



December 3, 2020

**VIA ELECTRONIC FILING**

The Honorable Andrei Iancu  
Under Secretary of Commerce for Intellectual Property  
Director of the United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria VA 22313-1450

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

Dear Under Secretary Iancu:

The Alliance for Automotive Innovation (“Auto Innovators”) is pleased to submit comments to the Patent and Trademark Office (“Office”) in response to its Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board (“Board”). We appreciate the willingness of the Office to engage with automotive stakeholders on patent-related matters and welcome the opportunity to provide input and feedback on this important issue.

Auto Innovators is the singular, authoritative, and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, Auto Innovators represents the manufacturers that produce nearly 99 percent of cars and light trucks sold in the United States. Members of Auto Innovators include motor vehicle manufacturers, original equipment suppliers, technology companies, and others within the automotive ecosystem.

As you are aware, the auto industry is a leader in innovation – owning hundreds of thousands of patents. As major inventors and patent holders, auto companies have a strong interest in ensuring robust legal protections for issued patents. At the same time, however, auto companies face frequent lawsuits alleging patent infringement, many of which are filed by non-practicing entities claiming violations of patents that are not patentable and should never have been issued, and utilize the *inter partes review* (IPR) process to defend against such allegations. As patent owners and challengers, auto companies are uniquely positioned to offer a balanced and reasoned perspective on the IPR process and discretionary denials.

Since the IPR process provides a fair, efficient, and cost-effective procedure for both patentees and alleged infringers, it should be protected and preserved. The IPR system was established by Congress to safeguard a patent system that was increasingly overwhelmed by litigation involving unpatentable claims that should have never been issued. The IPR system was implemented to draw on the expertise and knowledge of the Office to evaluate and reassess-patentability. This is vastly more efficient than having these issues considered by district courts.

The IPR process has worked as Congress intended and should not be curtailed. Limiting access to IPR would result in increasing litigation costs, slower adjudication, more frivolous lawsuits, and more settlements of dubious claims based on the cost of litigation. That, in turn, stifles innovation and dynamism in the auto industry, harming manufacturers and consumers alike.

We are concerned with the increasing use of discretionary denials and oppose efforts to promulgate rules that would codify these practices. The practice of denying institution even when petitioners have clearly satisfied the statutory thresholds is inconsistent with congressional intent, undermines the purpose of IPR to quickly and efficiently resolve issues around patent validity, and denies important rights that are provided under the existing statute.

Moreover, discretionary denials introduce new uncertainty for petitioners seeking to access the IPR process. Preparing and filing petitions requires substantial expense. If a petition can be denied for procedural and, often times, subjective reasons, even when the requirements of the statute are met, petitioners with legitimate patentability arguments may be discouraged from using the IPR process altogether. In these cases, the efficiencies that IPR is intended and designed to advance are thwarted.

The following is Auto Innovators' reply to the numbered questions in the Request for Comments.

## **SERIAL PETITIONS**

### **1. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *General Plastic*, *Valve I*, *Valve II* and their progeny, for deciding whether to institute a petition on claims that have previously been challenged in another petition?**

The Office should institute a petition if the petitioner has satisfied the statutory requirements for institution under the *America Invents Act*, even if the petition includes claims that have previously been challenged in another petition. In furtherance of this goal, the Office should not promulgate a rule for deciding whether to institute a petition on claims that have previously been challenged in another petition.

The filing of "serial" petitions is often triggered by existing procedural rules governing the timing and scope of IPR petitions. While these procedural rules help ensure early and efficient resolution of patentability claims, they also create significant challenges for petitioners.

A patent owner's behavior may affect a petitioner's decision to file a subsequent petition. Some patent owners file serial infringement complaints months or even years apart. A petitioner who has already filed a petition in response to the initial complaint should not be prevented from filing a subsequent petition to respond to the subsequent complaints initiated by the patent owner. In addition, patent owners may provide vague or inconsistent arguments concerning claim scope. Lack of clarity by the patent owner around the substance of the claims themselves may force the petitioner to file several petitions.

In these cases, a subsequent petition is likely to propose materially different grounds from those proposed in an initial petition. While we recognize that the Office wishes to avoid minor alterations to grounds in serial petitions, the ability to file subsequent petitions where the grounds differ materially should be preserved.

At the same time, patent owners often file infringement complaints against multiple defendants. In these situations, some defendants may choose to file petitions earlier and others may want to wait to file petitions to see if the patent owner's infringement and claim construction arguments become clear. In these cases, a subsequent petitioner should be permitted to provide substantive arguments that more specifically target claims that will be raised at trial or identify additional prior art that should be considered by the Office. Patent owners may also add additional defendants to their infringement claims over time or assert different claims for different defendants. In these cases, it would be fundamentally unfair to bind one defendant to the claims addressed and arguments made in a petition filed by another defendant.

This is particularly relevant with respect to *General Plastics* factor 3, which considers whether a petition arrives after a patent owner's preliminary response in an earlier proceeding. The Board views the

second petitioner as having gained an unfair advantage, when in many cases the second petitioner had no choice. Factor 3 should be irrelevant, or at least include consideration of factors beyond the second petitioner's control, such as fast filing by a co-defendant or a lengthy period between two complaints. A subsequent petitioner should not be negatively affected by such factors out of its control.

Denying the ability of a subsequent petitioner to access IPR and tying their chances of successfully challenging the patent to the breadth and depth of arguments made or issues addressed by a previous petitioner is problematic. Such a practice denies access to IPR by some petitioners, even when they have met the statutory requirements for institution. In addition, denial of subsequent petitions from a distinct petitioner incentivizes patent owners to stagger the filing of their complaints in district court with the specific intent of precluding petitions from subsequent defendants. Patent owners may also sue less sophisticated defendants or those with fewer resources to face a weaker challenge in an attempt to avoid a more sophisticated opponent that will face discretionary denial arguments.

**2. Alternatively, in deciding whether to institute a petition, should the Office (a) altogether disregard whether the claims have previously been challenged in another petition, or (b) altogether decline to institute if the claims have previously been challenged in another petition?**

Nothing in the statute nor legislative history suggest a *per se* rule that the Office should “decline to institute” subsequent petitions challenging the same claims. Such a *per se* rule would be contrary to congressional intent and take away defendants’ right to choose an alternative forum to adjudicate patentability. Defendants will nonetheless assert the same grounds in district court without the benefit of the Office’s expertise. Therefore, altogether declining to institute review of a previously challenged claim creates inefficiencies that the *America Invents Act* attempted to fix.

**PARALLEL PETITIONS**

**3. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in the Consolidated Trial Practice Guide, for deciding whether to institute more than one petition filed at or about the same time on the same patent?**

The Office should institute a petition if the petitioner has satisfied the statutory requirements for institution under the *America Invents Act*, even if more than one petition has been filed at or about the same time on the same patent. In furtherance of this goal, the Office should not promulgate a rule for deciding whether to institute more than one petition filed at or about the same time on the same patent and should not presume that only one petition is appropriate.

In some cases, where patent owners assert patents having many or lengthy claims in district court and numerous elements need to be addressed in the petition, parallel petitions may be appropriate.

Petitions are subject to a strict word count limit. The word limit often prevents petitioners from covering all relevant arguments or patent claims in a single petition, forcing them to divide their arguments between multiple petitions. In some cases, including where a set of dependent claims is addressed by different prior art, a petitioner may need to incorporate overlapping claims in separate petitions.

In addition, particularly because patent owners frequently file their complaints in “rocket docket” jurisdictions that disadvantage petitioners, current IPR rules and practice pressure petitioners to file quickly without knowing how patent owners will interpret the claims. The rules also require that the petitions contain all of the petitioners’ arguments and evidence. In the early stages of litigation, there is considerable uncertainty about what claims a patent owner will ultimately assert at trial. To address this uncertainty, a petitioner is likely to challenge all of the patent claims but, due to the strict word limit, may be forced to file multiple petitions to do so. Similarly, because the rules prohibit petitioners from adding

claims, asserted prior art, or theories during IPR, petitioners may need to file multiple petitions to adequately preserve all potential arguments. Denying serial petitions may encourage patent owners to delay revealing claim construction positions or asserted claims to hamstring the ability of petitioners to make responsive arguments in its single petition.

When a petitioner merely divides arguments among multiple petitions, the content of those petitions is not duplicative or frivolous and therefore should not be subject to a discretionary denial if they otherwise satisfy the statutory threshold for institution. In addition, when multiple petitions are filed simultaneously or very close together, the petitioner is not in a position to use a previous denial of institution to inform a subsequent petition.

By failing to institute in cases where multiple petitions have been filed, the Office unfairly disadvantages a petitioner by undercutting the ability to raise all arguments that may be required to challenge each of the asserted claims. By disallowing multiple petitions, a petitioner may be forced either to reduce the number of arguments made or to scale back the depth of arguments. In either case, the inherent unpredictability of the Board's decisions and the patent owner arguments negatively and unjustly impact the Board's statutory duty to review patentability. Moreover, by forcing petitioners to address any and all claims in a single, word-limited petition, the Office may inadvertently create a situation where patent owners are able to adjust their litigation strategies to pursue those claims that the petitioners did not adequately address in the petition but could have or would have adequately addressed if they had been provided an opportunity to do so.

Parallel petitions in fact provide the Office with some needed flexibility. In *SAS Institute v. Iancu*, the Supreme Court found that the Office does not have the authority to partially institute a petition for IPR. In other words, when the Office institutes an IPR, it must decide the patentability of all of the claims the petitioner has challenged. Multiple petitions per patent covering discrete claims provide the Office with the ability to institute trial on claims of a patent and not institute on other claims.

**4. Alternatively, in deciding whether to institute more than one petition filed at or about the same time on the same patent, should the Office (a) altogether disregard the number of petitions filed, or (b) altogether decline to institute on more than one petition?**

Nothing in the statute nor legislative history suggest a *per se* rule that the Office should “decline to institute” more than one petition filed at or about the same time on the same patent. Such a *per se* rule would be contrary to congressional intent and take away defendants’ right to choose an alternative forum to adjudicate patentability. Defendants will nonetheless assert the same grounds in district court without the benefit of the Office’s expertise. Therefore, altogether declining to institute review of a previously challenged claim creates inefficiencies that the *America Invents Act* attempted to fix.

## **PROCEEDINGS IN OTHER TRIBUNALS**

**5. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *Fintiv* and its progeny, for deciding whether to institute a petition on a patent that is or has been subject to other proceedings in a U.S. district court or the ITC?**

The Office should institute a petition if the petitioner has satisfied the statutory requirements for institution under the *America Invents Act*, even if the patent is subject to other proceedings in a U.S. district court or the ITC. In furtherance of this goal, the Office should not promulgate a rule for deciding whether to institute a petition on a patent that is or has been subject to other proceedings in a U.S. district court or the ITC.

The *America Invents Act* establishes a particular timeframe of up to one year of service of complaint for a petitioner to file an IPR petition. Denying IPR petitions that do not violate this time bar when there is a parallel district court action is directly counter to this statutory scheme. In addition, if IPR petitions are going to be denied when there is a parallel district court action, petitioners may be encouraged to file their IPR challenges prematurely before having an opportunity to consider fully the value or efficacy of such a petition. Such premature action could impose additional and unnecessary burdens on the Office. Similarly, patent owners may more quickly file lawsuits rather than engage in licensing discussions so as to ensure their patents are subject to the Office's protection of patents involved in lawsuits, if such a rule were promulgated. The result could be increased patent litigation filings (based on claims that would be strong candidates for invalidation via IPR).

Moreover, the most patent-heavy jurisdictions often have a short time to trial. Declining to institute a petition based on a pending district court case potentially makes IPRs unavailable for patent cases filed in those courts. This has the potential to not only encourage forum-shopping so that patentees file in jurisdictions that are likely to impact the denial analysis in a way helpful to them, but also encourages the very kind of cases that Congress intended the *America Invents Act* to address (i.e., a dubious patent asserted in a patent heavy docket looking for a quick settlement). In addition, for companies domiciled in those jurisdictions or for companies that are most often sued in those jurisdictions, this means that IPR may become effectively unavailable. An approach that makes IPR petitions less available to litigants in the most patent-heavy jurisdictions on its face is counter to the *America Invents Act*.

At the same time, it is important to recognize that - particularly in the current environment - district court trial dates are frequently rescheduled. A discretionary denial based on a pending trial dates does not account for the very real possibility that trial dates may change.

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

In deciding whether to institute a petition on a patent that is or has been subject to other proceedings in a district court or the ITC, the Office should altogether disregard such other proceedings. The *America Invents Act* does not provide a means for the Office to do otherwise. Congress specifically intended that IPR be available to defendants in such other proceedings and provided a bright line rule that gives a defendant one year within which to file an IPR petition. Congress set forth other factors the Office must and may consider whether to institute an IPR and chose not to include the consideration of "other proceedings." To the contrary, Congress imposed the one-year filing deadline for the specific purpose of minimizing any potential overlap between IPR and patent infringement litigation.

Further, Congress delicately balanced competing considerations of any potential overlap when it chose to prevent the petitioner from raising validity attacks in the district court that were raised, or could have been raised, in an instituted IPR. Congress clearly considered the potential for "other proceedings," implemented a well-considered statutory scheme for dealing with those "other proceedings," and as part of that statutory scheme, implemented a bright line rule giving defendants one year within which to file an IPR petition. The Office should not subvert this statutory scheme, nor a key purpose behind the implementation of the *America Invents Act* of providing a more efficient, more expert, and less expensive means with which to challenge bad patents.

Further, nothing in the statute nor legislative history suggest a *per se* rule that the Office should "decline to institute" a petition on a patent that is or has been subject to other proceedings in district court or the ITC. Such a *per se* rule would be contrary to congressional intent and take away defendants' right to choose an alternative forum to adjudicate patentability. Defendants will nonetheless assert the same

grounds in district court without the benefit of the Office's expertise. Therefore, altogether declining to institute review of a previously challenged claim creates inefficiencies that the *America Invents Act* attempted to fix.

## **OTHER CONSIDERATIONS**

### **7. Whether or not the Office promulgates rules on these issues, are there any other modifications the Office should make in its approach to serial and parallel AIA petitions, proceedings in other tribunals, or other use of discretion in deciding whether to institute an AIA trial?**

The Office should account for the fact that it has the authority to amend claims in patents that are subject to IPRs, a right that the District Courts do not have. As such, the Office should focus more on claim amendment practices rather than outright denial of petitions by instituting petitions that satisfy the statutory requirements.

Thank you again for the opportunity to provide this feedback and input. We look forward to continuing to work with you on this and other patent-related matters that are important to the auto industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Hilary M. Cain", is written over a white rectangular background.

Hilary M. Cain  
Vice President  
Technology, Innovation, & Mobility Policy