



December 3, 2020

The Honorable Andrei Iancu  
Under Secretary of Commerce for Intellectual Property  
Director of the United States Patent and Trademark Office  
600 Dulany Street  
Alexandria, VA 22314

**AUTM's Comments on Discretion To Institute Trials Before the Patent Trial and Appeal Board, United States Patent and Trademark Office, Department of Commerce (Docket No. PTO-C-2020-0055)**

Dear Under Secretary Iancu:

This letter is sent on behalf of AUTM in response to the USPTO's request for comments regarding the Director's Discretion to Institute Trials Before the Patent Trial and Appeal Board (PTAB) posted in the Federal Register on October 20, 2020. Thank you for the opportunity to provide these comments. AUTM supports adopting bright-line rules precluding claims from being subject to more than one AIA proceeding and precluding institution of an AIA trial against challenged claims if any of the challenged claims are or have been asserted against the petitioner in any other proceeding such as in district court or ITC action that is unlikely to be stayed. In contrast, AUTM opposes adopting bright-line rules imposing no limits on the number of petitions that can be filed or the number of AIA trials that can be instituted against the claims of a patent and eliminating any consideration of the state of any other proceeding involving the challenged patent.

AUTM's members hold thousands of patents and file a tremendous number of patent applications every year. As the creators of cutting edge, disruptive technologies, our members need a predictable, reliable, and consistent patent system that protects inventors, fosters an ever-expanding innovation environment and results in the U.S. remaining the leader in global innovation. Thanks to your leadership, the USPTO has taken great strides toward this goal and this request for comments continues these endeavors.



Congress designed the AIA such that the trials conducted thereunder “establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”<sup>1</sup> In implementing the AIA, Congress specifically did not want AIA trials to “be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent [because] doing so would frustrate the purpose...[of] providing quick and cost effective alternatives to litigation.”<sup>2</sup> As such, AIA trial proceedings are confined to a more limited set of issues than might be brought in district court litigation and parties are provided fewer tools than are available in the district court to allow the PTAB to meet the AIA-mandated trial period.

To effectuate the above objectives, Congress clearly put the Director in the position to determine, for the efficiency of justice, which forum could resolve the issues best, then went further by making that decision non-appealable – lest those appeals undercut the speed and low cost of the new proceeding. Suggesting otherwise is not consistent with the congressional record. Moreover, the recent Supreme Court decisions in *Cuozzo v. Lee* and *Thryv v. Click-to-Call* affirm both the Director’s discretion over and the non-appealability of AIA trial institution decisions, a position at least one of the companies who signed the letters opposing the rulemaking supported in its own amicus brief to the Court.

Additionally, since Congress intended AIA trials to be a cost-effective alternative to district court litigation, the AIA gives the USPTO Director the authority to use his/her discretion to deny institution of an AIA trial when it would not serve its intended purpose. For example, the Director has broad discretion to determine the manner in which multiple proceedings involving the same patent are conducted. We applaud you for recognizing that multiple petitions directed against the same patent and simultaneous proceedings in other tribunals waste scarce patent owner and government resources and are unfair to the patent owner thereby defeating the purpose of the AIA trials.

In order to secure the intended benefits of the AIA for its members, AUTM favors establishing those bright-line rules it supports consistent with the Administrative Procedure Act (APA) such that they are stable and patent owners can rely on them. The procedures, as currently established through PTAB opinions, do not provide the same level of stability as formally promulgated rules. For instance, a Director can remove or de-designate an opinion such that it is not precedential or informative at any time without notice. Additionally, having promulgated rules will ensure that the Director takes into account the statutory factors under 35 U.S.C. § 316(b), namely the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the USPTO, and the ability of the USPTO to timely complete proceedings instituted.

AUTM’s more detailed comments are set forth below. These comments stem from the documented, disproportionate harm (both through the loss of patent rights and the substantial costs involved) multiple AIA trial petitions as well as AIA trials conducted in parallel with proceedings in other tribunals have inflicted on patent holders.

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<sup>1</sup> H.R. Rep. No. 112-98, pt. 1, at 40 (2011), 2011 U.S.C.C.A.N. 67, 69; *see also* S. Rep. No. 110-259, at 20 (2008)

<sup>2</sup> H.R. Rep. No. 112-98, at 48 (2011).

For example, the number of petitions is highly correlated with the probability of institution wherein the probability of institution increases from 63% with a single petition to approximately 95% for six (6) or more petitions.<sup>3</sup> These probability trends translate into an overall per patent institution rate of 65% -70% which has been mostly flat over the past 5 years.<sup>4</sup> And, for instituted patents, based on recent reports, 84% of those which receive a final written decision are invalidated, in whole or in part.<sup>5</sup> Thus, multiple petitions are correlated with more institutions. More institutions increase the number of final written decisions which result in a staggering number of invalidations. The takeaway is that multiple petitions are likely correlated with high levels of patent invalidation.

### **Serial/Parallel Petitions**

AUTM supports a bright-line rule such that once a trial is instituted against certain claims, this proposal would preclude the Office from instituting further AIA trials that include challenges by any party to any of the same claims if the patent owner opposes institution. AUTM believes that, consistent with the Consolidated Trial Practice Guide, one petition should be sufficient for a petitioner to challenge the claims of a patent in most situations and that multiple petitions raises serious risks of unfairness to the patent owner and creating inefficiencies in the system. In other words, AUTM supports the Director promulgating a bright-line rule against institution of serial or parallel petitions pursuant to his/her authority under 35 U.S.C. 315(d) and 325(d) for determining if and how an “other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding” so as to not create excessive costs and uncertainty for the patent owner and the system.

### **Proceedings in Other Tribunals**

AUTM supports a bright-line rule that precludes institution of an AIA trial against challenged claims if the patent owner opposes institution and any of the challenged claims are or have been asserted against a Challenging Entity (defined below) in another proceeding such as in a district court or ITC action that is unlikely to be stayed. As above, simultaneous proceedings raise serious risks of unfairness to the patent owner and creating inefficiencies in the system. Furthermore, issues that were raised or should have been raised in any other proceeding(s) should be precluded from AIA trials and other proceedings.

### **Other Considerations**

AUTM believes that the USPTO should reconsider who is a real party in interest and a privy and who and who should be subject to estoppel provisions of the AIA and similar equitable principles when it comes to AIA trials. For example, an entity, regardless if it is directly by themselves, through an entity that they are working with, such as a law firm or straw person, have control of, have an ownership stake in, or the like, who benefits from the narrowing or invalidating a patent (“Challenging Entity”) should be subject to estoppel provisions of the AIA and similar equitable principles. Determination of a Challenging Entity should be viewed not only by the actions before the USPTO, but also, the actions taken in other proceedings, e.g. before a court or other tribunal such as the ITC.

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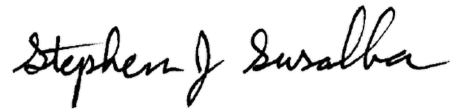
<sup>3</sup> Josh Malone, “PTAB Institution Data Analysis Proves that Reforms Have Failed,” IPWatchdog.com, May 21, 2020, <https://www.ipwatchdog.com/2020/05/21/ptab-institution-data-analysis-proves-reforms-failed/id=121440/>.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

In conclusion, under your leadership, there has been a renewed commitment for restoring balance and confidence in the U.S. patent system. AUTM and its members continue to support you and your reforms, and we look forward to working with you and your colleagues to further strengthen our patent system.

Sincerely,

A handwritten signature in black ink that reads "Stephen J. Susalka". The signature is written in a cursive style with a large, stylized initial 'S'.

Stephen J. Susalka, PhD, RTTP, CLT  
AUTM CEO

#### **About AUTM**

AUTM is the non-profit leader in efforts to educate, promote and inspire professionals to support the development of academic research that changes the world and drives innovation forward. Our community is comprised of more than 3,000 members who work in more than 800 universities, research centers, hospitals, businesses and government organizations around the globe.