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December 3, 2020

Via E-Mail

**Director of the United States Patent
and Trademark Office**

P.O. Box 1450
Alexandria, Virginia 22313-1450
Attn: Scott C. Weidenfeller,
Vice Chief Administrative Patent Judge

**Re: Response to Request for Comments on Discretion to Institute Trials Before
the Patent Trial and Appeal Board**

Dear Judge Weidenfeller and USPTO Director Andrei Iancu:

The New York City Bar Association (the “Association”), through its Committee on Patents, thanks the United States Patent and Trademark Office (“USPTO” or the “Office”) for considering the Association’s comments in response to the Office’s Request for Comments on *Discretion To Institute Trials Before the Patent Trial and Appeal Board*, published at 85 Federal Register 66502 (PTO-C-2020-0055, October 20, 2020).

I. About the Association

The Association is a private, non-profit organization of more than 25,000 members who are professionally involved in a broad range of law-related activities. Founded in 1870, the Association is one of the oldest bar associations in the United States. The Association seeks to promote reform in the law and to improve the administration of justice at the local, state, federal and international levels, including through the activities of its more than 150 standing and special committees. Among these, the Committee on Patents (“Patents Committee”) is a long-established standing committee of the

Association, and its membership reflects a wide range of corporate, private practice and academic experience in patent law. The participating members of this committee are dedicated to promoting the Association's objective of improving the administration of the patent laws.

II. Introductory Comments

The Association commends the USPTO and the Director for using the mechanism of notice-and-comment rulemaking to ensure compliance with the America Invents Act (AIA) and the Administrative Procedure Act (APA). While the Association does not comment on the procedural validity of rules that are informally promulgated without the use of the notice-and-comment process (such as through designation of certain Office decisions as informative or precedential), the use of notice-and-comment rulemaking clearly enhances both the consistency of practice before the Office and the public's trust in the soundness of the patent system.

The Association appreciates the balancing act that the Office must undertake to ensure that all post-grant proceedings are handled within their statutorily mandated deadlines, while at the same time ensuring sufficient resources are allocated to allow for due process. In the Association's view, any rules or changes thereto should not be made to favor either petitioners or patent owners, or made with an eye to either strengthen or weaken patent protection. Instead, the Office's rulemaking should be conducted with the aim of enhancing the strength of the patent system overall, including the ability for patent owners to sufficiently protect and commercialize their inventions and the ability for other market participants to challenge and weed out invalid patents, consistent with the Constitutional purpose of promoting the progress of science and useful arts. The Association's limited comments, presented below, are made to that end.

III. On Serial Petitions

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?

The AIA established administrative procedures "giving the Patent Office significant power to revisit and revise earlier patent grants," in order to "improve patent quality and restore confidence in the presumption of validity that comes with issued patents" and "screen out bad patents while bolstering valid ones."¹ As such, pursuant to statute, the Director of the USPTO has the non-appealable authority to institute or deny institution of post-grant proceedings for Inter Partes Review (IPR), Post Grant Review (PGR) and (now-sunsetted) Covered Business Method Review (CBM).²

The Association agrees that the USPTO should promulgate a rule with case-specific analysis, based on the factors summarized in *General Plastic v. Canon*, in view of the cost of these proceedings to

¹ *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (quoting H.R. Rep. No. 112-98, pt. 1, pp. 45, 48 (2011), and 157 Cong. Rec. 9778 (2011) (remarks of Rep. Goodlatte)).

² 35 U.S.C. § 314(d); 35 U.S.C. § 324(e).

all parties, the elevated likelihood of cancellation of patent claims as compared to district court litigation, and in the interests of consistency and judicial efficiency.³

The Association agrees that it is necessary to have a consistent and formalized rule for evaluating whether a post-grant proceeding should be instituted, in part because of the large number of administrative patent judges assigned to three-member panels for post-grant reviews. The need for this standard is especially necessary in view of the non-appealability of the PTAB's decisions to institute or not institute an IPR or other post grant proceeding.⁴ A rule with case-specific analysis is also needed because the granting of serial petitions to the same patent may place a substantial and unnecessary burden on the Office and the patent owner. Such petitions may also implicate issues of due process fairness, timing, and efficiency as to the patent owner. The Office has noted that multiple petitions by a petitioner are not necessary in the vast majority of cases.⁵

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?

The Association submits that the Office should answer both subparts (a) and (b) of Question #2 in the negative. The all-or-nothing action suggested by Question #2 is not warranted or necessary in order to provide parties will a fair ability to use post-grant proceedings, provide the Office with the ability to manage its case load and achieve its statutory deadlines, or provide due process protections. The Association notes that the strength of a patent challenge may vary significantly from petition-to-petition, and different parties may have varying abilities to articulate arguments and adduce expert evidence, which counsels against the premise of Question #2. Moreover, as to the specific grounds of invalidity presented in post-grant petitions, the statutory scheme already provides the Office with the ability to deny institution if the same or substantially the same arguments were previously presented to the Office, pursuant to 35 U.S.C. § 325(d). Thus, while the Association appreciates the predictability that a bright-line rule as articulated in Question #2 would bring, the preferred course under the current statutory scheme should be a thorough consideration of the issues, in light of the factors summarized in *General Plastic v. Canon* and its progeny.

IV. On Parallel Petitions

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?

The Association agrees with the premise of Question #3 as to parallel petitions, for the same reasons as explained in our response to Question #1 on serial petitions. The Association agrees with the

³ *General Plastic Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, 2017 WL 3917706, at *7 (PTAB Sept. 6, 2017) (precedential).

⁴ *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S.Ct. 1367, 1373 (2020); *Cuozzo*, 136 S. Ct. at 2140.

⁵ Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019) (Consolidated Trial Practice Guide or CTPG).

formalization of the rule for considering parallel petitions along the lines of the factors set forth in the PTAB's Consolidated Trial Practice Guide, summarized by the Association as follows:

1. whether the same petitioner is currently filing a petition directed to the same claims of the same patent;
2. whether the patent owner has asserted a large number of claims in litigation;
3. whether there is a dispute about priority date requiring arguments under multiple prior art references;
4. whether there are distinct issues and differences between petitions;
5. whether the differences between the petitions are material; and
6. whether the differences between the petitions are in dispute.

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 Association submits that the Office should answer both subparts (a) and (b) of Question #4 in the negative, for the same reasons as stated above for Question #2. Further, as to Question #4:

(a) In the interest of consistent decisions and jurisprudence, the USPTO should not altogether disregard the number of petitions filed in deciding whether to institute more than one petition filed at or about the same time on the same patent. In the case of parallel proceedings, it is difficult for two or more panels to reconcile the results of the parallel petitions since there may be simultaneous or nearly simultaneous decisions in each case. This lack of correspondence may result in conflicting decisions regarding the same patent and same patent claims.

(b) While the USPTO should not altogether decline to institute a post grant proceeding on more than one petition, the Office should consider a rule requiring the petitioner to submit an explanatory pleading to explain the differences between the petitions as well as the need for parallel petitions to the same patent claims. Such an explanatory pleading (with its own word count requirements) should establish that the differences between the petitions are material and not in dispute. The Office should also consider a rule that the petitioner bears the burden of persuasion that there is a need for parallel petitions directed to the same patent claims for issues that cannot be resolved in a single petition.

V. On Proceedings in Other Tribunals

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 Association agrees with the premise of Question #5, in the interests of formalizing post-grant practice before the Office and enhancing consistency and fairness in these proceedings, but with two important changes or caveats.

First, the Association recommends that any practice rule that formalizes the factors outlined in *NHK*,⁶ *Fintiv*,⁷ and their progeny (a “*NHK-Fintiv* rule”), and any accompanying guidance, should make clear that discretionary denials under such a rule would be issued sparingly, with a presumption in favor of the petitioner, such that institution would not be denied if the *NHK-Fintiv* rule factors are substantially evenly balanced.

The reasons for adopting a mild presumption in favor of the petitioner are evident. First, discretionary denials of institution under an *NHK-Fintiv* rule would be non-appealable, as confirmed by the Supreme Court in *Cuozzo*. This lack of judicial review cuts in favor of the petitioner who may have expended significant resources in preparing its petition and paying associated costs and fees. Second, while the Association agrees that § 314(a) grants the Office some measure of discretion in managing its case load and docket through denials of institution, the specific circumstances of the *NHK-Fintiv* rule (i.e., denial in light of parallel proceedings) are not reflected in the statute. Nor is there explicit mention of parallel-proceeding-based denials in the legislative history, which instead describes discretionary denials as a type of “safety valve that allows the Office to decline to institute further proceedings if a high volume of pending proceedings threatens the Office’s ability to timely complete all proceedings.”⁸ Third, a presumption against denials would avoid sweeping up petitioners who use post-grant proceedings as part of a good faith litigation strategy and grouping them in with those who make voluminous or vexatious use of the proceedings. Finally, committing to the sparing use of discretionary denials would increase the public’s faith in the patent system by protecting against the (even if inadvertent) over-use of a termination mechanism from which there can be no judicial review.

Second, the Association recommends that the Office’s rules and guidance should explain that certain *NHK-Fintiv* factors take precedence over others. The factors, as currently understood based on the precedential *Fintiv* decision, are as follows:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.⁹

With respect to the first factor above, the Association respectfully submits that the existence or likelihood of a stay in another forum should have no bearing on proceedings before the Office. Certain types of cases, such as Hatch-Waxman cases in district court and most ITC cases (notwithstanding recent outliers), are much less likely to have stays granted. As such, those cases would likely be disproportionately affected by the first *NHK-Fintiv* factor in favor of discretionary denials.

⁶ *NHK Spring Co. v. Intri-Plex Tech., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential).

⁷ *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper No. 11 (PTAB, March 20, 2020) (precedential).

⁸ 157 Cong. Rec. S1377 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

⁹ *Fintiv, Inc.*, IPR2020-00019, Paper No. 11.

Additionally, the use by district courts and the ITC of their powers to manage their own dockets through stays should not affect the Office's own ability to manage its docket and case load. To the extent that the first factor is being considered prior to a stay being granted in a parallel proceeding, the Office should not be placed in the position of having to guess at the outcome of a stay motion in another forum, especially in light of the Office's own duty to meet its statutory timeline obligations. Moreover, as a practical matter, if a parallel proceeding has been stayed or is likely to be stayed, that would be subsumed within the second and third *NHK-Fintiv* factors that go to the status and progress of the parallel proceeding.

Further, the Association recommends that the Office's rules and guidance reflect that the fourth and fifth factor are key to the discretionary denial analysis. The statutory scheme for denial of post-grant review in § 325(d) allows the Director to "take into account" whether the same or substantially the same arguments were previously presented to the Office. It stands to reason that the similarity of prior invalidity arguments being presented against the same patent is an equitable factor that counsels against institution of a post-grant proceeding, and as such should be significant in the analysis for parallel proceedings. The same rationale applies to the fifth factor.

With respect to the Office's guidance on its rules, the primary purposes of such a rule should be (i) reducing the cost to all stakeholders, (ii) providing for expedient resolution of invalidity arguments, and (iii) strengthening the patent system by preserving valid claims, cancelling invalid claims, and, where necessary, allowing reasonable opportunity to amend claims to preserve their validity.

Question 6. Alternatively, in deciding whether to institute a petition on a patent that is or has been subject to other proceedings in district court or the ITC, should the Office (a) altogether disregard such other proceedings, or (b) altogether decline to institute if the patent that is or has been subject to such other proceedings, unless the district court or the ITC has indicated that it will stay the action?

Consistent with the response to Question #5 above, the Association submits that the answer to both subparts (a) and (b) of Question #6 should be "no." That is, the USPTO should not adopt a bright-line rule that either completely disregards the existence of a previous or concurrent parallel proceeding or acts as a forum-selection clause that effectively bars parallel proceedings at the Office.

As mandated by 35 U.S.C. § 316(b), the "integrity of the patent system" is an important consideration for the Director in promulgating any rule. With respect to subpart (a) of Question #6, the full consideration of parallel proceedings would help avoid inconsistent results across forums and increase consistency and predictability in the administration of the patent laws. With respect to subpart (b), declining to institute a post-grant review on account of a parallel proceeding would deprive the district court or ITC of the benefit of the Office's final written decision(s) on patent validity based on the specialized knowledge and ability of the administrative patent judges. Even if the Office's final written decisions do not have preclusive effect in other forums prior to the Office's cancellation of the claims, litigants before the district court or ITC would likely benefit from the issuance of a final written decision from the Office on validity issues.

Thus, while the Association appreciates the certainty that adopting such bright-line rules would provide, the Office should not adopt such an all-or-nothing test regarding parallel proceedings absent

clear Congressional directive on the issue.¹⁰ The current AIA statute does not deprive an accused infringer of the ability to challenge the same patent before the Office.

VI. Conclusion

The New York City Bar Association, through its Patents Committee, affirms that for the Office's discretion to institute trials before the Patent Trial and Appeal Board, the Office should adopt rules for Serial Petitions based on the case factors of *General Plastic v. Canon*, and for Parallel Petitions based on the factors summarized in the Consolidated Trial Practice Guide.

Additionally, for the Office's discretion to institute trials on a patent that is subject to other parallel proceedings in a U.S. district court or the ITC, the Association recommends that the Office adopt a rule based, in part, on the factors identified in the *NHK* and *Fintiv* decisions, but with a presumption in favor of the petitioner such that institution would not be denied if the *NHK-Fintiv* factors were substantially balanced. Further, the Association recommends that any *NHK-Fintiv* guidance should emphasize the factors relating to whether the parallel proceeding involves the same parties and art, and deemphasize the factor regarding the existence or likelihood of a stay in the parallel proceeding.

Respectfully submitted,

/Aaron L. J. Pereira/

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¹⁰ While there may be some debate as to whether Congress intended post-grant proceedings to be a forum selection mechanism that would preclude a parallel proceeding challenging a patent based on substantially the same art, there does not appear to be a clear basis in statutory text or legislative history for the view that challenging a patent in federal court or at the ITC should completely deprive an accused infringer of the ability to challenge the same patent in front of the Office.