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November 12, 2015

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Director of the United States Patent and Trademark Office

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**Attention: Vice Chief Administrative Patent Judge Scott R. Boalick
USPTO's Proposed Pilot Program**

Re: Comments of the American Bar Association Section of Intellectual Property in Response to the USPTO's Proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews [Docket No. PTO-P-2015-0055; Fed. Reg. Vol. 80, No. 164, pages 51540-51542]

Dear Judge Boalick:

The American Bar Association Section of Intellectual Property Law ("ABA-IPL", or "the Section") thanks the United States Patent and Trademark Office ("USPTO") for the opportunity to comment on the USPTO's Request for Comments on a Proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews. The views expressed herein are presented on behalf of the Section of Intellectual Property Law of the American Bar Association ("ABA"). The views have not been approved by the House of Delegates or the Board of Governors of the ABA and, accordingly, should not be construed as representing the position of the ABA.

The ABA is the leading national voluntary bar organization of the legal profession, having nearly 400,000 members. Its members come from each of the fifty states, the District of Columbia, and the U.S. territories. Membership includes attorneys in private practice, government service, corporate law departments, and public interest organizations, as well as legislators, law professors, law students, and non-lawyer associates in related fields. Particularly, the IPL Section is the world's largest organization of intellectual property professionals, with 20,000 members.

The Section appreciates the USPTO's efforts to further improve the institution decisions of *Inter Partes* Reviews under the America Invents Act ("AIA") and invitation for public comment in response to the questions posed.

The USPTO has proposed a pilot program under which the determination of whether to institute an *Inter Partes* Review ("IPR") will be made by a single Administrative Patent Judge ("APJ"), with additional APJs being assigned to the IPR to form a three-member panel if a trial is instituted by the single APJ. When possible, the three-member panel will include the single APJ who granted the institution, and such judge will generally manage the proceeding during trial. Participation in this pilot program will not be voluntary.

The USPTO has solicited comments on the following five questions: 1) Should the USPTO conduct the single-APJ institution pilot program as proposed herein to explore changes to the current panel assignment practice in determining whether to institute review in a post grant proceeding? 2) What are the advantages or disadvantages of the proposed single-APJ institution pilot program? 3) How should the USPTO handle a request for rehearing of a decision on whether to institute trial made by a single APJ? 4) What information should the USPTO include in reporting the outcome of the proposed single-APJ institution pilot program? 5) Are there any other suggestions for conservation and more efficient use of the judicial resources at the Patent Trial and Appeal Board ("PTAB")?

ABA-IPL OPPOSES THE PILOT PROGRAM

ABA-IPL believes that the USPTO should not implement the single-APJ institution pilot program for determining whether to institute an IPR. As set forth below, the disadvantages of the single-APJ institution pilot program greatly outweigh the advantage(s). The Section believes that the petitioner and patent owner, as well as the USPTO, will be better served by maintaining the current system that promotes collaboration and discussion between the APJs, and consistency and reliability in the USPTO's IPR institution decisions.

Additionally, the Section respectfully submits that the single-APJ institution pilot program violates 35 U.S.C. § 6(c), which states that "[e]ach appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director." The Section respectfully disagrees with the USPTO's reading of Section 6(c) as being limited to the final written decision (*see* Fed. Reg. Vol. 80, No. 164, at p. 51541), and believes that the 3-member requirement applies to institution decisions as well. Further, legislative comments suggest that institution decisions of derivation proceedings, post-grant reviews, and inter partes reviews were considered part of the 3-member panel requirement of 35 U.S.C. § 6(c). *See* 157 Cong. Rec. E1184 (daily ed. June 23, 2011) (statement of Rep. Smith) (referring to post-grant proceedings and noting that "it bears repeating that defendants cannot even start this program unless they can persuade *a panel* of judges at the outset of the proceeding that it is more likely than not that the patent is invalid.")

ADVANTAGES/DISADVANTAGES

ABA-IPL recognizes the USPTO's efforts to improve efficiency and reduce backlog of *inter partes* review. However, the Section believes that the disadvantages of the single-APJ institution pilot program outweigh the advantages.

The Federal Register Notice states that “[h]aving a single judge decide whether to institute trial in a post grant proceeding, instead of a panel of three judges, would allow more judges to be available to attend to other matters, such as reducing the ex parte appeal backlog and handling more post grant proceedings.” Fed. Reg. Vol. 80, No. 164, at p. 51541. While the Section agrees that this would be an advantage of the pilot program, the Section does not believe that this advantage outweighs the disadvantages of consistency and reliability presented by the pilot program.

The single-APJ institution pilot program has disadvantages and eliminates several benefits from the current 3-member panel system. The USPTO’s current practice of deciding institution decisions with a panel of three APJs promotes discussion and collaboration between the APJs. Petitioner's petitions and patent owner's preliminary responses raise a myriad of technical, legal, and procedural issues. These issues are better handled by a three-judge panel which provides broader technical expertise, experience, and legal knowledge than a single judge. Further, the issues to be decided in an institution decision may become further complicated should the USPTO decide to implement its proposal to allow patent owners to submit new testimonial evidence prior to the institution of a trial. *See* USPTO’s Proposed Rules on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board [Docket No. PTO-P-2015-0053; Fed. Reg. Vol. 80, No. 161, pages 50720-50747]. A three-judge panel would be better equipped to handle such issues than a single judge.

The PTAB is similar to the Federal Circuit, and indeed any other multi-member tribunal, inasmuch as its panel members will occasionally have differences of opinion and dissenting opinions. The PTAB has already had instances of split decisions with dissenting opinions. *See, e.g., Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508 (PTAB September 25, 2014) (Paper 20). Further, expanded panels have reversed three-APJ panels on rehearing. *See Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508 (PTAB Feb. 12, 2015) (Papers 28, 31, 32); *Zhongshan Broad Ocean Motor Co. v. Nidec Motor Corp.*, IPR2015-00762 (PTAB Oct. 5, 2015) (Paper 16). The IPL Section believes that the more APJs involved in a decision, including an institution decision, the greater the likelihood that the decision will be thoroughly analyzed from different perspectives, and thus, will be a correct decision affirmed on rehearing or appeal. Institution decisions such as joinder, decided with a three judge panel will be made with greater consistency and predictability. Consistency and predictability are the touchstones to public confidence in USPTO, and in particular the PTAB with respect to IPRs.

ABA-IPL cautions against a single judge panel because it will increase the likelihood of incorrect decisions. An incorrect institution decision can be extremely prejudicial to the parties. Institution decisions by the PTAB are final and non-appealable under 35 U.S.C.

§ 314(d). *See, e.g., In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268 (Fed. Cir. 2015) (35 U.S.C. § 314(a) prohibits appellate review of the decision to institute an IPR, even after a final decision); *Achates Reference Publishing, Inc. v. Apple Inc.*, 2014-1767, 2014-1788 (Fed. Cir. 2015) (PTAB decision as to whether petitions are time-barred under 35 U.S.C. § 315(b) are not appealable). The prejudicial effect of an adverse institution decision can be particularly damaging to petitioners. Denial of a petition can result in the petitioner being time-barred under Section 315(b) from filing serial petitions. Additionally, the PTAB has taken an extremely restrictive approach against petitioners seeking “a second bite at the apple,” such as by filing serial petitions or seeking joinder. *See, e.g., Zimmer Holdings, Inc. v. Bonutti Skeletal Innovations LLC*, Case No. IPR2014-01080 (PTAB Oct. 31, 2014) (Paper 17) (denying institution under Section 325(d) where petitioner sought to correct defects in its prior petition); *Samsung Elecs. Co. v. Affinity Labs of Texas, LLC*, Case No. IPR2015-00821 (PTAB May 15, 2015) (Paper 10) (denying joinder as a “second bite at the apple” where petitioner failed to identify references in earlier petitions). Since an institution decision is non-appealable and petitioner may have few remedies at the PTAB or Federal Circuit to rectify a denial of institution, it is imperative that a decision on institution is properly analyzed and correct.

Additionally, very often the PTAB’s institution decision involves construction of one or more patent claims. Generally, the PTAB has shown reluctance to alter its preliminary claim construction between the institution decision and final decision. Adding two APJs into the proceeding after institution by a single judge under the pilot program will introduce new viewpoints on claim construction. Disagreements between the APJs that could have otherwise been resolved prior to institution will arise post-institution under the pilot program, thereby increasing the likelihood that the initial claim construction will be changed by the three-APJ panel prior to or during final opinion. Changing claim construction after institution may be challenging for all parties as claim construction is often of paramount importance in submitting testimonial evidence and cross-examination of witnesses. Increasing the potential for change in claim construction post-institution may raise uncertainty, confusion, and increase delays.

REHEARING REQUESTS

Rehearing requests may be handled under the standard set forth in 37 C.F.R. § 42.71(d), whereby a party dissatisfied with a decision may file a single request for rehearing identifying all matters the party believes the PTAB misapprehended or overlooked.

The Section believes that rehearing requests must be heard by three-member PTAB panels. *See* 35 U.S.C. § 6(c) (which provides that: “Each appeal and interference shall be heard by at least three members of the Board . . . Only the Board of Patent Appeals and Interferences may grant rehearings.”)

In addition to being mandated by statute, the Section believes that having a panel of three APJs decide rehearing requests is preferable over a single APJ review for the reasons identified above. Under the pilot program, if the panel for the rehearing request is expanded from a single judge to three judges, the purpose of the pilot program will be defeated. Aggrieved parties will automatically file rehearing requests based on the hope

or expectation that they can convince the two additional APJs that the single APJ who decided the institution decision misapprehended or overlooked certain matters. Instead of freeing-up resources for *ex parte* appeals and handling more post grant proceedings, three APJs will be required to dedicate increased time to deciding the rehearing requests.

USPTO REPORTS

Information that the USPTO reports with respect to the proposed single-APJ institution pilot program should include:

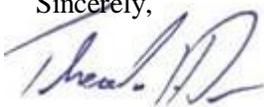
- an explanation in each decision as to the reasons the petition was selected for the pilot program;
- the case number and paper number of all institution decisions made under the pilot program;
- a summary report totaling the number of pilot programs conducted in each major technology areas (*e.g.*, chemical, electrical, mechanical, *etc.*); and
- a follow-up study reporting the number of IPR trials in which the three-APJ panel modified the claim construction of the single APJ between the institution decision and final decision.

OTHER SUGGESTIONS

ABA-IPL applauds the USPTO for having established rules that have resulted in post-grant proceedings that have become more popular than expected. The Section further applauds the USPTO for continuing to investigate and propose rule changes to improve the post-grant process.

The Section believes that hiring additional APJs will accomplish the pilot program's goals of reducing backlogs and meeting the demands of post grant filings, while not sacrificing the quality, reliability, and consistency of the PTAB's institution decisions.

Sincerely,



Theodore H. Davis Jr., Chair
American Bar Association
Section of Intellectual Property Law