



SERIAL IPRs: USIJ REBUTTAL TO IP LAW360 ARTICLE

Introduction

This responds to a recent article by Michael Berta and Patrick Reidy published in IP Law 360 on November 16, 2018, challenging the conclusions of a USIJ White Paper that directs attention to the widespread, abusive and unlawful practices engaged in by a number of large companies when accused of patent infringement (www.usij.org/research/2018/serial-attacks). The Berta and Reidy article, entitled “Multiple IPRs for Same Claim Are Often Not Repetitive,” misstates the language of Section 315(e)(1) of the patent statute and from that misstatement argues essentially that if one IPR is a good way to lower the cost of litigation, multiple IPRs are needed to do a more thorough job. This argument carefully skirts the full language of the statute and therefore distorts its meaning, which makes clear that once a written decision is rendered by the PTAB with respect to a given patent claim, no further IPR challenges are permitted by the same petitioner or its privies. If the PTO would apply that statutory provision the way it is written and in a manner consistent with what Congress intended in creating IPRs in the first instance, there would never be a reason to implement a second petition by the same petitioner because the written decision on the first petition would terminate access to the entire IPR procedure.

A further flaw in the manner in which the PTO handles IPRs is evident from the Berta and Reidy article, which suggests that it is more efficient to have several companies collaborate to challenge the same claim in coordinated IPR proceedings. This is a reference to the practice of gang-tackling, for lack of a better term, by splitting up the grounds for attack in hopes that one of them will score a hit. A proper application of the real party in interest requirement, however, should bar all collaborators from pursuing further IPR petitions upon the rendering of the first written opinion by the PTAB.

The Berta and Reidy article also suggests that multiple IPRs are required because the page limit does not allow an infringer to assert all of its arguments in just one. Nothing

in the scheme of the IPR system allows a party to override the page limits and other restrictions of the proceedings by simply filing more petitions. This is precisely the type of abuse that the statutory structure was designed to prohibit.

Overview of USIJ White Paper

The USIJ White Paper, entitled “How ‘One Bite at the Apple’ Became Serial Attacks on High Quality Patents at the PTAB,” is based on a [survey](#) conducted by Robins Kaplan LLP of IPR petitions filed by the five top IPR filers (Apple, Samsung, Google, Microsoft, and LG) (“Top 5”) following implementation of the relevant provisions of the Leahy-Smith America Invents Act (“AIA”). The White Paper reviewed the legislative history of the AIA and showed that Congress intended to prevent multiple challenges to the same patent – an intention often expressed in terms of a “single bite at the apple.” Far from taking a single bite, however, the White Paper demonstrates that the Top 5 rely routinely on serial IPRs as a defense strategy and in some cases as an offensive way to leverage their greater access to capital to drive up the cost of litigation and make it effectively impossible for smaller companies to enforce their patent rights.

Nor is USIJ the only voice calling attention to the improper institution of multiple IPR proceedings against a single patent. An article dated October 30, 2018 by Gene Quinn (who publishes IP Watchdog) is entitled “The USPTO Must End Repeated and Concerted Patent Attacks” and points out the irrefutable reality that multiple IPRs are useful for challenging only the best and most valuable patents, because the bad patents fall with the first challenge:

“Those patents that are challenged a second, third or seventh or eighth time were found to have a valid claims in each of the prior challenges, yet the PTAB continues to institute fresh new challenges. Obviously, those patents must have been well written to survive so many challenges, and they must have been quite valuable. So the problem of a multiplicity of challenges is for those well written, high-quality patents the cover extremely valuable innovations. Aren’t those the very innovations the patent system is supposed to foster and protect?”

As documented in the USIJ White Paper, Congress understood that if the best patent imaginable is subjected to a sufficient number of probabilistic challenges, as all litigation inevitably becomes, sooner or later the patent will be held invalid. The USIJ White Paper captures some key portions of the legislative history of the AIA, across multiple Congressional sessions, which consistently voiced concern for the burdens that multiple filings would impose on inventors:

- “In addition, the same party who has once filed a PGR petition, whether in the first or second window, regarding any claim in a patent, may not file another

PGR on the same patent, regardless of the issues raised in the first PGR. This 'one bite at the apple' provision was included in Committee to quell concerns that a party bent on harassing a patent holder might file serial PGR petitions." Senate Report 110-259, The Patent Reform Act of 2007, 110th Congress, to accompany S. 1145, at 22.

- "A few words about second window [later called Inter Partes Review]: opening up a second window for administrative challenges to a patent only makes sense if defending a patent in such proceedings is not unduly expensive, and if such proceedings substitute for a phase of district-court litigation. If second-window proceedings are expensive to participate in, a large manufacturer might abuse this system by forcing small holders of important patents into such proceedings and waiting until they run out of money. Defending oneself in these proceedings requires retention of patent lawyers who often charge \$600 an hour, quickly exceeding the means of a brilliant inventor operating out of his garage – or even of a university or small research firm." Senate Report 110-259, The Patent Reform Act of 2007, 110th Congress, to accompany S. 1145, at 66.
- "Subsection (c) of section 327 applies a successive-petition bar of sorts to second or successive petitions for second-period review. It is a rare patent that should be twice subjected to second-window proceedings" Congressional Record, Vol. 154 (2008), Part 16, Pages 22620-22632 (Senator Kyl speech on Patent Reform).
- "Lengthy and duplicative proceedings are one of the worst evils of other systems of administrative review of patents. During the pendency of such proceedings, a patent owner is effectively prevented from enforcing his patent. Subsection (c) should ensure that second or successive second-period proceedings are few and far between." Congressional Record, Vol. 154 (2008), Part 16, Pages 22620-22632 (Senator Kyl speech on Patent Reform).
- In addition, the bill would improve the current inter partes administrative process for challenging the validity of a patent It would also include a strengthened estoppel standard to prevent petitioners from raising in a subsequent challenge the same patent issues that were raised or reasonably could have been raised in a prior challenge. The bill would significantly reduce the ability to use post-grant procedures for abusive serial challenges to patents. Senate Debate 2-28-2011 (157 Cong. Rec. S936-S953) (comments of Senator Grassley).

Put succinctly, Congress understood that allowing infringers to challenge patents in this specially created and novel administrative procedure "only makes sense if defending a

patent in such proceedings is not unduly expensive, and if such proceedings substitute for a phase of district-court litigation.” Senate Report 110-259, The Patent Reform Act of 2007, 110th Congress, to accompany S. 1145, at 66. The manner in which the PTO implemented the AIA does nothing to support that lofty objective.

The Multiple IPR Article

The Berta and Reidy article attempts to rebut the conclusions of the USIJ White Paper by omitting critical language from the patent statute on which the White Paper is based. The article states:

“The **full language of the statute** does not support [USIJ’s] argument. The full language of § 315 reads as follows: A petitioner or real-party-in-interest “may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.” (Emphasis supplied).

Respectfully, this cropping of Section 315(e)(1) to arrive at the “full language of the statute” essentially reverses what the statutory provision actually provides. Section 315(e)(1) states as follows:

“The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.”

Properly characterized, this provision sets forth an unambiguous rule of law that the PTO has been ignoring since the outset of IPR proceedings: Once the Patent Trial & Appeal Board issues a final written decision regarding a claim in a patent, the party that filed that petition (as well as its privies and other real parties in interest) is prohibited from requesting or maintaining another challenge with respect to that claim. In short, the AIA allows a challenger (and its privies) only one final written decision per claim, and once the written determination of the first petition issues, the statute bars any subsequent IPR proceedings by that party (and its privies), and all the other petitions and their supporting arguments become a nullity. That rule applies without regard to whether multiple petitions are filed in a single salvo or spaced out in time.

Given what appears to be a simple black-and-white rule allowing for a single written determination per claim, a fair question is whether the PTO should even institute multiple IPR proceedings on a single patent claim. Because the statute appears to

prohibit multiple final written determinations on the same claim, it would appear to be a pointless waste of the resources of both the PTO and the parties to initiate multiple proceedings when the outcome of the first proceeding is likely to end in a final written determination that precludes any further rulings.

The Berta and Reidy article attempts to find a basis for overriding the statutory bar against multiple petitions as based on necessity:

“As discussed above, the subject matter requirements for the contents of a petition, in conjunction with strict word count limits and the uncertainty inherent in the early stages of litigation, leads directly to the conclusion that, if a petitioner has more than one meritorious argument directed to a common set of claims, it is often simply not feasible to put all such arguments in a single petition. Thus, multiple petitions are reasonably required and are not barred by 35 U.S.C. § 315.”

To paraphrase this remarkable argument, the PTO should be allowed to ignore the statutory language of Section 315 because a challenger may have more arguments that it wants to present than can be squeezed into a single petition given the existing word count limits. Put differently, although the PTO can limit the number of words in a single petition, it should not limit the number of petitions strung together seriatim to avoid the word count.

Both the clear language of Section 315 and the legislative history of the AIA are to the contrary. The right to initiate an IPR was regarded by Congress to be one that would be rarely exercised and never more than once. As noted by Senator Kyl during the hearings “In this bill ... the issues that can be raised in the second window [*i.e.*, an IPR] are so sharply limited that the goal of flushing out all claims is unattainable. Only 102 and 103 arguments based on patents and printed publications can be raised in the second window. Accused infringers inevitably will have other challenges and defenses that they will want to bring, and those arguments can only be raised in district court.” Senator Kyl Speech on S.3600, 154 Cong. Rec. S9982-S9993, at S9989 (Sept. 27, 2008).

The Problem of Hidden Privity

The Berta and Reidy article argues that the Robins Kaplan study “overcounts” the extent of serial petitions. Actually, the full extent of serial petitions is undercounted because the study did not take into account the collaboration that occurs when a group of defendants decide collectively not to take licenses and instead to join hands and challenge an asserted patent as a group. The article credits as “efficient” the practice of multiple defendants “getting together” to divvy up different ways of attacking a patent. It states, for example, that:

“For example, in one of the listed matters in the quantitative study, each of Apple, Samsung Electronics Co. Ltd. and Google Inc. is listed as either a petitioner or real-party-in-interest for the same two petitions filed against six claims of one patent. Rather than viewing this as an example of efficiency (three parties getting together to file only two IPRs), the article counts this as an instance of six duplicate petitions (two each by Apple, Samsung, and Google).”

The Section 315 limits on IPR filings triggered by a final written decision of the PTAB apply equally to the same petitioner and to the real party in interest or the privy of the petitioner. In the example selected by Berta and Reidy, the challengers were actually listed jointly as petitioners or real-parties-in-interest. Under the statute, they should be limited to a single petition.

The greater problem is that far more often no such privity is acknowledged, even though challengers are clearly “getting together” behind the scenes to coordinate the filing of IPRs. The PTO has a difficult time policing this behavior and has been reluctant to impose the privity restriction even when the privity is obvious. In *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d. 1336 (Fed. Cir. 2018), the Federal Circuit found the PTAB had applied an “impermissibly shallow” view of the real party in interest/privity requirement, where the PTAB ignored the clearly apparent privity between petitioner RPX and time-barred party Salesforce.

This concealment of real parties in interest and hidden privity is a far more serious problem at the PTO than the underlying study by Robins Kaplan even attempted to tackle. If one were to pull back the cover and expose the full extent of surrogate filings, however, the count of serial IPRs would be higher.

The “Overcounting” Argument Is Sleight of Hand

The Berta and Reidy article contends that the Robins Kaplan study overcounts the extent of serial IPRs by counting both a first and second petition against a single claim as “duplicative.” This is no more than a syllogistic effort to minimize the extent of the unlawful behavior among the Top 5 filers. Two petitions are duplicative when they attack the same patent claim. There is nothing particularly difficult to grasp in that calculus. Picking an example, 59% of the time a patent is being challenged by Microsoft, at least one of its claims will be the subject of a separate petition filed by Microsoft in violation of the statute. That seems a fairly straightforward use of the numbers. All of the percentages listing serial attacks by the Top 5 recited in the Robins Kaplan study are arrived at in the same way.

Even if one were to count only half of a pair of duplicative petitions as problematic, as Berta and Reidy appear to prefer, the number of unlawful petitions is still substantial for

each of the Top Five filers. This is hardly an exculpatory argument, since even one duplicative filing is too many.

Conclusion:

Serial IPRs are a serious problem that contravene the express language of the patent statute and runs contrary to many of the representations made to Congress by the proponents of the AIA. It is high time the PTO focused on this problem and fixed it.