



Honorable Andrei Iancu
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Director of the United States Patent & Trademark Office
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**Re: Comments of USIJ Regarding Proposed Changes to the
USPTO Rules of Practice Applicable to the Institution of Reviews
by the PTAB**

The Alliance of U.S. Startups and Inventors for Jobs (“USIJ”) responds herein to the solicitation of comments by the U.S. Patent & Trademark Office (“USPTO”) with respect to its proposal to implement three changes in the rules for instituting post-issuance review of patents by the Patent Trial & Appeal Board (“PTAB”), which proposal and solicitation are set forth in Federal Register, Volume 85, No. 102, pp. 31728-29, dated May 29, 2020.

USIJ is a coalition of 30 startup companies and their affiliated executives, inventors and investors that depend on stable and reliable patent protection as an essential foundation for making long term investments of capital and time commitments to high risk businesses developing new technologies. USIJ’s fundamental mission is to assist and help inform members of Congress, the Federal Judiciary and leaders in the Executive branch regarding the critical role that patents play in our nation’s economic system and the particular importance of startups and small companies to our country’s continued dominance of strategically critical technologies that we have enjoyed for more than a century. A disproportionately large number of strategically critical breakthrough inventions are attributable to individual inventors and small companies.

USIJ supports the three rule changes proposed by the USPTO in the above referenced publication, which changes would apply to all three types of post-issuance proceedings – post-grant review (“PGR”), inter partes review (“IPR”) and review of covered business method patents (“CBM”).

The first proposed change would formalize the current practice of either instituting PTAB reviews with respect to all claims challenged by a petitioner or declining review altogether, a practice adopted by the USPTO to conform to the U.S. Supreme Court's interpretation of 35 U.S.C. §314 in *SAS Institute Inc. v. Iancu*, 138 S.Ct. 1348 (2018). USIJ supports this change which will bring the rule into compliance with the prevailing practice.

The second proposed change also is designed to conform the rule with actual practice regarding the scope and content of briefs related to the institution of a trial in a review proceeding. USIJ supports this change as well.

The third proposed change would eliminate the presumption favoring a petitioner with respect to whether there is an adequate basis for institution. USIJ strongly endorses this change. The presumption should never have been implemented in the first place. 35 U.S.C. §282 states as follows:

"A patent shall be presumed valid. ... The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity."

In *Microsoft Corporation v. i4i Limited Partnership*, 564 U.S. 91 (2011), the U.S. Supreme Court determined that the enactment of Section 282 by Congress was done with the intent to create not only a presumption that an issued patent is valid but that anyone challenging that validity must bring clear and convincing evidence to overcome the presumption:

"[B]y the time Congress enacted §282 and declared that a patent is 'presumed valid,' the presumption of patent validity had long been a fixture of the common law. According to its settled meaning, a defendant raising an invalidity defense bore 'a heavy burden of persuasion,' *requiring proof of the defense by clear and convincing evidence*. ... That is, the presumption encompassed not only an allocation of the burden of proof but also an imposition of a heightened standard of proof." (emphasis supplied.) *Id.* at 110.

Although Congress, when it enacted the American Invents Act ("AIA"), chose to allow the USPTO to reconsider the patentability of previously issued claims using a preponderance of evidence standard, the AIA did not eliminate the presumption of validity established in Section 282 nor did it provide for a presumption favoring petitioner.

USIJ believes that the only rational way in which Section 282 can be read together with Sections 314 *et seq.* (as to IPRs) and 324 *et seq.* (as to PGRs) is to put the burden on the petitioner to make a showing that there is some reason for the USPTO to reconsider a patent claim that it previously examined and found compliant with the statute. In fact, the statutory language of the AIA itself would seem to require as much. 35 U.S.C. § 316(e) provides that to institute an IPR, “petitioner shall have the burden of proving a proposition of unpatentability.”) Section 326(e) contains a similar requirement for PGRs.

This point is particularly important given the absence of any standing requirement for a petitioner to commence a post-issuance proceeding. The predatory use of IPRs has proven to be a handy vehicle for large companies to harass smaller ones, even as to patents that the smaller company has not asserted against the larger one. It also has allowed predatory hedge funds to manipulate the market price of the stock of small publicly-held companies for their own gain. USIJ believes that post-issuance proceedings should reflect the fact that the USPTO examination process originally found the challenged claim to be valid, and in some cases has done so in one or more previous post-issuance proceedings as well.

Respectfully submitted,

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