

UNITED STATES PATENT AND TRADEMARK OFFICE  
EXECUTIVE SUMMARY

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# Public Views on Discretionary Institution of AIA Proceedings

UNITED STATES  
PATENT AND TRADEMARK OFFICE



On October 20, 2020, in lieu of proposed rulemaking, the USPTO issued a Request for Comments (RFC) to obtain feedback from stakeholders on the Patent Trial and Appeal Board's current case-specific approaches to exercising discretion on whether to institute an America Invents Act proceeding and whether the Office should promulgate rules based on these approaches. As of the close of the comment period, the USPTO had received 822 comments from a wide range of stakeholders, including from individuals, associations, law firms, companies, and three United States Senators,<sup>1</sup> as shown in the corresponding table.

Responses to RFC	Submissions
U.S. Senators	2
IP & Trade Orgs.	60
Companies	124
Law Firms	3
Individuals	633
<b>Overall Total</b>	<b>822</b>

## Background

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In contrast to other post-grant proceedings, such as ex parte reexamination, which the Office must grant when the underlying legal requirements are satisfied, the AIA grants the Director the discretion to determine which post-grant petitions will be denied and which may proceed to trial.<sup>2</sup> The Director has delegated this authority to the Board.<sup>3</sup> The AIA does not provide any explicit guidance on what considerations are relevant to the exercise of discretion, but the legislative history of the AIA demonstrates that Congress intended the new post-grant proceedings be quick and cost effective alternatives to litigation and not used as tools for harassment of patent owners through repeated attacks on the validity of a patent.<sup>4</sup> Over the course of several years, and several thousand AIA proceedings, the Office has developed a variety of considerations at the institution phase to apply on a case-by-case basis to ensure that the Office comports with the letter and spirit of the AIA.

The present RFC sought public feedback on the exercise of discretion in three situations: those involving serial petitions (later petitions challenging the same patent that was challenged previously in an AIA proceeding), parallel petitions (petitions challenging the same patent at or about the same time), and proceedings in other tribunals related to the same patent. It also invited comments on any other considerations regarding discretion to institute. Based on certain stakeholder feedback, the Office inquired as to whether bright line rules allowing greater or lesser access to AIA proceedings would be appropriate. Finally, the Office asked whether commenters preferred the Office to engage in rulemaking.

A brief summary of the feedback the Office received follows.

<sup>1</sup> Letter from Senators Christopher Coons and Mazie Hirono (December 3, 2020) (Coons-Hirono Letter); Letter from Senator Thom Tillis (November 12, 2020) (Tillis Letter). The Coons-Hirono Letter is counted as one submission.

<sup>2</sup> 35 U.S.C. §§ 304, 314(a), and 324(a).

<sup>3</sup> 37 C.F.R. § 42.4(a).

<sup>4</sup> See H.R. Rep. No. 112-98, pt. 1, at 48 (2011) ("[T]he changes made [to this Title by this amendment] 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.").

## Public Comment Themes

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The comments expressed a wide range of views on the Director's discretion in instituting trials before the Office. Most commenters recognized that the system must work for all stakeholders, and that discretion should continue to be exercised in order to help ensure that patent owners are not subjected to repeated, costly litigation on the same issues. A number of commenters favored the codification of some form of the Office's current approach to the exercise of discretion.<sup>5</sup> Notably, comments from three U.S. Senators (the only legislators who submitted comments) expressed their view that Congress intended the Director to use discretion to avoid repeated challenges and encouraged rulemaking to formalize the Office's current approach to the exercise of discretion.<sup>6</sup> A minority of commenters favored a bright line rule that the Director should institute AIA proceedings, absent express statutory prohibition, regardless of the number of times the patent had been challenged or whether the PTAB was acting as an alternative to litigation.<sup>7</sup> Conversely, a large group of independent inventors and others favored bright line rules that would go further than the Office's current approach and impose additional limitations on institution of AIA proceedings.<sup>8</sup> Most commenters favored rulemaking on when the Director should exercise discretion to institute an AIA proceeding.

## Serial and Parallel Petitions

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Most comments expressed the view that the Director should exercise discretion on a case-specific basis when considering serial and parallel petitions to prevent AIA trial proceedings from becoming an unfettered opportunity for petitioners to file repeated challenges.<sup>9</sup> Many asked the Office to promulgate rules based on the specific frameworks already in place, such as those set forth in *General Plastic Co., Ltd v. Canon Kabushiki Kaisha*, IPR2016-01357 (PTAB Sept. 6, 2017) (precedential). Some commenters suggested some minor modifications to the Office's current approach. For example, some commenters requested that the Office provide regulatory guidance on when a second petition will be considered a serial (later-filed) petition as opposed to a parallel (contemporaneously filed) petition.<sup>10</sup> Some requested that, in proposing rules, the Office take into account additional circumstances that may necessitate multiple petitions, including the number of claims in the challenged patent, the presence of alternative

<sup>5</sup> See, e.g., Response from American Intellectual Property Law Association (AIPLA) at 5-10; Response from Eagle Forum at 3; Response from The Alliance for U.S. Startups and Inventors for Jobs (USIJ) at 2-6; Response from Innovation Alliance at 2-4; Response from Biotechnology Innovation Organization (BIO) at 3; Response from Pharmaceutical Research and Manufacturers of America (PhRMA) at 2-6; Response from Coalition for 21st Century Patent Reform (21C) at 1-3.

<sup>6</sup> Tillis Letter; Coons-Hirono Letter.

<sup>7</sup> See, e.g., Response from United for Patent Reform at 4-8; Response from High Tech Inventors Alliance at 9-19; Response from Electronic Frontier Foundation.

<sup>8</sup> See e.g., Response from US Inventor at 7-10; Response from AUTM at 3; Small Business Technology Council at 3-4.

<sup>9</sup> See e.g., Response from AIPLA at 5, 7; Response from Innovation Alliance at 2-4; Response from BIO at 3; Response from PhRMA at 2-5.

<sup>10</sup> Response from Intellectual Property Owners Association (IPO) at 3.

claim constructions, and whether a patent owner has added additional claims in litigation that gave rise to an additional petition.<sup>11</sup> The Office notes that Board cases addressing serial and parallel petitions have generally accounted for such circumstances.<sup>12</sup>

## Proceedings in Other Tribunals

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A wide spectrum of comments recognized that an important objective of the AIA proceedings is to provide a faster, less costly alternative to district court litigation.<sup>13</sup> Thus, a majority of comments favored considering activity in proceedings in other tribunals in the exercise of discretion to institute an AIA trial. However, there was no consensus as to the best way to achieve these objectives. Some commenters agreed with the *Fintiv* framework as an appropriate starting place to determine whether the AIA proceeding would be a faster, cheaper alternative to litigation.<sup>14</sup> Other commenters sought to narrow the considerations to provide a more predictable framework, arguing, for example, that district court trial dates were too unreliable to be a helpful consideration.<sup>15</sup> The suggestions included that the Office place more emphasis on the overlap between issues raised in the AIA petition and the parallel proceeding, the investment in the parallel proceeding, how quickly the petitioner petitioned for review before the Board,<sup>16</sup> and the timing of a patent owner's disclosure of asserted claims and infringement contentions in court.<sup>17</sup> Additionally, stakeholders identified circumstances that strongly weigh against the use of discretion to deny institution, such as where a district court has stayed litigation in favor of an AIA proceeding,<sup>18</sup> or where the petitioner stipulates not to pursue in the related tribunal any ground that was raised or that could have been raised in the AIA proceeding.<sup>19</sup> The Office notes that on December 17, 2020 it designated two precedential decisions that address the impact of stays and broad stipulations.<sup>20</sup> A few commenters argued that ITC proceedings should not serve as a basis for denying institution as ITC final judgments regarding patent validity do not have issue-preclusive effects on the parties as district court proceedings.<sup>21</sup>

<sup>11</sup> Response from AIPLA at 6-8; Response from American Bar Association Section of Intellectual Property (ABA) at 3-6; IPO at 4-5.

<sup>12</sup> See *Intel Corp. v. Tela Innovations, Inc.*, IPR2019-01520, Paper 14 (PTAB Mar. 11, 2020) (determining that the length of the claims and complexity of the subject matter justified more than one petition); *Volkswagen Group of America, Inc. v. Carucel Investments, L.P.*, IPR2019-01573, Paper 7 (PTAB Jan. 22, 2020) (institution justified where petitioner filed second petition on claims first asserted in district court three weeks prior).

<sup>13</sup> See, e.g., Response from AIPLA at 3; Coons Hirono Letter ("By limiting serial and parallel petitions on the same patent claims and by denying petitions likely to extend rather than streamline litigation, the USPTO has respected Congress' intent to provide a fair and efficient alternative to expensive district court litigation.").

<sup>14</sup> Response from BIO at 7; Response from PhRMA at 5-6; Innovation Alliance at 4.

<sup>15</sup> Response from PTAB Bar Association at 9 and 12; Response from ABA at 7-8.

<sup>16</sup> See, e.g., Response from AIPLA at 9-10; Response from PTAB Bar Association at 8-12.

<sup>17</sup> Response from AIPLA at 9.

<sup>18</sup> *Id.*

<sup>19</sup> Response from PTAB Bar Association at 9; Response from ABA at 9.

<sup>20</sup> See *Sotera Wireless, Inc. v. Masimo Corporation*, IPR2020-01019, Paper 12 (PTAB December 1, 2020)(precedential as to § II. A); and *Snap, Inc. v. SRK Technology LLC*, IPR2020-00820, Paper 15 (PTAB October 21, 2020)(precedential as to § II. A).

<sup>21</sup> Response from AIPLA at 8; Response from PTAB Bar Association at 12.

## Other Discretionary Institution Factors

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The Office did not receive many suggestions in response to its question regarding other discretionary institution considerations under 35 U.S.C. § 314(a), but did receive suggestions that the Office promulgate rules for evaluating whether to proceed with an AIA review in view of 35 U.S.C. § 325(d) based on the framework set forth in *Advanced Bionics* and *Becton Dickinson*.<sup>22</sup>

## Conclusion

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This RFC generated extensive interest from stakeholders, with the number of comments exceeding those received in prior AIA post-grant proceeding rulemaking efforts. A clear majority of commenters recognized that the Director's discretion to deny institution is an important mechanism for maintaining system balance and ensuring that AIA proceedings remain a faster, cheaper alternative to costly litigation, and not as tools for repeated challenges to a patent. The majority of comments opposed bright line rules that would either allow unfettered access to AIA proceedings or impose strict limitations on institution. Many commenters were supportive of the Office's existing frameworks to evaluate serial and parallel petitions, and such an approach appears to provide a "middle ground" between opposing stakeholders. A majority of commenters also supported use of discretion under § 314(a) to deny institution when considering proceedings in other tribunals, although many comments suggested possible modifications to the current approach.

The breadth of commentary and recommendations provided by stakeholders is much appreciated and will help the Office in its efforts to evaluate and refine discretionary institution practices, guide designation of new precedent and potential rulemaking efforts, and provide valuable insights into how specific rules would be received by different stakeholder groups.

<sup>22</sup> Response from AIPLA at 10-11; Response from IPO at 6-7.



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