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EAGLE FORUM EDUCATION & LEGAL DEFENSE FUND

June 22, 2020

United States Patent and Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22313
VIA E-MAIL: PTABNPRM2020@uspto.gov

RE: PTAB Rules of Practice for Instituting on All Challenged Patent Claims and All Grounds and Eliminating the Presumption at Institution Favoring Petitioner as to Testimonial Evidence, Docket No. PTO–P–2019–0024

To whom it may concern:

Eagle Forum Education and Legal Defense Fund, a nonprofit organization founded by Phyllis Schlafly[1] in 1981, is pleased to comment on the Notice of Proposed Rulemaking (NPRM), PTAB Rules of Practice for Instituting on All Challenged Patent Claims and All Grounds and Eliminating the Presumption at Institution Favoring Petitioner as to Testimonial Evidence, Docket No. PTO–P–2019–0024. We appreciate the leadership of Director Andrei Iancu and of Deputy Director Laura Peter in seeking to make the U.S. Patent & Trademark Office (PTO) a more reliable partner for inventors and to restore the reliability of the patent grant.

The NPRM responds to the U.S. Supreme Court's ruling in *SAS v. Iancu*[2] with regard to decisions on the institution of proceedings at the Patent Trial & Appeal Board (PTAB). The PTO proposes changes to the rules of practice for postgrant proceedings. First, PTAB must institute a requested postgrant proceeding on all grounds asserted in a petition or else deny the petition. Second, PTO proposes to change the rules to conform to its practice regarding sur-replies to principal briefs. Third, it would eliminate the presumption that a patent owner's testimonial evidence be viewed in the light most favorable to the petitioner when deciding whether to institute an inter partes review (IPR), postgrant review (PGR), or covered business methods patent review (CBM). We shall confine our comments to the first and third proposals.

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[1] Phyllis Schlafly was an outspoken advocate of the rights of inventors, emphasizing the importance of their traditional rights to our national prosperity and security. She wrote often about this topic. A compilation of her writings on this topic is *Phyllis Schlafly Speaks, Vol. 4, Patents & Inventions*. Skellig America, 2018 (Ed Martin, Editor).

[2] *SAS Institute Inc. v. Iancu*, 138 S.Ct. 1348 (2018).

Regarding the first proposed change, as the court said in *SAS*, the statutory language[3] is clear as to the basis for deciding whether or not to institute an IPR, a PGR, or a CBM. All the challenged patent claims must be included in the instituted proceeding; the statute provides no discretion to institute a PTAB proceeding on some of the challenged claims only. As one expert commentary summarized the *SAS* ruling, "the Board must decide the validity of every challenged claim when it agrees to institute inter partes review of any one challenged claim."[4] From a procedural or rule of law perspective, the court was right to insist on statutory congruence in administrative interpretation and execution in this manner.

Moreover, PTAB has raised many eyebrows because, as Congress designed it and as PTAB was originally established, its rules and practices have sometimes lacked consistent rules and due process protections afforded in federal courts and the International Trade Commission. Thus, even modest changes such as aligning PTAB practices and standards with the clear statutory language[5] brings this administrative body into a slightly more appropriate posture vis a vis the legislative branch and into alignment with rules of Article III courts.

It remains to be seen what impact this change will have on the institution rate, litigation strategy and patent challenger behavior (or misbehavior). Analysis after the *SAS* ruling but before this proposed adherence to the *SAS* court's decision indicates modest impact so far on the high rate of institution of PTAB proceedings.[6] Such easy ability to challenge issued patents' validity inherently invites litigation, having less to do with actual concerns regarding a patent's validity and more to do with depriving patent owners of their exclusive rights during patent term. It is hoped that the proposed change will contribute to improving the dependability and reliability of the patent grant for patent owners while reducing the opportunity of patent infringers, technology implementers, and other abusers to game the PTAB system, even if only slightly.

With regard to eliminating the presumption that a patent owner's testimonial evidence be viewed in the light most favorable to the petitioner, this proposed change has much merit. Others have advocated eliminating the presumption favoring PTAB petitioners and view the proposed new rule as a good development. The proposal would remove, or at least reduce, one of the biases contained in the statutory language and the implementation of the America Invents Act (AIA). The low bar for PTAB proceeding institution, that a petitioner would "more likely than not" prevail in the proceeding, itself undermines the reliability of the patent grant.[7] The current PTAB rule of presuming in favor of the petitioner, rather than the patent owner, is mitigated somewhat, though hardly equalized, by the decision resting upon the "totality of the evidence" standard.

In order to respect the quality and thoroughness of patent examination, as well as to stand behind the patent grant (which does enjoy statutorily required presumption of validity), a presumption in favor of the patent owner's response to the petition for any type of PTAB proceeding would be

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[3] 35 U.S.C. §318(a).

[4] Robert Schaffer & Joseph Robinson, "Supreme Court Holds PTAB Must Decide Validity of All Challenged Claims in IPRs," *IPWatchdog*, April 29, 2018.

[5] 35 U.S.C. §318(a).

[6] Tyler R. Bowen & Emily J. Greb, "The Supreme Court's SAS Decision: Has All-Or-Nothing Institution Created A Wave Of Change?" Perkins Coie, p. 4.

[7] 35 U.S.C. §324(a).

appropriate. This type of "presumption of patent validity" standard at the institution decision stage would seem most consistent with the totality of our patent statutes.

Nevertheless, removing the bias in favor of PTAB petitioners would provide a degree of fairness and balance. The proposed rule change would contribute to clearer, more consistent, and more predictable institution decisions in postgrant proceedings. This includes venue-shopping at PTAB and in federal courts, as well as other abusive litigation strategies routinely employed by patent infringers, technology implementers, and parties having no direct interest in a patent or invention. It should be noted that patent challengers are often large, established commercial interests for whom the status quo of technological or market dominance is most threatened by inventions by independent inventors, small companies, and firms that are most devoted to research and development and are the most innovative. It is exactly those who most deserve the strong presumption that their issued patents are valid and thus reliable for purposes of fueling their R&D, reaping rewards for the huge risks they assumed, and commercializing their inventions.

Eagle Forum Education and Legal Defense Fund appreciates the opportunity to provide comment and analysis of the proposed rule changes being made in response to the Supreme Court's ruling in *SAS*. To the extent PTAB's rules for deciding institution provides uniformity and consistency for patent owners, who should be afforded confidence that an issued U.S. patent is reliable, that would be constructive. To the extent the proposed changes appreciably reduce the rate of PTAB proceedings being instituted, the new rules would contribute positively to the strength of the American patent system.

Sincerely,

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