

Date: Oct. 26, 2015

From: Andrew Piatnicia

To: PTABTrialPilot@uspto.gov

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

Thank you for the opportunity to comment. The following are my personal views.

The proposed non-voluntary pilot program under which a single patent judge would decide whether to institute an IPR could undermine a key purpose of IPRs, to reduce expensive federal district court litigation. It could also undercut fairness for both sides in an IPR, for the petitioner and the patent owner.

The pilot program seeks to guard against potential bias by instituting judges, who, some think, may be biased against a patent on which they instituted an IPR because they already decided that there is a reasonable likelihood of invalidity. Presumably then, single-judge decisions on institution would be less predictive of the PTAB's ultimate decisions on patentability. But if this approach indeed increases IPR-outcome uncertainty, some federal district court judges may become less likely to consider a stay of concurrent litigation at the time of the IPR's institution and may wait until the PTAB's final decision – at least one year later – thereby significantly increasing litigation expense.

The purpose of IPRs was to create a timely, cost-effective alternative to litigation.¹ In this, IPRs have succeeded. Typically petitions for IPRs are filed because there already is pending litigation in federal district court where the patent owner asserts infringement and the petitioner asserts invalidity. District court judges have been willing to stay litigation once the PTAB institutes an IPR.²

But if the PTAB's single-judge decision on institution would become less predictive of the ultimate outcome on patentability, going forward a district court judge may be swayed against granting a stay of litigation at the time of an IPR's institution. Then the litigation cost would go up because the parties would have to fight about patent validity in two fora at the same time.

In fact, a degree of predictability is good. Businesses tend to prefer predictability. Here, however, the Patent Office proposes to not only decrease overall predictability but to do so potentially unfairly at a critical stage of IPRs: decisions to institute or not institute are not subject to review, barring perhaps exceptional circumstances. Therefore, the PTAB's current approach of three judges together deciding on institution seems more fair and efficient because it reduces the likelihood of error.

Wrong decisions on institution cut both ways. An improperly denied petition forces the petitioner to litigate in federal district court patent claims that are reasonably-likely invalid.

Incorrect decisions on institution are also disadvantageous for patent owners. On the one hand, an incorrectly instituted petition on one or more grounds burdens the patent owner with an unnecessary defense of the patent before the PTAB. If, however, the PTAB correctly decides not to institute an IPR, the patent owner will have saved the expense and time of contending with a full proceeding (including potential appeals). On the other hand, if the PTAB correctly proceeds with an IPR on one or more grounds, the patent owner will have already received a preliminary evaluation by three patent judges of the patent's validity and can plan accordingly.

Even a limited pilot program would be unfair because it would impose its potential problems and risks on the unfortunate draftees into the program, since participation in the program would be involuntary.

Given the increasing popularity of IPRs, it is understandable that the Patent Office is worried that in the future its patent judges may be unable to timely handle the demand for IPR proceedings. But currently the Patent Office is not suggesting that it cannot hire qualified judges. Thus, at least for now, the Patent Office need not experiment with the potentially problematic single-judge institution of IPRs. Instead the Patent Office should avoid reducing the credibility of those decisions by continuing to have three judges make them for all.

1 Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 48680 Fed. Reg. Vol. 77, No. 157, Aug. 14, 2012, Rules and Regulations, mid. col.

2 Stays to Litigation Pending IPR and CBM Review: Statistics, Trends, and Key Issues, Intellectual Property Today, R. Arcamona & D. Cavanaugh, Mar. 2014, at 9, right col.