December 2, 2025

Comments of SIIA Regarding the Notice of Proposed Rulemaking: Revision to Rules of Practice Before the Patent Trial and Appeal Board

The Software and Information Industry Association (SIIA) submits these comments in response to the Notice of Proposed Rulemaking (NPRM) issued by the United States Patent and Trademark Office (USPTO or Office), docket number PTO-P-2025-0025, captioned "Revision to Rules of Practice Before the Patent Trial and Appeal Board."[1]

SIIA is the principal trade association for the software and digital information industries. Its membership includes nearly 400 companies at the forefront of technological and information-driven innovation worldwide. Our members include creators of software and platforms, global leaders in artificial intelligence, data analytics and information services companies, academic and scientific publishers, education technology companies, and the global financial information and market data community. Its mission is to create a healthy environment for the creation, dissemination, and productive use of information. Our members encompass the full spectrum of the American innovation economy, from nimble startups pushing the boundaries of artificial intelligence to established global enterprises that form the backbone of the digital infrastructure. They both use patented inventions and own some of the largest patent portfolios in the world. Our members rely on the patent system to protect their genuine innovations, but they also suffer disproportionately when the system is weaponized by the assertion of invalid patents that should never have issued.

We oppose the rules in their entirety. If finalized in their current form, these rules would effectively dismantle the Inter Partes Review (IPR) system—a mechanism expressly designed by Congress to serve as a bulwark against the economic damage caused by low-quality patents—and replace it with a regime that prioritizes the "quiet title" of invalid government-granted monopolies over the public's interest in a free and competitive marketplace.

The Administration has stated that it wants to get regulations out of the way of American innovation. Ironically, however, the proposed rules in the NPRM would achieve the opposite result, insulate thousands of non-innovative, legally invalid patent restrictions from review, and heap thousands of invalid regulations on the innovation economy. This is not deregulatory; it is the kind of heavy over-regulation of American innovators that the Administration has worked to remove and that Congress sought to ameliorate.

The Leahy-Smith America Invents Act (AIA), enacted in 2011, was not merely a procedural update to the patent code; it was a legislative "grand bargain" struck after years of deliberation, testimony, and economic analysis. Congress recognized that the patent system

[1] *Revision to Rules of Practice before the Patent Trial and Appeal Board*, 60 Fed. Reg. 48,335 (Oct. 17, 2025) (Docket No. PTO-P-2025-0025) (hereinafter "Proposed Rulemaking").

had drifted dangerously off course. The issuance of invalid patents—those that fail to meet the statutory requirements—had become a tax on innovation, stifling downstream development and subjecting American businesses to abusive litigation campaigns.[2] The central pillar of the AIA's remedial structure was the creation of IPR, a proceeding designed to provide a "quick and cost-effective alternative" to district court litigation for challenging the validity of questionable patents.[3]

For more than a decade, the IPR system functioned largely as Congress intended, serving as a critical quality control valve for the patent ecosystem. It has allowed retailers, technology companies, automotive manufacturers, and Main Street businesses to efficiently clear away invalid claims that functioned effectively as toll booths on the highway of commerce.[4] By providing an expert forum for the adjudication of patent validity based on objective technical evidence, the IPR system has reduced the cost of dispute resolution and improved the overall integrity of the patent register.

However, the proposed rules in the NPRM seek to fundamentally (and in our view illegally) rewrite this statutory scheme by fiat. Under the guise of promoting "fairness, efficiency, and predictability," the NPRM proposes to codify a regime that insulates vast swathes of the patent landscape from review. Prior to the NPRM, the USPTO has recently applied policies that bar IPRs based on non-statutory factors such as "settled expectations," prior adjudications in non-binding forums, and the mere existence of parallel litigation. These actions constructively repeal the IPR provisions of the AIA. The ersatz veneer of the NPRM process that purports to codify many of these actions does not render them lawful.

The draft rules are not supported either by the statute or by evidence. The justifications offered for this departure—ranging from unsupported economic theories regarding "quiet title" to misleading statistics about "serial" petitioning—cannot withstand even cursory scrutiny.[5] In this response, we unpack the ways in which the IPR system supports American business and how the current trajectory of the USPTO has already severely undermined that support. The proposed rules in the NPRM are not merely procedural tweaks or neutral case management tools; they are a substantive shift that completely tips the scales against the ability to challenge invalid patents, thereby favoring the owners of questionable rights at the expense of the broader public. In the sections below, we demonstrate (1) that there is no evidence supporting the justifications and assertions in the NPRM; (2) that the NPRM directly undermines the statutory scheme and Congressional intent for IPRs as set forth in the AIA;

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[2] *Proposed Rulemaking*, at 48,335 (citing H.R. Rep. No. 112-98); Christopher T. Zirpoli and Kevin J. Hickey, Cong. Research Serv., R48016, *The Patent Trial and Appeal Board and Inter Partes Review* 1, 8-11, 20 (2024).
[3] *Proposed Rulemaking*, at 48,335; Sridhar Srinivasan, *Do Weaker Patents Induce Greater Research Investments?* (Dec. 2018) (available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3185148).
[4] *Proposed Rulemaking*, at 48,335 (citing H.R. Rep. No. 112-98); The Perryman Group, *An Assessment of the Potential Impact of Expanding Inter Partes Review (IPR) Under the America Invents Act on the US Economy* (Sept. 2021) (hereinafter "Perryman Assessment of Expanding IPRs").
[5] *Proposed Rulemaking*, at 48,335-36; *see Perryman Assessment of Expanding IPRs*, *supra* note 4, at 4-6.

and (3) that any discretion the USPTO wishes to exercise in its IPR decisions is constrained by the statute and the expressed will of Congress.

I. Background: IPRs support American business

Inter Partes Review plays a critical role ensuring innovation in the modern American economy. The IPR process is a critical infrastructure of quality control that supports American business by ensuring that patents are limited to genuine inventions that meet the rigorous standards of the law.[6]

A. IPRs provide an economically necessary and efficient mechanism to resolve litigation arising from invalid patents

The NPRM proceeds from the premise that certainty is achieved solely by preventing challenges to issued patents, regardless of their validity. This view ignores the well-documented economic reality that *invalid* patents create profound, debilitating uncertainty for operating companies.

When a business invests millions in developing a new software platform, building a data center, or constructing a semiconductor fabrication plant, it faces the omnipresent risk that its investment will be held hostage by a patent assertion entity wielding a patent that is novel in name only.[7]

The dead weight loss caused by the assertion of low-quality patents is well documented.[8] For small and medium-sized enterprises (SMEs), the cost of defense in a district court action can be prohibitive, effectively forcing settlements even when the asserted patent is demonstrably invalid. This "nuisance value" settlement model is a drag on the economy, functioning as a tax on legitimate business activity.[9]

Congress created the IPR system to provide a mechanism to resolve certain validity disputes efficiently and accurately. The streamlined IPR process focuses solely on technical validity, and examination is conducted by Administrative Patent Judges (APJs) with the specialized knowledge necessary to evaluate complex prior art. That process helps American businesses all over the economy. United for Patent Reform (UFPR), a broad coalition representing diverse industries ranging from grocers to automakers, notes that Main Street businesses—retailers, hotels, restaurants, and local service providers—are frequently targeted by litigation campaigns asserting patents against widely used

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[6] *Perryman Assessment of Expanding IPRs*, *supra* note 4, at Executive Summary, 1; Zirpoli, *supra* note 2, at Summary, 1; *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 5-6 (1966) (explaining how patent grants are limited to the constitutional purpose of advancing innovation).
[7] Lauren Cohen, Umit G. Gurun, and Scott Duke Kominers, Harvard Business School Finance Working Paper No. 15-002, *Patent Trolls: Evidence from Targeted Firms* (June 8, 2018) (available at https://ssrn.com/abstract=2464303).
[8] *See, e.g.*, Joseph Farrell and Carl Shapiro, *How Strong Are Weak Patents?*, 98 American Economic Review 1347-69 (2008).
[9] Srinivasan, *supra* note 3, at 8-9; Cohen et al., *supra* note 7, at 2, 12.

technologies such as Wi-Fi routers, document scanners, or basic software functions.[10] The benefits of the IPR system extend far beyond the immediate parties to a specific dispute. In the modern, interconnected global supply chain, a patent assertion against a manufacturer or a component supplier often has ripple effects that touch hundreds of downstream businesses.

Economic studies have consistently shown that IPRs have resulted in substantial cost savings for the economy, freeing up capital for productive use. For example, a comprehensive study by the Perryman Group has quantified these benefits. The study estimated that the direct cost savings due to IPRs from 2014 to 2019 were over $2.6 billion.[11] These savings are not merely abstract numbers on a spreadsheet; they represent capital that American businesses can reinvest in Research and Development (R&D), hiring new employees, and the commercialization of actual products.

By reducing the "tax" of abusive litigation, IPRs lower the barrier to entry for startups and reduce the overhead for established firms, contributing to a more dynamic and competitive marketplace.[12] A validity determination in an IPR is an *in rem* decision; once the claims are cancelled, they can no longer be asserted against anyone, anywhere.[13] In contrast, ensuring that license fees are paid for invalid patents results in non-innovators being compensated as if they were inventors. By doing so, the system diminishes the incentive to truly innovate.[14]

B. IPRs protect the downstream ecosystem by removing bad patents that would be weaponized against companies at every stage in the supply chain

This creates a powerful "public good" aspect to IPRs. A single petition, often filed by a technology provider with the resources to conduct a global prior art search, can protect thousands of small businesses from future harassment based on a patent that was not innovative and never should have been granted.[15] The NPRM's focus on the interests of the

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[10] Stephanie Martz and Paul Redifer, United for Patent Reform, *Re: USPTO Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 66502-06* (2020) (available at https://www.uspto.gov/sites/default/files/documents/1232020UnitedforPatentReform.pdf); Stephanie Martz, *Statement of Stephanie Martz On Behalf of United for Patent Reform before the Subcommittee on Intellectual Property U.S. Senate Committee on the Judiciary "The State of Patent Eligibility Law in America"* (June 5, 2019) (available at https://www.judiciary.senate.gov/imo/media/doc/Martz%20Testimony.pdf).

[11] The Perryman Group, *An Assessment of the Impact of the America Invents Act and the Patent Trial and Appeal Board on the US Economy* (June 2020); *see Perryman Assessment of Expanding IPRs*, *supra* note 4, at 4-7.

[12] *Bilski v. Kappos*, 561 U.S. 593, 655 (2010) (quoting *Atl. Works v. Brady*, 107 U.S. 192, 200 (1883)) (explaining how "speculative schemers" may seek patent monopolies "without contributing anything to the real advancement of the arts" in order to "lay a heavy tax upon the industry of the country" and the "particular toll on small and upstart businesses" that patent holders cause by threatening litigation).

[13] *Blonder-Tongue Lab'ys, Inc. v. Univ. of Illinois Found.*, 402 U.S. 313, 330-48 (1971).

[14] Cohen et al., *supra* note 7, at 31-32.

[15] Colleen Chien, Christian Helmers, and Alfred Spigarelli, *Inter Partes Review and the Design of Post-Grant Patent Reviews*, 33 Berkeley Tech. L. J. 817, 825 (2018); Joseph Farrell & Robert P. Merges,

patent owner to the exclusion of these broader stakeholders is a fundamental policy error. Progress of science and innovation is severely impeded when the ecosystem is clogged with invalid patents that act as toll booths on the road of innovation. IPRs are the mechanism to keep the highways of innovation clear of invalid patents and support the freedom to operate that is essential for American businesses to keep moving fast.

II. The proposed rules in the NPRM are contrary to the statute

Once Congress created the statutory entitlement and process for adjudication of patent validity through IPRs, the Executive Branch cannot administer that process in a manner that is arbitrary, biased, or designed to frustrate the legislative intent. But the USPTO's conduct related to IPRs when viewed as a whole—including this NPRM, the "settled expectations" rule, issuing discretionary denials without any explanation, and other discretionary denial policies recently implemented—have the cumulative effect of dismantling IPRs; a result directly at odds with the statute that Congress passed.

From the standpoint of a petitioner, Congress created a right to challenge patents based on prior art. But the IPR procedure also protects a more fundamental right: the right to use ideas in the public domain and to invent without government interference.[16] A patent is the exception to that general, long-standing rule. When it passed the AIA, Congress made a reasoned determination that the patent system had gone too far: the USPTO had made too many bad decisions that were hurting innovation. The IPR process is not an end in itself, but a means to ensure that individuals could restore their right to innovate.

Neither Congress nor the courts envisioned a situation in which the USPTO strips those rights away—not based on the merits of the challenge but based on an arbitrary preference to preserve patent rights that never should have been granted. Through a series of internal memoranda, precedential decisions, and guidance documents, the USPTO leadership is dismantling the accessibility and effectiveness of the IPR program. The proposed rules in the NPRM must be viewed not as an isolated initiative, but as a pattern and practice that has effectively nullified the AIA by fiat.

Congress gave the USPTO discretion presuming that the USPTO would carry out the will of Congress. The lawfulness of the exercise of that discretion depends on the presumption of regularity: the belief that officials will discharge their duties according to the law and in good faith. Discretion is the agency's sole defense for these actions. But discretion cannot insulate the actions from judicial review if the presumption of regularity has been rebutted. And Congress never would have granted discretion had they known it would be used to

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Incentives to challenge and defend patents: Why litigation won't reliably fix patent office errors and why administrative patent review might help, 19 Berkeley Tech. L.J. 943, 952 (2004).

[16] *Graham*, 383 U.S. at 6 ("Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available.").

undermine and supplant the AIA. As the following points demonstrate, a grant of discretion must be consistent with the statute.

A. Discretionary denial undermines the AIA's statutory mandates

Congress, through the AIA, set the standard for instituting an IPR, instructed institution when the standard was met, and explicitly included a statutory scheme to address co-pending litigation. The statute states that the Director "shall" determine institution for an IPR, and the threshold for making that determination is whether the petitioner demonstrates a "reasonable likelihood" of prevailing on at least one challenged claim.[17] The legislative history and the structure of the act indicate that the Director's discretion was intended to be a tool for case management—preventing harassment or redundancy—not a mechanism to rewrite the eligibility criteria for review.[18]

However, the USPTO has increasingly utilized "discretionary denial" to reject meritorious petitions based on non-statutory factors. This disturbing trend began with the *Fintiv* factors, established via a precedential decision, which allowed the Board to deny institution based on the status of parallel district court litigation. The logic was purportedly to avoid "inefficiency," but the practical result was to tie the hands of the PTAB based on aggressive, often unrealistic trial schedules set by district courts.[19] In jurisdictions like the Western District of Texas, trial dates were frequently set aggressively early, leading to *Fintiv* denials, only for the trial dates to slip significantly, leaving the defendant with no forum for validity review and the invalid patent fully enforceable.

More recently, the USPTO has dramatically expanded this discretionary overreach under the guise of "settled expectations" and multiple additional non-statutory criteria. This doctrine states that if a patent has been in force for a certain period (often cited as six years or more), the patent owner has a "settled expectation" of validity that outweighs the public interest in cancelling invalid claims.[20] The AIA did not include a statute of limitations for IPR institutions based on the age of the patent, and the doctrine is antithetical to its text, structure, purpose and history. By its terms, the statute requires determination of the institution to be made based on the merits of the underlying patent, and only if there is a "reasonable likelihood" of invalidity. Congress set the term of a patent and the conditions for its validity. The USPTO has no authority to shorten the period during which a patent is subject to scrutiny. If Congress had wanted a statute of limitations, it knew how to write one.[21] Creating a *de facto*

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[17] 35 U.S.C. § 314(a), (b).
[18] Joel D. Sayres & Reid E. Dodge, *Unfettered Discretion: A Closer Look at the Board's Discretion to Deny Institution*, 19 Chi.-Kent J. Intell. Prop. 536, 543-47 (2020).
[19] Unified Patents, *2025 Q1 PTAB Discretionary Denial Report: Fintiv in Overdrive* (May 16, 2025) (available at https://www.unifiedpatents.com/insights/2025/5/16/2025-q1-ptab-discretionary-denial-report-fintiv-in-overdrive).
[20] *Id.*; Coke Morgan Stewart, USPTO, *Interim Processes for PTAB Workload Management* (Mar. 26, 2025) (available at https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf).
[21] *See* 35 U.S.C. § 314(b) ("The Director shall determine whether to institute an inter partes review under this chapter pursuant to a petition filed under section 311 within 3 months" of the preliminary response

"statute of limitations" for IPRs based on the patent's age is a legislative act, not an executive one. By creating it, the USPTO has administratively amended the Patent Act, usurping the legislative function of Congress.

B. The cumulative effect of the changes to the discretionary denial process has undermined the efficacy of the AIA

But there's more. Since the issuance of the "March Memo" on interim processes—which introduced a number of the policies at issue in the NPRM as well as other non-statutory factors for denying relief without considering the merits of an IPR—discretionary denials have spiked dramatically. Data provided by Unified Patents indicates that since the March Memo, more than 500 petitions have been "discretionarily denied" by the PTO. Of these, approximately 280 or more were denied based on the existence of co-pending litigation, and 120 or more were denied based solely on the age of the patent.[22] These denials are not based on the weakness of the petitioner's prior art; in many cases, the Board likely would have found the claims unpatentable on the merits.

Of course, we will never know if that's true, as the entire institution process has now become opaque. As detailed in complaints regarding the "Return of Institution Authority," the USPTO has often issued "summary notices" devoid of detailed, or even any, reasoning.[23] The USPTO's "Director Institution" model bypasses the expert panels of APJs that were designed to adjudicate these complex technical issues. Instead, decisions are made through inscrutable consultations, potentially influenced by policy preferences regarding "settled expectations" rather than the merits of the prior art. This centralization allows for the uniform application of *ultra vires* policies—such as the refusal to institute against older patents—without the need for formal rulemaking or the transparency of a reasoned written decision.[24] Taken as a whole, the effect of these changes is to frustrate the congressional intent of the IPR process.

It is against this backdrop that we turn to an examination of the proposed rules themselves.

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date.); § 315(b) ("An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date" the petitioner is served with a complaint).

[22] Unified Patents, *Patent Dispute Report: Q3 2025 in Review* (Oct. 9, 2025) (available at https://www.unifiedpatents.com/insights/2025/10/9/patent-dispute-report-q3-2025-in-review) (hereinafter "Patent Dispute Report").

[23] John A. Squires, USPTO, *An Open Letter from America's Innovation Agency: Bringing the USPTO Back to the Future: Return of Institution Authority under 35 U.S.C. §§ 314 and 324 to the Director* (Oct. 17, 2025) (available at https://www.uspto.gov/sites/default/files/documents/open-letter-and-memo_20251017.pdf); Dennis Crouch, *Director Squires Denies 13 IPRs With No Explanation: A New Era of Opacity*, Patently-O (Nov. 2, 2025) (available at https://patentlyo.com/patent/2025/11/director-squires-explanation.html).

[24] *See Patent Dispute Report*, *supra* note 22; Jacqueline Wright Bonilla & William H. Milliken, *Federal Circuit Denies Three Early Petitions for Mandamus Relating to Rescission of a 2022 Fintiv Memo* (Nov. 10, 2025) (available at https://www.sternekessler.com/news-insights/client-alerts/federal-circuit-denies-three-early-petitions-for-mandamus-relating-to-rescission-of-a-2022-fintiv-memo/).

C. The proposed rules violate provisions in the AIA governing IPRs

The proposed rules in the NPRM have the cumulative effect of contradicting the specific statutory design. The following points emphasize the NPRM's conflict with the IPR process set forth in the AIA.

1. The "stipulations" are a poison pill to prevent IPR filings (Proposed Rule 42.108(d))

Proposed Rule 42.108(d) creates a "Required stipulation for efficiency." It mandates that the Office "shall not" institute an IPR unless the petitioner files a stipulation stating that "the petitioner and any real party in interest or privy of the petitioner will not raise grounds of invalidity or unpatentability with respect to the challenged patent under 35 U.S.C. 102 or 103 in any other proceeding."[25]

This requirement is a "poison pill" designed to make IPR filing prohibitively risky. It goes far beyond the statutory estoppel provision of 35 U.S.C. § 315(e), which estops a petitioner from raising grounds that they "raised or reasonably could have raised" during the IPR. The proposed rule, however, essentially forces a petitioner to waive their right to a civil defense *entirely* regarding prior art as the price of admission to the PTAB.

A defendant in a patent infringement suit has a constitutional right to a jury trial and a statutory right to defend themselves against allegations of infringement. By forcing a choice between an IPR (which is strictly limited to patents and printed publications) and a full district court defense (which can include vital evidence of prior public use, on-sale bars, and system prior art), the USPTO is making IPRs an untenable option for most litigants. A petitioner cannot responsibly stipulate away all § 102/103 defenses because many valid invalidity arguments—such as those based on a product that was on sale before the patent date—*cannot* be raised in an IPR.[26]

The result of this rule will be a dramatic reduction in IPR filings, not because the patents are valid, but because the procedural cost is too high. The Perryman Group estimated that the application of the *Fintiv* test alone "would lead to foregone cost savings which generate a net decrease in US business activity of -$482.1 million in gross product."[27] The proposed stipulation rule is considerably more restrictive than *Fintiv* and would impose substantially higher costs on the economy by forcing defendants to litigate solely in the more expensive district court forum.

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[25] *Proposed Rulemaking*, at 48,338-41.
[26] Compare 35 U.S.C. § 311(b) ("only on the basis of prior art consisting of patents or printed publications") with § 102 ("in public use, on sale, or otherwise available to the public").
[27] The Perryman Group, *The Potential Economic Costs to the US Government of Discretionary Denial of Inter Partes Review Based on Criteria such as the NHK-Fintiv Rules* (Aug. 2023).

2. *The expanded "one-and-done" rule would insulate patents that never should have been granted from fulsome review (Proposed Rule 42.108(e))*

Proposed Rule 42.108(e) introduces a sweeping "one-and-done" policy that bars institution if a claim (or a related independent claim) has been found "not invalid" in a district court, the ITC, or a prior PTAB decision.[28] This rule fundamentally misunderstands the nature of litigation and ignores the critical differences between these proceedings.

A district court finding of "not invalid" is *not* a finding of "validity." It merely means that the specific challenger in that specific case failed to meet the "clear and convincing" burden of proof with the specific evidence they presented.[29] Under this proposed rule, a weak defense by one defendant in a district court—perhaps a small company with limited resources or a different strategic focus—would immunize the patent from IPR challenge by the entire world forever.

This creates a massive incentive for collusive or weak litigation. A patent owner could sue a friendly or under-resourced party, obtain a quick summary judgment of "no invalidity" (or even a default judgment that touches on validity), and then wield that judgment as a shield against all future IPRs.

And this one-and-done rule violates collateral estoppel principles. The common law and the AIA define when a party is bound by a prior judgment. 35 U.S.C. § 315(e) defines the estoppel effect of an IPR. The proposed "one-and-done" rule attempts to apply a form of non-mutual collateral estoppel against *unrelated parties*. It says that because Petitioner A lost, Petitioner B is barred. This violates basic principles of due process and statutory construction. Petitioner B has a right to their own day in court (or at the Board). They cannot be bound by the failure of a surrogate they did not choose and could not control.[30]

3. *The "parallel litigation" bar would increase litigation, encourage forum shopping, and eliminate a key statutory benefit of IPRs (Proposed Rule 42.108(f))*

The proposed rule regarding parallel litigation (42.108(f)) would bar institution if a district court trial is "likely" to occur before the IPR final written decision.[31] This formalizes the controversial *Fintiv* framework but makes it even more rigid and categorical. It effectively outsources the USPTO's institution authority to district court judges and their trial calendars.

This rule is a gift to forum shoppers. Patent owners will flock to jurisdictions known for aggressive "rocket dockets" or those that refuse to stay cases pending IPR. By scheduling an early trial date—even if that date is unrealistic and likely to slip—a patent owner can block an

[28] *Proposed Rulemaking*, at 48,338-41.
[29] *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1534 n.3 (Fed. Cir. 1983) ("If that burden is not carried, the trial court need only so state. It is not necessary to hold 'valid' a patent that on another record may be shown to have been invalid. If the burden imposed by § 282 is carried, the patent should be declared invalid.").
[30] *Blonder-Tongue*, 402 U.S. at 329-30.
[31] *Proposed Rulemaking*, at 48,338.

IPR petition. The "likelihood" of a trial occurring is a speculative metric that has proven unreliable in practice. The USPTO has denied countless petitions based on scheduled trial dates that subsequently passed without a trial ever occurring due to settlements, continuances, or court congestion. Formalizing this rule prioritizes the hypothetical efficiency of a court schedule over the concrete statutory mandate to review invalid patents.

Congress created IPRs to be an *alternative* to litigation. Proposed Rule 42.108(f) (Parallel Litigation) and 42.108(d) (Stipulations) effectively convert IPR into a *subordinate* proceeding to district court litigation. If an IPR cannot be instituted because a district court trial is scheduled, or if a petitioner must waive all district court defenses to access IPR, the proceeding ceases to be a viable alternative. It becomes a trap. The "substitute" function of the IPR, as explained in the legislative history, is destroyed if the IPR is unavailable whenever litigation is pending.[32]

D. The proposed rules are an ultra vires limitation of the eligibility criteria

35 U.S.C. § 311(a) states that "a person who is not the owner of a patent may file with the Office a petition." The statute lists specific limitations (e.g., the one-year time bar in § 315(b)). It does *not* list "being a defendant in a case with an early trial date" or "challenging a patent that is more than six years old" as disqualifiers. By adding these non-statutory bars, the NPRM is effectively amending § 311 and § 315.

While 35 U.S.C. § 314(a) grants discretion to institute, that discretion cannot be exercised in a way that nullifies the substantive rights granted by § 311. The Supreme Court in *Cuozzo* and *Thryv* acknowledged the broad discretion regarding the *institution decision itself*, but they did not grant the USPTO the power to rewrite the *eligibility criteria* for the program via regulation.[33]

E. The proposed rules have already destroyed confidence in the IPR system and impacted the entire patent ecosystem

The consequences of these actions are already visible in the market. The IPR system, as envisioned by Congress, is currently non-functional for a significant swath of the economy. The "settled expectations" doctrine essentially immunizes older patents, which are frequently the weapon of choice for non-practicing entities (NPE), i.e., patent trolls, who

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[32] Zirpoli, *supra* note 2, at 13 n.132.

[33] *See Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 275 (2016); *Thryv, Inc v. Click-To-Call Techs., LP*, 590 U.S. 45, 53 (2020). Applying *SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 366 (2018), the Court of Appeals for the Federal Circuit has left the discretion to deny institution to the Director. *See, e.g.*, *In re Motorola Sols., Inc.*, --- F.4th ---, No. 2025-134, 2025 WL 3096514, at *3 (Fed. Cir. Nov. 6, 2025) (citing *SAS*, *Mylan*, *Medtronic*, and *Apple*). However, the Supreme Court explained in *Cuozzo* and *Thryv* that such discretion is not unlimited. Dismantling IPRs under the AIA is precisely what the Court prohibited. *Cuozzo*, 579 U.S. at 275 ("nor does our interpretation enable the agency to act outside its statutory limits").

acquire end-of-life portfolios to assert against operating companies. By removing the threat of IPR, the USPTO has reinvigorated the NPE business model.[34]

Furthermore, the "Fintiv" and "parallel litigation" policies have encouraged forum shopping. Patent owners are incentivized to file in districts with fast time-to-trial statistics to trigger discretionary denials at the PTAB. This distorts the litigation landscape and undermines the AIA's goal of providing a nationwide, uniform standard for patent validity. The USPTO's actions have not "harmonized" the system; they have introduced chaos and unpredictability, where the fate of a petition depends not on the prior art, but on the whims of a district court calendar or the arbitrary age of the patent.[35]

III. The proposed rules in the NPRM violate administrative law

Under the APA, the USPTO must engage in reasoned decision-making. The proposed rules fail this standard in multiple ways.

A. The proposed rules fail to consider alternatives

The USPTO has failed to consider obvious, superior alternatives to these draconian rules. If the goal is to increase certainty and patent quality, the agency should focus on *examination quality*. Preventing invalid patents from issuing in the first place is the most effective way to ensure quiet title. Instead, the NPRM attempts to fix the "leaky bucket" of examination by banning anyone from pointing out the leaks.

Another alternative ignored is a mandatory stay of litigation. If the concern is duplicative costs (parallel litigation), the logical solution—and one within the spirit of the AIA—is to encourage district courts to stay cases pending IPR, or for the USPTO to work with Congress to mandate stays. Instead, the NPRM adopts the opposite approach: cutting off the cheaper, expert-driven IPR forum in deference to the more expensive district court forum.[36]

B. The proposed rules have no rational connection to the justifications relied upon

Under the Administrative Procedure Act (APA), an agency action is arbitrary and capricious if the agency has "relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, offered an explanation for its decision that runs counter to the evidence before the agency, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise."[37] The justifications

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[34] *Patent Dispute Report*, *supra* note 22; Dennis Crouch, *0% Institution Rate Holds, but Shows Signs of Potential Rise*, Patently-O (Nov. 23, 2025) (available at https://patentlyo.com/patent/2025/11/institution-holds-potential.html); Federal Trade Commission, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*, at 14-23. n.99, 36-41 (Oct. 2003) (explaining history and different examples of abusive patent litigation and tactics of NPEs, including a case documented back in 1600 in England).

[35] Joe Mullin, *When the U.S. Patent Office Won't Do Its Job, Congress Should Step In*, Electronic Frontier Foundation (July 29, 2020) (available at https://www.eff.org/deeplinks/2020/07/when-us-patent-office-wont-do-its-job-congress-should-step).

[36] *Perryman Assessment of Expanding IPRs*, *supra* note 4, at 3-7.

[37] *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins.*, 463 U.S. 29, 43 (1983).

offered by the USPTO are contradicted by empirical evidence, rely on flawed economic theories, and ignore the actual dynamics of patent litigation.

The NPRM relies heavily on the concept of quiet title and the need for certainty to drive investment.[38] The USPTO argues: "If investors lack confidence that a patent will be found valid when it is enforced, the patent will not give them the assurances they need to invest."[39]

Response: This argument conflates "certainty" with "immunity." The patent system provides certainty through *examination quality*, not by hiding errors. If a patent is truly valid, it will survive an IPR. If it is invalid, "quiet title" merely protects an illegitimate monopoly.

The NPRM further posits a statistical hypothetical: "A patent with a 70% chance of surviving one de novo patentability review has less than a 50% chance of withstanding two or more."[40] This statistical analogy is deeply flawed and misapplies the statistics to misrepresent the reality.

Patent validity is not a dice roll or a coin flip where independent probabilities compound. It is a legal determination based on evidence. By suggesting that repeated reviews inherently degrade reliability, the USPTO impugns the competence of its own PTAB judges. If the APJs are applying the law correctly, a valid patent should be found valid 100% of the time. The rationale that the validity is subject to "judgment about which reasonable minds may disagree" assumes that validity is first and foremost subjective and arbitrary, which undermines the entire premise of the patent system.[41] Indeed, IPRs should not be instituted unless petitioner has demonstrated a reasonable likelihood that a claim is invalid. Thus, the threat of multiple IPRs requires the existence of multiple meritorious challenges.

Furthermore, true serial and parallel proceedings are rare, but the NPRM uses the specter of harassment to justify the new rules. The USPTO's own data shows that the vast majority of patents are challenged only once.[42]

The USPTO's statistics are not just differing interpretations of data; they are factually misleading premises. Rulemaking based on demonstrably false data is per se arbitrary and capricious. The USPTO cannot adequately respond to comments pointing out these errors because the errors are foundational to the NPRM's logic. Without these false narratives, the justification for the rule evaporates.

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[38] *Proposed Rulemaking*, at 48,336.
[39] *Id.* at 48,335.
[40] *Id.*
[41] *Id*.
[42] USPTO, *Multiple Petitions Study: Executive Summary (FY2021-2022 Update)*, at 7 (July 2023). A recent further update was released without the underlying data or clarity on the methodology that presents conflicting results with past USPTO statistics, which relates to how the statistics are calculated and presented. As of 2023, "a significant majority (72%) of challenged patents were challenged only once."

C. The proposed rules would undermine innovation by insulating weak, non-innovative patents

The NPRM alleges that restricting IPRs will "incentiviz[e] innovation and investment in the commercialization of new technologies."[43]

Response: This gets the economics backward. Extensive economic research suggests that *weak* patents (those that should be invalid) discourage innovation by others. When a field is cluttered with broad, vague, or invalid patents, new entrants are deterred from investing for fear of litigation.

Studies cited in the record demonstrate that the availability of IPRs has *no discernable negative impact* on innovation. Conversely, empirical evidence shows that successful NPE assertions *reduce* downstream investment in R&D by the targeted firms. For example, Cohen, Gurun, and Kominers found that firms substantially reduce their innovative activity after settling with NPEs or losing to them in court.[44]

Furthermore, the "inverted U" theory of patent strength suggests that while some patent protection is necessary, *too much* protection (specifically, protection of invalid patents) actually harms economic growth. A study by Chu et al. (2021) found that an increase in the strength of patent protection has a negative effect on economic growth in the long run.[45] The NPRM completely ignores this body of economic literature.

D. The proposed rules rely on a false premise that conflates innovation with patent assertion

The USPTO attempts to justify the proposed rules by alleging, "If investors lack confidence that a patent will be found valid when it is enforced, the patent will not give them the assurances they need to invest."[46] This argument is fundamentally flawed because it conflates investment in *innovation* with investment in *patent assertion* while ignoring research and development (R&D) spending.

The ability of the patent system to incentivize innovation is entirely dependent on treating genuine inventors differently than non-inventors. When a patent is found invalid under 35 U.S.C. § 102 (anticipation) or § 103 (obviousness), that is a strong legal determination that the patent does not represent actual innovation. It represents something that was already known to the public or was an obvious variation of existing knowledge.

A patent system that rewards patent ownership rather than patent quality creates an incentive to invest in the acquisition and assertion of paper rights (whether valid or not)

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[43] *Proposed Rulemaking*, at 48,337.
[44] Cohen et al., *supra* note 7, at 31-34.
[45] *See, e.g.*, Angus C. Chu et al., *Dynamic Effects of Patent Policy on Innovation and Inequality in a Schumpeterian Economy*, 71 *Economic Theory* 1429-65 (Jun. 2021).
[46] *Proposed Rulemaking*, at 48,335.

rather than to invest in the difficult, risky work of creating new technologies.[47] The "investment" that the NPRM seeks to protect is often investment in litigation finance, not in R&D. Congress created the IPR system to protect investment in R&D and ensure that rewards flow only to those who hold valid rights, thereby aligning the incentives of the patent system with its constitutional purpose. The NPRM presents no evidence that R&D has suffered because of IPRs. Indeed, U.S. R&D spending on cutting edge technologies like artificial intelligence has dramatically accelerated over the more than 10 years since the AIA took effect.[48]

E. The proposed rules would increase waste and economic inefficiency

The NPRM claims that "serial or parallel IPR proceedings can also be wasteful."[49]

Response: This overlooks a broader understanding of "waste." Litigating an invalid patent in district court is wasteful. A "one-and-done" rule that allows an invalid patent to survive because the first petitioner did a poor job ensures that *society* continues to pay the cost of that invalidity indefinitely. That is the true waste.

The USPTO cites the "54% of all IPR petitions" statistic to suggest a crisis of multiple petitioning.[50] This statistic again misrepresents reality. It counts petitions challenging *the same patent*, not necessarily the same claims. If a patent has 50 claims and Petitioner A challenges claims 1-10, and Petitioner B challenges claims 11-20, those are "multiple petitions" in the USPTO's data, but they are not duplicative. They are necessary to address the full scope of the patent. Furthermore, the statistic includes "copycat" joinder petitions, which are procedural mechanisms to join an existing IPR and add no burden to the patent owner or the Board.

In reality, there are very few examples of problematic serial petitioning, and they can be addressed through existing discretionary powers[51] rather than categorical bans.

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[47] *See* Srinivasan, *supra* note 3, at 24; Cohen et al., *supra* note 7, at 2, 33-34.
[48] *See, e.g.*, Christian Helmers & Brian J. Love, *Patent law reform and innovation: An empirical assessment of the last 20 years*, 79 Int'l Rev. L. & Econ. 106210 (Sep. 2024) (concluding that introduction of PTAB positively influenced R&D spending at relevant firms); Nestor Maslej et al., *Artificial Intelligence Index Report 2025*, Stanford University, Institute for Human-Centered AI, 1, 247 (Apr. 2025) (available at https://doi.org/10.48550/arXiv.2504.07139) (showing how global corporate investment in AI went from $14.57 billion in 2013 to $252.33 billion in 2024); Nam D. Pham, *The Economic Performance of IP-Intensive Manufacturing and Service Industries in the United States, 2012-22*, NDP Analytics, 1, 11, 13 (Apr. 2025) (explaining how U.S. R&D increased over the decade since the AIA was introduced, rising from $258.7 billion in 2012 to $658.8 billion in 2022, and showing how R&D investment in U.S. manufacturing rose from around $150 billion to around $300 billion in the same period).
[49] *Proposed Rulemaking*, at 48,335.
[50] *Id.* at 48,336.
[51] *See, e.g.*, Zirpoli, *supra* note 2, at 40-48; *General Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357-61, paper no. 19, at 15-19 (Sept. 6, 2017).

IV. The proposed rules in the NPRM will return the U.S. to the worst problems of patent misuse from before the AIA

The AIA was not enacted in a vacuum. It was a legislative response to a specific, documented crisis in the American innovation economy. In the years leading up to 2011, the U.S. economy was besieged by NPEs, sometimes referred to as "patent trolls." These entities leveraged the high cost of district court litigation and the presumption of validity to extract settlements from operating companies based on weak, vague, or invalid patents.[52]

A. The proposed rules would revitalize the "troll" business model

The NPRM effectively proposes to rebuild the ecosystem that allowed patent trolls to thrive. By creating broad immunities from IPR—through the "one-and-done" rule and the parallel litigation bar[53]—the USPTO is removing the primary deterrent against abusive assertion.

Prior to the availability of IPRs, a troll could assert a low-quality patent against hundreds of defendants. If one defendant chose to fight and lost (or settled), that result legally bound only them, but the *cost* of defense (typically $2M-$5M) forced most other defendants to settle for "nuisance value" ($50k-$200k). The cumulative effect of these settlements was a massive tax on the industry. The IPR changed this calculus fundamentally. With IPRs, if a troll asserts a bad patent, the defendants can pool resources, or a supplier can step in, file an IPR for a fraction of the cost of litigation, and invalidate the patent. This credible threat of invalidation collapsed the business model for the lowest-quality patents.[54]

The proposed rules remove this threat. If the NPRM is finalized, we can expect a resurgence of "campaign" litigation. Trolls will strategically assert against small entities first to secure a "not invalid" judgment or a settlement that avoids IPR. They will file in rocket dockets to trigger the parallel litigation bar. The NPRM is a blueprint for the revitalization of the patent assertion industry.

B. Existing examples demonstrates the recurring harm from removing IPRs

We are already seeing the leading edge of this regression. As the USPTO has tightened access to IPRs via interim guidance and the March Memo, both NPE litigation and, though harder to measure, nuisance settlements are expected to rise. Unified Patents data show IPR institution rates for NPE-held patents have dropped dramatically (i.e., procedural denials of IPR institutions for NPE-held patents have increased). The "settled expectations" factor is particularly pernicious here. NPEs frequently acquire older patents from bankrupt companies or patent aggregators to assert them late in their term. These are exactly the patents that the USPTO is now proposing to shield from review.[55]

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[52] *See* Cohen et al., *supra* note 7, at 33-34.
[53] As well as the "settled expectations" policy on discretionary denials for older patents, which is not part of the NPRM.
[54] Federal Trade Commission, *Patent Assertion Entity Activity: An FTC Study*, at 89-92 (Oct. 2016).
[55] *Patent Dispute Report*, *supra* note 22.

By insulating these patents, the USPTO facilitates a massive wealth transfer. Capital is transferred from productive US businesses—those building products, hiring workers, and building infrastructure—to entities that produce nothing but litigation. This is not promoting innovation; it is taxing it. The return to the pre-AIA status quo will result in higher consumer prices, reduced R&D spending by operating companies, and a less competitive American economy.

C. The proposed rules would harm small and medium enterprises

The NPRM claims that "small and medium-sized businesses are especially harmed by weakened patent rights."[56] This assertion is contradicted by the reality of the market. While some small and medium enterprises (SMEs) rely on patents, *many more* SMEs are the victims of patent assertion. The NPRM ignores the "countervailing effects": the rule will strengthen and protect patent trolls who are suing SMEs, leading to more lawsuits against Main Street businesses.[57]

The USPTO cites a National Economic Council (NEC) report to support its claim that SMEs need stronger patents.[58] However, a close reading of that report reveals it does not even mention patents as a primary driver for SME success. Similarly, the Kolev paper cited by the USPTO focuses on innovation funding and startup advantages, not patent enforcement or the benefits of insulating invalid patents.[59] By making it harder to challenge invalid patents, the USPTO leaves SMEs vulnerable to predatory litigation that they cannot afford to fight in district court.

V. Conclusion

The Notice of Proposed Rulemaking represents a dangerous departure from the statutory text of the America Invents Act and sound patent policy. It proposes to dismantle the Inter Partes Review system, a critical safeguard that protects the American economy from invalid patents. The proposed rules—mandating stipulations that forfeit defenses, barring reviews based on parallel litigation, and imposing "one-and-done" restrictions—are unsupported by evidence and contradicted by economic reality. They will resuscitate the abusive litigation models of the past, taxing innovation and harming American businesses in the process.

Furthermore, the rules are legally infirm. They exceed the agency's statutory authority, rely on arbitrary and capricious reasoning, and violate fundamental principles of due process. The USPTO cannot fix the patent system by hiding its mistakes. We urge the USPTO to

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[56] *Proposed Rulemaking*, at 48,336-37.
[57] Cohen et al., *supra* note 7, at 3-4 (explaining how NPE's target firms with smaller legal teams); Federal Trade Commission, *Patent Assertion Entity Activity: An FTC Study*, at 74-78 (Oct. 2016) (patent assertion entities "frequently asserted patents against likely end-users of allegedly infringing products").
[58] *Proposed Rulemaking*, at 48,336-37 (citing National Economic Council, Investing in America Chief Economist, *The Economics of Investing in America*, at 12 (July 2023)).
[59] *Proposed Rulemaking*, at 48,337 (citing Julian Kolev et al., *Of Academics and Creative Destruction: Startup Advantage in the Process of Innovation*, NBER Working Paper No. 30362, at 5 (Aug. 2022)).

withdraw this NPRM and return to the administration of the IPR system as Congress intended: a robust, efficient, and expert check on patent validity.

Respectfully submitted,

Chris Mohr
President

Nathanael Andrews
Senior Associate Counsel

Software and Information Industry Association