

July 31, 2019

Chairman Lindsey Graham  
152 Dirksen Senate Office Building  
Washington, DC 20510

Ranking Member Dianne Feinstein  
224 Dirksen Senate Office Building  
Washington, DC 20510

Chairman Thom Tillis  
113 Dirksen Senate Office Building  
Washington, DC 20510

Ranking Member Chris Coons  
218 Russell Senate Office Building  
Washington, DC 20510

Dear Chairman Graham, Ranking Member Feinstein, Chairman Tillis and Ranking Member Coons:

We write to address the topic of multiple petitions in *inter partes* review (“IPR”) and respond directly to the letter from Senators Tillis and Coons sent to USPTO Director Andrei Iancu on April 9, 2019. We believe that the filing of multiple petitions, unless done in bad faith or in an abusive manner, should not be discouraged. And the PTO already has standards in place for ensuring that multiple IPR petitions are not filed in bad faith, used in an abusive manner, or otherwise intended to harass patentees. In short, there is no problem that needs solving in connection with multiple petitions, and the proposals would do more harm than good.

Multiple petitions challenging the validity of the same patent are not inherently abusive or unfair to the patentee but rather a necessary component of a fair post-grant system. As we will explain below, there are certain circumstances that require parties to file more than one petition for review. For example, a single challenger may require multiple petitions to present multiple grounds of invalidity and avoid permanently losing arguments under the harsh estoppel provisions of the America Invents Act (“AIA”) that established the IPR system.

Furthermore, individual defendants accused of infringing the same patent should be able to mount their own independent challenges to the patent’s validity consistent with longstanding norms of American justice. The restrictions from the letter would effectively block challenges by all but one defendant, directly undermining the AIA’s vision of using post-grant proceedings as an efficient and effective mechanism to rid our system of bad patents.

**I. Multiple petitions against the same patent are an intrinsic part of a fair IPR system.**

The proposals for highly restricted multiple petition practice reflect a practical misunderstanding of the IPR system. Although abuses should be and have been addressed, almost all current multiple petitions are needed for both fairness and to preserve the public interest in removing bad patents. The statutory scheme for IPR and the PTO’s own rules of practice establish reasons why a petitioner may need to file more than one petition, or may need to file a follow-on petition later in time (for example, where a new party is sued after the first petitioner has filed an IPR). There are also practical reasons why a petitioner may do so, including differences in information or interests between its own company and the company who filed the original petition. None of these reasons indicates a bad faith motive or desire to use the system to abuse patent owners.

Multiple petitions are often required based on the PTAB's rules: Because petitions are limited to 14,000 words and must address all of petitioner's arguments and evidence, it is often impossible to compress everything in one petition.<sup>1</sup> For that reason, petitioners file multiple petitions—addressing claims in separate petitions rather than all the patent's claims in one petition—to stay within the word limit while thoroughly addressing all arguments.<sup>2</sup> The estoppel provisions for IPR under 35 U.S.C. § 315(e) are harsh—they preclude a petitioner from later litigating any ground that was raised or *could have been* raised.

Additionally, changes in circumstances may warrant filing multiple petitions. For instance, a patent owner may assert new claims in a parallel district court litigation, thereby prompting the petitioner to file a new petition challenging those claims. Or, a new party may be joined to an existing IPR proceeding, requiring it to file a copycat petition that, under the rules, proceeds in tandem with the original proceeding.

In light of the Supreme Court's recent decision in *SAS Institute Inc. v. Iancu*—requiring the PTAB to either institute on all claims in a petition or not institute review at all<sup>3</sup>—multiple petitions also allow the PTAB to effectively institute only certain claims without actually partially instituting a single petition. The use of multiple petitions allows the PTAB to avoid clashing with the Supreme Court's holding in *SAS*, while still only instituting review based on the strongest challenges to the patent claims.

Moreover, public policy strongly supports allowing multiple, unrelated petitioners each to have its challenge independently adjudicated by the PTAB. Different petitioners have different information and resources, resulting in more than one petition: Company A may assert that the '123 patent is invalid based on certain prior art and Company B may assert invalidity of only some claims based on different prior art. Indeed, there are good reasons for different petitioners to select different prior art to assert against the same claims. For example, if an accused infringer believes that its product works the same way as a particular prior art reference, the accused infringer may wish to use that reference in its petition to establish that either the patent is invalid or it is not infringed. A different accused infringer may face different considerations and therefore may prefer different prior art. Likewise, there are good reasons for different petitioners to challenge different claims. For instance, a patent may have a claim set directed to Ethernet switching and another set directed to inter-CPU message switching. One company may only have an interest in the Ethernet switching, where another may only be interested in the second set. Different petitioners may have different interests, and each unrelated petitioner should be given a full and fair opportunity to present its challenge to the PTAB.

Indeed, precluding a second petitioner from attacking a patent previously subject to challenge would encourage gamesmanship by patentees. An unscrupulous patentee might file a lawsuit against a poorly-funded defendant, in the hope that that defendant might file a low-quality challenge, precluding all future challengers. Or the patentee might sue a first defendant on only a

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<sup>1</sup> U.S. Patent Office, Trial Practice Guide Update (Aug. 2018), at 5-7.

<sup>2</sup> This has been an important use case for many companies. There have been several instances where there are simply too many equally-strong prior art references to adequately address in a single petition. If only one or two of the references were selected, a company could be estopped from ever relying on the remaining references either in district court or before the PTAB.

<sup>3</sup> 138 S. Ct. 1348, 1358-59 (2018).

few claims, leading that defendant to challenge only those claims but precluding future defendants from challenging other claims. These are only two of many examples of the counterproductive effects of proposals to unfairly limit multiple petitions.

## II. “Abusive serial petitions” are uncommon.

Petitions that would fall under their definition of “abusive serial petitions” are few and far between. Both the PTO’s own reports<sup>4</sup> and studies conducted by groups like the Computer and Communications Industry Association (“CCIA”) <sup>5</sup> establish that “abusive serial petitions” do not pose a threat to the U.S. patent system. Indeed, a recent study considering all IPR petitions filed through May 31, 2019 shows that only 2% of petitions could possibly be deemed abusive.<sup>6</sup>

The PTAB’s own statistics show that “abusive serial petitions” are not a prevalent threat. A 2017 report showed that the vast majority of multiple petitions are simply not abusive and in fact are appropriate: They are filed before any preliminary patent owner response or institution decision (disposing of any concern that later-filed petitions improperly use the original institution decision as a roadmap), and the remainder are filed due to changes in circumstances or to comply with the PTO rules.<sup>7</sup>

Some rely on a misleading study conducted in June 2018, which suggests that numerous high-tech companies, including Apple, Samsung, Google, Microsoft, and LG, are “abusive serial filers.”<sup>8</sup> In this study, the authors looked at petitions filed by those five companies and identified petitions that challenge at least one claim that is the subject of review under another petition. The authors concluded that “serial petitions” are used in an abusive way by these companies; for example, it reported that 56% of Apple’s petitions are duplicative (and thus assumed to be abusive by the authors).

This study was fundamentally flawed in ways that greatly exaggerated the scale of the supposed serial petition crisis. For example, the study double-counted petitions by including the original petition as duplicative. It also did not correct for petitions filed on non-overlapping claims, petitions filed on the same day (due to word limits), or petitions filed by third parties in order to procedurally join an existing IPR proceeding. The authors’ failure to account for these

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<sup>4</sup> D. Ruschke & W. Saindon, Chat with the Chief: An Analysis of Multiple Petitions in AIA Trials, U.S. Patent and Trademark Office, Oct. 24, 2017, available at [https://www.uspto.gov/sites/default/files/documents/Chat\\_with\\_the\\_Chief\\_Boardside\\_Chat\\_Multiple\\_Petition\\_Study\\_20171024.pdf](https://www.uspto.gov/sites/default/files/documents/Chat_with_the_Chief_Boardside_Chat_Multiple_Petition_Study_20171024.pdf).

<sup>5</sup> Letter from CCIA to Senators Tillis and Coons, Mar. 20, 2019, available at <https://www.patentprogress.org/wp-content/uploads/2019/03/2019-03-20-Senate-IP-Subcommittee-Letter-Re-Referenced-Studies.pdf>

<sup>6</sup> Clarity Through Data: A System-wide Reconstruction of Recent “Serial” IPR Studies, RPX Corp. (June 13, 2019), available at <http://www.rpxcorp.com/intelligence/blog/clarity-through-data-a-system-wide-reconstruction-of-recent-serial-ipr-studies/>

<sup>7</sup> D. Ruschke & W. Saindon, Chat with the Chief: An Analysis of Multiple Petitions in AIA Trials, U.S. Patent and Trademark Office, Oct. 24, 2017, available at [https://www.uspto.gov/sites/default/files/documents/Chat\\_with\\_the\\_Chief\\_Boardside\\_Chat\\_Multiple\\_Petition\\_Study\\_20171024.pdf](https://www.uspto.gov/sites/default/files/documents/Chat_with_the_Chief_Boardside_Chat_Multiple_Petition_Study_20171024.pdf).

<sup>8</sup> S. Carlson & R. Schultz, Tallying Repetitive Inter Partes Review Challenges, Law360, Sept. 14, 2018, available at <https://www.robinskaplan.com/~media/pdfs/tallying%20repetitive%20inter%20partes%20review%20challenges.pdf>

considerations resulted in an exaggerated report about the number of abusive serial petitions filed in the U.S. patent system.

No evidence suggests that abusive serial petitions are widespread or that they pose a threat to our patent system. In response to the report identified above, CCIA conducted its own study that addressed the same set of multiple petitions filed by the five most frequent petitioners. This time, CCIA corrected for the factors that the earlier misleading study ignored.<sup>9</sup> The results of CCIA's analysis showed that only 2% of petitions could even qualify to be considered "abusive serial petitions" (only 25 out of 1,139). Thus, a proper analysis of multiple petitions filed at the PTO shows that abusive serial petitions are not a substantial threat to the integrity of the system. Since nearly all multiple petitions are justifiable on their face, the proposed presumption against them is simply unjustified.

### **III. The PTO already ensures that multiple petitions are not used to abuse patentees.**

To ensure that multiple petitions are not used to harass patentees, the PTO already has numerous options. *First*, the PTO's application of precedent acts to ensure that multiple petitions are not used to abuse the IPR system or harass the patentee. The PTAB's precedential decision in *General Plastic Co. v. Canon Kabushiki Kaisha*<sup>10</sup> sets forth seven factors for the PTO to consider when deciding to institute a petition,<sup>11</sup> and application of those factors allows the PTO to identify when multiple petitions would be used to harass a patent owner. When reviewing a new petition, *General Plastic* considers: (1) whether the petition involves the same petitioner, same claims, and/or same patent; (2) whether petitioner knew or should have known of prior art when the original petition was filed; (3) whether the patent owner's preliminary response and/or the Board's institution decision have already been filed; (4) whether the petition was filed soon after the petitioner learned of prior art; (5) whether the petitioner has an adequate explanation for the time gap between petitions; (6) the finite resources of the Board; and (7) the statutory requirement to issue a final written decision within 1 year of institution.<sup>12</sup> These factors allow the PTAB to fairly consider whether a petition is being used as a harassment tactic or if it is a necessary follow-on petition.

In *Becton Dickinson & Co. v. B. Braun Melsungen AG* the PTAB set forth a list of non-exhaustive factors that may be considered in determining whether a petition is impermissibly duplicative, such as the similarities and differences between the asserted prior art and the art considered during examination and the overlap between arguments made by the petitioner and arguments made during examination.<sup>13</sup> Hence the PTAB may, within its discretion, deny petitions that simply repeat arguments that have already been considered and rejected by the examiner. But, importantly, the Board may still institute review where, for example, the examiner misunderstood the art or improperly analyzed it. Indeed, a recent report shows that the

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<sup>9</sup> Letter from CCIA to Senators Tillis and Coons, Mar. 20, 2019, available at <https://www.patentprogress.org/wp-content/uploads/2019/03/2019-03-20-Senate-IP-Subcommittee-Letter-Re-Referenced-Studies.pdf>

<sup>10</sup> IPR2016-01357 (PTAB Sept. 6, 2017) (Paper 19) (precedential).

<sup>11</sup> 2018 Revised Trial Practice Guide, at 9-10.

<sup>12</sup> *General Plastic*, Paper 19, slip op. 16-17.

<sup>13</sup> IPR2017-01586, slip op. at 17-18 (PTAB Dec. 15, 2017) (Paper 8) (informative).

PTO already uses its discretion under § 325(d) to deny institution, and has done so about 17% of the time in cases that implicate this provision.<sup>14</sup>

*Second*, the PTO’s rules of practice and its August 2018 update to its Trial Practice Guide sets forth directions for how the Board should use its discretion to institute or deny petitions, considering the integrity of the patent system and the ability of the Office to timely complete a proceeding.<sup>15</sup> Further, the PTO has pointed the Board to the factors set forth in cases like *General Plastic* and *Becton Dickinson* to aid its use of its discretion.<sup>16</sup>

Additionally, under *SAS*, the PTAB must either institute IPR on all claims and grounds in the petition, or not institute at all. This should eliminate concerns about petitioners using the institution decision as a road map to file follow-on petitions on claims that the PTAB declined to institute on.

#### **IV. The Congressional proposal would over-correct any problem and harm the U.S. patent system.**

The concerns about “abusive serial petitions” are founded in unreliable reports of their effect on the patent system. For that reason, the proposals in the letter to solve this overstated problem are too extreme and would do significant harm to the IPR regime.

The first proposal from the letter is for the USPTO to adopt a presumption that, when the PTAB has already issued an institution decision with respect to a particular patent, further petitions (no matter the petitioner or merits) should not be entertained. This “one and done” approach should be rejected for multiple reasons. Adopting a presumption that a single institution decision with respect to a given patent would bar further petitions on that patent improperly conflates different inventions that are the subject matter of different claims. Specifically, first, such a presumption would treat all claims of a patent as simply one patent, but the law is clear that patent claims represent individual inventions. So, institution on claim 1 of patent ‘234 should not bar a challenge to claim 2, just as invalidation of claim 1 would not affect the validity of claim 2. Similarly, while claim 1 may be determined to be novel and therefore valid under § 102, it may nonetheless be obvious under § 103. Federal Courts have held that validity is not a monolithic issue; the Senators’ proposed presumption is in contradiction with that jurisprudence.<sup>17</sup> Further, creating such a presumption would risk that the earlier filing of a weak petition that ultimately leaves the claims intact would preclude a later, and stronger petition from challenging what is actually an invalid patent. Again, this runs headlong into the IPR system’s purpose of ensuring that only truly valid patents survive.

Additionally, the proposal to further expand *General Plastic* to later petitioners who are not in privity with the original petitioner would deprive those later petitioners of their rights based on

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<sup>14</sup> J. Landau, The Same or Substantially the Same Prior Art or Arguments, Patent Progress, Mar. 16, 2018, available at <https://www.patentprogress.org/2018/03/16/substantially-prior-art-arguments/>.

<sup>15</sup> 2018 Revised Trial Practice Guide at 8-9, 11-12.

<sup>16</sup> *Id.* at 9-10, 12-13.

<sup>17</sup> *Voter Verified, Inc. v. Election Sys. & Software LLC*, 887 F.3d 1376, 1382 (Fed. Cir. 2018); *Orexo AB v. Actavis Elizabeth LLC*, No. 1:17-cv-00205, order (D. Del. Mar. 12, 2019) (validity is not a single issue for collateral estoppel purposes).

nothing more than the fact that both petitioners were sued by the same patentee. Section 315(e) already contemplates which parties should be estopped from later challenging patent claims that have already been reviewed. Thus the proposal unnecessarily expands that rule. Furthermore, the proposal does not indicate how expansive the definition of “affiliate” is, and it could thus group together parties whose only affiliation is having been sued by the same patentee.

The “one and done” approach proposed would deprive all but one entity (who would have to have been accused of infringing a given patent) of their ability to use the IPR system to challenge a patent. The obvious strategy for the owners of weak patents will be to avoid the IPR system by initially targeting a weak defendant who is likely to mount ineffective challenges, after which IPR will be unavailable to others. Where petitioners are defendants in litigation, this policy goes against the longstanding principle in American law that one defendant should not suffer harm from the shortcomings in the defense mounted by an unrelated party.

## V. Conclusion

Truly “abusive serial petitions” are few and far between, and do not present a significant threat to the U.S. patent system. For those multiple petitions that do qualify as “abusive,” the PTO already has and uses the necessary tools to thwart such petitions.

We would be happy to further discuss this issue with you.

Sincerely,



Internet Association



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cc: Members of the Senate Judiciary Committee