April 13, 2020

Via email: PTAB_Decision_Nomination@uspto.gov

The Honorable Andrei Iancu
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
Madison Building
600 Dulany Street
Alexandria, VA 22314

Chief Judge Scott R. Boalick
Patent Trial and Appeal Board
United States Patent and Trademark Office
Madison Building
600 Dulany Street
Alexandria, VA 22314

Executive Judges Committee
Patent Trial and Appeal Board
United States Patent and Trademark Office
Madison Building
600 Dulany Street
Alexandria, VA 22314

Dear Director Iancu, Chief Judge Boalick, and members of the Executive Judges Committee:

Pursuant to the PTAB’s Standard Operating Procedure 2, the High Tech Inventors Alliance (“HTIA”) \(^1\) requests that *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, Case IPR2018-00752, Paper 8 (Sept. 12, 2018) (precedential) (“NHK Spring”) be de-designated as precedential and in its place that *Intel Corp. v. VLSI Tech. LLC*, Case IPR2019-01192, Paper 15 (Jan. 9, 2020) (“Intel-VLSI”) and *Google LLC v. Realtime Adaptive Streaming LLC*, Case IPR2019-01035, Paper 10 (Nov. 13, 2019) (“Google-Realtime”) be designated as better examples of how the Board should analyze the status of co-pending litigation under 35 U.S.C. § 314(a). If the Office chooses to maintain the precedential designation of *NHK Spring*, it should, at a minimum, designate the *Intel-VLSI* and *Google-Realtime* decisions as precedential to provide guidance to future Board panels and the public on conducting “a balanced assessment of all relevant circumstances, including the merits” under 35 U.S.C. § 314(a) in the face of an upcoming trial.

\(^1\) HTIA includes Adobe, Amazon, Cisco, Dell, Microsoft, Google, Intel, Oracle, Salesforce, and Samsung. Additional information about HTIA can be found at https://www.hightechinventors.com/about.
Although the U.S. Patent and Trademark Office ("PTO") has discretion over whether to institute an Inter Partes Review ("IPR") petition, the policies guiding exercise of that discretion, whether promulgated through rulemaking or through the designation of precedential opinions, must be consistent with Congress’s goals and mandate in creating IPR. Congress created IPR to “provide a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court.” H.R. Rep. No. 112-98, pt.1, at 48 (2011). For that reason, Congress made “the integrity of the patent system” an essential concern to PTO policy making. It advanced this policy goal by creating a procedure in which likely invalid patents were evaluated and removed from the system by a panel of specialist Administrative Patent Judges at the PTO, the expert agency that issued them, rather than through lengthy, expensive litigation. Id. (IPR was “designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”); 35 U.S.C. § 316(b) (requiring the Director to consider, among other things, “the integrity of the patent system” in determining how to exercise discretion under § 314(a)).

Indeed, the statutory scheme of the America Invents Act ("AIA") expressly contemplates that the Patent Trials and Appeal Board ("PTAB" or "Board") will evaluate the validity of patents that are the subject of co-pending district court litigation and sets the parameters for the interaction of the two proceedings. The AIA allows defendants in litigation to file an IPR petition a full year into litigation, 35 U.S.C. § 315(b), and PTAB proceedings were explicitly intended to provide an alternative to district court litigation. See, e.g., 157 Cong. Rec. at 2710 (statement of Sen. Grassley) (“These new procedures would also provide faster, less costly alternatives to civil litigation to challenge patents.”). If IPR is not available in the face of district court litigation, it cannot be an “alternative.” To minimize duplication between the PTAB and district court proceedings, Congress imposed a significant estoppel restriction on petitioners following a final written decision, preventing them from asserting in district court any invalidity ground that was “raised or reasonably could have been raised” in the IPR petition. 35 U.S.C. § 315(e)(2).

*NHK Spring* and the analysis contained in certain rigid non-institution decisions that have followed it undermine Congress’s goals and the AIA’s statutory scheme. These decisions detract from patent quality and mar the integrity of the patent system by abdicating the PTO’s critical expert role in eliminating patents that should not have issued through IPR. They also make IPR unavailable as an alternative to litigation and sideline the AIA’s chosen method for minimizing duplication—the estoppel provision. Instead, these decisions leave the protection of the integrity of the patent system through the elimination of invalid patents in the hands of lay and generalist decision-makers in the district courts rather than in the hands of the expert agency to which this role has been specifically entrusted.
The relevant analysis in the *NHK Spring* decision was contained in a single sentence setting out the only facts the panel deemed relevant in denying institution under § 314(a)—the scheduled trial date and the potential presence of the petition’s prior art arguments in the district court case. *NHK Spring* at 20. Later cases relying on *NHK Spring* provide a similarly cursory analysis, demonstrating the harm caused by designation of *NHK Spring* as precedential. See *Samsung Electronics America Inc. v. Uniloc 2017 LLC*, Case IPR2019-01219, Paper 7 (Jan. 9, 2020) ("*Samsung-Uniloc*") (denying institution under 35 U.S.C. § 314(a) based solely on the scheduled trial date and overlapping issues of the corresponding district court case); *Sand Revolution v. Continental Intermodal Grp.*, Case IPR2019-01393, Paper 12 (Feb. 5, 2020) (“*Sand Revolution*”) ("Here, factors 1–5 and 7 [of General Plastics] might be found to weigh in favor of not denying institution under 35 U.S.C. § 314(a). However, the precedential NHK decision nevertheless constrains our discretion and compels us to deny institution in the circumstances present here.") (emphasis added). The *Sand Revolution* decision denying institution extends *NHK Spring* in an especially troubling way, holding that the timing concerns of *NHK Spring* trump other factors that support institution. As explained below, the reasoning of *Sand Revolution* threatens the crucial role of IPR.

Making a scheduled trial date nearly dispositive in the decision of whether to institute an IPR petition ignores the realities of patent litigation. Trial dates set in an initial scheduling order are frequently delayed for a variety of reasons, making it less likely that a jury will render its decision prior to a Board decision. Some reasons for delay have nothing to do with the case at hand, such as a crowded court docket. Others are based on the request of the parties. In *NHK Spring* itself, the district court proceedings were postponed multiple times. See *Intri-Plex Techs. v. NHK Int’l Corp.*, 3:17-cv-01097-EMC (N.D. Cal.) (D.I. 173, 175). Likewise, the trial date in the *Sand-Revolution* district court case has been moved back twice since the panel denied institution. See *Sand Revolution*, IPR 2019-01393 (Paper 19) (citing *Continental Intermodal Group – Trucking LLC v. Sand Revolution LLC*, 7:18-cv-00147-ADA (W.D. Tex.).

Even more importantly, changes to the trial schedule can be directly tied to the Board’s institution. It is common for district courts to stay the co-pending patent litigation following institution of an IPR, but not prior. In this situation, the trial date may initially be set for a time before a final written decision would be rendered, but it will be put on hold after the Board decides to institute. See Jim Warriner, *Measuring The Success Of Motions To Stay Pending IPR*, Law360 (June 6, 2017) (finding that courts granted only 24 percent of motions to stay pre-

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2 The panel in the *Sand Revolution* proceeding was split on how *NHK Spring* should be applied. See *Sand Revolution*, IPR 2019-01393 (Paper 12 at 19-24) (DeFranco, J. dissenting) ("the challenged patent here has potentially over a decade of remaining life, which weighs in favor of utilizing the Board’s unique expertise and resources to decide the validity of this patent"). The petitioner requested POP review, which was denied, and the panel has now requested additional briefing. *Sand Revolution*, IPR 2019-01393 (Paper 19).
institution, but 76 percent post-institution). Institution followed by a stay respects the Congressional policy of using IPR rather than generalist courts to weed out invalid patents, while non-institution decisions that ignore the potential for a stay defy Congressional intent. Indeed, the fact that overlapping validity arguments are made in a petition and in district court should support institution. In that situation, the district judge is highly likely to institute a stay, since the PTAB’s expert analysis is guaranteed to simplify the issues at trial. See, e.g., Acqis, LLC v. EMC Corp., 109 F. Supp. 3d 352, 357 (D. Mass. 2015) (simplification of issues for trial weighed in favor of stay even when only two of eleven patents-in-suit were under review in instituted IPR). *NHK Spring*’s contrary conclusion is illogical, making de-designation of this decision of critical importance.

Aside from these analytical flaws, cases like *NHK Spring*, *Sand Revolution* and *Samsung-Uniloc* encourage gamesmanship by patentees whose goal is to avoid PTAB review of likely invalid patents—*a goal the PTO should not facilitate*. In particular, these cases’ inordinate emphasis on the relevance of overlapping issues and scheduled trial dates enable the tactics that drive inefficiency in the judicial system, undermining the integrity of the patent system. Those tactics include inappropriate forum shopping to choose venues that schedule quick trial dates; refusals to narrow issues in order to force defendants to delay filing petitions as long as possible and close the gap between the Board’s decision and initially scheduled trial date; and after IPR institution is denied based on *NHK Spring*, seeking an extension of the trial date. The ease with which patent owners can now adopt district court strategies to avoid IPR from being available as an alternative to litigation – regardless of the merits of a validity challenge and the presence of other factors supporting institution – threatens to severely undermine a crucial function of IPR, as shown by *Sand Revolution* and *Samsung-Uniloc*.

In light of these concerns, the status of co-pending litigation and the initially scheduled trial date should never be more than one of several factors weighed when the Board decides whether to exercise its discretion under § 314(a) and deny institution. It is already the PTO’s policy as expressed in the Consolidated Trial Practice Guide that discretion under § 314(a) should be based on “a balanced assessment of *all circumstances, including the merits.*” Consolidated Trial Practice Guide at 25 (emphasis added). Under PTO policy, no one or two factors divorced from the merits of the petition should determine institution. But *NHK Spring* is inconsistent with this policy and instead offered only a myopic analysis that has misled some later panels.³

³ Other aspects of PTO policy are also in direct tension with *NHK Spring*. For example, one goal of the PTO’s decision to apply the *Philips* standard to claim construction in IPR was to increase an efficient interaction between the proceedings that supports stays and allows district courts to benefit from the Board’s analysis. See Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51,342 (Oct. 11, 2018) (“using the same standard in the various fora will help increase judicial efficiency”).
The recent designation of *Oticon Medical AB v. Cochlear Limited*, Case IPR2019-00975, Paper 15 (Oct. 16, 2019) as precedential exacerbates rather than remedies the problem even though the Board elected not to exercise discretion under § 314(a) and instituted the petition. The panel explained its decision in the context of the *NHK Spring* opinion on the grounds that the IPR proceeding “would not be directly duplicative of the District Court action” and no trial date had been set. *Id.* at 24. The implication that any petition presenting overlapping issues in a case with a set trial date could be denied solely on that basis further misapplication of *NHK Spring*.

For these reasons, HTIA requests that the PTO remove *NHK Spring*’s precedential designation and designate in its place *Intel-VLSI* and *Google-Realtime* as better examples of how the Board should analyze the status of co-pending litigation under 35 U.S.C. § 314(a). At a minimum, the PTO should designate *Intel-VLSI* and *Google-Realtime* as precedential even if it does not de-designate *NHK Spring*. Both cases provide good examples of how to conduct “a balanced assessment of all relevant circumstances, including the merits” in an institution decision.

In *Intel-VLSI*, the panel acknowledged the standard of the Consolidated Trial Practice Guide, stating that “[t]he decision whether to exercise discretion to deny institution under § 314(a) is based on ‘a balanced assessment of all relevant circumstances in the case, including the merits.’” *Intel-VLSI* at 11. As part of its assessment, the Board recognized that district court litigation frequently evolves between the time that the Board makes its institution decision and a jury renders a verdict, making it very possible that the trial date would change and fall after a final written decision in this case. *Id.* at 12. The Board also viewed the merits arguments as supporting institution in the face of any concerns about inefficient use of resources. *Id.* at 13. In *Google-Realtime*, the panel weighed all the *General Plastic* factors and the merits of the invalidity arguments, along with the likelihood that the district court would consider staying the case in deciding to institute the petition and declining to exercise its discretion under § 314(a). *Google-Realtime* at 8-16. In fact, the district court did stay the co-pending litigation following institution. *Realtime Adaptive Streaming LLC v. Google LLC*, 2:18-cv-3629-GW-JC (C.D. Cal.) (D.I. 284).

*Intel-VLSI* and *Google-Realtime* acknowledge that the status of co-pending litigation can be relevant to the decision of whether to institute under § 314(a), and hence they are good replacements for *NHK Spring*. But they also provide a fulsome analysis grounded in Congress’s goals for IPR and the realities of litigation that *NHK Spring* and similar decisions lack. Designating them as precedential would provide sound guidance to future Board panels and the public on how to fully evaluate the status of co-pending legislation in the decision of whether to institute an IPR. HTIA therefore respectfully requests that the PTO designate *Intel-VLSI* and *Google-Realtime* as precedential and de-designate *NHK Spring*. 
Thank you in advance for your careful consideration of this request. If you have any questions or would like additional information to aid you in assessing these requested actions, please do not hesitate to contact me by email at dwjones@hightechinventors.com or by phone at 425-681-7166.

Sincerely,

[Signature]

David W. Jones
Executive Director
High Tech Inventors Alliance