



Frank Cullen, Executive Director
Andrei Iancu, Co-Chair
David Kappos, Co-Chair
Judge Paul Michel (Ret.), Board Member
Judge Kathleen O'Malley (Ret.), Board Member

June 20, 2023

Via Electronic Submission

The Honorable Kathi Vidal
U.S. Patent and Trademark Office

600 Dulany Street
Alexandria, VA 22314

RE: PTO-P-2020-0022

Dear Director Vidal,

C4IP is a bipartisan coalition dedicated to promoting strong and effective intellectual property rights that drive innovation, boost economic competitiveness, and improve lives everywhere. C4IP welcomes this opportunity to provide feedback on the USPTO's advance notice of proposed rulemaking (ANPRM).¹

The last decade has seen a dramatic change in the patent enforcement landscape with the arrival of the Patent Trial and Appeal Board (PTAB) after the passage of the Leahy-Smith America Invents Act of 2011 (AIA).² The Office has worked diligently to realize that law, acting on Congress's instruction that "the changes made by [the AIA] are not 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. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation."³

To achieve these goals, the AIA gives considerable discretion to the Director. Directors have used this authority to achieve uniformity at the PTAB in response to new court decisions or emerging divisions among PTAB panels through interim guidance and precedential decisions, allowing the Agency to react immediately and transparently in real-time.⁴ This guidance

¹ USPTO, *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*, 88 Fed. Reg. 24503 (April 21, 2023) [hereafter "ANPRM"].

² Pub. L. 112-29 (2011), <https://www.congress.gov/112/plaws/publ29/PLAW-112publ29.pdf>.

³ H.R. Rep. No. 112-98, at 48 (2011), <https://www.congress.gov/112/crpt/hrpt98/CRPT-112hrpt98.pdf>.

⁴ *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016); see also Ryan David, *PTAB Unveils AIA Review Plans After High Court Shakeup*, LAW360 (April 26, 2018) (discussing how the Office issued initial guidance to the PTAB on the Supreme Court's *SAS Institute* ruling within two days), <https://www.law360.com/articles/1037720/ptab-unveils-aia-review-plans-after-high-court-shakeup>.

benefits the patent system by publicly establishing the operative rules-of-the-road, promoting predictability and certainty.

Notice-and-comment rulemaking, such as the present process, is a logical and appropriate outgrowth of this effort. In key areas of policy, it builds on these initial measures by soliciting additional public input. If the process works properly, practices that have worked well and garnered a sufficient consensus should become part of the Code of Federal Regulations as a permanent part of PTAB practice.

Ideally, this would mean that these issues would be settled, given that a rehashing of the rules again and again will undermine the certainty that is needed for patents to support investment and further innovation. This is what makes the ANPRM and proposed rulemaking to follow so critical.

As the Office itself has acknowledged through its use of the ANPRM rather than an NPRM, the scope of proposals is vast. The many alternative and interrelated changes make it difficult to fully appreciate how implementation of any one proposal would work, opening the door to unintended consequences. Indeed, C4IP is concerned that the broad scope of the ANPRM introduces confusion and instability, as the public is left to wonder what direction the USPTO intends to pursue. The public generally benefits from prompt, clear, and steady direction from the Office.

Overall, C4IP is most supportive of proposed changes that codify existing Office practices, which have a record of how they operate. This appears in line with the AIA's intention of authorizing the Director, where Congress has not acted, to set policies and make improvements without Congressional involvement.⁵

In contrast, other changes are a departure from existing practice and the statutory scheme. While C4IP supports several of these, their nature suggests they would be better pursued through the legislative process.

C4IP applauds the Office for a thorough examination of the many issues that, after over a decade of experience with the AIA, are clearly causing friction. C4IP believes that a subset of the proposals is ready and appropriate for codification.

⁵ H. Rep. 112-98, at 48 (2011) (“[T]he Committee intends for the USPTO to address potential abuses and current inefficiencies under its expanded procedural authority.”); 35 U.S.C. §§ 316; 326.

The Director Should Adopt a Systematic Approach to Discretionary Denials Where There Are Ongoing Parallel Proceedings

Requiring *Sotera* stipulations is a simple, bright-line rule that avoids duplication and promotes efficiency and fairness

The ANPRM proposes many variations of how parallel proceedings between the PTAB, district court, and the ITC could be handled, reflecting that this is an issue where concerns about efficiency, unnecessary duplication, and fairness have been numerous and prominent.⁶ C4IP submits that the right balance is to require a *Sotera* stipulation from any petitioner if an IPR or PGR is to be instituted while there is an ongoing parallel proceeding in district court or the ITC involving that petitioner, real-party-in-interest, or privy of the petitioner.⁷

First and foremost, this proposal would promote efficiency and fairness by ensuring that the same issues are not being litigated in two separate tribunals, under different standards. This rule would give petitioners the ability, as the AIA intended, to choose to bring a challenge at the PTAB if they are charged with infringing a patent in district court or the ITC, while it would also ensure the AIA's intent that such an IPR is indeed an *alternative* to district court litigation.⁸

In other words, a mandatory stipulation would give the petitioner the choice of forum for where to bring its validity challenge, but ensure a single forum. This is in keeping with longstanding judicial principle of avoiding duplicative and potentially inconsistent outcomes and the AIA's intention to promote efficiency and reduce costs.⁹ It would also prevent petitioners from having

6 See, e.g., *The Patent Trial and Appeal Board After 10 Years: Impact on Innovation and Small Businesses*, hearing before the H. Comm. on the Judiciary, Subcomm. on Courts, Intellectual Property, and the Internet, 117th Cong. (2022) (Earl “Eb” Bright, written testimony), <https://www.congress.gov/117/meeting/house/114937/witnesses/HHRG-117-JU03-Wstate-BrightE-20220623.pdf>; (Jonathan Rogers, written testimony), <https://www.congress.gov/117/meeting/house/114937/witnesses/HHRG-117-JU03-Wstate-RogersJ-20220623.pdf>; Steven Carlson & Ryan Schultz, *Tallying Repetitive Inter Partes Review Challenges*, LAW360 (2018), <https://www.law360.com/articles/1083158>; Anne Layne-Farrar, *The Other Thirty Percent: An Economic Assessment of Duplication in PTAB Proceedings and Patent Infringement Litigation*, SSRN (2017), <http://dx.doi.org/10.2139/ssrn.2994858>; Peter Harter & Gene Quinn, *How IPR Gang Tackling Distorts PTAB Statistics*, IPWATCHDOG (2017), <https://ipwatchdog.com/2017/04/05/ipr-gang-tackling-distorts-ptab-statistics/id=81816/>.

7 *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020–01019, 2020 WL 7049373, at *7 (PTAB Dec. 1, 2020). C4IP agrees with the ANPRM's characterization of *Sotera* that such a stipulation bar challenges in district court that a petitioner raised or reasonably could have raised in its petition, if the petition is instituted. ANPRM, 24515-24516.

8 H. Rep. 112-98, at 48 (2011) (explaining “the purpose of the section as providing quick and cost effective alternatives to litigation”).

9 See, e.g., *Clements v. Airport Authority of Washoe County*, 69 F. 3d 321, 330 (9th Cir. 1995) (“[T]he ‘most purely public purpose’ served by preclusion rules is that of ‘preserving the acceptability of judicial dispute resolution against the corrosive disrespect that would follow if the same matter were twice litigated to inconsistent results.’”) (citing 18 Wright, Miller & Cooper, *Federal Practice and Procedure: Jurisdiction* § 4403 at 12); H. Rep. 112-98 (2011) at 40 (noting efficiency as one of the goals of passing the AIA), <https://www.congress.gov/112/crpt/hrpt98/CRPT-112hrpt98.pdf>; Anne Layne-Farrar, *The Other Thirty Percent: An Economic Assessment of Duplication in PTAB Proceedings and Patent Infringement Litigation* (June 28, 2017) (estimating the number of duplicative parallel proceedings and discussing their costs), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2994858.

multiple opportunities to challenge validity, which is more fair to patent owners in addition to promoting judicial economy.

This approach also has the benefit of providing a clear, bright-line rule for when the Director’s discretion will be exercised. The Office has noted the benefits of such bright-line rules in its ANPRM.¹⁰ C4IP agrees that the predictability that such a rule provides is advantageous and in keeping with the mandate of the AIA to promote efficiency. It is also in keeping with recognizing that Administrative Patent Judges are experts in patent law, science, and engineering, and that unnecessarily spending time deciding other issues is a poor use of their time.¹¹

In the past, opponents of this approach have suggested that duplication is best avoided by district courts granting stays until the conclusion of a PTAB proceeding.¹² But the AIA granted district courts discretion to stay—or not to stay—cases for IPRs or PGRs, recognizing that there are reasons that such stays are inequitable, for example, the delay and resulting economic harm to the patent owner from continued infringement.¹³ This is in notable contrast to the AIA provisions heavily favoring a stay in the now-expired covered business method proceedings.¹⁴

Moreover, the AIA gave the USPTO Director an explicit directive to “consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.”¹⁵ While the Director cannot control what a district court does, the Director *can* control whether the PTAB hears a duplicative proceeding. The stipulation will further help to ensure that, even where district court cases have been stayed, the issues within the scope of the IPR or PGR will not be revisited once the post-grant proceeding is over.

The *Sotera* rule should apply equally to IPRs and PGRs and also to district court and ITC proceedings

The Office has proposed that there should not be discretionary denials for PGRs (as opposed to IPRs), or where there is a parallel ITC (instead of district court) case. C4IP respectfully

¹⁰ ANPRM, 24516.

¹¹ 35 U.S.C. § 6(a) (describing the qualifications of APJs).

¹² See, e.g., USPTO, *Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board*, 85 Fed. Reg. 66502 (Oct. 2022) (Comments of R Street Institute), <https://www.uspto.gov/sites/default/files/documents/11302020RStreetInstitute.pdf>.

¹³ See, e.g., *Zomm, LLC v. Apple Inc.*, 391 F. Supp. 3d 946, 955-956 (N.D. Cal. 2019) (describing the three-factor test that district court typically assess in deciding whether to grant a stay pending an IPR), <https://casetext.com/case/zomm-llc-v-apple-inc>; Umber Aggarwal and Kevin Rodkey, *Trending at the PTAB: When to Ask Court for Litigation Stay*, Law360 (Mar. 30, 2023) (discussing recent decisions denying stays and why), <https://www.law360.com/articles/1591765>.

¹⁴ AIA, Pub. L. 112–29 (2011), § 18(b) (providing criteria for a district court to grant a stay and then for an immediate *de novo* interlocutory appeal of a that decision), <https://www.congress.gov/112/plaws/publ29/PLAW-112publ29.pdf>.

¹⁵ 35 U.S.C. §§ 316(b); 326(b).

disagrees on both points and believes that PGRs and ITC proceedings should be treated the same as IPRs and district court proceedings, respectively.

The interest in avoiding duplication and promoting fairness to patentees applies equally in both cases, as does avoiding duplication in multiple forums assessing the same issues under different standards. The petitioner will still have its choice of where to bring the invalidity challenge, but it will be limited to a single forum.

In announcing an earlier change in policy that prohibits denials based on parallel ITC proceedings, the Office relied heavily on the argument that ITC proceedings do not “invalidate” a patent, in contrast to district court cases.¹⁶ But this highly formalistic distinction misses the mark. A negative opinion from any forum, the ITC, district courts, or PTAB, creates a cloud over a patent, making any future challenge (if necessary) relatively straightforward and most likely *not* in the patent owner’s favor. The *Fintiv* decision made this very point, stating that “it is difficult to maintain a district court proceeding on patent claims determined to be invalid at the ITC.”¹⁷ In contrast, the waste and expense of parallel proceedings is clear and predictable, and not in the best interest of the patent system.

Plus, the ITC is part of the Administration, creating the possibility of inconsistent results from two administrative agencies. There is no clear public benefit from having the Administration duplicating efforts in this manner. On balance, there is virtually no upside while there is significant downside to duplicative proceedings between the PTAB and the ITC. And this is the same for IPRs or PGRs.

A Standing Requirement Is Sound Policy but Likely Conflicts with the Statute

The Office has proposed discretionarily denying petitions filed by “non-market competitors.” C4IP welcomes the Office’s attention to this issue, which has presented vexing problems to the Office from early attempts of hedge-fund managers to sway stock markets to more recent attempts of third parties to gain fast payoffs by challenging patents that underlie district court damages awards.¹⁸ The AIA was intended to make the patent system stronger and more efficient, not to create get-rich-quick schemes that do not advance innovation in any meaningful way. A standing requirement would, and should, prevent these sorts of abuses at the PTAB.

16 USPTO, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation 6-7 (June 22, 2021), https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621.pdf.

17 Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 9 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020).

18 See Dani Kass, *Will the Real Patent Challengers Please Stand Up?* LAW360 (April 25, 2023) (discussing these different types of petitions), <https://www.law360.com/articles/1599812>.

As with standing requirements for virtually all adversarial disputes, such a requirement at the PTAB would also promote fairness and efficiency. For example, the emergence of member organizations that challenge patents at the PTAB while purporting not to act on behalf of their members raises fairness concerns about effectively giving dues-paying members an additional chance to challenge a patent after the member organization has. It would be more appropriate for these members to be estopped from filing separate challenges on their own if the organization files one. For all of these reasons, C4IP strongly supports the rationale behind seeking a standing limitation.

However, C4IP believes that this change should come from Congress rather than the Executive Branch. The Director clearly has considerable discretion when it comes to denying petitions for institution under Sections 314(a) and 324(a).¹⁹ But this discretion is limited where the statute already explicitly speaks to an issue. As the Supreme Court stated in *SAS Institute*, “Where a statute’s language carries a plain meaning, the duty of an administrative agency is to follow its commands as written, not to supplant those commands with others it may prefer.”²⁰

Congress has directly spoken to the issue of standing by specifying only that “a person who is not the owner of a patent” may file a petition to review that patent.²¹ In contrast, the statute is silent about how the Director may use his or her discretion to promote efficiency and minimize duplication of proceedings. This provides for the Director’s ability to require *Sotera* stipulations, discussed above, or to take other discretionary actions towards that same goal, such as the currently-used *Fintiv* and *General Plastic* tests to prevent multiple, duplicative challenges to a patent.

On the other hand, the Office’s proposed standing requirement runs headlong into the clear statutory language allowing anyone besides the patent owner to bring a challenge. It therefore seems that the Director cannot categorically prohibit certain classes of persons from bringing PTAB challenges, even if he or she can deny petitions on many other grounds.

At the very least, the implementation of this kind of rule would likely lead to litigation. Such litigation would prolong uncertainty, cost the public and the Office, and not be guaranteed to have a positive outcome. C4IP submits that a better course would be for the Office to support a statutory change, and to that end, could substantially help by collecting data to show how the PTAB system would be improved by having a standing requirement for petitioners.

¹⁹ See *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion”).

²⁰ *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018) (overturning the Director’s partial institution practice as being in conflict with the plain language of 35 U.S.C. § 318(a)).

²¹ 35 U.S.C. §§ 311(a), 321(a).

If the Office does proceed with a standing requirement, C4IP suggests that the Office consider removing the carve-out for non-profit groups. Many of the abuses described in the ANPRM could easily come from an organization that has formed itself as a non-profit.

The Proposed “Compelling Merits” Test Is in Tension with the AIA and Should Not Be Adopted

The Office has proposed that, if a petition presents a challenge having “compelling merits,” that would override any discretionary denial. C4IP has several concerns with this approach.

A key concern is that this proposal seems at odds with the statutory standards for institution, thereby exceeding the scope of the Director’s rulemaking authority. The Office acknowledges that this standard is intended to be higher than the statutory institution standards for IPRs and PGRs and even higher than the statutory standard for final written decisions for both. While the Office characterizes this proposal as an exception to discretionary denials, the sheer number of cases where there is likely to be some basis for a discretionary denial means, in practice, the “compelling merits” test will be the *de facto* standard for institution.

This is not only contrary to the AIA, it also appears to effectively give patents the presumption of validity that they have in district court.²² Overcoming that presumption requires clear and convincing evidence,²³ in direct contrast to the preponderance-of-evidence standard the statute requires for IPRs and PGRs.

As a policy matter, C4IP believes this “clear and convincing evidence” standard should be the standard to invalidate patents under IPRs and PGRs. This standard better reflects the deference that should be given to the agency’s initial decision to issue the patent, aligns the Office’s standard to that of the district courts, helps account for hindsight bias when assessing obviousness, and has the effect of making patents a more reliable basis for investment.²⁴ But this is a policy choice for Congress, not the Office.

There are also practical concerns with the “compelling merits” test. It asks APJs to decide, at institution, if the merits case appears even stronger than what is needed at the final written decision. While the Office’s proposal suggests that this will not pre-judge the final written decision because more evidence might come to light during the trial phase, this is likely cold comfort to patent holders when the same 3-judge panel presides over the whole proceeding. It

²² 35 U.S.C. § 282(a) (presumption of validity for issued patents).

²³ *Microsoft Corp. v. i4i Ltd. Partnership*, 564 U.S. 91, 95-98 (2011) (discussing the presumption of validity and clear and convincing evidence standard).

²⁴ *See In re Cyclobenzaprine Hydrochloride*, 676 F. 3d 1063, 1070-71 (Fed. Cir. 2012) (discussing hindsight bias).

seems designed to deprive patent holders of a meaningful opportunity to contest patentability after institution.

In addition, it is odd for the Office to be acting as a *de facto* appellate body for district court decisions when the Office believes the court made a “compelling” error—any such error is properly addressed by an appeal to the Federal Circuit.

Finally, this proposal leaves an undue amount of discretion in the hands of APJs to rely on the “compelling merits” basis anytime there are no other valid reasons for discretionary denial. Discretionary denial is designed in part to promote finality, such as where the Office has already considered art or arguments. Allowing this finality to become constantly undone is counterproductive and harmful to the innovation that stable patent rights are intended to promote.

The Director Should Always Deny Petitions Where Another Forum Has Affirmed the Validity of a Patent

The Office has proposed denying a petition challenging a patent where the petition, real-party-in-interest, or privy has lost an invalidity challenge in district court unless “compelling merits” dictate otherwise. C4IP submits that it would be more appropriate and efficient to simply deny such petitions. It is in the best interest of the patent system to avoid duplication of reviews and promote finality of adjudicated issues.

As discussed above, the usage of the “compelling merits” test at institution raises questions about the limits of the Director’s rulemaking authority. Moreover, the exception seems to ignore the ability of the party who lost invalidity arguments in district court or the ITC to appeal the decision to the Federal Circuit.

The Proposed Patent Owner Disclosure Requirements Are Ill-Conceived and Legally Questionable

The Office is considering requiring a patent owner to disclose patent ownership information, any applicable government funding of the research leading to the patent, sources of funding in parallel litigation, and anyone who might have a stake in that litigation as either (a) a new mandatory disclosure, or (b) as a precondition to the patent owner requesting a discretionary denial. C4IP has serious concerns with these proposals.

First, the Office has not provided a clear explanation for why this information is needed or relevant, as would be required to comply with the requirement that agency action not be

“arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law.”²⁵ In two places where the Office suggests collecting this broad scope of information, no explanation at all is given for why it is needed.²⁶

Worse, however, is earlier in the ANPRM, where the Office implies that this information would be used to ascertain whether certain patent owners have business models that the Office—somehow—determines do not promote innovation.²⁷ The implication is that these disfavored business models would be punished. But if the Office has duly examined and issued a patent to named inventors, it is difficult to see how the identity of the patent’s owner should affect the “second look” of these post-grant proceedings. The Office has not explained which business models might be disfavored and why, opening the door to arbitrary decision-making. The Office has offered no substantial explanation of why this information is appropriate or necessary for PTAB proceedings.

In addition, the Office provides no analysis of the burden and expense of compliance. For example, the ANPRM refers to ownership interests “similar” to the beneficial ownership interest reporting requirement of the Securities and Exchange Commission.²⁸ But the complex rules circumscribing determination of beneficial ownership require specialized expertise, which would necessarily create new cost burdens for patent owners already having to face the average \$500,000 expense of defending a post-grant proceeding.²⁹

Moreover, this proposal does not acknowledge the ongoing work of other federal agencies to collect this information, pursuant to Congressional command.³⁰ For the patent system to require a different version of ownership data from all patent holders would be a considerable change in policy that—as work from other agencies shows—should come from Congress and not the Office. There should also be far more coordination with the other information being collecting to eliminate redundancy and reduce costs, especially for small businesses.

25 5 U.S.C. 706(2)(A).

26 See ANPRM, 24507 (proposing, *inter alia*, collecting disclosure of “beneficial ownership interests similar to what the Securities and Exchange Commission requires.”); 24517 (proposing disclosure as a precondition to getting a discretionary denial).

27 See ANPRM, 24505 (“The Office is seeking input on how it can protect those working to bring their ideas to market either directly or indirectly, while not emboldening or supporting economic business models that do not advance innovation. For example, the Office seeks input on to whether to require identification of anyone having an ownership interest in the patent owner or petitioner.”).

28 ANPRM, 24507.

29 *Navigating the PTAB: A Primer on The Patent Trial and Appeal Board*, THE MICHELSON INSTITUTE FOR INTELLECTUAL PROPERTY (Dec. 8, 2021), <https://michelsonip.com/navigating-the-ptab-patent-trial-and-appeal-board/>.

30 Department of the Treasury, Financial Crimes Enforcement Network, *Beneficial Ownership Information Reporting Requirements*, 87 Fed. Reg. 59498 (Sept. 30, 2022), <https://www.govinfo.gov/content/pkg/FR-2022-09-30/pdf/2022-21020.pdf>; William Quick, *It’s Time To Prep For Corporate Transparency Act Compliance*, LAW360 (May 23, 2023), <https://www.law360.com/articles/1680487> (calling this law “furthest and widest-reaching federal business entity law ever enacted” that is estimated to affect 32 million businesses).

The proposals to require disclosure of third-party litigation funding and who has stakes in parallel district court proceedings are particularly troubling considering the lack of nexus to the merits of a post-grant proceeding. It seems clear that some district courts believe they have the ability to require this information if they deem it relevant.³¹ In contrast, it is unclear how this information would or should impact the Office’s reassessment of a patent and what jurisdiction the Office has to collect this information about proceedings in another forum.

The proposed requirements are also in tension with the AIA, which provides no indication that it intended a patent owner requirement to disclose anything about its identity (beyond possessing title to the patent) or sources of funds. The statute repeatedly refers to the “patent owner,” in contrast to the statute’s clear directive that other relationships to the petitioner are relevant, namely the “real-party-in-interest” (RPI) and any “privy.”³² Further arguing against the use of the Director’s rulemaking authority to require these disclosures, there are express statutory provisions covering the recording of patent ownership and identification of sources of government funding.³³

The Director’s Current Approach to Section 325(d) Already Appropriately Balances the Equities

The ANPRM proposes new ways for the PTAB to consider whether, under the language of 35 U.S.C. § 325(d), denial of an IPR or PGR is appropriate because the Office has already considered a particular prior art reference or argument. C4IP believes that the current 2-part test under the precedential *Advanced Bionics* and *Becton, Dickinson* decisions should be what the Office codifies (if anything). The Office has had several years of experience with this approach. It works well. The *Becton/Advanced Bionics* test is balanced, aligned with the statute, and familiar to parties appearing before the Board.³⁴

The principal difference from current practice in the Office’s proposal seems to be that “mere citation” of references in an IDS is automatically insufficient and that only art that was the basis of a rejection in an application (or related applications under certain circumstances) will bar future challenges. But the Office subsequently acknowledges—in line with the text of § 325(d)—that if “substantially” the same prior art was in an IDS, it would still count.

31 See, e.g., *Lamplight Licensing LLC v. ABB, Inc.*, Civ. No. 22-418-CFC (D. Del. May 22, 2023), https://scholar.google.com/scholar_case?case=8256711126382299076&hl=en&as_sdt=20006.

32 35 U.S.C. §§ 312(a)(2), 322(a)(2) (requiring petitions to identify all real-parties-in-interest); §§ 315(b), 315(e), 325(e) (providing for certain estoppels applying to the privy of a petitioner).

33 35 U.S.C. § 202(e)(6) (requiring identification of U.S. government support in the specification); § 251 (providing for recordation of ownership to void fraudulent transfers).

34 *Advanced Bionics, LLC v. Med-El Elektromedizinische Geräte GmbH*, IPR2019–01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential); *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017–01586, Paper 8 at 17-18 (PTAB Dec. 15, 2017) (precedential as to section III.C.5, first paragraph).

This concession suggests that the Office’s proposed bright line rule is not that clear-cut, since frequently, other prior art cited in an IDS will provide the same teachings as art the examiner relied upon. It seems doubtful that this rule would therefore provide for the efficiency the Office claims to seek.

The proposed rule also seems to unfairly heighten the burdens on patent owners to maintain quiet title to their patents. For example, if an IDS-cited reference has the same teachings as art discussed in a rejection, it would seem that patent owners would have to overcome a presumption *against* denial based on that reference under this rule. If the references are truly cumulative, it is unclear why it should be even harder for a patent owner to prove it, and contrary to the purpose of § 325(d) to guard against repetitive attacks on a patent.³⁵

In contrast, the existing framework under *Becton, Dickinson* directs the PTAB to consider the following factors relevant to whether a petitioner’s art or arguments are substantially the same: “(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; . . . (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.”³⁶ These factors more carefully account for the cumulative nature of prior art references and arguments, and thereby better protect a patent holder from redundant and repetitive challenges in line with § 325(d).

Importantly, parties and litigants have experience with the *Becton/Advanced Bionics* framework.³⁷ Changing the test will introduce a period of uncertainty, which is not warranted when there are no obvious shortcomings of the current test and the benefits of the change are unclear.

The Office Properly Seeks to Codify Certain Existing PTAB Practices

C4IP believes the proposals to address serial and parallel petitions are good candidates for codification of existing practice. Some of the Office’s proposals for both appear generally in line with these established practices.

C4IP also supports proposals to require separate briefings when issues ancillary to the merits of a case are presented. It makes sense to ensure that the merits are addressed

³⁵ See H. Rept. 112z-98, at 48 (2011).

³⁶ *Becton, Dickinson*, IPR2017–01586, Paper 8 at 17-18.

³⁷ See, e.g., Eugene Goryunov & Clint Wilkins, *Discretionary Denial Under Section 325(d): Nuances of Advanced Bionics Framework for Prior Art Cited in an IDS During Prosecution*, IPWATCHDOG (Oct. 31, 2022), <https://ipwatchdog.com/2022/10/31/discretionary-denial-section-325d-nuances-advanced-bionics-framework-prior-art-cited-ids-prosecution/id=152394/>.

thoroughly while allowing for appropriate briefing of other issues. This is an existing practice for parallel petitions.³⁸ The proposal to also have this practice for other discretionary denials is a logical extension.

* * *

In sum, C4IP believes the Office should proceed with (1) *Sotera* stipulations being required in IPRs and PGRs when parallel district court or ITC proceedings are pending; (2) denial of IPR or PGR institution where a petitioner, RPI, or privy has lost an invalidity challenge in court; (3) the current practice for serial and parallel petitions; (4) separate briefing for discretionary issues; and (5) current § 325(d) practice.

C4IP also believes there should be no “compelling merits” exception to any basis for discretionary denials and is strongly opposed to the proposals to require additional ownership and funding disclosures for patent holders as irrelevant to the merits of PTAB review and harmful to small businesses.

C4IP hopes the Office will pursue and support legislative change for a standing requirement and a clear-and-convincing evidence standard for IPRs and PGRs. This approach, instead of rulemaking, would seem to be a more sustainable basis on which to seek these types of changes, given their tension with existing statutory provisions.

C4IP again thanks the Office for providing this opportunity to comment and looks forward to further engagement with the Office on these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Cullen", is positioned above the typed name.

Frank Cullen
Executive Director
Council for Innovation Promotion (C4IP)

³⁸ USPTO, *Patent Trial and Appeal Board Consolidated Trial Practice Guide* 59-60 (Nov. 2019), <https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf?MURL=>.