

Via Electronic Transmission

April 29, 2019

The Honorable Andrei Iancu
Undersecretary of Commerce for Intellectual Property and
Director of the U.S. Patent and Trademark Office
U.S. Patent and Trademark Office
600 Dulany St
Alexandria, VA 22314

Dear Director Iancu:

CCIA¹ writes regarding a letter you received from Senators Tillis and Coons, dated April 9. The letter discusses the alleged problem of “serial” IPR petitions. Evidence shows this problem is, at best, minimal in scope. In addition, to the extent this problem actually exists, it can be—and is being—addressed using the tools the USPTO already has.

CCIA has serious concerns regarding several proposals in the April 9 letter. In particular, the proposals to (a) create a presumption against additional petitions after the first decision on institution, and (b) modify the *General Plastic* factors to disfavor petitions from different petitioners where a first petition has already been filed would be harmful to the system of post-grant review set up by the AIA. Particularly, barring legitimate petitioners from accessing AIA reviews would work to the detriment of innovation and the U.S. patent system. CCIA urges you not to adopt these proposed changes, as the Office under your leadership has already addressed this issue without incurring the harms the proposed changes would produce.

I. Serial Petitions Represent An Insignificant Portion Of The IPR System

Both CCIA and the USPTO have researched the issue of “serial” or duplicative petitions and concluded that it is not significant in scale.²

The USPTO concluded that the vast majority of all petitions are filed before any response from the patent owner or the USPTO has occurred, and that most of the remainder are filed either due to a change in litigation (i.e., to petition against claims newly identified in a litigation) or by a new party seeking to join an existing trial.³ “Serial” petitions of the type complained of are

¹ CCIA, the Computer & Communications Industry Association, is an international not-for-profit membership organization dedicated to innovation and enhancing society’s access to information and communications. CCIA promotes open markets, open systems, open networks and full, fair and open competition in the computer, telecommunications and Internet industries. A list of our members is available at <https://www.ccianet.org/about/members/>.

² Others have also concluded that the scope of this problem is minimal. See, e.g., Berta & Reidy, “Multiple IPR Petitions For Same Claim Are Often Not Repetitive”, *IPLaw 360* (Nov. 16, 2018), available at <https://www.arnoldporter.com/en/perspectives/publications/2018/11/multiple-ipr-petitions-for-same-claim>.

³ USPTO, “Chat with the Chief: An Analysis of Multiple Petitions in AIA Trials” (Oct. 24, 2017), available at https://www.uspto.gov/sites/default/files/documents/Chat_with_the_Chief_Boardside_Chat_Multiple_Petition_Study_20171024.pdf.

extremely rare, and have likely become more rare as the *General Plastic* factors have been applied to more petitions.

CCIA's research, which we have previously provided to the members of the Subcommittee including Senators Coons and Tillis,⁴ produced conclusions similar to those of the USPTO: truly "serial" petitions are rare. Looking at the five most frequent petitioners, CCIA determined which petitions were filed on patents that had already received a petition. We then discounted any petitions filed on non-overlapping claims (or sets of claims that only overlap on the independent claim), as that type of petition is typically mandated by the word limits the USPTO has set by regulation. For the same reason, CCIA discounted petitions filed on the same day as the primary petition. Parallel petitions cannot be considered "serial," particularly as word limits often require such petitions. Finally, CCIA discounted identical "follow-on" petitions filed by third parties in order to join an existing petition. Such petitions do not add to a patent owner's burden, as they incorporate identical art and arguments. They also promote administrative efficiency by consolidating parties around a single set of arguments and are expressly authorized by the AIA.⁵

Discounting these types of petitions, CCIA found that—of the 1,139 petitions in the study filed by those petitioners—only 25 qualified as "serial" petitions.⁶ The so-called "overlapping" petitions were almost entirely either joinder petitions or necessitated by USPTO word count limits. Evidence thus shows that any problem with "abusive serial petitions" is, at most, limited.

II. The Proposed Solutions Are More Harmful Than The Problem They Try To Solve

There have been a few cases in which serial petitions were filed. However, under your leadership, the USPTO has applied the *General Plastic* factors to prevent institution of the few existing cases of serial complaints. As applied in cases such as the *Valve* case mentioned in the Senators' letter, these factors provide the PTAB with sufficient ability to address abusive serial petitions. The proposed changes identified in the April 9 letter would go far beyond addressing this limited—and already solved—problem, creating new and arbitrary restrictions on petition filing which would negatively affect legitimate petitioners and the entire *inter partes* system.

First, the proposal to create a presumption that a single decision on institution for a given patent would bar further petitions on that patent—from any party—in the absence of compelling circumstances. Under this presumption, a petition made based on weak prior art against a single minor claim could be used to deny any further petitions by any petitioner. Such a presumption would encourage gamesmanship by patent owners, triggering a weak challenge in order to bar future defendants from use of the *inter partes* procedure. It could even encourage collusive behavior where a weak initial petition, drafted by a friendly party and intended to be denied, is used to immunize the patent from any further challenge.⁷ Thomas Jefferson predicted that

⁴ See CCIA, Letter to Senate Judiciary IP Subcommittee Members (Mar. 20, 2019), available at <https://www.patentprogress.org/wp-content/uploads/2019/03/2019-03-20-Senate-IP-Subcommittee-Letter-Referenced-Studies.pdf>.

⁵ 35 U.S.C. § 315(c).

⁶ Our earlier letter addressed a study by Carlson and Schulz which claimed that 524 petitions were duplicative, inflating the number by over 2000%.

⁷ This concern is realistic. For example, patent owners have attempted to use tribal sovereign immunity as a shield; if not for the *Saint Regis Mohawk* case's rejection of this tactic, we would likely see it commonly employed already.

patentees would behave in exactly this fashion during the drafting of the Patent Act of 1793, stating that if the first validity trial bars all others, the patentee “will always have a collusive suit brought against himself at once.”⁸

Second, the April 9 letter proposes to consider the filing of a previous petition by a different, unrelated, petitioner as a factor weighing against institution. The *General Plastic* factors already suffice to enable the denial of petitions in situations where an unrelated later petitioner is acting unfairly, and the privity and real party in interest requirements address related petitioners. Adding a thumb on the scale in favor of denial of institution due to behavior by an unrelated party would bar legitimate challenges to the validity of a patent and might also create due process concerns. (This proposal would also implicate the concerns regarding gamesmanship and collusion discussed above.)

A strong patent system requires an effective process for ensuring that improvidently granted patents are invalidated, ensuring that inventors can use what was already known when they create something new, free from the chilling effects of vague, over-broad, and invalid patents. The Patent Trial and Appeal Board fulfills that requirement, conducting its work efficiently and fairly, despite the unfair and inaccurate negative perceptions that often surround it. CCIA urges you to reject the proposed changes, which would cause great harms to the AIA post-grant system in order to address a problem the Office has already solved.

CCIA would be pleased to further discuss our research and the implications of the proposed changes with the USPTO, or to assist you in any other way.

Sincerely,

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CC: Senate Judiciary Committee Subcommittee on Intellectual Property

The Honorable Wilbur Ross, Secretary of Commerce

⁸ Letter from Thomas Jefferson to Hugh Williamson (Nov. 13, 1791), available at <https://founders.archives.gov/documents/Jefferson/01-22-02-0271>. The 1793 Act ultimately omitted any limitation on the number of repeal actions that might be brought against a given patent.