

**Questions for David Cain**  
**Submitted by Senator Patrick Leahy**  
**June 23, 2022**

1. In Congress, I periodically hear references to abuses of the PTAB process by petitioners, but stakeholders' views on what is or is not abusive differ significantly.

**a. What types of uses of the PTAB are abusive and why?**

*While GF has never witnessed abusive use of the PTAB, we have read about a few extremely rare cases of entities filing IPR petitions where the petitioner does not offer a product or service relevant to the patented invention (i.e. that was or could be accused of infringement by the patent owner), and thus it faces no actual infringement risk from the patent and has no genuine, bona fide interest in the validity of the challenged patent claims. Instead, in these rare but potentially concerning opportunistic cases, the motivation is purely to use the IPR challenge to drive a form of payout. Two examples of this scenario have been reported on. The first example is filing an IPR petition after shorting the stock of the patent owner to reduce the price of the patent owner's stock.<sup>1</sup> The second example is filing an IPR petition against a patent, which was recently found to have been infringed.<sup>2</sup> This type of filing was done presumably to extract a settlement from the patent owner by creating a threat to their verdict of infringement while the infringement case is on appeal.*

**b. If a petitioner files a meritorious petition that demonstrates that a patent should never have been issued, should its motivation for challenging that patent matter? Why?**

*We should not care about a petitioner's motivation since invalid patents (based on meritorious petitions and prior art) should be struck down. The assertion of invalid patents is unproductive economically and causes a significant economic drain on operating companies when asserted in litigation. Although question "a" above asks about "abusive" IPR practice, it has been rare to date. IPR petitions typically cost several hundred thousand dollars to prepare and of course require invalidating prior art to meet the threshold requirement for institution. It is therefore a significant endeavor to invalidate a patent – but the net result allows for the progress of science and engineering without an inappropriate toll or tax by the patent owner. And finally, perhaps most importantly, scrutinizing the petitioner's motivation will increase discovery and litigation costs on both sides – such increased burden is certainly not merited when the petitioner is accused of infringement, and is likewise ill-advised even if the petitioner is not accused of infringement, as taking invalid patents out of circulation is always in the public interest.*

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<sup>1</sup> <https://www.wsj.com/articles/hedge-fund-manager-kyle-bass-challenges-jazz-pharmaceuticals-patent-1428417408>

<sup>2</sup> <https://news.bloomberglaw.com/ip-law/intel-patent-verdict-tensions-spark-reveal-of-unusual-offer>

**c. Does the cancellation of invalid patent claims benefit or harm the public?**

*The cancellation of invalid patent claims unquestionably benefits the public. The existence of an illegitimate property right in the form of a patent claim that should have never been issued stifles public productivity, development, and further innovation. Further, there is a wasteful burden on the justice system to adjudicate invalid patent claims.*

2. The PTAB exists in recognition that patents that never should have issued create a drag on the economy.

**a. How can inter partes review and post-grant review be strengthened to ensure patent quality and promote the innovation that is so vital to U.S. global competitiveness?**

*Patent litigation defendants should be guaranteed the statutory full year from a notice of an infringement lawsuit to file a IPR petition. Defendants may have had no prior notice of an infringement assertion and may be facing numerous allegations all filed on the same day. Therefore, defendants benefit from the full year to properly address patent validity (in the most efficient forum) and file a clear and well-reasoned petition when the patent claims have questionable validity. Recent USPTO Director memorandum have gone a long way towards guaranteeing the full year, but legislation is needed to ensure that this memorandum is not superseded by a later memorandum, causing uncertainty and unpredictability in the patent system.*

*Further, with the proven effectiveness and efficiency of the PTAB system, PTAB review should be expanded to allow consideration of not just printed publications but all prior art. Further, PTAB review should allow for challenges to 35 USC sec. 112 validity issues of lack of enablement and lack of written description. The expertise of the PTAB in both patent law and technology makes all such issues appropriate for PTAB review. This modification would benefit defendants, patent owners, and the federal courts by permitting all claim validity challenges being adjudicated by the PTAB. This modification would prevent two different claim validity venues for the same claim; the PTAB for printed publications and the Federal Courts for all other prior art.*

*Finally, there would be less need for PTAB reviews if continuation application practice were limited. There has been a long-standing practice with U.S. patents of keeping a string of continuing applications alive and then crafting new claims many, many years after the original application was filed in a way that distorts the claims to make them read on new technology that was far outside the scope of the invention. These continuing applications seem to produce more poor-quality patents than others and therefore add extra burden to the PTAB.*

*The above proposals would strengthen inter partes review and post-grant review, thereby ensuring patent quality while promoting innovation.*

## Questions from Senator Tillis for David Cain

1. What specifically do you like and what do you not like about our introduced bill?

*All of the amendments included in the bill are well balanced to improve the PTAB and the patent system as a whole. As GF is both a large patent owner and has been an IPR petitioner, we see the bill as reasonably balanced for both petitioners and patent owners.*

*A key provision of the bill is the prohibition of the PTO declining a proceeding based on an ongoing civil action. This amendment is needed to ensure that defendants do not have to rush to file a petition and are guaranteed a full year to file. A defendant may have had no prior notice that an infringement lawsuit would be asserted against it and may be facing numerous claims from the same patent owner all filed on the same day. The statutory full year is needed to properly research patent validity and to file a clear and well-supported petition when the patent claims have questionable validity.*

2. Regarding what you don't like in our bill, why don't you like it, and what would you like to see changed? When answering, please keep in mind that a balance must be struck between all interested and relevant parties.

*Nothing in this bill causes us serious concern. It strikes a balance between patent owners, businesses, and the public. Our answer to question 6 below includes a proposed improvement to the small entity IPR fee coverage language that would address a minor concern.*

3. How specifically can our introduced bill be made fairer to patent owners?

*As an owner of over 7000 U.S. patents, GF sees this bill as fair to patent owners. We believe that passage of this bill would not diminish the value of GF's patent portfolio, nor would it discourage GF from innovating or from continuing to file patents at*

*the USPTO.*

4. What are your thoughts regarding the introduced bill's ban on institution of serial petitions? How can it be improved?

*The bill as introduced is fair to patent owners and petitioners. It ensures that a petitioner only gets "one bite at the apple" by requiring that all of a petitioner's PTAB validity challenges be brought at one time. If defendants have the full statutory year to file their PTAB petitions, it is reasonable that they be required to file all such petitions at one time.*

5. What are your thoughts regarding the introduced bill's codification of the *Phillips* standard? How can it be improved?

*The bill as introduced is fair to patent owners and petitioners. It ensures that the same claim construction law will be applied regardless of the forum.*

6. What are your thoughts regarding the introduced bill's coverage of reasonable fees for small and micro entities who face challenges at the PTAB?

*While the scenario of small and micro entities facing a PTAB challenge is very unlikely, the coverage of reasonable fees offers a great deal of protection for a small entity inventor. However, one can foresee non-practicing entities finding ways to exploit this clause for fee coverage for patents in which they have a financial interest. This concern could be addressed by disallowing fee coverage when an IPR petition is filed by a defendant in a civil action regarding the patent. A patent owner that has filed an infringement lawsuit has already demonstrated the ability to fund the dispute resolution process and should not need the fee coverage. In fact, with the efficiency of the PTAB system such an entity would likely save money by resolving validity through the PTAB instead of through the district court.*

7. What are your thoughts regarding the introduced bill's increased transparency

regarding decisions – whether they are made by the USPTO Director or PTAB administrative patent judges?

*The additional transparency required by the bill would be beneficial to all decisions. In each case it would either reduce any appearance of impropriety and conflict of interest, or it would make clear to the public that the decision was made by a constitutionally appointed representative of the President.*

8. Does the introduced bill's sanction of bad-faith challengers who offer to deliberately delay or lose an instituted challenge in exchange for consideration go far enough to end gamesmanship? Are there any additional steps that can be taken to address gamesmanship?

*The bill intentionally targets those who have no actual interest in the validity of the challenged patent claims yet still file petitions merely to extort payment from the patent owner to make the challenge go away. This therefore properly addresses the issue of gamesmanship; the bill sanctions those who face no actual infringement*

*risk from the patent and have no genuine, bona fide interest in the validity of the challenged patent claims. No further steps need be taken to address gamesmanship. Further steps would increase the burden on both sides of a PTAB review. Such burden is certainly not merited when the petitioner is accused of infringement, and is likewise ill-advised even if the petitioner is not accused of infringement, as taking invalid patents out of circulation is always in the public interest.*

9. What are your thoughts regarding establishing a presumption of validity for patents that are being challenged at the PTAB?

*Establishing a presumption of validity for PTAB challenges would not benefit the patent system or the public. The members of the PTAB are not only experts in patent law but are technical experts as well. Because of this they are exceptionally well suited to properly weigh claim validity and do not need to give extra deference to the examiner who allowed the claims. The deference accorded to the Patent*



*Office by the Federal Courts is rooted in the deference due the Patent Office's exercise of its authority and its technical expertise, which lay juries lack. The PTAB need not give that same level of deference as it is a part of the same authority as the patent examiners and has similar levels of technical expertise.*

*Regardless, the burden of proving invalidity before the PTAB is still on the petitioner, therefore there already exists a level of validity presumption.*

10. What are your thoughts regarding establishing a standing requirement for institution of a petition at the PTAB?

*Aside from the extremely rare instances of bad-faith PTAB challenges, petitioners have always had a real interest in challenging the validity of the patent claims. A standing requirement would only add more red-tape and delay to the IPR process.*

*While PTAB challenges are more efficient and effective than challenging validity in District Court, it is still an expensive endeavor costing hundreds of thousands of dollars. Therefore, petitions are not filed without a real interest, real stakes, for the petitioner. This is why the PTAB is not inundated by petitions for patents that are not being asserted, as the undertaking is just too costly.*

*Aside from the isolated instances of bad-faith PTAB challenges there is no issue with frivolous petitions, therefore a standing requirement would only add unnecessary cost and delay to the process.*

11. Are there any additional measures that we should consider as part of a comprehensive PTAB reform bill?

*With the proven effectiveness and efficiency of PTAB challenges, such challenges should be expanded to consider not just printed publications but all prior art. Further, PTAB review should allow for challenges to 35 USC sec. 112 validity issues of lack of enablement and lack of written description. The expertise of the PTAB in both patent law and technology makes all such issues appropriate for PTAB review. This would benefit defendants, patent owners, and the federal courts by allowing for the option of all claim validity challenges being adjudicated by the PTAB.*

*Further, there would be less need for PTAB reviews if continuation application practice were limited. There has been a long-standing practice with U.S. patents of keeping a string of continuing applications alive and then crafting new claims many,*

*many years after the original application was filed in a way that distorts the claims to make them read on new technology that was far outside the scope of the invention. These continuing applications seem to produce more poor-quality patents than others and therefore add extra burden to the PTAB.*