

**Before the
United States Patent and Trademark Office
Alexandria, VA 22313**

Comments Regarding PTAB AIA Trials

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Submitted to: PTABAIATrialSuggestions2uspto.gov
June 27, 2017

I. Introduction

As the second largest recipient of patents granted by the United States Patent & Trademark Office (USPTO)¹ with a wide range of innovative products and services, Samsung Electronics Co. Ltd (“Samsung”) appreciates the opportunity to comment on the post-issuance review proceedings created by the America Invents Act (“AIA”) from the perspective of both a patent owner and product implementer. In particular, Samsung appreciates the opportunity to comment on Inter Partes Review (IPR) proceedings which enable the USPTO to self-correct its mistaken issuance of low quality patents that plague our patent system and stifle true innovation.² Attempts to weaken IPR through proposed rule changes misrepresent data that instead confirms IPRs are narrowly tailored and used sparingly, with the USPTO already having in place the necessary tools to prevent against and mitigate the harm from abusive filings. Reform is neither necessary nor warranted at this time.

In Samsung’s view, the U.S. Patent & Trademark Office (USPTO) does an admirable job handling a diverse and expanding workload. However, the USPTO is still a resource constrained governmental agency and inherently limited in its ability to find, evaluate, and apply critical prior art during initial prosecution of a patent application³. High filing rates exacerbate the problem, with nearly 600K utility applications filed in calendar year 2015 alone⁴. Post grant review proceedings, and IPR proceedings in particular, thus serve an important role in augmenting the USPTO’s ability to ensure that only quality patents remain in force.

¹ <https://www.ipo.org/index.php/publications/top-300-patent-owners/> (published annually by IPO).

² <https://www.law360.com/articles/935013?sidebar=true> (noting Apple, Samsung, and Google are the top three filers respectively of IPR petitions).

³ https://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.pdf

⁴ https://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.pdf

While IPR based reconsideration of patentability is thus an important tool, it is used sparingly. Only 0.2% of the ~2.8M patents in force are ever subject to an AIA review proceeding.⁵ Petitioners faced with the high cost of preparing and prosecuting an IPR⁶ and potential estoppel in parallel litigation (where applicable), self-select weak patents for their petitions.⁷ At the conclusion of those proceedings, the USPTO enjoys a high 78% affirmance rate on appeal, confirming that patents invalidated in IPR proceedings were in fact originally issued in error.⁸ Put simply, IPR proceedings are largely working as intended. They have been and continue to provide an efficient, low cost tool for assuring patent quality that cannot be obtained solely through further attempts at improving the patent prosecution regime prior to issuance.

II. The PTAB Already Deals Properly With Multiple Petition Situation

Some companies have alleged IPR reform is necessary to address improper and abusive parallel challenges to the validity of the same patent. The statistics, however, confirm no such problem exists. Only one petition is filed for 68% of challenged patents, two petitions for 20% of challenged patents, three petitions for 6% of challenged patents, and it goes down from there.⁹ As discussed more fully below, in those limited circumstances when multiple petitions are filed

⁵ <https://www.uspto.gov/about-us/news-updates/remarks-director-michelle-k-lee-george-washington-university-school-law> (“Of those 2.8 million [patents in force] about 4,000 patents have been challenged in AIA trials. This represents less than 0.2 percent of the patents currently in force. Additionally, of all the patents involved in litigation since the AIA trials commenced, third-party research indicates that a relatively small percentage, about 15 percent, are ever brought to the Board for review.”).

⁶ See Am. Intell. Prop. L. Ass’n, 2015 Report of the Economic Survey 38 (June 2015) (estimating costs of inter partes review), <http://files.ctctcdn.com/e79ee274201/b6ced6c3-d1ee-4ee7-9873-352dbe08d8fd.pdf>.

⁷ <https://www.uspto.gov/about-us/news-updates/remarks-director-michelle-k-lee-george-washington-university-school-law> (“Additionally, of all the patents involved in litigation since the AIA trials commenced, third-party research indicates that a relatively small percentage, about 15 percent, are ever brought to the Board for review.”).

⁸ David C. Seastrunk et al, Federal Circuit PTAB Appeal Statistics – April 1, 2017, AIABlog (April 17, 2017), available at <http://www.aiablog.com/cafc-appeals/federal-circuit-ptab-appeal-statistics-april-1-2017/>.

⁹ <https://www.uspto.gov/about-us/news-updates/remarks-director-michelle-k-lee-george-washington-university-school-law>

the vast majority of such filings are entirely appropriate. The PTAB is already equipped to expediently identify and summarily dispose of the few improper outliers.

A. Same Petitioner(s) With Multiple Petitions

Taking first the situation where a given entity files multiple petitions directed at a particular patent, the multiple petitions are often entirely justified - necessitated by word limits and other circumstances outside the control of the petitioner. A few such examples include:

- (1) Large number of claims;¹⁰
- (2) Unresolved priority issues that may antedate key intervening prior art;
- (3) Unresolved claim scope that implicates different prior art.

When a challenged patent is in litigation, obtaining clarity on the issues from the patent owner or District Court often cannot be achieved prior to the statutory one-year bar for filing an IPR petition.¹¹ In these circumstances, multiple petitions may be necessary to ensure the USPTO can fully and efficiently consider the various issues implicating the patent's validity.

That said, the PTAB is well equipped to stay, consolidate, transfer, or reject petitions in such a scenario, thus leaving only the pertinent ones for full consideration post-institution.¹² As an example of the system already working as intended, U.S. Patent No. 7,296,121 was recently the subject of multiple joint IPR petitions filed by a group of companies: (1) IPR2015-00159; (2) IPR 2015-161; (3) IPR2015-00163; and (4) IPR2015-00172. Unresolved disputes with the patent owner over priority and claim scope necessitated the multiple petition approach. Many of these disputes were resolved efficiently by the PTAB at the institution stage - the PTAB exercising its discretion in selecting only a subset of the grounds in the '159 and '163 petitions

¹⁰ See e.g., Charles W. Shifley, How Many Words Do You Have to Challenge Each Patent Claim in IPR? Available https://www.martindale.com/intellectual-property-law/article_Banner-Witcoff-Ltd_2239664.htm

¹¹ 35 U.S.C. § 315(b).

¹² 35 U.S.C § 315(d).

and none of the grounds from the ‘161 or ‘172 petitions for institution. In short, this example of dealing with parallel petitions demonstrate the PTAB’s existing ability to effectively manage a multiple petition scenario and protect the interest of the patent owner, the petitioner(s), and the public at large.

From the perspective of both a patent owner and implementer, Samsung respectfully submits that attempts to restrict the PTAB’s discretion to allow or reject parallel petitions should be viewed with skepticism. Such restrictions could unfairly prejudice petitioners’ ability to present a full and fair record for the PTAB’s consideration, particularly considering the myriad of claims, priority allegations, and scope disputes that may exist at the time of filing. Such restrictions would also undermine a key goal of AIA -- to set up procedures that allow the USPTO to self-correct errors in initial prosecution, thereby efficiently removing low quality patents without the need for litigation. Patentees likewise benefit from a broader range of estoppel should validity of a given patent be confirmed and subsequent litigation ensue.

B. Multiple Petitioners Each With Their Own Petition

Taking next the situation where multiple entities each file a petition directed at a particular patent, this situation is often entirely the result of patentee’s actions and thus entirely warranted. Namely, this occurs when a patentee simultaneously sued or threatened to sue multiple parties on a low quality patent whose validity is highly questionable. Here again, the PTAB is already well equipped to handle multiple petitions, often through stay or consolidation insofar as there is significant overlap between the petitions.

As an example, U.S. Patent No. 6,771,290 was recently the subject of multiple IPR petitions filed by several companies each of which had been accused of infringing the ‘290 patent: (1) IPR2014-00029; (2) IPR2014-00031; (3) IPR2014-00033; and (4) IPR2014-00044.

While the claims that the patentee asserted (and the corresponding infringement allegations) differed to some extent company-by-company, the petitions still overlapped as to a common prior art reference WO 97/09682 (“Kikinis”). For efficiency purposes, the same panel was assigned to handle the overlapping petitions. Likewise, that panel consolidated oral argument such that only one joint argument was held across the petitions, with one attorney handling petitioners’ arguments as to Kikinis for all of the petitioners in all of the proceedings. That same attorney handled petitioners’ arguments as to Kikinis on appeal to the Federal Circuit, which issued a single opinion covering all four petitions. In short, the PTAB (and Federal Circuit) struck a careful and appropriate balance between allowing petitioners to each make their own case based on the unique circumstances presented to each of them while not subjecting the patentee to unduly burdensome parallel proceedings.

Insofar as some companies have proposed requiring multiple parties to file a single joint petition (as occurred with regard to the ‘121 patent previously discussed), such an approach should be left to the discretion of the petitioners since it is not possible in all circumstances. The PTAB requires parties to a given petition to choose one attorney and speak with one voice, which may not be possible due to conflicts of interest.¹³ Similarly, parties may have different priorities for the petition, e.g., like the situation with the ‘290 patent previously discussed, they may be facing different assertions from the patent holder such as differing claims, inconsistent infringement theories, etc. Other times, the patent owner files a series of lawsuits over time, such that the later-named defendants would effectively be precluded from raising prior art of which they are aware if an initial defendant had already filed the sole petition allowed. In short, limiting the number of petitions deprives the USPTO and public the opportunity to correct

¹³ *Agilysys, Inc. v. Ameranth, Inc.*, CBM2014-00016, Paper 11 (PTAB Feb. 11, 2014).

mistakes apparent to only some of the would-be petitioners, and deny those petitioners a full and fair opportunity to present meritorious validity challenges to the USPTO.

If one truly wants to reduce parallel filings by multiple parties, the USPTO should instead more liberally grant leave to join an instituted petition previously filed by another entity. Doing so would reduce the incentive for some petitioners to file independent petitions as it would allow greater flexibility to evaluate an existing petition of another party before deciding to seek independent proceedings. Likewise, it would allow prospective petitioners to avoid having to file an independent petition to preserve USPTO review should the original petitioner settle out and terminate their proceedings prior to final written decision. In short, liberalizing joinder in lieu of restricting the number of petitions better aligns with the goals of AIA, while simultaneously improving the overall efficiency of IPR proceedings.

III. Decisions to Institute / Whether to Extend Proceedings

Current regulations allow the PTAB to partially institute IPR proceedings.¹⁴ In other words, even though the petitioner has shown a reasonable likelihood of success on the merits for several grounds, the PTAB may institute full review only on some grounds and deny review on other grounds it finds to be “redundant” without making substantive determinations concerning those non-instituted ground(s).¹⁵ While this “redundancy doctrine” may to some extent reduce the burden on the PTAB and private parties involved in IPR proceedings by reducing the grounds under review, it undermines the effectiveness of IPR in allowing the USPTO to self-correct the mistaken issuance of low quality patents and runs contrary to the broad institution language found in 35 USC 314. The USPTO should consider reforming this practice.

¹⁴ 37 C.F.R. § 42.108.

¹⁵ *Shaw Industries v. ACS*, 817 F.3d 1293, 1298-99 (Fed. Cir. 2016) (discussing that PTAB denied institution of grounds based on reference that petitioner claimed disclosed missing elements); Dennis Crouch, *Again with the Redundancy*:

In particular, the USPTO should consider extending proceedings beyond 12 months in the event that: (i) petitioner met the requirements for institution on multiple grounds; (ii) only a subset of those grounds were instituted based on “redundancy;” and (iii) the IPR subsequently fails on the subset of grounds for which institution was granted. In these limited circumstances, the PTAB would be able to quickly assess whether the subject patent indeed has validity problems over the previously “redundant” grounds. Should the PTAB determine it was correct that the non-instituted grounds truly were redundant, the proceeding would naturally complete expeditiously as there are no truly new issues for the PTAB to address. If, however, petitioner can show the basis for ultimately rejecting the instituted ground is addressed by other previously non-instituted “redundant” grounds, then the PTAB erred at institution in finding the ground redundant and thus has the opportunity to self-correct this error. Such an approach would allow the PTAB to continue its redundancy practice, but also self-correct erroneous redundancy determinations in those IPR proceedings where it truly matters, without adding meaningful delay to the typical case.

For instance, consider a scenario in which the PTAB institutes an IPR proceeding based on a Ground A (e.g., anticipation) raised in a petition for which petitioner had also showed a reasonable likelihood of success on Ground B (e.g., obviousness). If in the final written decision the PTAB ultimately finds that Ground A indeed renders the challenged claims unpatentable, there is no harm to the PTAB, public or petitioner in having only addressed Ground A but not Ground B. However, assume in the final written decision the PTAB determines the instituted Ground A fails due to a shortcoming in the prior art. In such a case, if the PTAB’s initial redundancy decision was correct, the additional burden of re-addressing the non-instituted Ground B would be minimal. Namely, if Ground B were truly redundant with Ground A, then it

suffers from the same deficiency and can be summarily rejected by the PTAB without significantly extending the proceeding. If, however, the PTAB erred at institution and petitioner can show Ground B does not suffer from the same deficiency as Ground A, then at that point, the PTAB should be given the opportunity to self-correct the error and extend the proceedings to more fully consider Ground B. With neither appellate review nor PTAB reconsideration (post final written decision) of non-instituted grounds being allowed under the current regime, the existing system is less efficient in removing low quality patents than it otherwise could be.

IV. Unexpired Claims Should Be Given Their Broadest Reasonable Interpretation

Despite challenges at both the Federal Circuit and Supreme Court, the USPTO has successfully defended its practice of applying the broadest reasonable interpretation (BRI) to claims of an unexpired patent whose validity is reconsidered as part of an IPR proceeding.¹⁶ Samsung supports continued use of the BRI standard as it provides a critical mechanism by which the USPTO obtains clarification of otherwise ambiguous terms through amendment – analogous in many ways to the procedures used during initial examination.¹⁷ Insofar as certain companies would impose a *Phillips* analysis on the PTAB in lieu of BRI purportedly to address inconsistencies between IPR proceedings and District Court cases, those companies mischaracterize IPR proceedings as an alternative form of patent litigation. They are not.

While it is true that many IPR proceedings run in parallel with and are triggered by a corresponding District Court action, they are neither an alternative to, nor the same as, a District Court action. There is no mandatory litigation stay pending IPR review. Indeed, many IPRs are

¹⁶ Brief of Michelle K. Lee as respondent, *Cuozzo Speed Technologies LLC v. Lee*, 136 S. Ct. 2131, 579 U.S., 195 L. Ed. 2d 423 (2016) (No. 15-446), available at http://www.scotusblog.com/wp-content/uploads/2015/12/15-446_cuozzo.pdf.

¹⁷ The Board appropriately applies a *Phillips*-type claim construction to the claims of expired patents, when no ability to amend the claims exists. 81 Fed. Reg. 18750,18752-54 (Apr. 1, 2016).

filed with no corresponding litigation whatsoever.¹⁸ Substantively, patentees are precluded from amending claims during litigation. And petitioners are precluded from asserting *Alice* eligibility, indefiniteness, written description, enablement, non-infringement, or damages defenses to claims challenged before the PTAB in an IPR. Simply put, IPR proceedings are administrative patent quality measures – not private party litigations – and should be treated as such, with the hallmarks of other USPTO proceedings including BRI as the prevailing claim construction standard.

The fact that BRI and *Phillips* may sometimes lead to different constructions is both understandable and permitted as the PTAB and District Court do not necessarily have the same record before them, particularly where patentee is afforded an opportunity before the PTAB to amend their claims to clarify otherwise ambiguous scope.¹⁹ In those rare circumstances where a virtually identical record should lead to similar constructions, patentees can and often do mitigate against the risk of inconsistent constructions by submitting the District Court’s *Markman* order to the PTAB or vice versa as non-binding precedent.²⁰ Thus, mandating *Phillips* be used in an IPR proceeding is neither necessary nor helpful, and to the contrary would remove an important tool the PTAB sometimes needs to reach a result fully supported by the record in front of it.

¹⁸ <https://www.law360.com/articles/935013?sidebar=true> (noting for 2016, 11.5% of petitions involved patents that were not litigated in district court and that only 13.4% of district court cases result in challenges at the PTAB).

¹⁹ *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S.Ct. 831, 839 (2015) (noting that “divergent claim construction stemming from divergent findings of fact . . . [may] occur”); *Apple v. Virnetix*, IPR2014-00481, Paper 35 at 9-11 (PTAB, Aug. 24, 2015), (Board explained differences with claim construction in district court by the different records because patent owner had made conflicting arguments in the two venues).

²⁰ See e.g., Petitioners’ Updated Mandatory Notice under 37 CFC 42.8(a)(3) in IPR2016-01179 (Nov 16, 2016)