

**Questions from Senator Tillis  
for Michelle Armond  
Witness for the Senate Committee on the Judiciary  
Subcommittee on Intellectual Property Hearing  
“Reforming the Patent Trial and Appeal Board – The PREVAIL Act  
and Proposals to Promote U.S. Innovation Leadership”**

**November 28, 2023**

1. What do you think that the USPTO should be doing (or doing better) to ensure that invalid patents are not granted? How specifically can the USPTO improve their examination procedures to increase the quality of issued patents?

*Ending fee diversion would help to ensure that the USPTO has the funding<sup>1</sup> to operate according to its mission and fulfill its goal of patent examination and ensure that high-quality patents are issued. This will improve the overall efficiency of our patent system and would be consistent with a policy goal of the AIA to provide certainty in the patent system.<sup>2</sup>*

2. What is one thing that you would suggest including in the PREVAIL Act that would address the concerns of petitioners?

*Today post-grant proceedings are often part of a broader patent infringement defense strategy. According to a recent study, about 79% of patents challenged in IPR are also simultaneously litigated in the federal district courts.<sup>3</sup>*

*Some petitioners are not in favor of the PREVAIL Act amendments to 35 U.S.C. § 311 to add a standing requirement, or to 35 U.S.C. § 315 to provide that if an IPR is instituted, that “the petitioner, a real party in interest, or a privy of the petitioner may not file or maintain... a claim, a counterclaim, or an affirmative defense challenging the validity of any claim of the patent on any ground described*

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<sup>1</sup> See PREVAIL Act proposed 35 U.S.C. § 42(d).

<sup>2</sup> USPTO, Letter from Louis J. Foreman, Chairman, USPTO Patent Public Advisory Committee to President Obama, November 4, 2013, [www.uspto.gov/sites/default/files/documents/PPAC\\_2013\\_AnnualReport.pdf](http://www.uspto.gov/sites/default/files/documents/PPAC_2013_AnnualReport.pdf).

<sup>3</sup> RPX Corp., *The Overlap Between Patents Asserted in District Court and Challenged at the PTAB* (June 1, 2023), <https://www.rpxcorp.com/data-byte/the-overlap-between-patents-asserted-in-district-court-and-challenged-at-the-ptab/>.

*in section 311(b)” in a district court litigation or ITC investigation. If Congress wishes to address these concerns, these amendments could be removed from the bill.*

3. Congress created the PTAB to establish a less costly and more efficient patent dispute resolution mechanism. However, certain patent holders – especially those who are inventors – are having their patents abused through serial petitions filed against them at the PTAB. Earlier this year, the USPTO released its update to its annual PTAB Multiple Petitions Study which, among other things, confirms that we continue to see serial petitions.
  - a. Wouldn't you agree that serial petitions undermine the reliability of patentholders' rights and, therefore, harm incentives to innovate?

*Most IPRs are litigated in parallel with patent infringement disputes in federal district court or trade investigations before the ITC. According to a recent study, about 79% of patents challenged in IPR are also simultaneously litigated in the federal district courts.<sup>4</sup> As a result, post-grant proceedings frequently run in parallel with federal district court litigation.*

*A precedential PTAB decision in General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha, disfavors filing of serial petitions by the same patent challenger.<sup>5</sup> According to Patent Office data, since General Plastics, the percentage of serial petition filings by the same patent challenger has dropped to 1.7% of all petition filings, and only 0.3% of instituted IPRs in FY2022 (3 proceedings) arose from serial petitions filed by the same patent challenger.<sup>6</sup> Currently, it is a very rare situation that a patent owner will have to defend against serial petitions by the same patent challenger.*

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<sup>4</sup> RPX Corp., *The Overlap Between Patents Asserted in District Court and Challenged at the PTAB* (June 1, 2023), <https://www.rpxcorp.com/data-byte/the-overlap-between-patents-asserted-in-district-court-and-challenged-at-the-ptab/>.

<sup>5</sup> IPR2016-01357, Paper 19 at 17-18 (P.T.A.B. Sept. 6, 2017) (precedential).

<sup>6</sup> USPTO, *Patent Trial and Appeal Board Multiple Petitions Study* (July 2023),

[https://www.uspto.gov/sites/default/files/documents/ptab\\_multiple\\_petitions\\_study\\_fy2021-2022\\_update.pdf](https://www.uspto.gov/sites/default/files/documents/ptab_multiple_petitions_study_fy2021-2022_update.pdf).

- b. Wouldn't you agree that serial petitions are out of step with Congressional intent when it established the PTAB to create a less costly and more efficient dispute resolution process?

*See response to question 3(a).*

4. In PTAB proceedings the patent owner is subject to a duty of candor and full disclosure. There are currently no rules placing petitioners under the same obligations.
- a. Do you think that the duty of candor and full disclosure now imposed on patent owners in these proceedings should apply to petitioners as well?

*Under current PTO regulations, petitioners and patent owners owe duties of candor to the Patent Office. Specifically:*

- *37 C.F.R. § 42.11(a) provides “[p]arties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of a proceeding” before the Patent Trial & Appeal Board.<sup>7</sup>*
  - *37 C.F.R. § 42.51(b)(1)(iii) recognizes that parties in IPR proceedings “must serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency” unless previously served.*
- b. Would such provisions improve the PREVAIL Act?

*See response to question 4(a).*

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<sup>7</sup> 37 C.F.R. §§ 42.1, 42.11(a); USPTO, Patent Trial and Appeal Board Consolidated Trial Practice Guide at 72 (Nov. 2019), [www.uspto.gov/TrialPracticeGuideConsolidated](http://www.uspto.gov/TrialPracticeGuideConsolidated).

5. Critics of the PREVAIL Act complain that they want parties who do not have judicial standing to still be able to petition for IPR institution. They argue that competitors need to be able challenge patents in the PTAB to clear the way for their own development activities. Patent owners counter that they should enjoy the rights and benefits of patents that they haven't asserted. Do you think that the PREVAIL Act strikes the right balance between these competing interests?

*The PREVAIL Act amends 35 U.S.C. § 311 to add the same standing requirement to file an IPR petition that is required to file a declaratory judgment action in federal court. Specifically, a person must have either been sued for or charged with patent infringement to file an IPR.<sup>8</sup> The Federal Circuit also requires Article III standing to bring an appeal from an IPR proceeding.<sup>9</sup> As the Federal Circuit observed, “the universe of permissible IPR petitioners seeking to challenge patent claims is significantly larger than the universe of plaintiffs who would have Article III standing to bring a declaratory judgment action challenging the validity of a patent in federal court.”<sup>10</sup>*

*Currently, there is no standing requirement and thus anyone who is not the patent owner may file an IPR petition.<sup>11</sup> This amendment provides reassurance to independent and small business patent owners that their patents will only be challenged if they assert them, and addresses their apprehension about seeking patent protection in the first place for fear of being unable to defend an IPR.*

6. The PREVAIL Act would align the burden of proof for proving invalidity at the PTAB with that used by district courts – “clear and convincing evidence” instead of the “preponderance of the evidence” standard that the PTAB uses now.

- a. In your view, is there a meaningful difference between these standards?

*In district court, patent challengers must establish invalidity by clear and convincing evidence.<sup>12</sup> Currently, at the PTAB, patent challengers have a lower burden of proof, and must only establish invalidity by a preponderance of the evidence.<sup>13</sup> The*

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<sup>8</sup> Proposed 35 U.S.C. § 311(d).

<sup>9</sup> *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1172–73 (Fed. Cir. 2017).

<sup>10</sup> *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1348 (Fed. Cir. 2018).

<sup>11</sup> 35 U.S.C. § 311(a).

<sup>12</sup> 35 U.S.C. § 282; *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011).

<sup>13</sup> 35 U.S.C. § 316(e).

*Supreme Court observed that the AIA currently allows that a “district court may find a patent claim to be valid, and the [Patent Office] agency may later cancel that claim in its own review.... As we have explained above, inter partes review imposes a different burden of proof on the challenger. These different evidentiary burdens mean that the possibility of inconsistent results is inherent to Congress’ regulatory design.”<sup>14</sup>*

*The PREVAIL Act amends 35 U.S.C. § 316(e) to require a patent challenger to prove invalidity by clear and convincing evidence,<sup>15</sup> which is the same standard applied in the district court. This amendment would promote consistency by harmonizing standards between the PTAB and district court.*

b. What impact would you expect this change to have?

*The Supreme Court observed that the AIA currently allows that a “district court may find a patent claim to be valid, and the [Patent Office] agency may later cancel that claim in its own review.... As we have explained above, inter partes review imposes a different burden of proof on the challenger. These different evidentiary burdens mean that the possibility of inconsistent results is inherent to Congress’ regulatory design.”<sup>16</sup> Aligning the standards of review would likely have an impact on the outcome of some validity disputes, but certainly not all.*

7. The PREVAIL Act would have petitioners who are engaged in parallel litigation decide whether to proceed in PTAB or that parallel case on invalidity challenges, if the PTAB decides to institute.

In your view, is this a workable system? Do you think it would help eliminate duplication?

See response to question 2.

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<sup>14</sup> *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 282–83 (2016).

<sup>15</sup> Proposed 35 U.S.C. § 316(e)(2)(A).

<sup>16</sup> *Cuozzo*, 579 U.S. at 282–83.

8. The majority of PTAB petitions are filed by large, multinational technology companies. Several Chinese companies are extensive filers of IPRs as well.

- a. Can you discuss the characteristics of these petitions in terms of who they target and why?

*Currently large, multinational technology companies file a large number of PTAB proceedings. This is not surprising, because these same companies are among the largest targets for patent infringement suits and demand letters. These large companies utilize the PTAB as part of their litigation defense strategy, as is reflected by the observation that about 79% of patents being challenged at the PTAB are also being asserted in district court litigation.<sup>17</sup>*

- b. Is there some sort of consistent rationale as to why large tech companies each file dozens of IPRs a year?

*See response to question 8(a).*

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<sup>17</sup> RPX Corp., *The Overlap Between Patents Asserted in District Court and Challenged at the PTAB* (June 1, 2023), <https://www.rpxcorp.com/data-byte/the-overlap-between-patents-asserted-in-district-court-and-challenged-at-the-ptab/>.