

HOUSE COMMITTEE ON THE JUDICIARY, COURTS, IP, AND THE
INTERNET SUBCOMMITTEE
THE PATENT TRIAL AND APPEAL BOARD AFTER 10 YEARS: IMPACT
ON INNOVATION AND SMALL BUSINESSES
JUNE 23, 2022

Questions for the Record from Chairman Hank Johnson

1. We heard from your testimony that patent owners can be faced with an infinite number of petitions over a single patent from different petitioners. Does the PTAB have any statutory mechanism for consolidating multiple proceedings into a single proceeding to save costs and expenses?

There is no numerical limit on the number of petitions a single patent may face at the PTAB. Multiple proceedings involving the same patent, however, can be consolidated into a single proceeding under 35 U.S.C. § 315(d). The Board may act *sua sponte*, or a party may seek Board authorization and file a motion to request the consolidation. Additionally, the USPTO has the necessary flexibility and broad discretion to grant or deny subsequent petitions against the same patent based on the totality of relevant circumstances and facts.

2. Do you think Congress should codify the USPTO's pre-*SAS* rule that the PTAB may grant partial institution (i.e., institute on fewer than all asserted claims and grounds)? Why or why not? If your answer is yes, what effect on estoppel should partial institution have?

It is important for the USPTO to maintain flexibility to decline to take certain challenges, and this may include the opportunity to institute on fewer than all asserted claims and grounds. Estoppel should not apply beyond the scope of the instituted claims, but may apply to issues raised or that reasonably could have been raised with respect to the instituted claims. Estoppel was a basic tenet of the original AIA. The idea was that if a party decided to file at the agency, then the party would be estopped from bringing the same issues in district court litigation, other than issues that could not have been reasonably raised.

3. In your view, what would be the advantages and disadvantages of having a reexamination “off-ramp” for amendments?

Creating a reexamination “off-ramp” for amendments would enable *ex parte* reexamination to work in conjunction with the post-grant processes at the PTAB. The concept would provide patentees the opportunity to elect the off-ramp when they file their preliminary responses to PTAB IPRs. Such an election of the IPR off-ramp would result in both a dismissal of corresponding patent litigation in district court and an end to the IPR. Challenged claims would then undergo *ex parte* reexamination, including prior art search and issuance of a written opinion by the USPTO’s Central Reexamination Unit (CRU) based on the grounds presented in the IPR petition. While PTAB APJs do not conduct examination or prior art searches on any regular basis, CRU examiners are well-equipped to perform these functions and handle claim amendments. So the advantages of the off-ramp would include off-loading examination work from the PTAB where it cannot be efficiently handled, to the CRU where it can be handled very effectively. There would be cost-savings and improved results for all. The off-ramp would allow challenged claims to be narrowed or cancelled, which affords fairness to both accused infringers and patent owners. All of this would permit more claim amendments where appropriate, leading to the PTAB more closely fulfilling Congress’ original intent. There are no disadvantages.

4. In your view, is there a reasonable number of times a single patent should be subject to a petition (a) from the same petitioner, and (b) from a different petitioner? Is the number infinite so long as each petitioner brings forth different prior art?

It is not possible to give a single specific number, but it is certainly the case that patentees at some point should have quiet title to their patent estate. The USPTO should continue to have reasonable flexibility regarding the decision to institute or deny an IPR at the PTAB, including the opportunity to consider whether a subsequent petition is raising different albeit substantially similar/analogous/cumulative prior art. Furthermore, any legislative limit on the number of serial petitions filed by the same petitioner should consider both petitions filed on different days and petitions filed on the same day to avoid gaming.

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Questions for the Record from Representative Zoe Lofgren

1. If a second challenger of a patent before the PTAB, having been sued by the patent owner, finds invalidating prior art, should the PTO leave an invalid patent in force just because there was a previous unsuccessful petition? As former Director of the PTO, do you think that it is ever in the public interest to allow the enforcement of an invalid patent?

It is never in the public interest to allow the enforcement of an invalid patent. However, the PTO should be able to decline to institute a post-grant proceeding where a patent has been subjected to one or more previous challenges that it has survived. There is no fundamental unfairness or prejudice to foregoing a PTAB challenge in such circumstances, as the petitioner is in no worse a position than before the PTAB existed. In the worst case, the petitioner can still pursue their challenge in district court. From a policy perspective, this is a better result than the result we are currently achieving, where good-faith patentees are subjected to multiple parallel and serial challenges in the PTAB in parallel with lawsuits in district court, effectively negating the patent right altogether for perfectly valid patents. Some amount of discretion by the PTO should remain for the infinite number of scenarios and dynamic situations that will come up, to ensure processes are fair for both petitioners and patentees and to ensure patentees will ultimately have quiet title to enjoy the rights to their patented inventions.

2. What are your thoughts on the increasing use of the US patent system by foreign companies like Huawei and ZTE, to obtain US patents and to seek IPRs before the PTAB? Are there policy solutions to address these developments?

The United States has longstanding treaty obligations to grant patent rights without discriminating against parties from other countries. It is in our national best interest to have a U.S. patent system in which foreign parties are not discriminated against, so U.S. parties are not discriminated against in foreign patent systems. If the question goes to parties not doing business in

the United States but wanting to take advantage of the PTAB post-grant processes to invalidate others' patents, I would encourage Congress to study policy solutions to address parties filing post-grant challenges before the USPTO who are themselves not subject to jurisdiction in U.S. court to answer for infringement of the patents they seek to invalidate, and indeed all other U.S. patents. It seems fair to me that no party—foreign or domestic—should get free shots in the PTAB without being subject to account for their own infringement of U.S. patents.

3. Technology companies have often been identified as big users of PTAB. Are these technology companies also the most frequent targets of patent infringement suits, often by NPEs?

I believe the Supreme Court decisions of the past fifteen plus years that have been explicitly directed at curtailing inappropriate suits by NPEs, coupled with the AIA and the PTAB—also expressly put in place to address perceived abuses by NPEs—have appropriately addressed NPEs. Some would say Congress and the courts and the PTO have done far too much to address NPEs, effectively “throwing out the baby with the bathwater” by degrading the U.S. patent system to the point of becoming unfit for purpose. Whether the foregoing is accurate or not, I believe we are in a position now in our country where the risk is greater that injustice is occurring because well-resourced parties are electing to infringe patents of good-faith patent owners, versus the risk of NPEs or other parties making inappropriate assertions based on invalid patents. Our system of justice is made to encourage parties on both sides of the ledger to seek redress in the courts to resolve their disputes, and to advocate zealously for their interests. Our patent laws are written flexibly, so that there is frequently two sides to the story of infringement/non-infringement and validity/invalidity. One person's troll holding up industry is another person's brilliant innovator being straight-armed by a well-armed manufacturer that can afford to flaunt the rights of the patentee. As has been the case since the founding of our country, manufacturers, including technology companies, who felt they did not need licenses under patents have elected to decline licenses and force patentees, whether practicing or not, to sue them. The flaunting of rights of good-faith patentees by technology companies is the greater problem now, versus NPEs chasing manufacturers with questionable patents.

4. District judges generally have discretion whether to stay a patent infringement case in relation to PTAB review of the patent. Are there circumstances in which you believe it would be an abuse of discretion not to

stay the case? Should Congress reconsider a mandatory stay in district court once an IPR has been instituted?

I can envision circumstances—such as where the PTAB is in the middle of a proceeding, and a case on the exact same claims, prior art and issues is freshly filed in district court—where it would be hard to explain any decision not to stay litigation in a district court. By the same token, the issue of abuse of discretion is extremely fact-bound and case-specific, so I don't see a way to identify a numerical or objective rule that can be put in place. Accordingly, I could conceive of a mandatory stay in district court under certain circumstances, but these circumstances would be limited because of the many facts and circumstances that bear on whether a stay makes sense.