



December 3, 2020

Vice Chief Administrative Patent Judge Scott Weidenfeller
Mail Stop: Patent Board
Director of the U.S. Patent and Trademark Office
P.O. Box 1450,
Alexandria, VA 22313-1450

Re: USPTO Docket No. PTO-C-2020-0055-Request for Comments on Discretion to Institute Trials before the Patent Trial and Appeal Board

Intellectual Property Owners Association (IPO) appreciates the opportunity to respond to the request for public comments on considerations for instituting trials before the USPTO under the Leahy-Smith America Invents Act (AIA).

IPO is an international trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property (IP) rights. IPO's membership includes about 175 companies and 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members. IPO membership spans over 30 countries. IPO advocates for effective and affordable IP ownership rights and offers a wide array of services, including supporting member interests relating to legislative and international issues; analyzing current IP issues; providing information and educational services; and disseminating information to the public on the importance of IP rights.

In a Federal Register notice published on October 20, 2020, 85 Fed. Reg. 66502, the USPTO requested responses to seven questions related to the filing of serial petitions for inter partes review (IPR), parallel petitions for IPR, petitions for IPR in view of proceedings in other tribunals, including district courts and the U.S. International Trade Commission, and other considerations. Id. at 66506. IPO's comments are below.

GENERAL CONSIDERATIONS

Congress has authorized the Director to prescribe regulations regarding the conduct of IPR. Specifically, the Director shall prescribe regulations "(2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a) [and] (4) \* \* \* the relationship of such review to other proceedings under this title." 35 U.S.C. § 316(a)(2),(4).

In Aqua Products v. Matal, 872 F.3d 1290, 1319-20 (Fed. Cir. 2017) (en banc), Judge Moore noted in a concurring opinion, "Where Congress has chosen to delegate rulemaking authority by regulation, \* \* \* the exercise of that delegated authority must be through the promulgation of regulations in order to be entitled to Chevron deference." Id. at 1331 (citing Chevron, U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 104 S.Ct. 2778, 81 L.Ed.2d 694 (1984)). "The promulgation of substantive regulations, consistent with

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the APA, requires notice of proposed rulemaking published in the *Federal Register* and an opportunity for comment before the rules may take effect. 5 U.S.C. § 553(b)–(c). It requires an agency to ‘notify the public of the proposal, invite them to comment on its shortcomings, consider and respond to their arguments, and explain its final decision in a statement of the rule’s basis and purpose.’” *Id.* Judge Moore questioned whether precedential decisions should be entitled to *Chevron* deference. *Id.* at 1331-32. Based on Judge Moore’s analysis, rulemaking is generally preferable to the issuance of precedential decisions. Further, Section 316(a)(4) requires the Director to “prescribe regulations . . . (4) establishing and governing inter partes review under this chapter *and the relationship of such review to other proceedings under this title.*” Thus, Congress specifically required the Director to prescribe regulations governing the relationship of IPR to other proceedings. Per Judge Moore, this should not be done through precedential decisions.

IPO, however, recognizes that it is not practical to issue a new regulation immediately after the Board decides an issue of first impression. IPO also recognizes that the designation of Board decisions as informative and precedential serves to provide important guidance to litigants before the USPTO can engage in the rulemaking process. IPO believes that sufficient time has passed since the issuance of precedential decisions on the Board’s handling of serial and parallel petitions for the USPTO to engage in rulemaking. Thus, IPO provides the following comments with regard to rulemaking regarding the Board’s discretion in instituting AIA trials with respect to serial and parallel petitions.

The exercise of discretion to institute where proceedings in other tribunals are taken into account is less settled and the subject of ongoing litigation. IPO has not taken a position on this issue and does not submit comments with respect to parallel proceedings in district courts or in the U.S. International Trade Commission.

## **SERIAL PETITIONS**

**USPTO Question 1. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *General Plastic*, *Valve I*, *Valve II* and their progeny, for deciding whether to institute a petition on claims that have previously been challenged in another petition?**

As discussed above, the USPTO should promulgate a rule pursuant to its statutory authority regarding the factors to be considered in exercising discretion to institute serial petitions against the same patent along the lines suggested in *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper No. 19 (PTAB, September 6, 2017) (precedential). IPO believes that the rule should include the *General Plastic* factors along with specific guidance with respect to the citation of “old art.”

The *General Plastic* factors, set forth below, provide a good starting point for rulemaking:

1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;
4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. the finite resources of the Board; and
7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

The Board issued two precedential decisions expanding and clarifying the *General Plastic* factors. In *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019–00062, –00063, –00084, 2019 WL 1490575 (PTAB Apr. 2, 2019) (precedential) (*Valve I*), the Board explained that it considers any relationship between petitioners when weighing the *General Plastic* factors and concluded that a particularly close relationship (there, licensor and licensee) could justify treating a subsequent petitioner as standing in the shoes of an earlier petitioner. *See id.* at \*5. In *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019–00064, –00065, –00085, 2019 WL 1965688 (PTAB May 1, 2019) (*Valve II*), the Board applied the first *General Plastic* factor to a petitioner that joined a previously instituted IPR proceeding and, therefore, is considered to have previously filed a petition directed to the same claims of the same patent.

Engaging in the rulemaking process would consolidate and clarify the application of the *General Plastic* factors in view of *Valve I* and *Valve II* and address and resolve inconsistencies between the Board's decision in *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508 (Paper 28), which allows petitioners to join issues in an instituted proceeding, and its decision in *NVIDIA/General Plastic* setting forth factors that commonly result in the denial of “second bite” petitions that raise new or modified grounds. Regulations should specifically address the Board's policy towards instituting follow-on petitions and whether the Board will apply a different standard for institution when a follow-on petition is accompanied by a timely motion for joinder. In other words, the Board should consider rulemaking to harmonize issue joinder under 35 U.S.C. § 315(c) and treatment of follow-on petitions under 35 U.S.C. §§ 315(d) and 325(d). Regulations should also clarify that the rules relating to serial petitions do not apply to the situation where multiple petitions are filed at or around the same time (see below).

**USPTO Question 2. Alternatively, in deciding whether to institute a petition, should the Office (a) altogether disregard whether the claims have previously been challenged in another petition, or (b) altogether decline to institute if the claims have previously been challenged in another petition?**

IPO does not support altogether disregarding or declining to institute if the claims have previously been challenged in another petition. The *General Plastic* factors strike the correct balance.

## **PARALLEL PETITIONS**

**USPTO Question 3. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in the Consolidated Trial Practice Guide, for deciding whether to institute more than one petition filed at or about the same time on the same patent?**

IPO believes that the Office should promulgate a rule with a case-specific analysis, such as generally outlined in the Consolidated Trial Practice Guide, for deciding whether to institute more than one petition filed at or about the same time on the same patent.

In some circumstances, filing one petition should be sufficient to challenge the claims of a patent in many situations. In those situations, two or more petitions filed against the same patent at or about the same time (e.g., before the first preliminary response by the patent owner) may place a substantial and unnecessary burden on the Board and the patent owner and could raise fairness, timing, and efficiency concerns. Other times, this is not the case. As recognized in the Trial Practice Guide, there are circumstances where more than one petition might be necessary, such as when the patent owner has asserted a large number of claims in litigation or if there is a dispute about priority date requiring arguments under multiple prior art references. The Board should consider including other examples, such as where different claim construction results would render different prior art references relevant or where the technology is sufficiently complex that a reader would benefit from a fulsome explanation of prior art references. In such cases, two or more petitions by a petitioner may be needed.

Under current practice, the Consolidated Trial Practice Guide states that a petitioner should, in its petitions or in a separate paper filed with the petitions, identify: (1) a ranking of the petitions in the order in which it wishes the Board to consider the merits, if the Board uses its discretion to institute any of the petitions, and (2) a succinct explanation of the differences between the petitions, why the issues addressed by the differences are material, and why the Board should exercise its discretion to institute additional petitions if it identifies one petition that satisfies petitioner's burden under 35 U.S.C. § 314(a). The Board encourages the petitioner to use a table to aid in identifying the similarities and differences between petitions. If the petitioner provides this information, the patent owner may, in its preliminary responses or in a separate paper filed with the preliminary responses, respond to the petitioner and explain why the Board should not exercise its discretion to institute more than one petition (if it institutes at all). Among other issues, the patent owner should explain whether the differences identified by the petitioner are directed to an issue that is not material or not in dispute. If stating that issues are not material or in dispute, the patent owner should

clearly proffer any necessary stipulations. For example, the patent owner may seek to avoid additional petitions by proffering a stipulation that certain claim limitations are not disputed or that certain references qualify as prior art. The Board will consider the parties' submissions in determining whether to exercise its discretion to institute IPR under 35 U.S.C. § 314(a).

It remains to be seen what justifications will satisfy specific Board panels. Petitioners need to carefully understand what reasons are most compelling. Are they limited to the number of asserted claims and priority issues? Might it be sufficient to address competing claim constructions, the number of claims in the patent, or the complexity of the technology? Might there be other reasons justifying multiple petitions? Further guidance that all Board panels follow would be fair and efficient for both patent owners and petitioners.

One possible solution the USPTO might consider is creating a conditional exception to the word limit, such as “for good cause shown, PTAB shall grant petitioner right to submit a petition containing more than 14,000 words, such as, for example (and without limitation), when the patent in issue contains more than X number of independent claims, or when the number of asserted claims exceeds Y, or when the number of asserted references exceeds Z.”

**USPTO Question 4. Alternatively, in deciding whether to institute more than one petition filed at or about the same time on the same patent, should the Office (a) altogether disregard the number of petitions filed, or (b) altogether decline to institute on more than one petition?**

The USPTO should neither altogether disregard the number of petitions filed nor altogether decline to institute on more than one petition.

## **PROCEEDINGS IN OTHER TRIBUNALS**

**USPTO Question 5. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *Fintiv* and its progeny, for deciding whether to institute a petition on a patent that is or has been subject to other proceedings in a U.S. district court or the ITC?**

The Board has issued precedential decisions in *Apple Inc. v. Fintiv, Inc.*, IPR2020–00019, 2020 WL 2126495 (PTAB Mar. 20, 2020) (precedential) and *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018–00752, 2018 WL 4373643 (PTAB Sept. 12, 2018) (precedential). Both decisions weighed several factors to determine whether the Board should exercise its discretion not to institute an IPR where a district court case involved the same patent and had a trial date prior to the deadline for issuing a final written decision if an AIA trial were instituted on the petition. These decisions have been challenged in two court proceedings.

Cisco filed a petition for a writ of mandamus, challenging the *Fintiv/NHK* decisions. *In re Cisco Systems, Inc.*, 20-148 Misc. (Fed. Cir., filed August 27, 2020).). On October 30, 2020, the Federal Circuit denied Cisco's petition for a writ of mandamus in a non-precedential opinion. The Court held that it lacked jurisdiction under 35 U.S.C. § 314(d) and that mandamus was not appropriate because “Cisco is also pursuing alternative legal channels to

raise its substantive and procedural arguments.” The “alternative legal channels” referred to by the court was the lawsuit filed by Cisco, Apple, Google and Intel, *Apple, Inc. v. Iancu*, 5:20-cv-6128 (N.D. Cal., filed August 31, 2020), a declaratory judgment action arguing that the *Fintiv* decision violates several sections of the Administrative Procedures Act.

With respect to the exercise of discretion in view of district court or ITC proceedings, IPO has not taken a position and awaits with interest the outcome of this ongoing litigation. Should the USPTO undertake rulemaking on this issue, we will endeavor to deliberate and present a recommendation that balances the viewpoints of our Board member companies.

## **OTHER CONSIDERATIONS**

**USPTO Question 7. Whether or not the Office promulgates rules on these issues, are there any other modifications the Office should make in its approach to serial and parallel AIA petitions, proceedings in other tribunals, or other use of discretion in deciding whether to institute an AIA trial?**

Sometimes a petition will rely on the same prior art that has previously been considered by the USPTO, whether in the original examination, a reexamination or reissue, or a prior IPR petition. IPO submits that guidelines adopted by the Board in precedential decisions relating to petitions dealing with “old prior art” should also be revisited in connection with regulations addressing serial petitions.

For example, in *Becton, Dickinson and Co. v. B. Braun Melsungen AG*, No. IPR2017-01586, slip op. 16-24 (Paper 8) (P.T.A.B. Dec. 15, 2017) (precedential), the petitioner presented an obviousness argument relying upon the same primary reference considered during prosecution but a different secondary reference. The Board held that the secondary reference was cumulative to art already considered by the USPTO and added little, if any, persuasive new evidence or arguments concerning unpatentability. The Board ultimately denied institution on this ground noting that the petitioner had “not pointed to error by the Examiner.” The Board considered the following factors in reaching its decision:

- (a) the similarities and material differences between the asserted art and the prior art involved during examination;
- (b) the cumulative nature of the asserted art and the prior art evaluated during examination;
- (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection;
- (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;
- (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and
- (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.

Following *Becton Dickinson*, the Board issued two decisions addressing the exercise of discretion regarding petitions that cite “old” prior art. In *Oticon Medical AB v. Cochlear Ltd.*, IPR2019-00975, Paper No. 15 (PTAB, October 16, 2019 (precedential), the PTAB declined to exercise § 325(d) discretion to deny institution. In *Advanced Bionics, LLC v. Med-EL elektromedizinische Gerate GMBH*, IPR2019-01469, Paper No. 6 (PTAB, February 13, 2020) (precedential), the Board set forth two-part framework for resolving the issue of whether to deny institution:

- (1) Whether the petition set forth the same prior art or arguments as previously presented to the Office, and
- (2) If so, whether the petitioner has demonstrated that the Office erred in a manner material to patentability

Any new regulations should address “old art.” To that end, IPO supports adding the following new regulations as, 37 C.F.R. § 42.108(d) and 37 C.F.R. § 42.208(e):

“(d) Insufficient grounds. A petition for inter partes review shall not be granted based on prior art that is the same or substantially the same as that previously presented and relied upon 1) in a rejection during prosecution of the challenged patent, or 2) in another proceeding before the Patent Office involving the challenged patent, unless the petition specifically identifies a factual or legal issue that was misapprehended or overlooked and that establishes a reasonable likelihood that at least one claim challenged in the petition is unpatentable.

“(e) Insufficient grounds. A petition for post-grant review shall not be granted based on prior art that is the same or substantially the same as that previously presented and relied upon 1) in a rejection during prosecution of the challenged patent, or 2) in another proceeding before the Patent Office involving the challenged patent, unless the petition specifically identifies a factual or legal issue that was misapprehended or overlooked and that establishes that it is more likely than not that at least one claim challenged in the petition is unpatentable.

We again thank the USPTO for the opportunity to provide comments and welcome any further dialogue or opportunity to provide additional information to assist your efforts.

Sincerely,

A handwritten signature in blue ink that reads "Daniel J. Staudt". The signature is written in a cursive style with a large, stylized initial "D" and "S".

Daniel J. Staudt