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**PTAB Reform – Urgent Request**

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Director Iancu:

I am writing to you as a concerned inventor with over 60 patents granted in the US.

Since the creation of the PTAB, 1582 patents have reached a final written decision. The results were a shocking 1,343 patents declared a defective. This represents a shocking defect rate of 85%. This number is in stark opposition to the Office of Patent Quality Assurance which indicates a defect rate of ONLY 6-8%. It is important to note that this number does not include the additional 3,055 patents which have been subject to PTAB review and not yet received final written decisions. While the courts have reviewed and upheld a number of patents, the PTAB has declared invalid – without consideration for the facts presented in the case.

These numbers are especially concerning as anyone can request a review by the PTAB for any patent. The cost of the request is non-existent. However, for an inventor to defend their patents (in front of the PTAB) it costs about \$500,000. If an inventor chooses to not defend the patent, it is summarily declared invalid. This having been said, even if the inventor does mount a legal defense, it does not seem to matter to the PTAB.

It is important that we remember the reason we have a patent program. The stable and predictable patent rights provided are the only collateral an inventor has to back investment to commercialize their inventions. In short patents protect their inventors from having their inventions from being stolen and used by big business. In today's world, big business can file (or have a shell company) file multiple review requests on different areas of the patent. The PTAB is happy to start reviews which in turn drive the inventors out of business. Once out of business the big companies can buy the assets for next to nothing.

It is important to realize that while 3,055 patents are in limbo, potentially the entire active patent system (>3 million patents), are at risk of unlimited post grant reconsiderations.

Some have pointed to the Post Grant Review (PGR) and patents that were examined completely under the America Invents Act as a solution. But even patents examined and granted under this (First-to-File and the Enhanced Patent Quality Initiative) still do not pass PTAB muster. The problem is not the examination but rather it is PTAB.

I am concerned that the implementation of the PTAB under the America Invents Act has severely destabilized inventor patent rights and is now paralyzing our country's innovative culture and destroying small businesses.

Below is a list of items I have heard discussed and believe can help fix this broken system.

**The decision to institute a PTAB proceeding must be performed by an objective independent panel,** which includes members unassociated with the PTAB. The decision to institute PTAB review cannot be made by the same PTAB judges who conduct the trial. The current system encourages institution because PTAB judges must review a sufficient number of patents to remain employed (i.e., satisfy their production quota). This also biases the decision to invalidate the patent because it is not likely for a person to institute a PTAB review by declaring the patent is more likely than not to be invalid, and then find the patent valid. This is a well-known psychological bias called “anchoring.”

**For institution, PTAB must require identification of a substantial new question (SNQ) of patentability.**

If the prior art of the petition is cumulative to or the same as the art considered in examination, then the petition must demonstrate a clear error in the examination. Absent a clear error, challenges must give deference to the original determination of patentability by the examiner and deny the petition. While acknowledging Congressional intent to elevate the standard for review above SNQ, the PTAB regularly institutes review where there is not even a hint of SNQ.

**Apply the Phillips standard of claim construction used in Article III courts.** Applying BRI (“broadest reasonable interpretation”), as is now the case, to an issued patent is incorrect and harmful because that is same standard used during examination. Inspection prior to issuance necessarily must be stricter than inspection after issuance. This is a basic premise of quality control (6 sigma, TQM, lean, etc.). If the original examination is not done to a tighter standard than what is desired for the final product, then the final product is doomed to a high failure rate. More importantly, a patent claim can only be permitted to have a single scope, regardless of the adjudication venue. The patent owner, the public, and any accused infringer must all have notice and be able to rely on fixed metes and bounds in order for the patent to serve any useful purpose.

**Defer to prior constructions, absent clear error.** Often an accused infringer will seek a broad construction for purposes of invalidating a patent and a narrow construction for purposes of arguing non-infringement. This is not fair. If a court or the PTAB has previously adopted a construction of the same term in the context of the same or essentially the same specification, this construction must be adopted by the PTAB.

**Seek to confirm the invention.** *“A patent shall be presumed valid.”* PTAB must draw all inferences in favor of preserving the patent. Claims should be construed to uphold the patent, not to invalidate it. If the patent owner proposes a reasonable construction in light of the specification, the PTAB should adopt this construction. A construction that reads on the prior art should not be favored when a more reasonable construction is available. This serves the purpose of preserving the exclusive right to the invention while giving notice to the public that the patent owner disclaims any alternate constructions.

**Limit petitioners to a single petition per patent – eliminate SERIAL patent filings.** Filing multiple petitions is a way of circumventing word limits imposed on petitioners when filing against the same patent. This practice significantly increases the cost of defending against a PTAB review and pushes that increased cost on the party least able to afford it. Petitioners must narrow their arguments to their best grounds in a single petition.

**Limit Petitions to a Single Ground per Claim.** Throwing hundreds of combinations of prior art at a patent to see what sticks is grossly unfair to patent owners who must allocate their word limits legal resources to guess which grounds are of concern to the PTAB. Petitioners must be required to choose

their best prior art and statutory ground for challenging each claim. PTAB is intended to address poor quality patents, not a weapon to destroy properly examined patents by procedural gamesmanship.

**Require detailed declaration of real party of interest**, including disclosure of all business relationships, memberships, and discussions with third parties that may benefit from the filing of the petition.

**Deny seemingly organized petitions by multiple parties, whether filed simultaneously in concert or filed serially**. The patent owner must be protected from multiple petitions which drive up the cost and difficulty of mounting a successful defense. The PTAB must facilitate consolidating all interests in challenging the validity of a single patent into a single petition.

**Deny petitions duplicative of district court proceedings**. Post grant reviews are intended to be an alternative to district court proceedings, not a second bite at the apple. If a district court action is pending and not stayed involving the same parties and claims, the petition should be denied to conserve resources. If a district court stays such an action, that is a signal to the PTO that the agency expertise is desired, and the Director should proceed to consider the petition.

**Allow live testimony and broad discovery similar to Federal Rules of Civil Procedure** to aid in identification of the real parties of interest, and to allow patent owners to put on comprehensive evidence of objective indicia of non-obviousness, which assists the PTAB in correcting for hindsight bias. Requiring the patent owner to have or develop knowledge a priori of the evidence that will exonerate his patent rights and to obtain it within 90 days under current rules is a grossly unfair and raises serious questions of due process. Obviousness is not a cut and dry question and a full evidentiary record must be developed and weighed in order to determine that an issued patent claim “would have been obvious” at the time of filing.

A patent cannot secure investment and encourage the risk-taking necessary for startup up companies with technologies that can only be protected by patents if that patent is not reliable. An unreliable patent system therefore cannot promote progress in the useful arts and science as required by the U.S. Constitution. It cannot create new jobs nor propel economic growth.

Current PTAB processes are laying waste to investment in patents and early-stage startups which is undermining confidence in the patent system overall. We submit the proposed reforms herein would help the agency to do its part to increase the reliability of the patent grant.

I believe that your increased attention to this situation will go a long way toward restoring confidence in inventor’s patent rights.

Thank you for your patent reform efforts/initiatives and be assured that we strongly support these endeavors!

Sincerely,

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