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AUTM’s Comments in Response to the USPTO’s Advance Notice of Proposed Rulemaking (ANPRM) Regarding Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board (Docket ID Number: PTO-P-2020-0022)

Thank you for the opportunity to provide comments to the United States Patent and Trademark Office (USPTO) in response to the Advanced Notice of Proposed Rulemaking (ANPRM) regarding changes under consideration for America Invents Act (AIA) trial proceedings before the Patent Trial and Appeal Board (PTAB).

AUTM is the non-profit leader in efforts to educate, promote, and inspire professionals to support the further development of academic research that drives innovation and changes the world. 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. AUTM’s members are primarily from academic settings (67%). 15% are practicing attorneys and 5% are from industry. Some 22% of our members are international.

AUTM members in academic settings are focused on advancing early-stage inventions and other technologies to the marketplace primarily through licensing to partners (i.e., implementers). Between 2012 and 2021 (the most recent decade for which we have data), our skilled professionals filed over 150,000 patents for academic inventors and over 16,000 in 2021 alone. Between 2012 and 2021, our U.S. members negotiated over 60,000 intellectual



property license agreements on behalf of U.S. universities and academic research institutions, and in 2021 alone over 8,000 such license agreements.

For these reasons, AUTM has valuable insights and an important voice regarding intellectual property matters generally and patents in particular. AUTM supports all efforts to bolster the robustness and reliability of patents such that the time-limited, exclusive rights secured thereby incentivize innovation and promote economic prosperity and national security for all Americans.

Introduction

AUTM agrees with the USPTO that PTAB practices should align with both (i) the USPTO's mission to promote and protect innovation and investment in the same and (ii) Congress's stated intent that AIA trials provide a more efficient and less-expensive alternative to district court litigation to resolve certain patentability issues. We also agree with former Director Iancu that "Congress spoke expressly and it's in the statute, it seems the better course of action for Congress to address it."¹ There are several pieces of legislation that have been introduced—or will be introduced—that would take steps to address some of the concerns identified below.

In the alternative, we provide the following comments in response to the USPTO's ANPRM. Generally, AUTM recognizes that AIA trials have not delivered on their stated promise to provide a quick, inexpensive, and reliable alternative to district court litigation to resolve certain questions of patent validity. These proceedings are not quick, as patent owners often face serial attacks on the same patent. They are not inexpensive, in view of parallel attacks on the same patented technologies. Further, they have not achieved any recognizable results to strengthen patents or encourage investment in them, as AUTM is unaware of any study demonstrating that patent quality has improved as a result of over 10 years of AIA trials. Modifications of the AIA proceedings are necessary to help reach the stated promises.

AUTM's Comments

- (1) AIA trials should be a true *alternative* to district court litigation – not an additional and repetitive avenue to attack patents.

Frequent, multiple challenges to the same patent, are harmful to patent owners and directly opposed to the efficiency and cost-savings that AIA trials were created to deliver. Therefore, AUTM supports rules that prevent serial and parallel challenges to patent claims.

¹ See <https://ipwatchdog.com/2023/06/01/iancu-agrees-key-uspto-anprm-proposals-handled-congress/id=161781/>; https://www.law360.com/articles/1601732?nl_pk=c0b66189-4e31-43df-b4cc-fbee3c8c472a&utm_source=newsletter&utm_medium=email&utm_campaign=special&utm_content=22688&nlsidx=0&nlaidx=4.

First, AUTM supports a bright-line rule that once a trial is instituted against certain claims, and the petitioner opposes institution, the USPTO may not institute any further AIA trials that include challenges by any party to any of the same claims.² The Director could promulgate such a rule 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.” Such a rule would promote efficiency by, for example, ensuring petitioners bring their complete case to the PTAB all at once. Allowing repeated attacks on patents that are currently being—or already were—reconsidered by the USPTO creates excessive costs and uncertainty for the patent owner. Moreover, because patents are often the basis on which research and development investments are made, such repeated attacks undermine innovation by damaging the integrity of the patent system.

Similarly, 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 Entity³ in another proceeding such as in a district court where the Challenging Entity has also made a counterclaim of invalidity or in an International Trade Commission (ITC) action. As with serial and parallel AIA trials, multiple proceedings in different tribunals increase costs for patent owners and create inefficiencies in the system.

- (2) The USPTO should take steps to improve confidence in the patent system and transparency in PTAB proceedings.

AUTM is increasingly concerned that the USPTO’s messaging suggests a lack of confidence in its own examination process and in the validity of the patents it issues. This perception devalues patents and makes them less reliable, which is particularly harmful for newer or smaller entities that rely on patents to attract investment and development partners. Moreover, patent owners are concerned about unfair practices in PTAB proceedings, such as (i) manipulation of the process and/or results through expanded panels⁴ and (ii) invalidation of patents (and verdicts) even when the petitioner has been found to have abused the process.⁵ To counteract this perception of

² At a minimum, the USPTO should require that any entity financially contributing to a PTAB validity challenge be identified as a real party-in-interest who cannot bring future challenges, thus ensuring that no entity can bring multiple PTAB challenges as a silent financial contributor, and if needed, discovery should be allowed to ensure compliance with this rule.

³ A “Challenging Entity” is defined herein as an entity who challenges the patent either (i) directly or (ii) indirectly via cooperation with another entity (such as a law firm or straw person) that is controlled by the challenger, owned in whole or in part by the challenger, or has a shared interest with the challenger in narrowing or invalidating the patent.

⁴ See <https://patentlyo.com/patent/2023/06/illuminates-controversial-practices.html>.

⁵ See https://www.law360.com/ip/articles/1607502?nl_pk=9671a8a6-a3c9-42d9-a1d0-f194082dc0d1&utm_source=newsletter&utm_medium=email&utm_campaign=ip&utm_content=1607502&nlsidx=0&nlaidx=0.

unfairness, AUTM supports increased insight into internal operating procedures, the creation of an APJ code of judicial conduct, more transparency during PTAB proceedings, and real consequences when petitioners abuse the process (including dismissal of the petition) to deter such misbehavior.

(3) The USPTO should consistently apply a strong presumption of patent validity.

AUTM supports adopting the “clear and convincing” standard used in district court proceedings for validity issues that are addressed in AIA trials. This approach would harmonize the burdens of proof in the two forums and give appropriate deference to the USPTO’s expert determination to issue the patent after examination—a determination that inventors, patent owners, licensees, and investors rely upon.

(4) The USPTO should work with Congress to codify select rule changes to promote consistency and predictability.

The basic rules for AIA trials should not be subject to change each time a new USPTO Director is appointed. To ensure consistent application of the AIA and more predictability for both patent owners and patent challengers, the USPTO should work with Congress to codify: (a) its rule applying the same claim construction standard for PTAB proceedings as used in district court litigation; and (b) the reviewability of the USPTO’s decision to institute, including the Federal Circuit’s decision in *WiFi One v. Broadcom*, 878 F.3d 1364 (Fed. Cir. 2018) (en banc). The decision to institute is a critical step in post-issuance proceedings, but the PTAB does not reconsider many of the important considerations—such as whether the petitioner waited too long to file the challenge—at the end of the proceedings. A reviewing court should be able to review these institution decision issues to create consistent standards that all 250+ PTAB judges can apply.

(5) The USPTO should require that petitioners have standing to file a post-grant challenge and more stringently enforce the statutory time bar.

The USPTO should establish a standing requirement for PTAB proceedings—similar to the requirement in district courts—to ensure that a petitioner has a business or financial reason to challenge a patent’s validity. This requirement would reduce incentives for privateering or extortion of nuisance settlements.

The USPTO should also apply a rebuttable presumption that a petitioner that is time-barred or would otherwise be denied institution cannot be joined to an existing IPR. If the presumption is overcome, such a petitioner may be joined solely in an understudy role and may under no circumstances be promoted to the role of lead petitioner. Accordingly, an IPR cannot be maintained solely by such a petitioner (or petitioners). Such a rule would deter joinder gamesmanship.

(6) The USPTO should apply meaningful estoppel requirements, including Sotera stipulations.

All petitioners should be required to stipulate that if the PTAB institutes an IPR or PGR proceeding, they will not raise or maintain in district court or the ITC any art or argument that they raised or reasonably could have raised in the IPR or PGR petition. Such a stipulation would be made as a matter of course in any IPR or PGR petition, and the failure to so stipulate would be grounds for immediate dismissal with prejudice. A breach of the stipulation during the course of an IPR or PGR would likewise be grounds for immediate dismissal, as well as a review for sanctions against the petitioner. Furthermore, issues that were raised or should have been raised in any prior proceeding(s) (e.g., a district court or ITC action) should be precluded from AIA trials. Such rules would improve efficiency by ensuring that only one forum examines the often-complicated question of whether an invention is truly new and nonobvious based on earlier publications or patents.

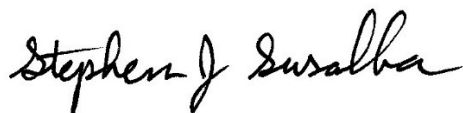
(7) The USPTO should separate institution from trial during IPR or PGR.

To combat the subtle biases that are introduced when the panel that decides to institute goes on to conduct the subsequent AIA trial, the PTAB judges who conduct the trial should not be the same ones who decided to institute the IPR or PGR. The biases stem from the fact that, given the statutory threshold, the institution judges are already down the path of invalidating the claims when they decide to institute, and there is an inherent human unwillingness to admit error and to interpret new evidence in a way that confirms one's early impressions (i.e., confirmation bias). If the trial judges are different, the risk of such confirmation bias would be lessened.

Conclusion

In conclusion, AUTM appreciates the opportunity to provide comments on these important issues. AUTM strongly supports reliable and robust patent rights. We believe that strong patent rights promote competition because they facilitate market entry of new startups and new products by attracting investors and commercialization partners that might not otherwise have committed to develop and distribute the technology for public benefit. Finally, our technological superiority and thus our national security and economic prosperity depend on our ability to restore and protect robust and reliable patent rights.

Sincerely,



Stephen J. Susalka, Ph.D.
Chief Executive Officer