



May 3, 2019

The Honorable Thom Tillis
Chairman
Senate Judiciary Committee
Subcommittee on Intellectual Property
U.S. Senate
Washington, DC 20510

The Honorable Chris Coons
Ranking Member
Senate Judiciary Committee
Subcommittee on Intellectual Property
U.S. Senate
Washington, DC 20510

Dear Chairman Tillis and Ranking Member Coons:

Internet Association respectfully writes this letter to respond to your April 9 letter to Director Andre Iancu of the U.S. Patent and Trademark Office (PTO). The letter asked the PTO to implement several changes to its management of multiple petitions during *inter partes* review (IPR) and requested a response by May 9. We respectfully request that the Subcommittee reconsider its recommendations, as the PTO's own data do not support such changes.

Internet Association (IA) represents over 40 of the [world's leading internet companies](#). IA is the only trade association that exclusively represents leading global internet companies on matters of public policy. IA's mission is to foster innovation, promote economic growth, and empower people through the free and open internet. IA members own hundreds of thousands of patents and are invested in ensuring a thriving patent system that empowers innovation.

The recent narrative that an overwhelming number of serial petitions is harming the integrity of the patent system is driven by a flawed study that was discussed repeatedly at the PTO oversight hearing before the IP Subcommittee on March 13, 2019. This study severely misrepresents the scope of the problem and misunderstands several practical considerations for petitioners seeking a fair opportunity to pursue IPR. The shortcomings of this study and the contrasting story told by the PTO's own data suggest that changes to the petition process are unsupported and untimely.

The study conducted by Robins Kaplan LLP on multiple petitions¹ defines "duplicative" petitions – petitions that "challenge at least one claim that is the subject of attack by another...petition" from the same entity – so broadly that it misidentifies legitimate serial litigation necessities as "duplicative" abuse. The study overcounts "duplicative" petitions, ignores practical considerations that necessitate multiple petitions, and fails to differentiate between petitions filed serially and petitions filed simultaneously. The study makes two primary overcounting errors. First, the study double counts petitions by counting instances where a petitioner files two petitions as two petitions, rather than one. Second, the study counts petitions filed by separate parties that have been sued by a single patent holder as "duplicative" petitions. In one case,

¹ Carlson, Steven, and Ryan Schultz. "Tallying Repetitive Inter Partes Review Challenges." Robins Kaplan LLP, 14 Sep. 2018, www.robinskaplan.com/~media/pdfs/tallying%20repetitive%20inter%20partes%20review%20challenges.pdf.



Google, Samsung and Apple were each sued by a patent plaintiff, and together filed two petitions. Those petitions were filed on the same date, not serially. The study, however, counted these two simultaneously filed petitions as six serial petitions. A plaintiff suing multiple parties should reasonably expect multiple petitions in these cases--to suggest that such petitions are abusive is misleading, particularly in situations where multiple parties cooperate to file fewer petitions.

In addition to simple counting errors, the study also ignores the practical considerations for filing multiple petitions. Current law bars future IPR proceedings on claims on any grounds “that petitioners raised or reasonably could have raised” during that IPR.² This requires petitioners to raise all possible grounds it might ever consider raising against the claims at issue. Moreover, the petition is limited to a certain number of words. In order to comply with both requirements, multiple petitions are necessary and appropriate in many cases. Petitions regarding complicated patents on complex technology may need to address dozens of claims, each of which may contain multiple dependent claims. Such petitions must naturally be split into multiple parts. Instead of recognizing these practical considerations, the study overcounts multiple petitions filed on or near the same day, which are not “serial” petitions, but rather petitions broken up into multiple filings due to word count limits.

The study also fails to recognize the necessary reality of parties joining pending cases before the PTO. When parties join an existing IPR, they must submit a petition with the same grounds as the initially instituted petition. Often, this new petition is an exact copy of the initial petition combined with a request to join. This practice increases efficiency by reducing the number of new IPRs that might be filed and poses little additional burden on the patent holder. Characterizing petitions filed for practical reasons like word limits and joining parties as abusive is unhelpful and inappropriate. The study overcounts serial petitions and ignores practical considerations that do not signal abuse.

In contrast to the flawed Robins Kaplan LLP study, the PTO’s own data³ suggest that serial petitions are being used as one would expect in a healthy system. First, over 84 percent of patents in IPR are challenged by a single petitioner, and 87 percent of patents are challenged by only 1 or 2 petitions. Thus, the vast majority of IPRs see no hint of excessive serial petitions. And the timing of petitions tells a similar story: 79 percent of petitions are filed before any patent owner response or a decision on institution is made. And 95 percent of petitions are filed in a given petitioner’s first round. The PTO found that late-coming petitions were often the result of a joining party or of litigation circumstances that prevented earlier filing. When all these factors were taken into consideration, the PTO found that only 6-7 percent of petitions were left unexplained. This is much lower than the 35-59 percent range suggested by the Robins Kaplan LLP study. The PTO also found that there was minimal difference between the institution rate by

² 35 U.S.C. § 315

³ Rushke, David P., and William V. Saindon. “Chat with the Chief: Analysis of Multiple Petitions in AIA Trials.” United States Patents and Trademark Office, 24 Oct. 2017, www.uspto.gov/sites/default/files/documents/Chat_with_the_Chief_Boardside_Chat_Multiple_Petition_Study_20171024.pdf.



patent (70 percent) and the rate by petition (64 percent). The existence of serial petitions does not significantly impact institution rates. The PTO's data should be the primary source for decisions regarding PTO policies and procedures, and the data do not support changes at this time.

There are many reasons for appropriately filing multiple petitions and changes to the petition process risk undermining the health of the patent system, decreasing efficiency and leaving invalid patents standing. The complexity of patent claims, which may contain multiple elements that may raise claim construction issues, combined with the requirement to raise all possible arguments, naturally results in multiple petitions. Moreover, petitioners are often faced with a large number of asserted claims at the outset of litigation, and in some jurisdictions, plaintiffs are not expected to limit the number of asserted claims until after the one-year window that defendants have to file petitions. Limiting the ability to address all issues would reduce the effectiveness of the IPR process. Similarly, creating more hurdles for a party to join an existing IPR adjudication would reduce the efficiency of the process and increase burdens on the Patent Trial and Appeals Board, patent holders, and petitioners.

With those considerations in mind, the additional procedures suggested in your letter's five questions threaten to limit legitimate challenges to bad patents.

First, the PTAB should not adopt a strict presumption that only one IPR petition should be entertained per patent. When the PTAB institutes review of a patent, that means it has found a likelihood that the patent is invalid. That finding should not create a presumption that the PTAB should entertain no further challenges to the patent's validity. Such a presumption turns the basis for review on its head. And in situations where the PTAB denies institution, Section 325 already provides the appropriate standard for multiple proceedings (whether "the same or substantially the same prior art or arguments previously were presented to the [PTO]").

Second, modifying the first *General Plastic*⁴ factor to extend to "different" petitioners is unnecessary and overly broad. It is unnecessary because the PTAB already looks at the relationship between different petitioners, as it did in the *Valve* decision cited in the letter. And it is overly broad because unrelated petitioners have good reason for filing separate petitions. Defendants in patent litigation are often sued separately and at different times when patent owners follow a serial litigation strategy. A patent owner's serial litigation strategy should not deprive later-in-time defendants of a fair opportunity for review in IPR proceedings, and the PTAB should not apply a rule that would encourage gamesmanship for the timing of lawsuits against differently situated defendants.

Third, the proposal to consider affiliates of a petitioner to be the "same petitioner" is unnecessary. The PTAB's rules already require that a petitioner identify all "real parties in interest" to a proceeding, and as mentioned above, the PTAB already looks to the relationships

⁴ *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (P.T.A.B. Sept. 6, 2017), www.uspto.gov/sites/default/files/documents/General%20Plastic%20Industrial%20Co.%2C%20Ltd.%20v.%20Canon%20Kabushiki%20Kaisha%20IPR2016-01357_Paper%2019_.pdf.



between petitioners when deciding whether to institute. A separate requirement regarding undefined “affiliates of a prior petitioner” risks creating unnecessary confusion in an area where the PTAB and courts have already spent significant resources providing guidance on what qualifies as a “real party in interest” to a proceeding.

Fourth, a requirement for a sworn affidavit regarding parties a petitioner has “collaborated or coordinated” with raises significant concerns regarding petitioners’ attorney-client privilege and work product. When patent owners file serial lawsuits against multiple defendants, communications among defendants’ litigation strategy are often protected by the common interest privilege, a long-standing common law principle that protects the rights of defendants sharing a common legal interest. Defendants should not be required to risk a waiver of any attorney-client privilege or work product in order to seek a fair opportunity for review before the PTAB.

And fifth, the citation to the PTAB’s *Valve* decision shows that the PTAB application of the *General Plastic* factors is sufficient to prevent any abuse. In *Valve*, the PTAB denied a follow-on petition filed by a different party. There was no second bite at the apple. Creating additional hurdles beyond the PTAB’s current practice runs the risk of stifling legitimate and fair challenges to bad patents.

We appreciate your attention to this matter. A balanced patent system is critical to innovation, and unintended consequences of premature changes have the potential to cripple that success. It is crucial that policy changes be supported by the wealth of data gathered by the PTO rather than by potentially flawed, third-party studies. In this instance, the PTO data do not support changes to serial petition procedures.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Beckerman', with a long horizontal flourish extending to the right.

Michael Beckerman
President & CEO
Internet Association

cc:

The Honorable Andrei Iancu
Under Secretary of Commerce for Intellectual Property and
Director of the U.S. Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314