



## American Intellectual Property Law Association

June 20, 2023

Attn: Michael Tierney, Vice Chief Administrative Patent Judge, and Amber Hagy, Lead Administrative Patent Judge  
Mail Stop Patent Board  
Director of the United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

Via Federal eRulemaking Portal: <https://www.regulations.gov>

**Re: 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 [Docket No. PTO-P-2020-0022]**

Dear Judges Tierney and Hagy:

The American Intellectual Property Law Association (“AIPLA”) is pleased to have the opportunity to present its views to the United States Patent and Trademark Office (“Office”) in response to the Advanced Notice of Preliminary Rulemaking published in 88 Fed. Reg. 77, at 24503 (April 21, 2023) (“ANPRM”).

Founded in 1897, the American Intellectual Property Law Association is a national bar association of approximately 7,000 members including 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.

AIPLA appreciates the Office’s interest in improving AIA trial proceedings, including the Office’s interest in codifying existing precedent and guidance on the Director’s discretion to determine whether to institute *inter partes* review (IPR) or post grant review (PGR) proceedings, to improve fairness to all parties and provide a framework to achieve more consistency and predictability in these proceedings. In the last few years, the Office has taken noticeable strides to address concerns of stakeholders, including through designation of decisions as precedential or informative, implementation of Standard Operating Procedure 2, establishing Precedential Opinion Panel (POP) review, implementing the pilot program for motions to amend, providing guidance memoranda, and updating the Trial Practice Guide. AIPLA previously has expressed opinions on several issues relevant to the ANPRM.<sup>1</sup>

---

<sup>1</sup> AIPLA Comments on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of PTAB Decisions [aipla-comments-to-uspto-on-ptab-director-review\\_final.pdf](https://www.regulations.gov/document/PTAB-2022-0001) (October 18, 2022);

## **Notice and Comment Rulemaking**

AIPLA appreciates the Director's efforts to implement notice and comment rulemaking on the issues identified in the ANPRM. Many of these issues have been subject to uncertainty and would benefit from rulemaking. AIPLA continues to support notice and comment rulemaking as the preferred mechanism to address the conduct of AIA trial proceedings. The AIA explicitly calls for rulemaking to define procedures and practices related to institution of trial proceedings. 35 U.S.C. §§ 316 and 326 provide that "[t]he Director shall prescribe regulations . . . setting forth the standards for the showing of sufficient grounds to institute a review under section[s] 314(a) [and subsections (a) and (b) of 324]." The statute further provides that "[i]n prescribing regulations under this section, the Director shall 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." *Id.*

The implementation of standards for deciding whether to institute are best addressed in a consistent and predictable way through rulemaking in accordance with the Administrative Procedure Act. *See* Administrative Procedure Act, 5 U.S.C. § 551 *et seq.* Other mechanisms for guidance, including POP Review, Director review, and designating decision as precedential, do not provide the same degree of stakeholder input as Notice and Comment Rulemaking. Director formal rulemaking advantageously develops policies to suit a wide range of situations, rather than relying on tailoring the standards to the facts of any particular case. In addition, regulations are generally longer lasting and provide for more consistency and predictability in practice before the Office.

---

Amicus Brief In Support of Neither Party Regarding Order Setting Schedule for Director Review in *OpenSky Indus., LLC v. VLSI Technology LLC*, Case Nos. IPR2021-01064 and IPR2021-01229 [aipla-amicus-brief-vlsi-final-080422.pdf](#) (August 4, 2022);

AIPLA Comments on the USPTO in Response to the Interim Process for Director Review [aipla-comments-to-uspto-on-ptab-interim-review-process-071122-final.pdf](#) (July 11, 2022)

AIPLA Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board [aipla\\_letter\\_uspto\\_discretion\\_institute\\_trials-before\\_ptab\\_120320\\_final.pdf](#) (December 3, 2020)

*Proppant Express Investments, LLC v. Oren Technologies, LLC*, Case no. IPR2018-00914 (December 28, 2018) (Brief of Amicus Curiae AIPLA in Support of Neither Party) (commenting on circumstances in which the Director may grant a motion for self-joinder), available at [https://www.aipla.org/docs/default-source/advocacy/judicial/aipla-amicus-brief---proppant-express.pdf?sfvrsn=44af02ca\\_0](https://www.aipla.org/docs/default-source/advocacy/judicial/aipla-amicus-brief---proppant-express.pdf?sfvrsn=44af02ca_0);

AIPLA Comments on PTAB Procedural Reform Initiative, at 4-5 (July 14, 2017) (commenting on the need for guidance in addressing serial/multiple petitions), available at [https://www.aipla.org/docs/default-source/advocacy/documents/aipla-letter-on-ptab-procedures-7-14-201797eaf6c385ba4bb2adfdc2941f7aad81.pdf?sfvrsn=febf9794\\_0](https://www.aipla.org/docs/default-source/advocacy/documents/aipla-letter-on-ptab-procedures-7-14-201797eaf6c385ba4bb2adfdc2941f7aad81.pdf?sfvrsn=febf9794_0);

AIPLA Comments in Response to Proposed Amendments to the Rules of Practice for Trials Before the PTAB, at 11 (Oct. 21, 2015) (commenting on limiting multiple proceedings), available at [https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-on-proposed-ptab-rules113fe5c6dc804f7180f5539d724cc585.pdf?sfvrsn=9ebfaa32\\_4](https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-on-proposed-ptab-rules113fe5c6dc804f7180f5539d724cc585.pdf?sfvrsn=9ebfaa32_4);

AIPLA Response to the Request for Comments on Trial Proceedings Under the America Invents Act Before the PTAB, at 10-11, 19-20 (Oct. 16, 2014) (commenting on handling multiple proceedings), available at [https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-to-uspto-on-aia-trial-proceedings-before-ptab-10-16-14-\(1\).pdf?sfvrsn=88293c96\\_4](https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-to-uspto-on-aia-trial-proceedings-before-ptab-10-16-14-(1).pdf?sfvrsn=88293c96_4).

### **Scope of Rulemaking Authority**

AIPLA appreciates the proposals and concepts included in the ANPRM. We have concerns that some of the proposals go beyond the Director's statutory rulemaking authority provided by 35 U.S.C. §§ 316 and 326. Sections 316 and 326 of the AIA provide that the Director prescribe regulations for the conduct of IPR and PGR proceedings, including "setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)" and "under subsections (a) and (b) of section 324." *See* 35 U.S.C. §§ 316(a)(2) and 326(a)(2). Sections 316 and 326 further provide that "the Director shall 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." *Id.* at 316(b) and 326(b).

For these comments, AIPLA does not opine on substantive ideas (such as precluding certain types of entities from filing petitions) that we view as outside the Director's rulemaking authority. These issues are better addressed by Congress.

### **Discretionary Denials Under 35 U.S.C. 314(a), 324(a), and 325(d)**

The Leahy-Smith America Invents Act (AIA) created administrative *Inter Partes* Review (IPR) and Post Grant Review (PGR) proceedings. Any person other than the patent owner can challenge the patentability of an issued patent by filing with the Director a petition requesting cancellation of one or more claims of a patent. 35 U.S.C. §§ 311–319 (IPR) and 321–329 (PGR). This adjudicatory process was a critical component of Congress's extensive patent reform under the AIA. These proceedings generally permit review of patentability in under one year from institution. The AIA establishes specific procedures for patent review proceedings, and delegates to the agency the authority to promulgate procedural rules adapted to the agency resources and the statutory procedures, as noted above. *See* 35 U.S.C. §§ 316 (IPR) and 326 (PGR).

The institution of a review proceeding is discretionary under 35 U.S.C. §§ 314(a) (IPR) and 324(a) (PGR), and 37 C.F.R. §§ 42.108(a) (IPR) and 42.208(a) (PGR). *See Cuozzo Speed Techs.*, 136 S. Ct. at 2140. Under 35 U.S.C. §314(a), "[t]he Director **may not authorize** an inter partes review to be instituted **unless** the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." (Emphasis added). Under 35 U.S.C. § 324(a), "[t]he Director **may not authorize** a post-grant review to be instituted **unless** the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable." (Emphasis added). Additional discretionary authority is granted under 35 U.S.C. § 325(d) in both IPR and PGR proceedings. This provides "the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office." Sections 316(e) (IPR) and 326(e) (PGR) both provide the petitioner has the burden of proving a proposition of unpatentability by a preponderance of the evidence.

In AIA trial proceedings, the Office must balance the just, speedy, and inexpensive resolution of these proceedings, with fairness to the patent owner and petitioners. When drafting regulations under the AIA, the Director is obligated by the AIA 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 [the AIA].” 35 U.S.C. § 316(b). These proceedings were intended to provide a less expensive alternative to litigation to challenge a patent; They are not an unfettered opportunity to raise such challenges. As the Supreme Court has observed, the objective of these proceedings is to give the Office significant power to revisit and revise earlier patent grants. *See Cuozzo*, 136 S. Ct. at 2139–2140 (citing H.R. Rep. No. 112-98, pt. 1, at 45, 48) (2011) (explaining that the statute seeks to “improve patent quality and *restore confidence in the presumption of validity that comes with issued patents.*”) (emphasis added).

Protecting the integrity of the patent system requires not just revisiting patentability, but also coordinating these with other adjudicative proceedings. Congress intended a faster, less costly alternative to district court litigation, and provided safeguards to prevent harassing patent owners with abusive serial challenges:

[T]he bill would improve the current *inter partes* administrative process for challenging the validity of a patent. It would establish an adversarial *inter partes* review, with a higher threshold for initiating a proceeding and procedural safeguards to prevent a challenger from using the process to harass patent owners. It also would include a strengthened estoppel standard to prevent petitioners from raising in a subsequent challenge the same patent issues that were raised or reasonably could have been raised in a prior challenge. The bill would significantly reduce the ability to use post-grant procedures for abusive serial challenges to patents. These new procedures would also provide faster, less costly alternatives to civil litigation to challenge patents.

157 Cong. Rec. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley).

Multiple unwarranted attacks devalue the challenged patent. This practice also impairs the value of the U.S. patent system as a whole. The Director’s prudent exercise of statutory discretion is a critical bulwark against abuse of AIA trial proceedings. Decisions whether to institute should be based, in part, on circumstances and standards that promote predictability, incentivize investment in innovation, prevent gamesmanship, and protect the public from invalid patents.

AIPLA supports the Office’s efforts to ensure post grant proceedings operate as intended—as an efficient alternative to district court challenges, balancing the interests of patent owners, accused infringers, and the public. AIPLA supports the Director’s use of discretionary denials of institution of AIA trial proceedings to help avoid gamesmanship, and as a means to prevent harassment. AIPLA generally favors rulemaking to establish standards for discretionary denial of institution. The Director, and by delegation the Administrative Patent Judges (APJs) of the Board, should retain discretion to deny institution or institute *inter partes* review or post grant review proceedings. This includes considering past requests for reexamination, prior or co-pending petitions, or contentions raised in prior or co-pending district court lawsuits. With this backdrop, AIPLA addresses some of the concepts the Office is considering to address discretionary denials.

### **Limitations on Nonmarket Competitors—Petitions Filed by Certain For-Profit Entities**

The ANPRM suggests limiting petitions filed by certain persons, including certain “for-profit” entities. AIPLA is concerned that imposing a standing requirement to limit “who” can file a petition exceeds the Director’s rulemaking authority. AIPLA is concerned that singling out specific types of persons or entities, and treating petitioners differently based on “who” they are is inconsistent with the statute. While we agree that the Office should not condone bad behavior, the Office can consider whether a petitioner is a “bad actor” or engaged in gamesmanship, without focusing on specific types of entities. Thus, we do not favor limiting petitions by certain “for-profit” entities as discussed in the ANPRM.

In addition, some of the factors proposed for a “for-profit” entity test appear to exceed the Office’s general expertise. For the PTAB to reasonably evaluate some of these factors, for example, could require advice from experts or economists. The PTAB is not equipped to evaluate these issues. AIPLA disfavors rules based on such factors that could unduly complicate the institution analysis.

While AIPLA appreciates the Office’s proposal to define whether a “for-profit” entity has a “substantial relationship” with another entity, we are concerned about adding further definitions to real party in interest (RPI) or privy (as those are the terms from the statute). AIPLA prefers that the Office work with existing terminology and definitions. AIPLA supports transparency and, in an effort to bolster such transparency, AIPLA favors requiring automatic disclosure of evidence identifying real parties in interest. Whether parties pool resources, act in concert, or otherwise work together, may be factors in determining whether parties are RPIs or privies.

### **Compelling Merits Standard**

We understand the Office is considering using a “compelling merits” standard as an exception to discretionary denial. The concept of “compelling merits” appears in several of the sections in the ANPRM. Providing compelling merits as an exception to the limitations on nonmarket competitors raises the prospect that the Director or the Board can tilt the proceedings toward institution, effectively swallowing the proposed policy. Allowing the Board or the Director to place a “thumb on the scale” gives the impression of impropriety or may disfavor certain participants.

The “compelling merits” test is difficult, if not impossible, to apply as a test separate from the existing “reasonable likelihood” (37 CFR § 42.108(c)) and “more likely than not” (37 CFR § 42.208(c)) tests. Judges and practitioners have struggled to apply these tests in instituting trial. *See, e.g., Daiichi Sankyo, Inc. v. Seagen Inc.*, PGR2021-00030, Paper 36, at 9 (PTAB Feb. 14, 2023) (Decision Granting Petitioner’s Request on Rehearing) (“The precise bounds of a “highly likely” case as opposed to a mere “likely” one, are not entirely clear, and this case likely falls somewhere near that boundary.”). Current practice defines “[c]ompelling meritorious challenges [as] those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” Katherine K. Vidal, *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation*, at 4 (June 21, 2022) (“Fintiv Memo”). The Director has further opined that “[a] challenge can only ‘plainly lead to a conclusion that one

or more claims are unpatentable’ if it is highly likely that the petitioner would prevail with respect to at least one challenged claim.” *OpenSky Inds., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102, at 49 (PTAB Oct. 4, 2022) (precedential) (internal cites omitted). Because “highly likely” is just a step along a continuum, identifying petitions that satisfy this standard is a matter of judgment and subject to biases or preferences of the individual judges or Director making the decision.

Whether “compelling merits” exist is determined on an incomplete record, yet has the impact of biasing further proceedings, if instituted. There is already a perception that once a trial is instituted, the original panel is loath to change its mind from its original decision, even based on a developed record. *See Mobility Workxx, LLC v. Unified Patents, LLC*, 15 F.4th 1146, 1162–63 (Fed. Cir. 2021) (Newman dissenting in part) (discussing the risk of bias or the appearance of bias resulting from current practice). Where “compelling merits” are found, this perception increases.

At minimum, if the Director proposes regulations including some version of a compelling merits test, the regulations should be clear in requiring considerably more than the current requirement for instituting trial. The “compelling merits” test should require objective proof that would be clear to any reasonable person. Compelling merits should not be found in situations where expert testimony bridges significant gaps in the teachings of the art, where institution turns on motivations to combine references, or where the teachings in the art are not clear or require expert interpretation.

Further, any implementation of the “compelling merits” test must require judges to consider not only the petition; the patent owner preliminary response and any evidence submitted should also be considered. In at least one case, the Board has found this inquiry limited to the evidence cited in the petition. *Daiichi Sankyo, Inc.*, PGR2021-00030, Paper 36, at 11 fn. 5 (“in making our compelling-challenge determination, we are not permitted to consider any rebuttal evidence that has been entered, let alone any rebuttal evidence that may be entered during the trial”). The better approach is for the Board to weigh all the arguments and evidence presented at the institution stage—including the petition and its supporting evidence and the patent owner preliminary response and its supporting evidence and any additional evidence subject of judicial notice. *See, e.g., Ericsson Inc. v. Collision Comms., Inc.*, IPR2022-01233, Paper 12, at 17–18 (PTAB Jan. 19, 2023).

### **Micro and Small Entities: Protecting Under-Resourced Inventors and Petitioners**

While AIPLA supports aiding under-resourced parties through efforts such as pro bono, we do not support treating petitioners or patent owners differently because of who they are. Any sort of disparate treatment needs to avoid gamesmanship and provide appropriate incentives and disincentives to interested parties. The nature of the patent owner should not compel discretionary denial but, rather, is a factor to be considered. That said, micro and small entities should not be subject to unprovoked AIA trial proceedings, and the Board should take efforts to ensure that litigation involving micro and small entities is efficient and not duplicative of district court proceedings.<sup>2</sup>

---

<sup>2</sup> As noted earlier, “compelling merits” should not be part of this consideration, or, if considered should require considerably more than the mere requirements for instituting trial.

### **Prior Adjudications Upholding Validity**

The statute provides that “In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” AIPLA generally supports the Board taking into account whether a patent claim was subject to an adjudication upholding its validity before a petition was filed as part of its analysis for discretionary denial or institution. AIPLA further supports that the discretionary-denial analysis takes into account whether there is “substantial overlap” between the challenged claims and previously adjudicated claims. However, such a determination should be made on a case-by-case basis, and these should be factors in the overall institution analysis. Serial and repeated attacks on patents devalue patents and disincentivize innovation. Yet patent challengers, who are not RPIs or in privity with prior challengers, may have legitimate reasons for subsequent challenges of patents in AIA trial proceedings.<sup>3</sup>

### **Multiple Petitions**

AIPLA supports the Office providing standardized guidance through rulemaking that provides factors for deciding whether to exercise the Director’s discretion to institute review for subsequently filed petitions under 35 U.S.C. §§ 314(a), 324(a), or 325(d). As a general rule, the same patent should not be subject to repeated PTAB challenges before the Office. This general rule flows both from fairness to the patent owner and from the need for efficiency. Specifically, patent owners deserve some level of “quiet title” or confidence that an issued patent is no longer subject to invalidation by the Office. Fairness to accused infringers and the need to protect the public interest may support creating exceptions to the general rule. Reasons for allowing more multiple petitions per patent (other than in joinder situations) should be delineated in rules so that petitioners can clearly understand what they need to establish and patent owners can challenge these reasons. The rules should be designed to prevent gamesmanship—by both petitioners and patent owners.

AIPLA encourages the Office to adopt rules that recognize that 35 U.S.C. § 325(d) addresses many of the same policy considerations driving decisions under 35 U.S.C. §§ 314(a) and 324(a). Accordingly, AIPLA supports rulemaking that would address the factors applied under both sections of the statute.<sup>4</sup>

### **Serial Petitions**

AIPLA supports rulemaking to provide guidance in deciding whether to institute a petition on a patent that has previously been challenged in another petition. In general, we favor a presumption that once a patent has been challenged in an AIA trial proceeding, that patent should not be subject to further, subsequent challenges. We also recognize that there may be valid exceptions, in which subsequent challenges may be appropriate. The factors set forth in *General Plastic*, *Valve I*, and *Valve II* provide a good starting point for such rulemaking. These factors include:

---

<sup>3</sup> Again, “compelling merits” should not be part of this consideration, or, if considered should require considerably more than the mere requirements for instituting trial, as discussed above.

<sup>4</sup> As discussed above, “compelling merits” should not be part of this consideration, or, if considered should require considerably more than the mere requirements for instituting trial.

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.

*General Plastic Ind. Co., Ltd., v. Canon Kabushiki Kaisha*, IPR2016-01357 Paper 19, at 9–10 (PTAB Sep. 6, 2017) (precedential). The *Valve I* and *Valve II* cases further emphasize that the *General Plastic* factors can be applied when multiple petitions are filed by different petitioners, causing the Office to “consider any relationship between those petitioners when weighing the *General Plastic* factors.” *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00062 Paper 11, at 9–10 (PTAB Apr. 27, 2019) (precedential) (“*Valve P*”); *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00064 Paper 10, at 10–11 (PTAB May 1, 2019) (precedential) (“*Valve IP*”).

AIPLA supports a presumption that institution should be denied if the patent has previously been challenged in another petition. A presumption of this type starts the analysis of follow-on petitions with relative certainty, giving patent owners something closer to quiet title and giving petitioners greater predictability when deciding whether to file an additional petition. Starting from this presumption, proposed rules should enable the Office to equitably consider the conduct of both petitioners and patent owners in deciding whether the presumption has been overcome.

Rulemaking should further enumerate factors and/or circumstances that might allow the petitioner to overcome the presumption that follow-on petitions will be denied. AIPLA supports starting rulemaking from the *General Plastic* factors. For example, factor 1 requires considering “whether the same petitioner previously filed a petition directed to the same claims of the same patent.” If the petitioner establishes that the earlier petition was filed by an unrelated party, this would favor institution. Factor 2 requires considering “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.” If the petitioner establishes reasons why it could not have known of newly asserted prior art, this would favor institution. Importantly, the rules should incentivize petitioners to identify the best art when filing their first petition. Subsequently conducted searches, or searches for references that would “fill a gap,” do not favor institution.



*General Plastic* factors 3, 4, and 5 all relate to timing of the follow-on petition relative to prior AIA trials or the identification of new art. Factor 3 requires considering “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.” The facts relevant to this inquiry are a matter of public record. As discussed below, rulemaking should require petitioners to address these facts as part of justifying the relative timing. Factor 4 requires considering “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.” Consistent with factor 4, rulemaking should require the petitioner to identify the timing and circumstances that led to the discovery of the art asserted in the follow-on petition. Specifically, if the petitioner establishes that the timing reflected reasonable diligence, it would neutralize this factor. The inquiry defined in factor 5 arguably relates to the timing issues identified in factor 3, as it requires considering “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.” If the petitioner justified the relative timing of the follow-on petition, it could neutralize facts identified under factor 3. For example, actions of the patent owner might justify filing a second petition, particularly when a later petitioner had no involvement in an earlier proceeding and the timing of a patent owner’s subsequent assertion or litigation conduct against the petitioner precipitated the filing of a later petition. The petitioner’s diligence could also favor instituting review when evaluating the relative timing of the follow-on petition.

Further, AIPLA supports rulemaking that makes clear the Director has discretion to deny institution to satisfy the statutory one-year time limit for making a final determination. This discretion is currently recognized under *General Plastic* factors 6 and 7, which require considering “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.” Neither petitioners nor patent owners should bear any burden of addressing these issues. Situations that would justify exercise of such discretion should be exceptionally rare.

Placing the burden on petitioners in the manner described above should not impinge upon the space limitations already imposed on petitions by the rules. Accordingly, AIPLA encourages rulemaking that would allow petitioners to file a separate paper justifying the follow-on petition of the type already allowed in the context of parallel petitions. *See* PTAB Consolidated Trial Practice Guide, at 59–61 (Nov. 2019) (hereinafter “TPG”). And the patent owner should be allowed to respond in its preliminary response or by filing a separate paper, as in current practice. *Id.*

AIPLA believes this approach would help protect patent owners from multiple unwarranted challenges. This approach would also provide petitioners a means for requesting review of a patent when equity favors departing from the general presumption against follow-on petitions.

While AIPLA appreciates the Office’s proposal to replace the *General Plastics* factors, starting with factor 1 and applying exceptions, we generally prefer to adopt rules within the existing framework.

While AIPLA supports predictability in trial challenges under the AIA, the decision whether to institute is not necessarily amenable to the bright-line rules proposed here. For all of the reasons

discussed above, it would not be appropriate to disregard prior challenges nor to ignore them. Rather, any proposed rulemaking should provide factors for determining whether institution is appropriate, coupled with a clear presumption that the burden is on a subsequent petitioner to establish why such factors should authorize a departure from the general rule.

### **Parallel Petitions**

AIPLA supports rulemaking providing guidance in deciding whether to institute more than one petition filed at or about the same time on the same patent. In general, we favor a presumption that a patent should not be challenged in multiple proceedings. Multiple petitions are not necessary in the vast majority of cases. We also recognize that there may be exceptions, in which more than one petition may be appropriate. The factors outlined in the Consolidated Trial Practice Guide generally provide a good starting point. By requiring petitioners to rank their petitions and explain the differences between the petitions, the Office places a de facto burden on petitioners to justify filing multiple petitions. AIPLA supports rulemaking that would formally place the burden on petitioners to explain why more than one petition is needed.

AIPLA supports rulemaking that would require petitioners to identify “good cause” in a separate paper, and provide patent owners a response in a separate paper, in the manner outlined in the ANPRM. *See* TPG, 59–61.

The Consolidated Trial Practice Guide outlines two examples of circumstances in which more than one petition may be necessary, specifically where a large number of claims have been asserted in litigation, or where there is a dispute about priority date requiring arguments under multiple prior art references. In order to streamline the process and make it more uniform and predictable, AIPLA supports rulemaking that would outline specific factors (e.g., many claims being challenged, challenges that require alternative prior art or alternative claim construction arguments) in which the Director would consider institution of parallel petitions. In the example where the parties dispute priority dates or claim construction, the petitioner should address how the different grounds across multiple petitions are materially different.

Additionally, the Consolidated Trial Practice Guide notes that “the Board finds it unlikely that circumstances will arise where three or more petitions by a petitioner with respect to a particular patent will be appropriate.” AIPLA agrees and supports rulemaking requiring the petitioner to separately justify any third or subsequent parallel petition.

With respect to the proposal in the ANPRM for petitioners to pay higher fees instead of multiple filings, AIPLA appreciates this proposal, but is concerned that it may have unintended consequences and lead to filings on more challenged claims and/or may subject patent owners to trials on weaker challenges, because a trial on all challenged claims may be instituted where the petition meets the threshold on at least one challenged claim (notwithstanding the merits as to other claims). Nonetheless, AIPLA appreciates and agrees that the Board should be incentivized to handle trial proceedings efficiently, and may want to consider ways to consolidate proceedings (in the event of instituted parallel proceedings), where appropriate.

While AIPLA supports predictability in trial challenges under the AIA, the decision whether to institute is not necessarily amenable to bright-line rules, and it would not be appropriate to disregard the number of petitions filed nor to ignore them. Rather, factors should govern when

determining whether institution is appropriate coupled with a clear presumption that the burden is on the petitioner to establish why such factors should authorize a departure from the general rule. The Trial Practice Guide notes that “the Board finds it unlikely that circumstances will arise where three or more petitions by a petitioner with respect to a particular patent will be appropriate.” TPG, at 59. AIPLA agrees that circumstances requiring more than two parallel petitions should be rare and supports rulemaking that would establish a presumption against institution of more than two parallel petitions.

### **Parallel Litigation**

AIA trial proceedings were intended to be an efficient alternative to district court challenges, to balance the interests of patent owners, accused infringers, and the public and to avoid abuse of judicial and agency resources through gamesmanship. Yet, over 80% of AIA challenges involve co-pending litigation and AIA trial proceedings are frequently conducted “in addition to” district court validity challenges and thus not as “an efficient alternative.” AIPLA supports rulemaking to provide guidance in deciding whether to institute a petition on a patent that is or has been subject to other proceedings in a U.S. district court. Proceedings pending before the ITC, however, should not serve as a basis for denying institution in AIA trials.<sup>5</sup> In general, we favor rules that avoid overlapping effort and/or conflicting decisions in different forums. Thus, the Office should not consider validity challenges raised in an IPR if the same or substantially the same validity challenges will be resolved in another forum before the Board would issue a final written decision on those challenges. Congress envisioned the PTAB as a cost-effective *alternative* to litigation in the district courts.

With respect to proposals in the ANPRM, we generally agree that parallel PGR proceedings should be an exception to discretionary denial. However, even in the case of PGRs, there may be extenuating circumstances that the Board should consider.

AIPLA supports rulemaking that takes into account overall efficiencies and avoids duplicating resources in appropriate circumstances. We also recognize that there may be valid exceptions where simultaneous challenges may be appropriate. Although imperfect, the factors set forth in *Fintiv* provide a starting point for such rulemaking. These factors are:

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.

---

<sup>5</sup> ITC findings on validity do not carry any preclusive effect in other venues. See *Tex. Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996). In addition, the ITC cannot cancel invalid claims. Thus, the comments in this section are directed to parallel district court proceedings.

*Apple Inc., v. Fintiv, Inc.*, IPR2020-00019 Paper 11, at 6 (PTAB Mar. 20, 2020). Through proper consideration and weighing of these factors, clear rulemaking can reduce the expense and uncertainty that would otherwise be created if challenges proceed in parallel in different forums.

As stated in the Consolidated Trial Practice Guide, the implementing regulations are “aimed at streamlining and converging the issues for decision.” TPG, at 2. Where a separate proceeding is on course to resolve questions of validity that are also before the PTAB, clear guidance to resolve institution in favor of streamlining and converging the issues for decision is desirable. We recognize, however, that hard-and-fast rules may not apply, and any rulemaking should avoid incentivizing forum shopping.

*Fintiv* factors 1, 2, and 4 go to the notion that the PTAB should not engage in work that overlaps that of the separate proceeding. For example, factor 1 requires considering “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.” Although the existence of a stay may identify whether the parallel litigation is active, AIPLA notes that the query over whether “one may be granted” is entirely speculative and has led plaintiffs to seek district court venues where a stay is unlikely. AIPLA supports rulemaking that would favor institution if the litigation is stayed, but otherwise rely on the other factors. Factor 2 requires considering “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.” The Director should also consider evidence concerning whether a scheduled trial date is likely to be moved.

Factor 4 requires considering “overlap between issues raised in the petition and in the parallel proceeding.” AIPLA notes that this factor has been found to be heavily weighted in many decisions related to parallel proceedings. *See* Babcock & Train, “PTAB Factors For Instituting IPR: What The Stats Show,” LAW360 (Sep. 18, 2020), *available at* <https://www.law360.com/articles/1309742/ptab-factors-for-instituting-ipr-what-the-stats-show>. AIPLA supports rulemaking that requires petitioners to establish that the issues in a parallel pleading do not overlap to the same extent that estoppel under 35 U.S.C. § 315(e) or 35 U.S.C. § 325(e) would apply based on the grounds asserted in the petition. The Office should not exercise its discretion to deny institution if the same or substantially the same grounds are not at issue in the IPR and the parallel forum. In addition, evaluating the patent owner’s disclosure of asserted claims and infringement contentions can factor into the decision.

Factor 3 requires considering “investment in the parallel proceeding by the court and the parties.” This factor serves to protect the effort already expended in the parallel proceeding and serves to give deference to proceedings that are relatively advanced. AIPLA supports incorporating factor 3 into rulemaking, recognizing that it may support denying institution even when the parallel proceeding may conclude substantially after the requested AIA trial.

Factor 5 requires considering “whether the petitioner and the defendant in the parallel proceeding are the same party.” AIPLA supports rulemaking that would expand upon the inquiry, by requiring the petitioner to address the relationship between the petitioner and the defendant in the parallel proceeding. If the petitioner and the defendant in the parallel proceeding are found to be the same party or in privity, this would favor denying institution.

Factor 6 allows the PTAB to consider “other circumstances that impact the Board’s exercise of discretion, including the merits.” Consistent with its general preference for rulemaking and

predictability, AIPLA supports rulemaking that specifically identifies the other circumstances considered by the PTAB.

With respect to “safe harbors” under consideration, AIPLA generally agrees that stipulations by petitioners not to pursue in a parallel district court action grounds that were raised or reasonably could have been raised in a petition (a *Sotera* stipulation) mitigate concerns about pursuing overlapping issues in multiple fora. However, such stipulations as a safe harbor should not be absolute. For example, if petitioners unnecessarily delay providing a *Sotera* stipulation until well after a petition is filed, and simultaneously proceed with substantially identical challenges in district court, then this should be a factor in the Board’s decision whether to institute. In general, a stipulation should be filed with a petition to be effective.

Further, AIPLA prefers *Sotera* stipulations (that go to grounds raised or that reasonably could have been raised) over *Sand Revolution* stipulations (that are limited to grounds that are actually raised). As mentioned in the ANPRM, *Sotera* stipulations minimize concerns related to overlapping issues and duplicative efforts and is more in line with the scope of statutory estoppel.<sup>6</sup>

### **Stipulation on No Multiple Challenges**

The ANPRM suggests conditioning not discretionarily denying a petition based on stipulations that neither they nor their privies nor RPIs have filed nor will file (if instituted) additional petitions, absent “exceptional circumstances.” AIPLA agrees that, as a general rule, the same patent should not be subject to repeated trial proceeding challenges before the Office. And AIPLA appreciates and supports transparency in AIA trial proceedings. While AIPLA generally supports requiring petitioners to disclose information related to RPIs and privies, AIPLA is concerned that bright-line rules with respect to stipulations on “no multiple challenges” and defining “exceptional circumstances” may lead to unnecessary disputes and further litigation. Rather, AIPLA supports such information as factors in the Board’s exercise of its discretion.

### **35 U.S.C. 325(d) Framework**

The ANPRM suggests rules directed to the framework under Section 325(d). Section 325(d) states, in relevant part:

In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

AIPLA supports rulemaking to provide guidance in deciding whether to institute a petition in situations where the issues overlap with prior matters before the Office. The factors set forth in *Becton*, *Dickinson* and *Advanced Bionics* provide a good starting point for such rulemaking. These factors include:

- (a) the similarities and material differences between the asserted art and the prior art involved during examination;

---

<sup>6</sup> Once again, compelling merits should not be part of this consideration, or, if considered should require considerably more than the mere requirements for instituting trial, as discussed above.

- (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;
- (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.

*Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586 Paper 8, at 17–18 (Dec. 15, 2017) (precedential as to § III.C.5, first paragraph). The PTAB has subsequently distilled these factors into two considerations:

- (1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and
- (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.

*Advanced Bionics, LLC v. Med-El Electromedizinische Geräte GmbH*, IPR2019-01469 Paper 6, at 8 (PTAB Feb. 13, 2020) (precedential). In *Advanced Bionics*, the PTAB recognized that *Becton, Dickinson* factors (a), (b), and (d) pertain to art and arguments evaluated and made during examination. *Id.* at 10. Likewise, *Becton, Dickinson* factors (c), (e), and (f) relate to whether the petitioner has demonstrated material error by the Office. *Id.*

As discussed above, these factors may also apply when evaluating discretion to deny serial petitions and parallel proceedings. Accordingly, AIPLA encourages the Office to adopt rules that recognize and address the significant overlap between discretionary denial of institution under 35 U.S.C. §§ 314(a) and 324(a), on one hand, and denial under 35 U.S.C. § 325(d), on the other. Although a single set of factors is unlikely to address all situations, fairness is likely supported by first evaluating whether § 325(d) applies.<sup>7</sup> If not, then the considerations relevant to § 314(a) or § 324(a) should be considered. Proceeding in this manner avoids conflating the considerations applied to these separate statutory bases.

We agree, in principle, with rules limiting the application of section 325(d) to situations in which the Office previously addressed the prior art and/or arguments. Addressing prior art should be contrasted with situations where a reference is only listed in an IDS. Such listing should not be sufficient to trigger the application of section 325(d). A contrary rule could encourage dumping of references during prosecution and not help the examination process, in the first instance. And we further support, in principle, that the challenged patent and related applications (but not non-related applications) should be considered for section 325(d) purposes.

---

<sup>7</sup> The petitioner should not initially bear the burden of distinguishing all art of record. Rather, the analysis under § 325(d) should begin with the patent owner coming forward with evidence that prior art or arguments previously presented to the Office were the same or substantially the same as those asserted in the petition.

### **Separate Briefing for Discretionary Denial**

AIPLA supports, in principle, amending the rules to provide a procedure for separate briefing on discretionary denial, in which the patent owner would file, prior to the deadline for a preliminary response, a separate request for discretionary denial to address any relevant factors regarding discretionary denial. AIPLA further supports, in principle, providing for the Board, in the interest of justice, to raise discretionary denial *sua sponte*, in which case the Board will provide the parties with the opportunity for briefing.

While providing additional information on patent ownership should not be a factor with respect to the merits of a petition or whether to institute, AIPLA generally supports transparency in proceedings and requiring information as to patent ownership.

### **Settlement Agreements**

The ANPRM would require that all settlement agreements, including pre-institution settlement agreements, must be filed with the Board. In light of the different panel decisions regarding how to handle pre-institution settlements, AIPLA agrees that the Office should clarify whether pre-institution agreements are required to be filed with the Board. However, because AIPLA believes that requiring parties to file settlement agreements pre-institution would remove a significant incentive for parties to settle pre-institution, AIPLA does not support resolving the disagreement among panels as the ANPRM proposed. Rather, AIPLA recommends that the regulations be clarified so that pre-institution settlement agreements are not required to be filed with the Board, no different than any other confidential multi-party business agreement.

It is undisputed that 35 U.S.C. §§ 317(b) and 327(b) require “[a]ny agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of an inter partes [post-grant] review under this section shall be in writing, and a true copy of such agreement or understanding shall be filed in the Office before the termination of the post-grant review as between the parties.” At the center of the dispute is Rule 42.74(b) which provides that settlement agreements terminating a “proceeding” shall be filed with the Board before termination of the trial and Rule 42.2 which defines the term “proceeding” to mean “a trial or preliminary proceeding.”

In contrast to the Rule 42.2 definition of “proceeding”, the Federal Circuit has made clear that a PTAB trial “proceeding” does not commence prior to a decision on institution. *See Intellectual Ventures II LLC v. JPMorgan Chase and Co.*, 781 F.3d 1372, 1376 (“The AIA differentiates between a petition for a CBMR proceeding (which a party files) and the act of instituting such a proceeding (which the Director is authorized to do”). Statutes addressing pre-institution procedures also consistently refer to “the petition” rather than an “inter partes review”. *See, e.g.*, 35 U.S.C. §§ 311-313.

In light of the dispute of what constitutes a “proceeding”, panels are split on whether parties are required to file settlement agreements pre-institution. *Compare Samsung v. Ericsson*, IPR2021-00446, Paper 7 (P.T.A.B., August 3, 2021) (a “proceeding” does not exist until a trial is instituted and thus Rule 42.74(b)(requiring the filing of settlement agreements) is inapplicable)

*with Biofreontera Inc. v. DUSA Pharmaceuticals*, IPR2022-00056, Paper 7 (P.T.A.B. December 28, 2021) (concluding that Rule 42.74 applies both pre and post institution).

The ANPRM suggests that filing settlement agreements pre-institution aligns with the policy set forth in the Executive Order on Promoting Competition in the American Economy (E.O. 14036), because having a depository of all settlement agreements in connection with contested cases, including AIA proceedings, in the USPTO would assist the Federal Trade Commission and the Department of Justice in determining whether antitrust laws were being violated. As explained in the ANPRM, the Executive Order on Promoting Competition in the American Economy is concerned with settlement agreements in connection with AIA proceedings. However, the ANPRM fails to explain why this policy should be extended to pre-institution settlements, agreements entered into before a proceeding exists.

The ANPRM's reliance on the treatment of settlement agreements in interferences practice is misplaced. According to interference practice, settlement agreements entered into prior to declaration of an interference are not required to be filed at the Board. In fact, Senior APJ McElvey once proposed a change to the interference rules that would have provided that:

rather than declaring interferences (thereby triggering 35 USC 135(c)), the board would mail the prospective parties a "notice of intent to declare an interference" and give them two months to settle the incipient interference. He said that one of the chief inducements for the prospective parties to settle before the interference was actually declared was that, if they did so, they would not have to file copies of their settlement agreements, thereby subjecting their settlement agreements to scrutiny by the Antitrust Division. 80 J. Pat. & Trademark Off. Soc'y 561, 592.

### **Other Comments**

As the Office looks at ideas for improving AIA trial proceedings, AIPLA suggests the Office consider some of the following:

- Applying a presumption of validity for patents challenged in AIA trial proceedings. Under 35 U.S.C. § 282, issued patents and claims are presumed to be valid. Patents that are challenged in AIA trial proceedings have already been examined and issued. Applying the same presumption that is applicable in district court would help further the goal of making these proceedings a true alternative to district court validity challenges.
- AIPLA recommends having separate panels conduct trials post-institution to increase fairness and transparency in AIA trial proceedings. While having a separate panel conduct trials may not be as efficient as having the same judges who decide whether to institute also handle the trial, there is a perception that it is difficult to sway the original panel following the institution decision. This seems to bear out in the statistics for trial proceedings. *See PTAB Trial Statistics FY22 End of Year Outcome Roundup*, at slide 12, available at [https://www.uspto.gov/sites/default/files/documents/ptab\\_aia\\_fy2022\\_roundup.pdf](https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2022_roundup.pdf) (among 426 patents reaching final written decision, all claims unpatentable in 279 (65%) and some claims found unpatentable in 71 (an additional 17%)). Having a separate panel from the institution panel would be consistent with the AIA, which assigns the decision on institution to the Director while the final written decision is assigned to the Board. *Compare* 35 U.S.C. § 314 *with* 35 U.S.C. § 318. In this sense, the existing regulatory



June 20, 2023

Page 17

approach to institution “contravenes the American Invents Act and the Administrative Procedure Act.” *Mobility Workxx*, 15 F.4th at 1160 (Newman dissenting in part).

- We are aware that the Office is also in the process of receiving comments on improving motions to amend. The ability for patent owners to amend claims is an important part of AIA trial proceedings. AIPLA suggests that the Office consider rulemaking for an “off ramp” by ex parte reexamination or another expedited proceeding for amendments to claims challenged in AIA trial proceedings, provided that such “off ramp” provides a meaningful mechanism for claim amendments, intervening rights apply to newly issued claims, the “off-ramp” would not impact the timing for final written decisions in trial proceedings, and the “off-ramp” would be conducted with “special dispatch.”

AIPLA appreciates the opportunity to provide feedback to the Office on the ANPRM. We look forward to further dialogue with the Office with regard to the issues raised above.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Batzli".

Brian Batzli  
President  
American Intellectual Property Law Association