

**Questions from Senator Tillis**  
**for Honorable Lamar Smith**  
**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”**

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?

As I mentioned during my testimony, I am not an expert on the practice of patent law. But what I can say is that I think the goal of the USPTO should be to administer a system that supports innovation and entrepreneurship in the United States. If that goal can be furthered through changes to the examination process, it would make sense to me for Congress to consider those changes.

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

While I believe Congress should pass measures to ensure inter partes review at the PTAB is not used as a tool of litigation gamesmanship, I continue to think it's important for petitioners to have a quicker, more cost-effective alternative to litigation to challenge patents they believe should not have been granted.

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?

It's important for patent owners to be able to enjoy quiet title to their patents so they can attract the investment they need to develop their inventions into something useful that can contribute to the U.S. economy.

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?

Inter partes review at the PTAB was never intended to operate as an addition to litigation or as a tool for those challenging patents to raise the cost for inventors seeking to enforce their patents against infringers. The hope was to develop a fair mechanism for petitioners to be able to challenge patents they believe should not have been granted quickly and efficiently so that inventors could enjoy quiet title to their inventions.

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?

I see no reason not to require a duty of candor to apply to any party appearing before the PTAB.

b. Would such provisions improve the PREVAIL Act?

I see no reason not to require a duty of candor to apply to any party appearing before the PTAB.

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?

Legislation is often a matter of making the best possible choice among competing interests. For inter partes review, there are the competing interests of allowing challenges to patents while at the same time not allowing such unfettered ability to challenge patents that the patent owner is never able to enjoy quiet title. On balance, I believe inter partes review offers sufficient opportunity to petitioners to challenge patents they believe should not have been granted and that the lack of a standing requirement has allowed some gamesmanship in inter partes review.

6. Your work on the passing the America Invents Act made significant improvements to the U.S. patent system. The goal of the PTAB was to create a faster, less expensive alternative to challenging patent validity in court. Unfortunately, the PTAB has hurt small businesses, especially ones trying to compete with substantially larger companies.

What were you were intending to accomplish with the creation of the PTAB and do you believe that legislation such as the PREVAIL Act is a necessary step at this time?

Our intention in the creation of the inter partes review system and the Patent Trial and Appeal Board to administer it was to provide a quicker, more cost-effective alternative to litigation. The idea was to knock out patents that should not have been issued quickly and efficiently so that inventors could enjoy quiet title to their inventions. Inter partes review at the PTAB was never intended to operate as an addition to litigation or as a tool for those challenging patents to raise the cost for inventors seeking to enforce their patents against infringers. I knew we were creating a program that had the potential to be abused, but I trusted the AIA would be implemented in such a way to prevent any abuse.

Like all major pieces of legislation, however, the AIA has evolved since its passage as it has been subject to the tests of practical application. In particular, the inter partes review system has received numerous criticisms that it has not operated as the quicker, less expensive alternative to litigation we intended. Many critics claim, in fact, that it has been a vehicle for the very abuse that concerned me in 2011. I am told that something close to 80 percent of PTAB challenges are

brought in addition to district court litigation, that large companies routinely use PTAB challenges as a litigation tactic, and that almost one-fourth of all PTAB challenges come from just 10 very large petitioners. That is not how we wanted or expected the program to operate.

If the goal of the PREVAIL Act is to respond to these criticisms, bring the inter partes review system more in line with our original intent, and prevent it from being used as a tool for litigation gamesmanship, I am fully in support. This would help ensure that start-ups and small businesses get a fair opportunity to enforce their patents and don't get beaten down by their powerful competitors.

7. The legislative history in the House Report accompanying the AIA makes clear that the PTAB was not intended to be a source of harassment for patent owners. Yet we see patent owners fighting simultaneously on two fronts – in the PTAB and district court or the PTAB and the ITC. The PREVAIL Act would fix this by requiring an accused infringer to choose one forum or the other to make its invalidity case.

Do you agree that this is more in keeping with the spirit of the AIA?

Inter partes review at the PTAB was never intended to operate as an addition to litigation or as a tool for those challenging patents to raise the cost for inventors seeking to enforce their patents against infringers. We were very conscious when crafting the AIA about the need to provide quiet title to inventors to allow them to attract the investment they need to develop their inventions into something useful that can contribute to the U.S. economy. Preventing challenges to the same patent in multiple forums would be in keeping with the spirit of the AIA.

8. During the March 2011 debates regarding the AIA, Senator Kyl stated that § 325(d) of the bill “allows the Patent Office to reject any request for a

proceeding, including a request for ex parte reexamination, if the same or substantially the same prior art or arguments previously were presented to the Office with respect to that patent.” Despite Sen. Kyl’s stressing this intent and the clear language of the AIA encouraging serial IPRs to be rejected, we have seen numerous examples of the same patent being challenged multiple times on the same grounds.

The PREVAIL Act requires the USPTO to reject a PTAB challenge or a request to reexamine a patent where the challenge or request includes arguments that were previously considered by the USPTO, absent exceptional circumstances.

Would you not agree that this provision is consistent with the legislative intent of the AIA – the one-bite at the apple and that it would get us back to the framework that Sen Kyl laid out in 2011?

Inter partes review at the PTAB was never intended to operate as an addition to litigation or as a tool for those challenging patents to raise the cost for inventors seeking to enforce their patents against infringers. We were very conscious when crafting the AIA about the need to provide quiet title to inventors to allow them to attract the investment they need to develop their inventions into something useful that can contribute to the U.S. economy. Allowing multiple bites at the apple would run counter to our intent to create a quicker, more cost-effective alternative to litigation while at the same time allowing inventors to enjoy some measure of quiet title.

9. The AIA, among other things, revised and expanded post-grant opposition procedures. The goal of these reforms was to weed out bad or overly broad patents via low-cost alternatives to court litigation.

a. Do you believe the AIA has fulfilled this objective?

The AIA certainly made the PTAB a forum for petitioners to challenge patents they believe should not have been granted, and it is a lower-cost alternative to court litigation, but I fear that we may not have struck the right balance between allowing challenges to patents and allowing patent owners to enjoy some measure of quiet title. I am concerned that the PTAB has also become a vehicle for the very abuse that concerned me in 2011. I am told that something close to 80 percent of PTAB challenges are brought in addition to district court litigation, that large companies routinely use PTAB challenges as a litigation tactic, and that almost one-fourth of all PTAB challenges come from just 10 very large petitioners. That is not how we wanted or expected the program to operate.

If the goal of the PREVAIL Act is to respond to these criticisms, bring the inter partes review system more in line with our original intent, and prevent it from being used as a tool for litigation gamesmanship, I am fully in support. This would help ensure that start-ups and small businesses get a fair opportunity to enforce their patents and don't get beaten down by their powerful competitors.

b. Are there areas of the AIA where – through implementation or application – that the AIA may have gone too far?

The AIA certainly made the PTAB a forum for petitioners to challenge patents they believe should not have been granted, and it is a lower-cost alternative to court litigation, but I fear that we may not have struck the balance right between allowing challenges to patents and allowing patent owners to enjoy some measure of quiet title. I am concerned that the PTAB has also become a vehicle for the very abuse that concerned me in 2011. I am told that something close to 80 percent of PTAB challenges are brought in addition to district court litigation, that large companies routinely use PTAB challenges as a litigation tactic, and that almost one-fourth of all

PTAB challenges come from just 10 very large petitioners. That is not how we wanted or expected the program to operate.

If the goal of the PREVAIL Act is to respond to these criticisms, bring the inter partes review system more in line with our original intent, and prevent it from being used as a tool for litigation gamesmanship, I am fully in support. This would help ensure that start-ups and small businesses get a fair opportunity to enforce their patents and don't get beaten down by their powerful competitors.