

**COMMENTS OF THE COMPUTER AND COMMUNICATIONS  
INDUSTRY ASSOCIATION**

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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

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Comments On Potential Changes To AIA Trial Procedures

July 6, 2017

The Computer & Communications Industry Association (“CCIA”) represents over thirty companies of all sizes providing high technology products and services, including computer hardware and software, electronic commerce, telecommunications, and Internet products and services—companies that collectively generate more than \$465 billion in annual revenues.<sup>1</sup>

Our members participate in the patent system both as patentees and as defendants against patent litigation, and many have petitioned for relief via *inter partes* and covered business method reviews in front of the PTAB. In order to fulfill the Congressional mandate that post-grant procedures should “provide a check on patent examination, ultimately resulting in higher quality patents,”<sup>2</sup> effective and fair procedures at the Patent Trial and Appeal Board are required. We appreciate the Patent Office’s invitation to provide comments on whether the existing procedures meet their goal.

We conclude that the existing procedures are effective and fair. Current post-grant proceedings provide a meaningful check on patent examination while avoiding undue delays, prejudice to patent owners, and abuse of the system. In addition, they provide an avenue for the public to vindicate its interests in practicing technology that would be within the public domain but for an incorrectly issued patent, an opportunity they might not have absent the existence of a revocation procedure at the Patent Office.

## I. Existing PTAB Procedures Provide An Effective And Fair Procedure

The existing PTAB procedures are generally operating well. The institution decisions issued from the Board show thoughtful and detailed examinations of the contents of the prior art and how that art operates with respect to the challenged patent. The resulting decisions have helped to remove poor quality patents from the patent system, thus creating exactly the check on patent quality that post-grant proceedings were intended to provide.

In addition to the internal quality of the reasoning exhibited in PTAB decisions, several external checks show that post-grant procedures at the PTAB are operating effectively. In particular, review of PTAB decisions by the Federal Circuit illustrates that the PTAB is providing accurate determinations on patent validity, while review of PTAB outcomes in comparison to outcomes in other revocation procedures such as EPO oppositions shows that the PTAB outcomes are comparable. Given that no one has identified any serious problems with the PTAB’s procedures, there is no need for major changes.

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<sup>1</sup> A list of CCIA’s members is available online at <https://www.cciagnet.org/about/members/>

<sup>2</sup> H.R. Rep. No. 112-98, pt.1, at 87 (2011); *see also* H.R. Rep. No. 112-98, pt.1, at 48 (AIA post-grant proceedings “provide a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court.”)

To the extent that the ultimate disposition of challenged patents results in more patents being invalidated in whole or in part than remaining untouched, this simply represents the fact that petitioners choose which patents to challenge based on their susceptibility to an invalidity challenge. Of the patents involved in litigation during the availability of the AIA post-grant proceedings, roughly 15% have been challenged in front of the PTAB.<sup>3</sup> Given the selectivity exhibited by petitioners in deciding which patents and which claims are worth challenging, it would be unusual if the challenged claims were not (as a group) somewhat more likely than not to be found invalid.

## A. The Federal Circuit upholds PTAB decisions

PTAB decisions are not made in a vacuum; a decision by the Board is subject to review at the Federal Circuit and ultimately by the Supreme Court. As these are also the entities that review decisions by district courts, comparing the rate of reversal between the PTAB and the district courts provides evidence that the PTAB procedures are providing a fair and effective outcome.

Through May 1, 2017, the Federal Circuit has decided 200 appeals from the PTAB on IPRs and CBMs.<sup>4</sup> In 75% of those cases, the Federal Circuit upheld the PTAB decision in its entirety. In another 5% of cases, the Federal Circuit dismissed the case. In the remaining 20% of cases, the PTAB was reversed in whole or in part. This is almost identical to the rate of affirmances on appeal for district court decisions, where 73% of district court decisions were affirmed.<sup>5</sup> If there were issues with PTAB procedures leading to incorrect outcomes, we would expect to see a lower rate of affirmance for the PTAB in comparison to district courts. The similarity of outcomes between the PTAB and district courts suggests that post-grant proceedings are providing outcomes at least as fair and effective as district courts.

## B. PTAB outcomes are similar to outcomes in post-grant proceedings in other jurisdictions

In addition, outcomes for patents subject to PTAB procedures have been similar to the outcomes in other post-grant review systems. For example, the European opposition procedure, used to challenge a patent after it issues, revokes roughly one-third of challenged patents, upholds roughly one-third, and the other third are reissued in some amended form (e.g., with

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<sup>3</sup> <https://www.uspto.gov/about-us/news-updates/remarks-director-michelle-k-lee-george-washington-university-school-law>

<sup>4</sup> <http://www.aiablog.com/ptab-stats/federal-circuit-ptab-appeal-statistics-may-1-2017/>

<sup>5</sup> <https://www.law360.com/articles/894751/law360-s-federal-circuit-snapshot-by-the-numbers>

some claims cancelled but others allowed to remain).<sup>6</sup> The European experience is consistent with the results of the *inter partes* review procedure in the PTO.

Based on the statistics the PTO provided<sup>7</sup> through March 31, 2017, there have been 6700 petitions for *inter partes* review. Of the 4851 petitions that have received decisions on institution, the PTO denied institution of 1469. In addition, there were 269 final decisions in which all challenged claims were found patentable. Thus, in 1738 out of 4851 petitions with a decision on institution (36%), the entirety of the patent was found valid. This is consistent with EPO opposition procedures, which denies an opposition (and thus maintains all claims) on approximately 31% of petitions.

Of the 6700 IPR petitions made, roughly 1600 are still in progress (either before or after institution), while another 300 have been joined with other petitions. This leaves 4804 petitions that have been finally disposed of in some fashion or another. In 240, the patent owner requested adverse judgment (*i.e.*, that their claims be found unpatentable.) In an additional 1014 proceedings, all challenged claims were found unpatentable. As a result, 1254 challenges out of 4804 resulted in invalidation of all challenged claims. This is 26% of all proceedings, slightly lower than the European rate of 31%.

The remaining 38% of IPR proceedings are primarily disposed of by settlement (31%), which leaves the patent intact, though potentially subject to easier challenge in the future. In addition, roughly 5% of patents have some, but not all, claims invalidated.<sup>8</sup> This also matches the European experience in which 38% of patents survive in part or with amendments.

It's clear that the PTAB procedures result in similar outcomes to similar proceedings in other countries, another signal that the PTAB procedures are providing an effective procedure without being overly burdensome on patent owners.

### C. No serious problems have been identified that would require major changes to PTAB procedures

No serious problems have been identified that are more than speculative, and the speculative problems have not materialized.

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<sup>6</sup> [http://www.aipla.org/committees/committee\\_pages/IP-Practice-in-Europe/Committee%20Documents/AIPLAOppositionAppeal2210.pdf](http://www.aipla.org/committees/committee_pages/IP-Practice-in-Europe/Committee%20Documents/AIPLAOppositionAppeal2210.pdf)

<sup>7</sup> <https://www.uspto.gov/about-us/news-updates/remarks-director-michelle-k-lee-george-washington-university-school-law>

<sup>8</sup> If the *SAS v. Lee* case is decided such that the PTAB must institute on all claims if it institutes on any claims, then it would be expected that the percent of settlements and determinations that all claims are unpatentable would be reduced and the percent of some, but not all, claims being invalidated would increase. This is due to the fact that patentable claims are effectively confirmed as patentable at the institution phase if they are not instituted upon.

The primary alleged abuse that has been identified is the series of challenges brought by Kyle Bass's Coalition for Affordable Drugs. These challenges appear to have been brought at least in part to drive down share prices for the patent owners in order to allow Mr. Bass and his hedge fund to recoup their investment via short sales.<sup>9</sup> However, the cause of the challenge is simply irrelevant to whether an *inter partes* review is appropriate. If a patent is invalid, then the patent is invalid, regardless of the motivation of the validity challenge. The public interest in having an invalid patent revoked is nevertheless served. Concerns about Mr. Bass's questionable stock strategies are better addressed through approaches that do not restrict the public interest in challenging invalid patents, rather than by limiting access to PTAB proceedings.

Post-grant reviews provide an avenue to review the output of the Patent Office, resulting in higher quality patents. Whether that review results from a desire to monetize patent challenges via stock trading, minimize litigation risk by invalidating an asserted patent, provide a public service by challenging bad patents, or provide a service to dues-paying members by thinning poor quality patents from the spaces in which members operate, the validity or invalidity of the patent remains the same.

Moreover, Mr. Bass's strategy appears to have failed.<sup>10</sup> Only three of the fourteen challenged patents were invalidated, and the Coalition hasn't filed new cases in at least eighteen months. The fund providing money for the effort was recently closed. This suggests that the existing procedures are sufficient to meet the challenge, and that attempts to game the system are likely to fail.

## II. Multiple Petitions Are Useful And Existing PTAB Rules Are Sufficient If Abusive Petitions Appear

Multiple petitions are currently being used in an appropriate fashion. There is no evidence of actual abusive practices with regard to the filing of multiple petitions, and the PTAB's existing capabilities to deny petitions as redundant, cumulative, or to simply deny them under its discretionary authority are sufficient to handle those instances where multiple petitions might not be appropriate.

### A. Multiple petitions are sometimes necessary

A petitioner may need to file multiple petitions in a number of circumstances.

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<sup>9</sup> <https://www.wsj.com/articles/hedge-fund-manager-kyle-bass-challenges-jazz-pharmaceuticals-patent-1428417408>

<sup>10</sup> <http://www.techpolicydaily.com/technology/reverse-patent-troll-holsters-club-iprs-continue-even/>

For example, if a patent contains hundreds of claims, it will be impossible to adequately address all of the claim limitations in a single petition simply because of the limitation on word count in a single petition. The current PTAB rules provide a 14,000 word length for petitions. One estimate for the necessary matter for any petition (i.e., certifying compliance with requirements, describing the prior art in general, describing the prosecution history of the challenged patent, claim construction, and similar sections) places it around 3,500 words.<sup>11</sup> That leaves 10,500 words for the detailed analysis of the patent claims with respect to the prior art. If a patent contains one hundred claims, that's only 105 words per claim. Even assuming some duplication in claim limitations, this is still a crippling word limit—this paragraph alone contains 141 words.

Given that the patentee in such a circumstance is the one who has chosen to claim hundreds of claims, any protestation that multiple petitions in this type of situation represents an undue burden on the patentee is unconvincing; they came to the nuisance.

Other patents may require multiple references, such as when claim limitations including many known features are incorporated into claims that—while known and obvious—are not present in a single reference. Similarly, in complex technologies that may require additional space to specify with particularity how the prior art meets each and every limitation of the challenged claim, additional petitions may be required simply to provide sufficient detail to the Patent Office. Examples of such situations are provided in Section II.B *infra*.

Due process interests also favor multiple petitions. For example, allowing multiple petitions directed to the same patent allows a petitioner to challenge a patent that has already been challenged by another petitioner. If a petitioner could not file a petition against a patent simply because it had been challenged by another petitioner, then they would effectively be bound by the results of a challenge in which they could not participate. Indeed, petitions from multiple parties directed to the same patent are typically the direct result of a patent owner's decision to assert a patent against multiple parties in a litigation campaign. Each party against whom the patent is asserted would have a right to independently challenge the patent in District Court—there is no reason not to allow them the same right in front of the PTAB. A rule against multiple petitions in this circumstance would violate the due process rights of the parties against whom the patent had been asserted. In order to avoid these issues, multiple petitions directed to a single patent, whether from a single petitioner or from multiple different petitioners, must be allowed.

Furthermore, the PTAB has other options for managing caseload in this circumstance. The PTAB already joins petitions together where appropriate and denies petitions using already reviewed or nearly identical art as unlikely to succeed. Serial challenges based on the same art are already denied as a result.

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<sup>11</sup> See <https://bannerwitcoff.com/wp-content/uploads/2017/01/PTAB-Highlights.Shifley.01.04.17.pdf>

Finally, as a matter of policy, multiple petitions do not represent an excessive burden on the Patent Office. While each additional petition represents additional work, tools are available for managing this caseload, and the petition fee is intended to fund the necessary work by the Office.

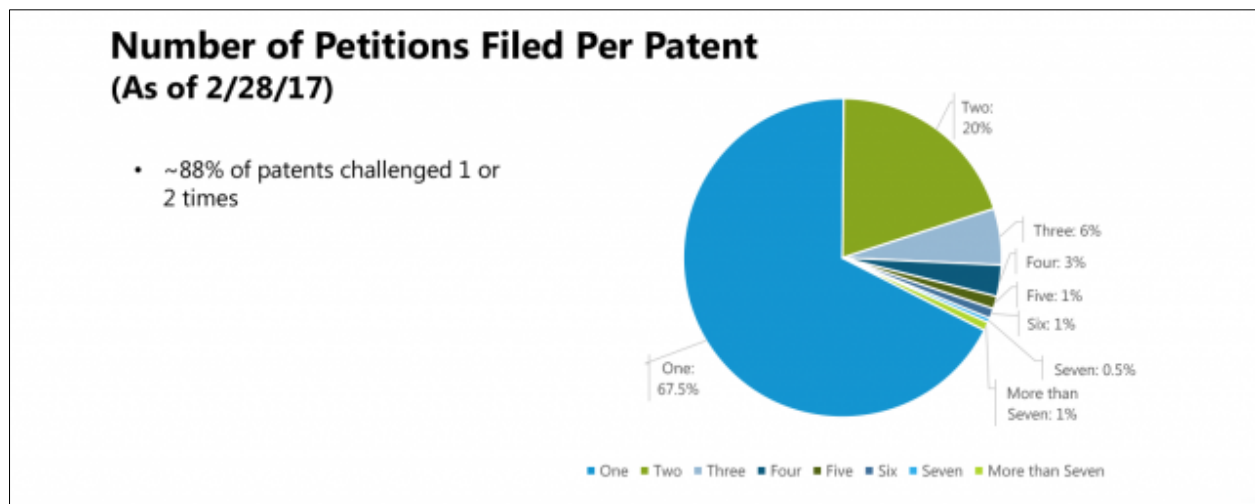
## B. Examples of *inter partes* reviews in which multiple petitions were necessary

One example of a patent where multiple petitions were necessary due to an excessive number of claims is found in IPRs 2016-00246, 00247, 00248, 00249, and 00251, all directed to U.S. Pat. No. 7,237,634. The '634 patent contains 306 claims. Five petitions were needed in order to address even a subset of such a multiplicity of claims in detail. Even with five petitions, there was insufficient space to address all 306 claims.

Another example of a patent where both number and complexity of claims required multiple petitions is found in IPRs 2015-01300, 2015-1303, 2015-01377, 2016-00583, 2016-00584, and 2016-00585, all directed to U.S. Pat. No. 7,435,982. The '982 patent contains 81 claims in a relatively complex technology (excimer lasers.) Six petitions were used in order to cover all 81 claims in sufficient depth.

## C. Multiple petitions are rare

Although several examples are provided above of patents that face multiple petitions, in practice very few patents face multiple petitions. This is unsurprising if for no other reason than that additional petitions incur both additional fees paid to the PTO and additional costs such as attorney's fees. Fig. 1 below, created by the Patent Office, illustrates how rare such a situation is.



68% of patents challenged in IPR face only one petition, and 88% face one or two petitions.<sup>12</sup> This means that only 12% of challenged patents face three or more petitions, even counting situations such as parallel petitions from multiple petitioners that will later be consolidated into a single challenge.

The rarity of multiple petitions, combined with the occasional necessity of multiple petitions, is further evidence that abuse of multiple petitions does not seem to be a problem.

#### D. Existing rules are sufficient to deal with abuse of multiple petitions, to the extent abuse exists

While abuse of multiple petitions doesn't appear to be a problem that actually exists, there are adequate procedural options available for the PTAB to handle any such problems. In particular, the PTAB has complete discretion as to whether to institute a petition.<sup>13</sup> Even after a petition has been instituted, the PTAB has discretion to stay, transfer, consolidate, or terminate the petition.<sup>14</sup>

To put it simply, if a petition is abusive, the PTAB has the authority to choose not to institute it, including doing so without further discussion as to why, as well as to terminate or otherwise modify an already instituted petition. These broad discretionary abilities provide the PTAB with an adequate ability to handle abusive petitions, to the extent they emerge as an issue.

This is particularly the case with respect to repetitive petitions, where the PTAB has additional statutory and regulatory authority to deny or dismiss petitions. For example, a patent where a final written decision already exists will create an estoppel against the petitioner, preventing them from raising additional arguments.<sup>15</sup> If the art in a petition is repetitive of art already before the Office, then the Board again has additional reason to dismiss or deny the petition.<sup>16</sup>

The notion that repetitive petitions will present an opportunity for harassment or abuse of patent owners is simply not borne out by the history of post-grant reviews, and if it ever arises, the Board already has sufficient tools to address it. Any attempt to modify the procedures to avoid this purely speculative harm runs the risk of creating an actual harm to the circumstances, described above, in which multiple petitions are appropriate and in fact required.

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<sup>12</sup> Michelle Lee, Director, USPTO, Remarks at George Washington Law School 2017 Symposium on Intellectual Property (May 16, 2017), available at <https://www.uspto.gov/about-us/news-updates/remarks-director-michelle-k-lee-george-washington-university-school-law> (reporting that 68% of patents challenged in IPR face only one petition and 88% face one or two petitions).

<sup>13</sup> See 37 CFR 42.108 (stating the Board “may institute”, as opposed to “shall institute”); see also 35 U.S.C. § 314(a).

<sup>14</sup> 37 CFR 42.122.

<sup>15</sup> 35 U.S.C. § 315(e).

<sup>16</sup> 35 U.S.C. § 325(d).



### III. Experience Confirms That The Broadest Reasonable Interpretation Standard Remains Appropriate

As confirmed by the Supreme Court in *Cuozzo v. Lee*<sup>17</sup>, the broadest reasonable interpretation (BRI) standard is an appropriate standard for use in reviewing the patentability of a claim, whether during initial examination or during a post-grant review of the patent. The reasons cited by the Court—consistency with other PTO proceedings, the ability to amend if the amended claim would be patentable, and the need to “protect the public’s ‘paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope’”—all remain as valid now as they were when the Court determined that broadest reasonable interpretation was appropriate.<sup>18</sup>

In addition to the Court’s determination that BRI is appropriate, two policy considerations also militate against moving away from the BRI standard.

First, the ongoing need to protect the public from over-broad claims (combined with the PTAB’s inability, both statutorily and in practice, to search out additional prior art to use in rejecting a claim) requires the use of BRI.

As cited by the Supreme Court in *Cuozzo*, the public has an extremely strong interest in ensuring that patents do not receive more scope than they deserve and thereby withdraw from the public domain that which should have been available to the public.<sup>19</sup> Broadest reasonable interpretation is one tool for vindicating this interest. By ensuring that the claims are interpreted broadly, the PTO ensures that any plausible litigation posture that the patent-holder might take is reviewed against the prior art. This prevents a claim from issuing which encompasses the prior art.

Second, as the PTO cannot bind a federal court’s interpretation of a claim, caution requires that determinations of claim scope at the PTO must err on the side of a broader construction in order to avoid a claim being allowed under a narrower interpretation than will be applied for litigating infringement. Decision-makers will frequently come to different constructions of a given term.<sup>20</sup>

Because of the likelihood of divergence between constructions, the PTO must adopt a broader standard for construction such that even if the PTO construes the term somewhat more

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<sup>17</sup> *Cuozzo Speed Technologies LLC v. Lee*, 136 S.Ct. 2131 (2016) (No. 15-446).

<sup>18</sup> *Cuozzo* at 2135, citing *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806, 816 (1945).

<sup>19</sup> See *Cuozzo* at 2135.

<sup>20</sup> See, e.g., *American Piledriving Equip., Inc. v. Geoquip, Inc.*, 637 F.3d 1324, 1327 (Fed. Cir. 2011) (describing a set of litigations in which seven district courts construed the same three claim terms, and in which no two district courts arrived at the same construction.)

narrowly than the standard would allow, it will still be construed more broadly than the narrower construction under which a district court will consider it for purposes of infringement. Otherwise, a situation in which the determination of validity is made based on a narrower construction than the determination of infringement could occur. This situation would violate long-standing principles of patent law.<sup>21</sup> The PTO should continue to apply the broadest reasonable interpretation standard for purposes of claim construction in order to ensure this situation is avoided.

Finally, we note that the broadest reasonable interpretation standard can operate to the patent owner's advantage in some situations. For example, when proof of prior invention is offered, a broader construction of the claim may allow the patent owner to show prior invention when they would not be able to do so if the claim were construed under a *Philips* standard and would thus not be able to antedate prior art.<sup>22</sup>

#### IV. The Board Should Provide Both Petitioner And Patent Owner With The Earliest Possible Notice And Opportunity To Respond To Changes In The Board's Claim Construction

The Board has, during the course of an instituted post-grant proceeding, departed from their initial determination on claim construction,<sup>23</sup> on which prior art will be applied to which claims for the final decision,<sup>24</sup> and on similar issues. The Board must adopt procedures to ensure that any such changes during an instituted trial will be quickly communicated to the parties, and to provide the parties with an opportunity to respond to the changes. This is particularly true in light of recent Federal Circuit decisions that have overturned the Board's judgment when they failed to provide adequate notice and opportunity to be heard to the parties regarding a change in claim construction.<sup>25</sup> In order to avoid the cost and delay entailed in appeals, the Board must provide the parties with notice and an opportunity to respond when they change claim construction in such a way that the parties could not have been expected to address the new construction.

In contrast, the Federal Circuit has affirmed the Board's ability to rely on different prior art in the decision on institution compared to the final written decision, so long as that art was

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<sup>21</sup> See, e.g., *Sterner Lighting, Inc. v. Allied Electrical Supply, Inc.*, 431 F. 2d 539 (5th Cir. 1970) (a "patent may not, like a 'nose of wax,' be twisted one way to avoid anticipation and another to find infringement"); *SmithKline Diagnostics, Inc. v. Helena Laboratories Corp.*, 859 F. 2d 878 (Fed. Cir. 1988) ("claims must be interpreted and given the same meaning for purposes of both validity and infringement analyses").

<sup>22</sup> See, e.g., *Intellectual Ventures v. Motorola*, Docket No. 16-1361 (Fed. Cir. May 31, 2017).

<sup>23</sup> See, e.g., *SAS Institute, Inc. v. COMPLEMENTSOF, LLC.*, 825 F. 3d 1341 (Fed. Cir. 2016).

<sup>24</sup> See, e.g., *Genzyme Therapeutic v. Biomarin Pharmaceutical*, 825 F. 3d 1360 (Fed. Cir. 2016).

<sup>25</sup> *SAS Institute* at 1350-52.

present in the original petition.<sup>26</sup> In this instance, the Board relied on art that was part of the petition, but was not originally identified as key in the decision on institution. To the extent that the Board is aware of such a change prior to the drafting of the final written decision, it would be helpful for the Board to provide notice to the parties. While not required as a matter of law, and not an error which would be overturned on appeal, providing this notice will allow parties to better focus their ongoing efforts towards those issues which the Board is most actively considering, and thereby provide the most relevant information to the Board in order to produce a higher quality final written decision.

## V. Patent Owners Should Not Be Allowed Additional Or Later Opportunities To Amend Claims

Currently, most motions to amend are denied. However, as the PTO's updated statistics showed when presented at the June 29, 2017, PTAB Judicial Conference, denial of motions to amend is almost always based on a defect in patentability of the amended claims, such as lack of novelty or non-obviousness, new or broadened subject matter, indefiniteness, lack of enablement, or lack of written description.<sup>27</sup> In other words, the three PTAB judges typically determine that a proposed amended claim would not have been allowable if it had been presented for examination, rather than dismissing the amendment for a procedural defect. As a result, it appears that the existing amendment process correctly distinguishes between allowable and non-allowable amended claims, and that additional opportunities to amend would not significantly impact the outcome of the IPR process.

The Office has also requested comment on whether opportunities to amend the claims later in the proceeding should be provided to a patent owner. Opportunities to amend the claims later in the procedure would create new issues, particularly when combined with the statutory requirement that estoppel attaches with respect to amended claims. Rather than providing later opportunities to amend the claims, which would necessitate providing the petitioner with time to search the prior art to ensure the most relevant art is presented and the opportunity to meaningfully supplement its petition to address new limitations<sup>28</sup>, opportunities to amend should continue to be limited to the early stages of the proceeding.

At a minimum, providing later opportunities to amend would create undue delays and result in the potential of multiple serial petitions from the petitioner. These are exactly the type of procedural problems the Office is attempting to avoid in requesting these comments. In order to

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<sup>26</sup> See *Genzyme* at 1366.

<sup>27</sup> These updated statistics match those provided previously in the PTAB's 2016 PTAB Motion to Amend Study, which noted that 81% of amendments decisions were based on patentability, rather than procedural, issues.

<sup>28</sup> See *Shinn Fu v. Tire Hanger*, Case No. 12-2250, slip op. at n. 3 (Fed. Cir. July 3, 2017).

avoid these issues, opportunities to amend should continue to be limited and placed early in the procedure.

## VI. Institution By A Three Judge Panel Remains Appropriate, And Additional Review Would Not Be Useful

The current procedure for determining whether to institute a post-grant proceeding has been and remains appropriate.<sup>29</sup> A three-judge panel which both determines whether to take up the case and which renders the ultimate decision provides the benefits of multiple viewpoints, while also being consistent with widespread U.S. legal practices. Additional review beyond that provided by the existing routes of appeal would impose additional workload on the PTAB without meaningfully improving the institution decision process.

### A. The same panel should continue to make the institution decision and the final written decision

Having the same panel determine whether to institute a case and determine its ultimate outcome is appropriate and matches the approach taken elsewhere in the legal system.

The PTAB's record to date shows that panels do not blindly follow the institution decision. As of March 31, 2017, there were 1,573 post-institution determinations made by the PTAB (which includes dismissals by the PTAB and final written decisions, but eliminates open petitions, settlements, requests for adverse judgment, and petitions that ended by joinder). Of those 1,573 determinations, the PTAB overruled their institution decision in whole or in part in 559 cases (35%). In other words, in 35% of instituted matters that were not terminated by the parties, the panel reversed their initial determination. This matches the expectation that more claims should be invalidated than not invalidated. Because the institution decision itself acts as a gatekeeper that is intended only to allow invalid claims through, post-institution, it would be expected that an unbiased panel would still find more claims invalid than valid. While the roughly one-third rate at which the panel reverses itself provide positive evidence that PTAB judges are not unduly biased by having made the initial determination, the two-thirds rate of confirming their initial judgment combined with the Federal Circuit's high affirmance rate for PTAB decisions provides evidence that the initial determinations are typically correct.

The approach taken at the PTAB also matches the approach taken in judicial contexts. For example, the Justices of the Supreme Court determine whether to hear a given case, and then the

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<sup>29</sup> A key difference between the *inter partes* review procedure and the similar European opposition procedure is that oppositions lack an institution decision—all challenged patents receive a final decision. The institution decision provides additional economy by weeding out poor quality challenges to patents before the patent owner incurs significant costs.

same Justices render their judgment on the outcome. Similarly, a circuit court determining whether to hear the case *en banc* makes the decision as a group, while simultaneously rendering judgment as a group. And district court judges hear motions for summary determination and then, if summary judgment is not appropriate, may still decide the issue later in the case.

In none of these circumstances would anyone suggest that it is inappropriate for the Justices, for the *en banc* circuit, or the district court to decide a threshold question, and then to also participate in the ultimate decision. Nor would anyone suggest that an initial determination to take a case for review or to deny a motion for summary judgment would provide an improper bias regarding the ultimate determination.

Similarly, having the same panel both make a decision on institution and write the final written decision is appropriate and does not appear to induce an undue bias in the panel.

## B. Multiple judges should remain involved in the decision on institution

Having institution determined by a single judge would not improve the efficiency of post-grant proceedings. It would also not improve the quality of the decisions reached.

A single PTAB judge, acting alone, lacks any feedback or sounding board from colleagues. They lack any dissenting voice that may persuade them they are incorrect or provide an alternative viewpoint that changes the institution decision. Absent these additional viewpoints, a single PTAB judge is more likely to reach an incorrect decision on institution compared to a collegial panel, whether that be instituting a trial that isn't appropriate or failing to institute a trial that should be instituted.<sup>30</sup> A single Federal Circuit judge can't determine to take a case *en banc*, nor can a single Supreme Court justice grant *certiorari*. We require that multiple judges agree in these circumstances in part so that those judges have the benefit of their colleagues' viewpoints in determining whether to take a case. Similarly, PTAB institution panels require that the majority of the panel determine that the case is appropriate, providing multiple viewpoints and requiring multiple independent determinations that the case is likely to invalidate the patent prior to granting institution. Panel determinations also provide better application of controlling case law.<sup>31</sup>

Having a single judge deciding on institution does not create efficiencies that outweigh the risk of improper institution or denial of institution. The other judges on the panel would still be required to become familiar with the subject matter in instances where the decision to institute has been made. Furthermore, the original work done on institution is shared across multiple

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<sup>30</sup> See Lewis A. Kornhauser & Lawrence G. Sager, Unpacking the Court, 96 Yale L.J. 82, 100–02 (1986).

<sup>31</sup> See Jonathan P. Kastellec, Panel Composition and Judicial Compliance on the US Courts of Appeals, 23 J.L. Econ. & Org. 421, 422 (2007).

judges, with each bringing different experiences to bear, rendering that collaborative process more efficient and effective than three judges each working independently.

This is particularly true in the PTAB context due to the complex technologies at stake. Each of the multiple judges will have different backgrounds and different familiarity with the complex technologies at issue, and each judge may be better suited to understanding the interaction of technology and law regarding different aspects of the case. For example, if a patent dealing with a complex electromechanical control system is being reviewed, one judge may have more familiarity with the electrical aspects of the system, one with the mechanical aspects of the system, and one with control theory itself. By applying these multiple sets of knowledge, with each judge working in conjunction with the other judges, a better understanding of the technology and prior art can be achieved, compared to if any one of the judges was working alone without the benefit of the others' experience.

Finally, because the decision to institute is unappealable per statute<sup>32</sup>, there's a particularly high interest in a correct decision at this stage. The use of a multiple judge panel, which is more likely to produce a better decision, is thus particularly appropriate.

By maintaining the usage of a three judge panel to determine whether to institute, errors in the decision on institution can be avoided. This alone should be dispositive of whether to use multiple judges in the decision on institution.

### C. Additional review isn't required because alternative avenues for challenges remain regardless of the decision

There is also no need for additional review of the institution decision. First, institution is in part a discretionary docket management tool available to the PTAB in order to ensure timely completion of all reviews instituted. Review of this docket management function at the institution stage is inappropriate. Further, review of institution decisions would only add delay to the proceeding without providing an avenue for review that is otherwise unavailable. This is particularly true given that, no matter what the outcome is at the institution stage, alternative avenues for challenging the claim's validity or invalidity remain available.

For example, if a proceeding is instituted on a claim, then the eventual final written decision will provide an avenue for appeal of the determination regarding that claim's validity or invalidity. And if a proceeding is not instituted on a claim, then no estoppel attaches to that claim, and the petitioner is free to challenge the claim elsewhere (for example, in a district court.)<sup>33</sup>

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<sup>32</sup> 35 U.S.C. § 314(d).

<sup>33</sup> See 35 U.S.C. § 315(e).

In addition, after the Supreme Court's decision to grant *certiorari* in the *SAS v. Lee* case, the institution process may change such that all claims are instituted or not instituted. This would only confirm that alternative avenues remain available in either case, whether it be a district court challenge to validity or a Federal Circuit appeal of the final written decision (either as valid or invalid.)

## VII. Conclusion

The Computer and Communications Industry Association appreciates this opportunity to provide the Patent Office with our comments on AIA post-grant proceedings. These proceedings have been shown to be a successful approach to back-end review of issued patents, which must be combined with ongoing efforts to improve the front-end examination process. We would welcome any other opportunities to assist the Patent Office in improving patent quality, whether with respect to the examination process or the post-grant review process, in order to continue to assure that patents issued by the U.S. Patent and Trademark Office are the highest-quality patents found anywhere in the world.

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