



**IN THE MATTER OF REQUEST FOR COMMENTS ON DISCRETION TO  
INSTITUTE TRIALS BEFORE THE PATENT TRIAL AND APPEAL BOARD**

**Docket No. PTO–C–2020–0055**

**COMMENTS OF THE ELECTRONIC FRONTIER FOUNDATION**

The Electronic Frontier Foundation (“EFF”) welcomes this opportunity to provide comments on the United States Patent and Trademark Office’s (“USPTO”) Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board (“PTAB”), Docket No. PTO-C-2020-0055, published Tuesday, October 20, 2020 (“Request”).

EFF is a nonprofit civil liberties organization that has worked for 30 years to protect consumer interests, innovation, and access to knowledge in the digital world. EFF and its more than 30,000 dues-paying members care deeply about ensuring that intellectual property law in this country serves the goal set forth in the Constitution: promoting the progress of science and technological innovation by granting limited exclusive rights.

To ensure the voices of consumers, end users, and developers are heard, EFF routinely submits comments to regarding USPTO policies and procedures that affect the patent system’s ability to achieve these goals, including PTAB trial practice and procedures, measures to enhance patent quality, and the correct application of patent-eligibility law.<sup>1</sup>

**I. Introduction**

EFF urges the Office to return to the approach it took when implementing the America Invents Act (“AIA”): deciding whether to institute review based on (1) the petition’s compliance with the statute’s requirements; and (2) the Patent and Trial Appeal Board’s (PTAB) ability to issue a final decision within the statutory one-year time period.

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<sup>1</sup> See, e.g., Comments of EFF re: Request for Comments on Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board, Docket No. PTO-P-2018-0062 (Dec. 20, 2018), <https://www.uspto.gov/sites/default/files/documents/12.20.2018%20EFF.pdf>; Comments of EFF re: Notice of Proposed Rulemaking for Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings before the Patent and Trial Appeal Board, Docket No. PTO-P-2018-0036 (July 9, 2018), [https://www.eff.org/files/2018/07/13/comments\\_of\\_eff\\_re\\_docket\\_no\\_pto-p-2018-0036.pdf](https://www.eff.org/files/2018/07/13/comments_of_eff_re_docket_no_pto-p-2018-0036.pdf); Comments of EFF, Engine, and Public Knowledge re: Enhancing Patent Quality, Docket No. PTO-P-2014-0043 (May 6, 2015) [https://www.eff.org/files/2015/05/08/final\\_eff\\_engine\\_and\\_pk\\_comment\\_on\\_patent\\_quality.pdf](https://www.eff.org/files/2015/05/08/final_eff_engine_and_pk_comment_on_patent_quality.pdf); Comments of EFF Regarding Guidance Pertaining to Patent-Eligible Subject Matter, Docket No. PTO-P-2014-0036 (July 31, 2014), at [https://www.eff.org/files/2014/08/11/eff\\_comments\\_regarding\\_patentable\\_subject\\_matter\\_and\\_alice\\_corp.pdf](https://www.eff.org/files/2014/08/11/eff_comments_regarding_patentable_subject_matter_and_alice_corp.pdf).

Considerations unrelated to the factors expressly identified in the AIA are irrelevant. The Office's decision to rely on other factors, particularly those related to the status of parallel court proceedings, undermines Congress's intent by increasing the number of invalid patents litigated in court proceedings rather than shifting them toward the more efficient alternative of PTAB review. Data already shows these changes are driving up patent case filings and spurring investment in patent litigation. Over time, everyone who uses patented technology will feel the effects of these changes as prices and lawsuits rise while technological innovation, competition, and creativity decline.

The Office can stop that from happening by reversing course and promulgating rules that are true to Congress's intent in enacting AIA and the public's need for an efficient mechanism to challenge patents outside of court. EFF urges the Office to (1) suspend the discretionary denial rules promulgated to date in case law; (2) study the effect those rules have had on the cost and frequency of patent litigation outside the Office; and (3) apply the AIA as written by ensuring the PTAB grants petitions that satisfy the statutory criteria, or, when it lacks the resources to do so, explicitly says that is the reason for denial.

## II. EFF's Responses to Issues for Comment

### **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?**

There should be no limits on the number of petitions that can be filed or the number of AIA trials that can be instituted against the claims of a patent, so long as the petition complies with the requirements Congress established in the AIA.

The AIA already addresses the issue of serial petitions through amendments Congress made specifically to address patent owner concerns.<sup>2</sup> There is no gap for the PTO to fill with regulations on serial petitions; all that additional regulation will do is undermine the balance Congress deliberately set.

The AIA has two mechanisms for dealing with multiple petitions directed to the same patent. First, "during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding." 35 U.S.C. § 315(d). In other words, if a petition addresses a patent that is already under review, it can be stayed until the conclusion of the prior proceeding, consolidated with the prior proceeding, or the prior

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<sup>2</sup> Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 Fed. Cir. B.J. 435, 604 (2012) ("In addition, the managers' amendment added procedural limits to both [IPR and post-grant review] proceedings in order to address patent owners' complaints about serial challenges to patents.").

proceeding can be terminated. There is no suggestion, however, that the petition may be *denied* simply because another matter involving the same patent is pending.

The second mechanism explicitly addresses situations where a petition may be denied on basis of a previous petition: if IPR is instituted, “[t]he petitioner . . . , or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.” 35 U.S.C. § 315(e). This is a broad estoppel provision, barring a petitioner from re-raising not only the same issues, but any issue that she “could have raised” the first time. Congress expanded this estoppel provision in response to patent owners’ concerns.<sup>3</sup> But it made estoppel hinge on the identity of the petitioner. A petitioner cannot raise issues in someone else’s petition, and therefore is not estopped from challenging a patent simply because someone else did so unsuccessfully. The Office should not restrict petitions based on the conduct of unrelated petitioners.

Congress imposed these provisions instead of any limit on the number of petitions directed at the same patent. The evidence supports Congress’s decision not to impose such limits: the most litigated patents are also likely to have many claims, numerous prior art citations, and extensive prosecution histories.<sup>4</sup> Petitioners need more pages and more evidence to challenge patents with many claims than a single petition allows. The Office should therefore expect multiple petitions directed to the same patent, and grant those that qualify for review under the AIA.

**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?**

The Office should altogether disregard whether the claims have previously been challenged in other petitions. But to the extent such considerations are given weight, the focus should be on whether the petition challenges the same patent claims based on the same prior art as a prior petition.

The Office must permit more than one petition to challenge the same patent, especially those with many claims. Each claim of a patent “must be considered as defining a separate invention.” *Jones v. Hardy*, 727 F.2d 1524, 1528 (Fed. Cir. 1984) (citing 35 U.S.C. § 282; *Altoona Publix Theaters, Inc. v. American Tri-Ergon Corp.*, 294 U.S. 477, 487 (1935)). Accordingly, a patent owner needs only a single claim to demand payment or sue others for the use of their supposed invention. More than one petition may therefore be necessary to invalidate a patent effectively.

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<sup>3</sup> *Id.*

<sup>4</sup> John R. Allison, Mark A. Lemley, & Joshua Walker, *Patent Quality and Settlement Among Repeat Patent Litigants*, 99 Georgetown L. J. 677 (2011), available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1677785](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1677785) at \*5 (last visited Nov. 29, 2020); John R. Allison et al., *Valuable Patents*, 92 GEO.L.J. 435 (2004), available at: <https://osf.io/preprints/socarxiv/c8szj/download> (last visited Nov. 29, 2020).

If only some claims are cancelled, the rest keep the patent alive to assert in litigation. These partial invalidity decisions offer cold comfort to independent developers, small companies and technology users, who cannot afford to prove lingering claims invalid in district court trials. To date, multiple petitions have been permitted throughout the Office’s implementation of the AIA for good reason: multiple petitions are necessary to effectuate Congress’s intention of weeding out invalid patents and thus promoting innovation, competition, and economic growth.

**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?**

As discussed above, more than one petition may be necessary for many wrongly-granted patents, including those that are most often litigated, which generally have lots of claims. Therefore, the Office should not promulgate a case-specific analysis that depends solely or substantially on the fact that another petition has been filed on the same patent at approximately the same time.

That said, the Board has no obligation to waste resources or institute reviews it cannot practicably conduct within the statutory one-year timeframe. If the Office identifies factors that weigh in favor of discretionary denial for non-statutory reasons, the goal should be avoiding waste and preserving agency resources—not addressing unsupported allegations of patent harms. For example, factors that could be properly considered beyond those in the statute are: the Board’s finite resources, and the one-year time limit for the Board to issue a final determination.<sup>5</sup>

But when resource constraints are causing the Board to deny petitions that might succeed on the merits, the public and their representatives need to know—among other reasons, so that they can advocate or legislate for the provision of additional resources as needed. The Board should have authority to deny petitions based on its resource constraints and time limits, but when it does so, it should state those grounds of denial clearly in its decisions.<sup>6</sup>

**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?**

The Office should generally disregard the number of petitions filed on a particular patent when deciding whether to institute review. As discussed above, multiple petitions are necessary and desirable to effectuate the AIA’s goals of enhancing patent quality and providing an efficient alternative to district court litigation. *See* Response to Issue No. 2.

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<sup>5</sup> *See* USPTO, Trial Practice Guide Update (August 2018) at 10, available at: [http://ptabbar.org/docs/2018\\_Revised\\_Trial\\_Practice\\_Guide.pdf](http://ptabbar.org/docs/2018_Revised_Trial_Practice_Guide.pdf) (last visited Dec. 2, 2020).

<sup>6</sup> Matal, *supra* n.2, at 606 (“Commenting on the USPTO’s authority to set numerical limits on the new proceedings, Senator Kyl suggested that the USPTO should make clear when petitions are rejected because of these limits, in order to avoid prejudice to the petitioners . . . “[o]therwise, even a challenger with strong invalidity arguments might be deterred from using inter partes or post-grant review by fear that his petition might be rejected because of the numerical limit, and the fact of the rejection would then be employed by the patent owner in civil litigation to suggest that the experts at the Patent Office found no merit in the challenger’s arguments.”)(citing 157 Cong. Rec. S1377 (daily ed. Mar. 8, 2011)).

But the Board has the discretion to deny petitions that are unlikely to succeed in establishing invalidity if granted. That might occur in situations involving multiple petitions, for example, when a petition is literally identical—*i. e.*, is from the same petitioner, directed to the same patent claims, and based on the same prior art evidence—to one that was granted and deemed insufficient on the merits to establish invalidity.

The AIA did not restrict the number of petitions that could be directed to the same patent. Neither did the Office when it began implementing the AIA. There is no reason or justification for imposing such restrictions now.

**5. Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *Finitiv* 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?**

No. The Office should eliminate any consideration of the state of any district court or ITC actions involving a challenged patent, so long as the petition complies with the statutory requirements Congress chose to enact in the AIA. When a petition is timely and satisfies the threshold showing that at least one claim is likely unpatentable, review should be instituted as long as the Board has adequate resources to issue a final decision within a year.

The Office should not promulgate rules like those outlined in *Finitiv*; in fact, it should immediately stop following that decision. The multi-factor analysis set forth in *Finitiv* defies the plain language of the AIA, Congress’s overriding intent, and the public’s interest in having an efficient system for resolving validity disputes outside of court. Unsurprisingly, *Finitiv* and the analysis it endorses are currently being challenged, among other things, as contrary to the AIA, in district court.<sup>7</sup>

Congress did not make institution decisions depend on the status of district court litigation for good reason: Congress intended IPRs to replace district court litigation.<sup>8</sup> That makes sense: IPRs are faster, cheaper, in principle, more likely to be accurate than district court trials given the unique technical expertise of PTAB judges. In cases involving invalid patents, IPRs vitiate the need for expensive, time-consuming district court proceedings altogether. That is why Congress did not limit the availability of IPR proceedings in order to make way for proceedings elsewhere that might prove unnecessary.

Taking invalid patents to trial instead of AIA proceedings hurts almost everyone: businesses divert resources from research and development to legal fees, consumers lose access to technology, space for competition shrinks, and the administration of justice slows due to

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<sup>7</sup> Complaint, *Apple Inc. v. Andrei Iancu*, No. 5:20-cv-06128, N.D. Cal. (Aug. 31, 2020).

<sup>8</sup> Joel Sayres & Julie Wahlstrand, *To Stay or Not to Stay Pending IPR? That Should be a Simpler Question*, 17 Chi.-Kent J. Intell. Prop. | PTAB Bar Assoc. 52, 53 (2018) (“Congress believed that inter partes reviews . . . would better address the cost and burdens of patent litigation by serving as a ‘complete substitute’ for district court litigation with respect to the issue of validity based on patents and printed publications under 35 U.S.C. §§102 and 103.”), available at: <https://scholarship.kentlaw.iit.edu/ckjip/vol17/iss3/6> (last visited Nov. 29, 2020).

cluttered district court dockets. The only winners are those who leverage the cost of patent litigation—rather than the value of technological they create—to generate revenue.

Congress passed the AIA largely in response to the plague of abusive patent assertion practices in this country. The Eastern and Western Districts of Texas are notorious hotbeds of patent litigation, especially cases brought by non-practicing entities file against huge numbers of targets, often including mom-and-pop businesses and retail customers. In recent years, the Eastern District as a whole has handled more than 40% of all patent cases nationally despite having only 1% of the nation’s population.<sup>9</sup> Although the Supreme Court’s decision in *TC Heartland* brought that down to approximately 10% of all patent litigation, the Western District, which is on track to handle 22% of all patent cases by the end of the year, is making up most of the difference.<sup>10</sup> According to a new paper, more than 85% of those cases were filed by non-practicing entities.<sup>11</sup>

The PAE business model relies on the prohibitive costs of patent litigation to drive disproportionately high settlements from unsophisticated parties. That means their business model requires initiating litigation, engaging in expensive discovery, and then settling without any adjudication on the merits—especially of validity issues. But patent owners can and will readily schedule early trial dates and still avoid adjudication on the merits for a simple reason: trial schedules change. That is the rule, not the exception. And it will be even more prevalent if patent owners can get early trial dates to convince the PTAB to deny meritorious IPR petitions, and then return to the district court with a request for an extension of the trial date.

Making institution depend on the status of other proceedings will weigh the scales heavily in favor of patent owners. For petitions without merit, that difference does not matter. But for petitions that would be granted if not for the status of outside proceedings, the difference will powerfully affect the petitioner as well as the public, who bear the costs of unnecessary litigation in taxpayer-funded courts and unnecessary administrative restrictions on innovation and competition.

Those costs will be especially great if the PTAB denies IPR petitions based on pending proceedings before the ITC. Critically, ITC decisions on patent validity and infringement have no preclusive effect in district court litigation. *See Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996) (“Based on this legislative history, we have stated that Congress did not intend decisions of the ITC on patent issues to have preclusive effect.”) (citing *Tandon Corp. v. U.S.I.T.C.*, 831 F.2d 1017, 1018 (Fed. Cir. 1987)). The public therefore

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<sup>9</sup> Josh Landau, *Forum Selling and Judge Shopping—How Two Texas Districts Compete For NPE Cases*, Patent Progress, <https://www.patentprogress.org/2020/09/24/forum-selling-and-judge-shopping-how-two-texas-districts-compete-for-npe-cases/> (Sept. 24, 2020).

<sup>10</sup> Scott, Graham, *Patent Litigation Is on the Rebound, Led by WD-Texas Filings*, National Law Journal, <https://www.law.com/nationallawjournal/2020/07/01/patent-litigation-is-on-the-rebound-led-by-wd-texas-filings/?sreturn=20200823171902> (July 1, 2020); Paul R. Gugliuzza & J. Jonas Anderson, *Guest Post: How the West Became the East: The Patent Litigation Explosion in the Western District of Texas*, PatentlyO, <https://patentlyo.com/patent/2020/09/litigation-explosion-district.html> (Sept. 15, 2020).

<sup>11</sup> Paul R. Gugliuzza & J. Jonas Anderson, *Federal Judge Seeks Patent Cases*, Temple University Legal Studies Research Paper No. 2020-25; American University, WCL Research Paper No. 2020-22 (Sept. 18, 2020) at 7, available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3668514](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3668514) (last visited Dec. 2, 2020).

does not obtain the same benefits from ITC decisions, even on validity, that they do from IPR proceedings.

The PTAB should not deny institution based on pending ITC proceedings for the same reason the latter have no preclusive effect: “the Commission's primary responsibility is to administer the trade laws, not the patent laws.” *Tandon*, 831 F.2d at 1019. The opposite is true of the PTAB as part of the Patent Office. That is why the Federal Circuit has consistently given PTAB decisions preclusive effect in district court litigation. *See, e.g., Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1344 (Fed. Cir. 2013) (PTAB’s decision to invalidate patent during inter partes reexamination had preclusive effect in district court litigation “because Congress has expressly delegated reexamination authority to the PTO under a statute requiring the PTO to cancel rejected claims, and cancellation extinguishes the underlying basis for suits based on the patent.”). The Patent Office, unlike any other forum, is responsible for enforcing the patent law in the first instance. For that reason, it should fulfill that responsibility by reviewing granted patents that are likely invalid before other tribunals do unnecessary work as a result of the Office’s mistakes.

Given the additional costs of unnecessary proceedings to parties, court personnel, and members of the public individually and together, the Office should at least conduct a study to assess how these rules would affect the number of patent lawsuits filed, where those lawsuits are filed, how much they cost, and how they would affect the workloads of district courts and the PTAB. Evidence shows that changes the Office has implemented to date are causing patent case filings to soar: for the first half of 2020, district court filings were up 16% over the previous six months.<sup>12</sup> This upturn suggests to some commentators a deliberate shift by investors to re-allocate capital in favor of litigation funding.<sup>13</sup>

**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?**

For the reasons provide in response to Issue No. 5, the Office should disregard the existence or status of district court or ITC proceedings altogether when deciding whether to institute a petition for review under the AIA.

**7. In light of the various contrasting views from some stakeholders, the Office solicits further public input on what should be considered as part of a balanced assessment of the relevant circumstances when exercising its discretion to institute an AIA trial.**

As discussed above, AIA review should be instituted whenever a petition satisfies the statutory requirements and the Board has the resources necessary to issue a final decision within the statutory one-year time period. *See* Response to Issue No. 1. Therefore, the decision to institute

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<sup>12</sup> Graham, *supra*, n.10.

<sup>13</sup> *Id.*

an AIA trial should not involve assessing circumstances unless they are relevant to the ability of the petitioner or the Board to satisfy the AIA’s requirements.

Nevertheless, any balanced assessment must include considering evidence from more than one side. To provide a balanced assessment of its proposed rules, the Office should identify any evidence supporting allegations of harassment directed at patent owners, and balance it against evidence of abusive patent assertion activities directed at productive businesses and individuals since the enactment of the AIA. Considering the self-serving allegations of patent owners, but not the well-documented public concerns that led Congress to pass the AIA, is as far from balanced as an assessment can be.

EFF and its community know firsthand how much damage invalid patents can do. But we also know how powerful AIA reviews can be for stopping them.

Back in early 2013, the podcasting community found itself in the crosshairs of a patent troll called Personal Audio LLC. Personal Audio sued comedian Adam Carolla, three of the biggest podcasting companies, and threatened numerous smaller podcasters.<sup>14</sup> EFF challenged the podcasting patent—U.S. Patent 8,112,504, which claims a “system for disseminating media content” in serialized episodes—in an IPR and won.<sup>15</sup> The PTAB invalidated all the challenged claims of the podcasting patent, finding that it should not have been issued in light of two earlier publications, one relating to CNN news clips and one relating to CBC online radio broadcasting.<sup>16</sup>

On appeal, the Federal Circuit concluded EFF lacked standing to defend the PTAB’s decision, but that did not prevent it from also concluding the PTAB’s invalidity decision was correct.<sup>17</sup> That decision was affirmed, and Supreme Court rejected Personal Audio’s petition for review.<sup>18</sup> Our victory was possible thanks to the support of our community and members of the public who donated funds and helped search for prior art. But it was also possible because AIA review was available based on the statutory requirements. In the short term, it liberated the podcaster community from the specter of liability and harassment by Personal Audio and saved their audiences from losing access to their favorite podcasters.

The podcasting patent expired in October 2016, while the case was on appeal before the Federal Circuit. But that would have been too late to save any podcasters who were active before the patent expired. The statute of limitations in patent cases is six years. If it could have avoided AIA review of its claims, Personal Audio would have had years to threaten and sue for damages based on podcasting before the patent’s expiration date. The effect on the the finances, creativity,

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<sup>14</sup> Tim Sampson, *Marc Maron: Lawsuit over podcast patent is “extortion,”* Daily Dot, [www.dailydot.com/upstream/marc-maron-podcast-patent-interview/](http://www.dailydot.com/upstream/marc-maron-podcast-patent-interview/) (Mar. 2, 2020).

<sup>15</sup> Daniel Nazer, *EFF Wins Final Victory Over Podcasting Patent*, <https://www.eff.org/deeplinks/2018/05/eff-wins-final-victory-over-podcasting-patent> (May 14, 2018).

<sup>16</sup> *EFF v. Pers. Audio, LLC*, IPR2014-00070, Final Written Decision, Paper 41 (Apr. 10, 2014) available at: <https://www.eff.org/document/uspto-decision> (last visited Dec. 3, 2020).

<sup>17</sup> *Pers. Audio, LLC v. Elec. Frontier Found.*, 867 F.3d 1246 (Fed. Cir. 2017), available at: <https://www.eff.org/document/opinion-personal-audio-v-efffederal-circuit> (last visited Dec. 3, 2020).

<sup>18</sup> *Pers. Audio, LLC v. Elec. Frontier Found.*, 138 S. Ct. 1989, 201 L. Ed. 2d 249 (2018), available at: [https://www.supremecourt.gov/orders/courtorders/051418zor\\_j4el.pdf](https://www.supremecourt.gov/orders/courtorders/051418zor_j4el.pdf) (last visited Dec. 3, 2020).



and the productivity of the podcasting community would have been devastating. Many smaller podcasters might well have quit years ago.

Like many companies that generate revenue from patent assertion rather than research or production, Personal Audio is officially headquartered in the Eastern District of Texas, a notoriously patent-friendly forum, as discussed further in Response to Issue No. 6. As a corporate resident of that district and frequent plaintiff in its court, Personal Audio would have been especially well-situated to exploit opportunities to avoid AIA review by getting a judge to schedule the start of trial shortly after the filing of a petition.

Instead of imposing rules that will incentivize abusive patent assertion, the Office should consider the harmful effect its discretionary denial rules are already having on the businesses and individuals who are most vulnerable to meritless litigation and most in need of an affordable way to challenge invalid patents outside of court.

**8. 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 restore the AIA trial practices and procedures implemented prior to the *General Plastic* and *Finitiv* decisions. If not, it should state its rationale for deviating and identify any evidence considered in support.

The Office should also revoke the discretionary denial rules set forth in decisions to deny review that it has deemed precedential. The AIA makes decisions to deny review final and unappealable. That means no appellate court has ever considered whether these rules are consistent with the AIA, let alone concluded they are. Now that a court is poised to decide this issue, the PTO should suspend its discretionary denial rules until the legality of these practices is decided.

Finally, the Office should begin focusing on ways to improve patent quality instead of ways to prevent invalid patents from being challenged. Improving patent quality at the front end—by preventing invalid patents from issuing in the first place—will in the long run reduce the amount of post-issuance review needed, whether in district courts or the PTAB. One study estimates that increasing resource and time allocations for patent examination could save \$123 million in PTAB-related litigation expenses alone.<sup>19</sup>

It is past time the Office stopped chipping away at the AIA and returned to effectuating its goals of increasing patent quality and reducing abusive patent assertion, including by providing a more efficient way to resolve validity disputes than court proceedings allow.

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<sup>19</sup> Michael D. Frakes and Melissa F. Wasserman, *Irrational Ignorance at the Patent Office*, 72 Vanderbilt L. Rev 975, 1007 (2019), available at: <https://ssrn.com/abstract=3284109> (last visited Nov. 17, 2020).

### **III. Conclusion**

Taken together, it appears that recent changes to AIA review procedures are dismantling the IPR system Congress created when it enacted the AIA. Studies show the harm those changes have already done as investment on litigation funding and patent case filings soars. That is bad news for small businesses, start-ups, and consumers, but it is also bad news for everyone who believes the U.S. patent system should spur more innovation, economic growth, and creativity than litigation.

EFF urges the Office to suspend the discretionary denial rules promulgated to date in case law, study the effect they have had on the cost and frequency of patent litigation outside the Office, and apply the AIA as written and intended by ensuring the PTAB either grants IPR petitions that satisfy the statute's requirements or, when it lacks the resources to do so, explicitly states that the grounds for denial are due to the agency's capacity rather than merits of the petition or challenged patent.

Respectfully submitted,

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