

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
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Questions for the Record from Chairman Hank Johnson

- (1) Do you consider it abuse of the IPR system when a petitioner challenges a patent claiming subject matter in which the petitioner has no sincere business or policy interest?

Everyone has a sincere policy interest in a functioning patent system that is focused on the issuance and enforcement of only valid patents. When the U.S. Patent and Trademark Office (“USPTO”) learns that it made a mistake by inadvertently issuing an invalid patent, the agency should be able to correct that problem. And innovators, businesses, and individuals across the country benefit when invalid patents are cleared out.

Invalid patents implicate access to innovation—even before or without a patent being asserted, invalid patents preclude competition and restrict others from being able to innovate and develop products or services in the space that patent improperly covers. In order to allow innovation to advance, including at startups and small businesses across the country, there need to be mechanisms like Patent Trial and Appeal Board (“PTAB”) review to remove the invalid patents that block innovation.

This also impacts broader public and economic considerations. If companies cannot compete and innovate because invalid patents stand in their way, then customers and the public cannot reap the benefits of that lost innovation. At Step, we offer financial literacy tools and services to improve the financial future of the next generation. We want to leave the planet better off with our next generation being more financially savvy than those of years past. If (and when) there are invalid patents out there blocking us, we, and our current or potential customers, benefit when those patents are cleared out—whether we file the PTAB petition or not.

This value can be seen from the various types of PTAB petitioners that have filed to clear out invalid patents that directly (perhaps most directly) affect others. For example, companies that make and sell technology can (and do) file for inter partes review (“IPR”) when their customers are wrongfully accused of infringing invalid patents.¹ This saves customers—often small businesses—the cost of having to challenge invalid patents themselves. And it streamlines the process of post-grant patent review to fewer proceedings, which saves time and money for the defendants, patent owners, PTAB, and court system. Likewise, public interest groups can

¹ Josh Landau, *IPR Successes: Scan-to-Email Defeated by Scanner Makers*, PATENTPROGRESS (Oct. 4, 2017), <https://www.patentprogress.org/2017/10/04/ipr-successes-scan-to-email-defeated-by-scanner-makers/>; Brian J. Love, *Inter Partes Review as a Shield for Technology Purchasers: A Response to Gaia Bernstein’s The Rise of the End-User in Patent Litigation*, 56 BOS. COLLEGE L. REV. 1075 (2015), <https://lawdigitalcommons.bc.edu/cgi/viewcontent.cgi?article=3452&context=bclr>.

challenge invalid patents that stand in the way of several innovators and creators who could not afford it themselves. For example, the Electronic Frontier Foundation filed for IPR of a patent that was being asserted against a bunch of smaller podcasters, saving them from that improper threat.²

(2) Do you consider the following scenario abuse of the IPR system?

Patent Owner owns several different patents. Patent Owner sues Petitioner in district court for infringement of patent A. Petitioner files a petition against patent B, which is owned by patent owner but unrelated to the technology claimed in patent A and the underlying district court action.

Here again, even if an invalid patent has not been asserted in litigation yet, it can stand in the way of innovation and startup success. To achieve the goals of our patent system and ensure greater confidence in the USPTO's work, we need mechanisms to remove invalid patents from the system and we need to allow the agency to correct mistakes when it learns about them.

For the scenario described in this question, two patents could cover unrelated technology but both be asserted against the same startup. For example, the Patent Owner could claim to own a patent on emailing receipts and a separate patent on old email filtering technology: both patents might be invalid over the prior art, but the same startup could still be accused of infringing them. Just because only one patent has been asserted in a lawsuit, so far, that does not mean the second invalid patent has no impact on the startup's ability to innovate and succeed free from the costs and distractions of frivolous litigation.

In addition, it is common for the kind of patent assertion entities that often target small, innovative companies in search of a settlement to assert one weak patent after another—threatening a series of litigations until the startup pays just to avoid the costs of repeated, frivolous suits.³ It is not an abuse of PTAB to file meritorious petitions challenging the invalid patents you are likely to be sued on next.

It is also important to remember that, with the structure of IPR, there is not a substantial burden on the patent owner until the PTAB finds that a patent is likely invalid—the petitioner has to make a robust showing when it files a petition and the PTAB has to agree on the merits that the patents are likely invalid before a trial is initiated. So this scenario affects only those patents that are likely invalid as found by the PTAB and are blockers to innovation especially among startups.

² Daniel Nazer, *EFF Wins Final Victory Over Podcasting Patent*, ELEC. FRONTIER FOUND. (May 14, 2018), <https://www.eff.org/deeplinks/2018/05/eff-wins-final-victory-over-podcasting-patent>.

³ Abby Rives, Opinion, *Fortress Patent Fight Shows Abusive Litigation Hurts Startups*, LAW360 (Mar. 25, 2020), <https://www.engine.is/news/fortress-patent-fight-shows-abusive-litigation-hurts-startups>.