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June 22, 2022

The Honorable Jerrold Nadler
Chairman, House Judiciary Committee
2138 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jim Jordan
Ranking Member, House Judiciary Committee
2142 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Henry Johnson
Chairman, Courts, Intellectual
Property & The Internet
2240 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Darrell Issa
Ranking Member, Courts Intellectual
Property & The Internet
2300 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Nadler, Ranking Member Jordan, Chairman Johnson, and Ranking Member Issa:

Thank you for allowing us the opportunity to provide comments to the Committee as Congress considers reforming the administrative review of issued patents by the Patent Trial and Appeal Board (“PTAB”) within the U.S. Patent and Trademark Office (“USPTO”).

As you know, Honda is among the most significant centers of R&D activity and manufacturing in the United States, with approximately 30,000 associates and major facilities in seven U.S. States. As such, we consider ourselves to be a prominent stakeholder in the U.S patent system from the perspective of both a patent applicant and a target of low-quality patent assertions. At the time that Congress passed the bipartisan Leahy-Smith America Invents Act (“AIA”) in 2011, virtually all patent suits or claims alleging that Honda infringed a patent had a non-practicing entity (“NPE”) at the other end. Regrettably, that has not changed in the last 10 years. Today, almost all demands for money that we receive for alleged patent infringement, whether through a suit or a claim, are still made against us by an NPE. What has changed, however, is our ability to defend ourselves in a way that is more efficient and effective than before. We have made those gains as a result of the proceedings that we can now bring at the PTAB. Unfortunately, recently, the PTAB has implemented some additional obstacles that make it more difficult for us and others to ensure quality patents and are inconsistent with the original intent behind the AIA.

As intended by the AIA, the ability to challenge at the PTAB the patents asserted in a suit has allowed us to limit unnecessary and counter-productive litigation. Realizing that the patent system in the United States was inefficient because low quality patents were too easy to obtain but too difficult to challenge, the AIA created a new administrative procedure where third parties, like Honda, could ask the USPTO, through the PTAB to reexamine the patents and cancel any that the

agency finds to be unpatentable as a result of written prior art – this is the *inter partes review* (“IPR”).

IPR is a more reliable alternative to litigation for reviewing the validity of existing patents and at the same time offers protections to both the patent owner and the challenger. The PTAB judges bring a unique specialty (as opposed to lay jurors) as they are not only patent lawyers but often are former patent examiners. That way they can better understand the technology at issue, as well as the substantive patent law, when considering the prior art.

Honda has benefitted from this streamlined process to limit unnecessary litigation. Having the PTAB invalidate patents that were being asserted against us in federal court has meant that we were not required to devote resources on the case in court and could focus valuable resources and engineering efforts on developing new and innovative products. Even in cases in which we have not actually filed an IPR, we have benefitted from having them as part of our toolkit. There have been instances where we have received a suit or a claim, and we have been able obtain a reasonable resolution after explaining the basis for the IPR that we would be filing if the plaintiff continued to pursue the litigation or demand. And we continue to avail ourselves of this process. A few weeks ago, we filed IPRs in a case involving the four patents asserted against us in federal court by an NPE.

Access to the IPR proceedings, however, now is increasingly more difficult than it was in the past and, more significantly, than the AIA intended. This is due to a decree (known as *NHK-Fintiv*) by the USPTO that, contrary to Congress’ express design, allows the PTAB to deny institutions of IPRs based solely on the timing of the filing of the IPR, even when the IPR was filed much earlier than the one-year boundary permitted by the AIA. The PTAB now has discretion to deny review of the challenged patents after considering various factors not included in the AIA. These include the proximity of the trial date and overlapping issues between the federal court case and the PTAB.

As a result, Honda, like others filing IPRs, has to navigate through the uncertainty and unpredictability that the *NHK-Fintiv* rule has caused. This added rule can foreclose the availability of the IPR if filings are not made in a time frame significantly shorter than granted by Congress.

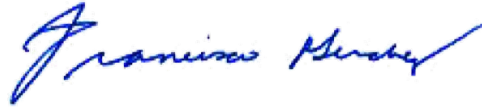
Some have claimed recently that the *NHK-Fintiv* rule has become inconsequential simply because the number of IPRs that are denied institution has significantly decreased. The statistics do show a recent decrease, but there is not enough sample size to determine long term trends. More importantly, if Congress does not step in and reconfirm that parties have one year to file an IPR, the uncertainty will continue. A deadline of this importance cannot be a moving target. The PTAB should not be put in a position to try to guess whether lawyers have asked and received unrealistic trial dates so that they can convince the PTAB that the issues will be resolved earlier in court.

Being a company that files a significant number of patents yearly but also a defendant in patent cases, we have substantial experience with the U.S. patent system.

We appreciate Congress' desire to continue to improve the processes that it has implemented to eliminate unnecessary disputes that stifle innovation and competition, and we stand ready to work with you to ensure a fair and equitable patent system.

Sincerely,

American Honda Motor Co., Inc.
Law & IP Unit

A handwritten signature in blue ink, reading "Francisco Sanchez". The signature is written in a cursive style with a prominent initial "F".

Francisco R. Sanchez
Vice President & General Counsel