



American Intellectual Property Law Association

June 17, 2024

Michael P. Tierney
Vice Chief Administrative Patent Judge
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
Submitted electronically via: Federal eRulemaking Portal (www.regulations.gov)

Re: Docket No. PTO-P-2023-0048 Notice of Proposed Rulemaking on Patent Trial and Appeal Board Rules of Practice for Briefing Discretionary Denial Issues, and Rules for 325(d) Considerations, Instituting Parallel and Serial Petitions, and Termination Due to Settlement Agreement

Dear Judge Tierney:

The American Intellectual Property Law Association (“AIPLA”) is pleased to have the opportunity to present its views to the United States Patent and Trademark Office (“Office”) in response to the Notice of Proposed Rulemaking on “Patent Trial and Appeal Board Rules of Practice for Briefing Discretionary Denial Issues, and Rules for 325(d) Considerations, Instituting Parallel and Serial Petitions, and Termination Due to Settlement Agreement,” 89 Fed. Reg. 28693 (April 19, 2024) (hereinafter the “NPRM”).

Founded in 1897, the American Intellectual Property Law Association is a national bar association of approximately 7,000 members who are primarily lawyers and patent agents engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

AIPLA appreciates the Office’s efforts to streamline the briefing of key issues before the Patent Trial and Appeal Board (“PTAB”) prior to institution. The issues raised in the NPRM were also the subject of a recent request for comments and an advanced notice of proposed rulemaking. Specifically, AIPLA previously expressed opinions in response to the Office’s Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board. 85 Fed.

Reg. 66502 (October 20, 2020).¹ And AIPLA further provided its response to the relevant portions of the Advance Notice of Proposed Rulemaking on “Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board.” 88 Fed. Reg. 24503 (April 20, 2023) (hereinafter the “ANPRM”).² In addition, AIPLA has previously expressed opinions on issues relevant to the NPRM.³

AIPLA takes this opportunity to comment on the specific proposal in this NPRM in order to ensure consistency of the rules, and to propose further considerations in either this or future related rulemaking.

As an initial matter, AIPLA appreciates the Director’s efforts to implement notice and comment rulemaking on the issues identified in the NPRM. Many of these issues have been subject to uncertainty and will benefit from rulemaking. AIPLA continues to support notice and comment rulemaking as the preferred mechanism to address the conduct of AIA trial proceedings, as discussed in AIPLA’s prior comments to the USPTO.⁴ The AIA explicitly calls for rulemaking to define procedures and practices related to institution of trial proceedings. For example, 35 U.S.C. §§ 316 and 326 provide that “[t]he Director shall prescribe regulations . . . setting forth the standards for the showing of sufficient grounds to institute a review under section[s] 314(a) [and subsections (a) and (b) of 324].” The statute further provides that “[i]n prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.” *Id.* In view of this statutory authority, AIPLA applauds the Director’s effort to enact rules designed in view of the practical experience of the PTAB and its shareholders.

Separate Briefing of Discretionary Denial Issues

The NPRM modifies sections 42.107 and 42.207 to provide that a patent owner may file a request for discretionary denial without authorization from the Board, and modifies section 42.24 to provide page limits for briefing on requests for discretionary denial.

¹ AIPLA letter to USPTO Regarding RFC on Discretion to Institute Trials Before the PTAB, at 8 (Dec. 3, 2020), available at https://www.aipla.org/docs/default-source/advocacy/documents/aipla_letter_uspto_discretion_institute_trials-before_ptab_120320_final.pdf.

² AIPLA Letter to USPTO Regarding ANPRM on Discretion to Institute Trials Before the PTAB (June 20, 2023), available at <https://www.aipla.org/docs/default-source/advocacy/aipla-response-to-uspto-anprm-on-ptab-practice.pdf>.

³ AIPLA Comments on PTAB Procedural Reform Initiative, at 4-5 (July 14, 2017) (commenting on the need for guidance in addressing serial/multiple petitions), available at <https://www.aipla.org/docs/default-source/advocacy/documents/aipla-letter-on-ptab-procedures-7-14-201797eaf6c385ba4bb2adfdc2941f7aad81.pdf>; AIPLA Comments in Response to Proposed Amendments to the Rules of Practice for Trials Before the PTAB, at 11 (Oct. 21, 2015) (commenting on limiting multiple proceedings), available at <https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-on-proposed-ptab-rules113fe5c6dc804f7180f5539d724cc585.pdf>;

AIPLA Response to the Request for Comments on Trial Proceedings Under the America Invents Act Before the PTAB, at 10-11, 19–20 (Oct. 16, 2014) (commenting on handling multiple proceedings), available at [https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-to-uspto-on-aia-trial-proceedings-before-ptab-10-16-14-\(1\).pdf](https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-to-uspto-on-aia-trial-proceedings-before-ptab-10-16-14-(1).pdf).

⁴ See, e.g., AIPLA letter to USPTO Regarding RFC on Discretion to Institute Trials Before the PTAB, at 2–3.

AIPLA generally supports modifying the rules to provide separate briefing on issues relating to discretionary denial. Current practice places petitioners at a disadvantage with respect to discretionary denial issues, for at least two reasons.

First, petitioners must address non-substantive discretionary denial factors at the expense of using the limited words allowed within the petition instead of addressing substantive arguments related to the patentability of the challenged claims. Allowing the petitioner to file separate briefing on discretionary denial sensibly allows the petitioner to focus the petition on issues related to patentability. This separates procedural issues from substantive issues of patentability and aligns with PTAB practice relating to parallel petitions. In the context of parallel petitions, AIPLA has supported the use of separate papers to identify rationales that would justify simultaneous institution of separate petitions related to a single patent.⁵ Further, AIPLA's prior comments to the USPTO in response to the ANPRM encouraged rulemaking that would allow petitioners to file a separate paper justifying a follow-on petition, with a response by the patent owner.⁶ Allowing the petitioner to address issues and arguments related to discretionary denial should not impinge upon the space limitations imposed on the petition under the rules.

Second, the rules currently require the petitioner to anticipate discretionary denial arguments that may be raised later by the patent owner. Under the AIA, the Director (and the Board, via the Director's delegation) retains discretion over whether to institute an inter partes review or post grant review proceeding. *See* 35 U.S.C. §§ 314, 324. Neither party bears a burden of proof, but *de facto* the patent owner raises issues and arguments relevant to the Director's discretion. Fairness requires an opportunity for the petitioner to respond to these issues and arguments raised by the patent owner.

AIPLA generally supports modifying sections 42.107 and 42.207 to provide that "[t]he Board may also sua sponte raise any applicable discretionary denial issue, in which case the Board will provide an opportunity for briefing by the parties." Fairness requires an opportunity for both the petitioner and the patent owner to respond to issues raised by the Director or the Board, if the parties' existing briefing does not adequately address that issue.

Contents of the Patent Owner Preliminary Response and the Briefing on Discretionary Denial Issues

AIPLA has concerns about the NPRM's attempts to prevent the patent owner from raising discretionary denial arguments in the patent owner preliminary response. Proposed section 42.107(a) states:

Patent owner preliminary response. (1) The patent owner may file a preliminary response to the petition. The response is limited to setting forth the reasons why no inter partes review should be instituted under 35 U.S.C. 314 ***based on issues other than discretionary denial***, and can include supporting evidence. The preliminary response is subject to the word count under § 42.24. ***A patent owner preliminary response shall not address***

⁵ AIPLA letter to USPTO Regarding RFC on Discretion to Institute Trials Before the PTAB, at 8.

⁶ AIPLA Letter to USPTO Regarding ANPRM on Discretion to Institute Trials Before the PTAB, at 9.

discretionary denial, which may only be raised pursuant to § 42.107(b), unless otherwise authorized by the Board.

(Emphasis added). Proposed section 42.207(a) includes corresponding language. The USPTO, through comments published with the final rules or other practice guidance should clarify that this restriction does not prevent discussion of the strength of the asserted grounds (which might relate to whether the petition presents “compelling merits”), or the similarity of the asserted grounds relative to art or arguments previously presented to the USPTO (which might relate to analysis under 35 U.S.C. § 325(d)).

Proposed section 42.108(c)(1) states:

To the extent the patent owner contends that there are substantive weaknesses in the petitioner's grounds of unpatentability that are relevant to the exercise of discretion under the patent owner may indicate in their request that they will address those substantive weaknesses in the preliminary response.

The proposed rules therefore suggest that the patent owner’s request for discretionary denial may cross-reference the preliminary response for arguments relating to “substantive weaknesses in the petitioner's grounds of unpatentability,” which would be relevant to “compelling merits,” as discussed in the Director’s June 21, 2022 Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation.⁷

The rules should similarly allow the patent owner to cross-reference the patent owner preliminary response for discussion relating to similarities between the art or arguments asserted in the petition and the art or arguments previously presented to the USPTO. Proposed sections 42.108(f) and 42.208(g) provide factors to be considered when the Board evaluates a petition under 35 U.S.C. § 325(d) to determine whether the same or substantially the same prior art or arguments were previously addressed by the Office. These are issues often discussed in patent owner preliminary responses, because the USPTO’s prior review of similar art or arguments may establish weakness in the grounds presented. Similarly, prosecution history of the challenged claims might be relevant to claim interpretation. It would be unreasonable to expect patent owners to include a fulsome discussion of similarities between the art or arguments in a ten-page request for discretionary denial. The natural place for such analysis is the patent owner preliminary response, and the rules should allow the patent owner’s request for discretionary denial to cross-reference the preliminary response to the extent the patent owner contends that there are similarities between the art or arguments asserted in the petition and the art or arguments previously presented to the USPTO.

AIPLA recommends amending the proposed definition of “serial petition” to better coordinate with language used in proposed section 42.108(e). As proposed in the NPRM, section 42.108(e) provides that “[t]he Board, in its discretion, may deny institution of any serial petition, as defined in § 42.2, for inter partes review ***challenging claims of the same patent that overlap with claims challenged in a previously filed petition for inter partes review, post-grant review,***

⁷ Available at

https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621.pdf.

or covered business method patent review.” (Emphasis added). Corresponding language appears in proposed section 42.208(f). The definition of “serial petition” proposed to be included in section 42.2 already defines a serial petition as one that “[c]hallenges [the] same or overlapping claims of the same patent that have already been challenged.” This language appears to overlap with the language emphasized in section 42.108(e), above, or the corresponding language in section 42.208(f). The “serial petition” definition in section 42.2, however, lacks reference to a “previously filed petition for inter partes review, post-grant review, or covered business method patent review.” In addition, the proposed definition includes references to a “first petition.” Preferably, the definition should reference any previously filed petition, since overlapping claims might not have been challenged in the first petition challenging a given patent. AIPLA suggests amending the “serial petition” definition to read:

Serial petition means a petition that:

(1) Challenges the same or overlapping claims of the same patent that have already been challenged by the petitioner, the petitioner's real party in interest, or a privy of the petitioner in a previously filed petition for inter partes review, post-grant review, or covered business method patent review; and

(2) Is filed after:

(a) The filing of a patent owner preliminary response to the ~~first~~ previously filed petition; or

(b) The expiration of the period for filing such a response under § 42.107(a)(2) or § 42.207(a)(2), or as otherwise ordered, if no preliminary response to the ~~first~~ previously filed petition is filed.

With these changes, the emphasized language from the currently proposed section 42.108(e) could be eliminated.

Deadlines for Briefing of Discretionary Denial Issues

AIPLA has concerns about the deadlines imposed by the NPRM for filing a request for discretionary denial under proposed sections 42.107(b)(2) and 42.207(b)(2). As discussed above, there are underlying facts related to compelling merits and similarities of the asserted grounds relative to art or arguments previously presented to the USPTO. The patent owner's preliminary response is due three months after the date the USPTO files a notice indicating that the petition has been accorded a filing date. Requiring the patent owner to file the request for discretionary denial a full month before filing the preliminary response will unduly burden the patent owner and may limit the patent owner's ability to include arguments related to compelling merits or § 325(d) in the request for discretionary denial.

The Director's June 21, 2022 Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation places considerable emphasis on the analysis

of whether the petitioner presents “compelling merits.”⁸ A finding of compelling merits effectively negates the other *Fintiv* factors.⁹ The strength of the grounds asserted in the petition is fundamentally the topic of the patent owner preliminary response. Similarly, as discussed above, the patent owner’s inquiry into and analysis of similarities between the asserted grounds and the art or arguments previously presented to the USPTO may be relevant and required in the preliminary response for arguments relating to the strength of the asserted grounds and/or for claim interpretation. Requiring the patent owner to address these issues a full month before filing the preliminary response places a substantial burden on the patent owner by requiring the patent owner to develop the arguments, consult with experts, and get client approval a full month earlier than current practice requires. As a practical matter, this deadline would require the patent owner to have a near-final draft of the preliminary response done a month earlier than the rules otherwise require. Therefore, AIPLA suggests setting concurrent deadlines for the patent owner’s preliminary response and request for discretionary denial.

To allow concurrent deadlines for the patent owner’s preliminary response and request for discretionary denial, AIPLA suggests shortening the deadline for the petitioner’s reply to the request for discretionary denial and the deadline for the patent owner’s sur-reply to the petitioner’s reply to the request for discretionary denial. Requiring a reply to the request for discretionary denial within three weeks after the filing of the request for discretionary denial would be adequate in most circumstances and would comport with current practice, where the panels typically give very little time for the petitioner to file a reply to the patent owner’s preliminary response. Similarly, requiring the patent owner’s sur-reply to be filed within one week after the petitioner files its response would be adequate. Alternatively, a patent owner sur-reply may not be needed by default, and the rules should instead allow the patent owner to seek leave to file a reply. The Board should routinely grant such requests upon a showing of good cause, but depending on frequency of use could be a reason to extend the timeline for a petitioner’s reply to a four-week schedule.

Termination Due to Settlement Agreement

AIPLA appreciates the Office’s intent to resolve an apparent panel split on the matter of recording settlement agreements when dismissing a trial at the pre-institution stage due to settlement (see, e.g., *Samsung Elecs. Co. v. Telefonaktiebolaget LM Ericsson*, IPR2021–00446, Paper 7 (PTAB Aug. 3, 2021)). However, AIPLA has concerns about mandating the filing of all settlement agreements reached before institution by rule, regardless of the Board’s general approach. As noted by the NPRM, the relevant language in 35 U.S.C. 135(e), 317(b), and 327(b)

⁸ See *Commscope Technologies LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 (P.T.A.B. Feb. 27, 2023) (precedential).

⁹ Under the PTAB’s precedential *Fintiv* decision, the Board considers the following factors when evaluating whether pending district court litigation justifies denying institution under the Board’s discretion:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020).

expressly addresses settlements in contested proceedings that have been instituted. Mandating the same requirement for all pre-institution settlement agreements or understandings may discourage or complicate pre-institution settlement negotiations, which must be completed under compressed durations of time. While AIPLA appreciates and supports the Office's goal to cooperate in policing unfair, anticompetitive practices, extending the requirements for submitting settlement agreements beyond the congressionally mandated statutory requirements does not meet this goal in the most efficient manner.

Conclusion

AIPLA gratefully acknowledges the efforts by the USPTO to improve the process for briefing discretionary denial issues, and for providing further clarity and predictability for 325(d) considerations, institution of parallel and serial petitions, and requirements when terminating a proceeding due to a settlement agreement. We thank you for the opportunity to provide these comments and are happy to discuss further.

Sincerely,

A handwritten signature in blue ink that reads "Ann M. Mueting". The signature is written in a cursive, flowing style.

Ann M. Mueting
President
American Intellectual Property Law Association