

AIPLA

American Intellectual Property Law Association

November 7, 2023

The Honorable Chris Coons
Chair
Committee on the Judiciary
Subcommittee on Intellectual Property
United States Senate
218 Russell Senate Office Building
Washington, DC 20510

The Honorable Thom Tillis
Ranking Member
Committee on the Judiciary
Subcommittee on Intellectual Property
United States Senate
113 Dirksen Senate Office Building
Washington, DC 20510

**RE: Support for S. 2220, the Promoting and Respecting Economically
Vital American Innovation Leadership Act**

Dear Chair Coons and Ranking Member Tillis:

The American Intellectual Property Law Association (AIPLA) is pleased to support, in principle, S. 2220, the “Promoting and Respecting Economically Vital American Innovation Leadership Act” (PREVAIL Act), as introduced in the 118th Congress. The PREVAIL Act would implement reforms to the Patent Trial and Appeal Board (PTAB) to improve efficiency in patent litigation and promote fair treatment for inventors whose patents are challenged at the PTAB. In AIPLA’s view, the PREVAIL Act as introduced in both the Senate and the House of Representatives will help to ensure that post grant proceedings before the USPTO operate as intended—as an efficient alternative to district court challenges that balance the interests of patent owners, accused infringers, and the public, and that avoid abuses of judicial and agency resources.

Founded in 1897, AIPLA is a national bar association of approximately 7,000 members, who include professionals engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

The PREVAIL Act includes changes that AIPLA has long supported, to afford procedural protections in proceedings at the Patent Trial and Appeal Board that are akin to those afforded to parties in district court litigation, including applying a presumption of validity for patents challenged in AIA trial proceedings and changing the burden of proof for petitioners challenging issued claims in AIA trial proceedings to the clear and convincing evidence standard.

While AIPLA supports this legislative effort to improve the implementation of the America Invents Act of 2011 (AIA), we also note a few areas in which the Committees should consider amending the PREVAIL Act as the legislation moves forward. The following are exemplary:

- Section 4(a), Standing in *Inter Partes* Review Proceedings: AIPLA supports a standing requirement for inter partes review (IPR) proceedings but believes that the PREVAIL Act could benefit from further clarification in this section, including stating that the petitioner has the burden of proving standing and clarifying that standing to bring a declaratory judgment action is coextensive with Article III standing.
- Section 4(c)(1)(C) and 5(c)(2), Single Forum: AIPLA favors, in principle, requiring patent challengers to choose and proceed in a single forum for validity challenges described in section 311(b) or 321(b) upon institution of an IPR proceeding or post-grant review (PGR) proceeding, respectively. That said, some further clarifications should be considered. First, the PREVAIL Act addresses whether inter partes review proceedings may proceed in relation to civil actions arising in whole or in part under section 1338 of title 28, but does not reference proceedings in the Court of Federal Claims (CFC) filed pursuant to 28 U.S.C. § 1498. Second, the PREVAIL Act references proceeding before the International Trade Commission (ITC) under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337). AIPLA notes that ITC findings on validity do not carry any preclusive effect in other venues under current Federal Circuit precedent. Because the ITC cannot adjudicate validity per se and its decisions do not have preclusive effect, AIPLA recommends excluding ITC actions from new subsections 315(c) and 325(c).
- Section 4(c)(1)(F) and 5(c)(4), Estoppel: AIPLA favors, in principle, reducing the likelihood of serial patent challenges at the USPTO, through *inter partes* or *ex parte* proceedings, while protecting accused infringers from patent owner gamesmanship that would otherwise impede cost-effective and efficient validity challenges before the USPTO. The PREVAIL Act provides a clear rule and should prevent petitioners from getting an unfair “second bite at the apple.” We note that in certain instances, e.g., where a patent has numerous claims, it may be necessary for a petitioner to simultaneously file two or more parallel petitions challenging a single patent. Although parallel petitions are generally disfavored, current Office rules and guidance allow for this practice if the petitioner demonstrates necessity through a filing at the PTAB. The PREVAIL Act, however, may preclude this practice, preventing petitions filed by petitioners, real parties in interest, or privies who have “previously requested an inter partes review” or who has “previously requested a post-grant review.” Similar temporal language appears throughout the amendments to subsections 315(f) and 325(f). The language “previously requested” could be replaced with “at least one day earlier requested,” to clarify that the PREVAIL Act is not intended to eliminate parallel petition practice.
- Sections 4(c)(1)(G) and 5(c)(5), Federal Court and International Trade Commission Validity Determinations: AIPLA favors, in principle, precluding a petitioner, real party in interest of the petitioner, or privy of the petitioner to an AIA trial proceeding from instituting or maintaining an AIA trial proceeding against a patent, once a district court or the Court of Federal Claims has issued a final decision or determination on validity of claims of the same patent in an action involving the petitioner, real party in interest of the petitioner, or privy of the petitioner. AIPLA notes that the language of sections 315(g) and 325(h) proposed in the PREVAIL Act is silent with respect to final decisions of the Court of Federal Claims (CFC). AIPLA further notes that the phrase “final judgment” used in the new sections 315(g) and 325(h) may require greater specificity

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in the context of district court litigation and may be inapplicable for ITC cases. AIPLA suggests amending the PREVAIL Act to replace “final judgment” in subsections 315(g) and 325(h) with “final decision or final determination.” Notwithstanding the above, to conform existing caselaw that forestalls any preclusive effect of ITC findings on validity, AIPLA prefers an amendment to the PREVAIL Act to remove ITC decisions from new subsections 315(g) and 325(h).

AIPLA appreciates the substantial effort undertaken on these important matters and we urge the Committees to move forward with the legislation. We look forward to working with the Members of the Committees and staff as the process moves forward.

Sincerely,

A handwritten signature in blue ink that reads "Ann M. Mueting". The signature is written in a cursive style with a large, looped initial "A".

Ann M. Mueting

President

American Intellectual Property Law Association