the Patent Trial and Appeal Board (PTAB) on its excellent job of maintaining efficiency and high quality in AIA post grant proceedings. We believe that no change is needed to the current practice of having three administrative patent judges (APJs) decide whether to institute a trial on a given petition. The current practice provides the appropriate balance between efficiency and maintaining high quality. Even though we appreciate the PTAB considering options to improve its efficiency in handling post grant proceedings, we have concerns with a single APJ deciding whether to institute a post grant proceeding, even in a pilot program.

The AIA post grant proceedings play a pivotal role in determining patentability. The PTAB should therefore continue to make the most deliberative decisions possible on institution.

Such deliberation requires “careful and thorough consideration.” We believe that a three-judge panel is needed to make such an important decision with careful and thorough consideration, since decisions on institution are essentially non-reviewable and thus have a significant impact on the petitioner, patent owner, and the public.

The current three-judge panel requires consensus building among the panel members to reach the institution determination. Consensus building requires deliberation among the panel members. Deliberation leads to tempered and consistent criterion for institution. The three-judge panel model has been successful for many years when deciding *ex parte* appeals, *inter partes* appeals, and interferences. This model is consistent with federal and state courts of appeal. Given this history, wisdom dictates that when issues that can have an effect on multiple parties arise, a multi-judge panel provides the necessary reflection of multiple, strong viewpoints being distilled into one voice with a well-reasoned view of the law and facts.

It is critical that the institution determination from the PTAB be the most thoughtful and thorough decision from the PTAB, since current law prohibits a right to appeal such determinations. Title 35 U.S.C. §§ 314(d) and 324(e) provide that the determination whether to institute an *inter partes* review or post-grant review “shall be final and nonappealable.” *See also In re Cuozzo Speed Technologies, LLC*, 778 F. 3d 1271, 1277-78 (Fed. Cir. 2015) (holding that § 314(d) “prohibits review of the decision to institute IPR even after a final decision,” except in exceptional circumstances where a writ of mandamus is available). The determination of whether to institute an AIA trial has significant effects on all parties on multiple levels. Such a determination can be the catalyst for parties deciding whether to settle, whether to seek a stay of litigation, whether to amend claims, and whether the AIA trial will reduce issues for litigation. The institution decision must be made deliberately to achieve the AIA’s goals of patent quality and restoring confidence in the presumption of validity for issued patents. Accordingly, given the prohibition against appealing an institution determination, and the importance of such a determination for both the parties and the public, the PTAB should use three-judge panels for the institution decision.

Every APJ brings different technical and legal expertise to a given issue, which facilitates the deliberative process. Using just one APJ to decide a particular matter would greatly dilute that deliberativeness. Due to the importance of reaching a sound initial determination on a post grant proceeding coupled with the need for the determination to be well reasoned, the current three-judge panel provides the requisite resources to meet the AIA's goals as well as being fair to all parties involved and the public.

In the request for comments, the PTAB states the primary driving force of the proposed pilot program is to avoid strain on the PTAB's ability to make timely decisions and meet statutory deadlines. Single Judge Pilot Program, 80 Fed. Reg. 51540, 51541 (proposed Aug. 25, 2015). We do not believe that the proposed pilot program will demonstrate significant time savings in the overall process of rendering a final decision within the statutory deadlines. The same institution decision would need to be drafted regardless of the number of APJs.¹ If the AIA trial were instituted, the two newly assigned APJs would need to "get up to speed" on the record, just as they would have had to do for the initial determination under the existing regime. As such, using a single APJ saves no time and gains no efficiency. In fact, the time would increase since the two new APJs would need to "get up to speed" during the trial rather than before—potentially increasing the pendency of the proceeding before the PTAB. Thus, using three judges, rather than one judge, to make the institution decision likely saves time.

Even though the proposed pilot may save "judge-time" if there is a denial to institute, because the denial under current law is effectively nonappealable, the pilot goes against the AIA's goals of patent quality and restoring confidence in the presumption of validity when it comes to issued patents. If the single APJ overlooked a particular fact or point of law when reviewing the petition and evidence, the result could lead to a questionable patent being asserted against multiple parties and prohibiting the public from practicing an invention that would otherwise be in the public domain. Thus, the decision on institution has serious ramifications to not only the parties involved, but the public.

¹ Accord recent comments of former Chief Judge, James Smith, at the IPO annual meeting (Post Grant Proceedings at the USPTO (Sept. 29, 2015)).

For the foregoing reasons, we respectfully oppose the proposed pilot program. Post grant institution decisions should continue to be made by three-judge panels to maintain the tempered, consistent, and deliberative determinations that are valued by the parties and the public, and that are critical to the AIA's stated goal of maintaining patent quality and restoring confidence in the presumption of validity of issued patents.

Respectfully submitted,

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