

Before the
United States Patent and Trademark Office
Alexandria, VA

OPENSKY INDUSTRIES, LLC
INTEL CORP.,
Petitioners

v.

VLSI TECHNOLOGY LLC,
Patent Owner

IPR2021-01064

**AMICUS BRIEF OF
COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION**

I. Interest of Amicus Curiae

The Computer and Communications Industry Association (“CCIA”)¹ is an international, not-for-profit trade association representing a broad cross section of communications and technology firms. For fifty years, CCIA has promoted open markets, open systems, and open networks. CCIA members employ more than 1.6 million workers, invest more than \$100 billion in research and development, and contribute trillions of dollars in productivity to the global economy. CCIA members are also active participants in the patent system, holding approximately 5% of all active U.S. patents and significant patent holdings in other jurisdictions such as the EU and China. More pertinent here, CCIA members are frequent participants in *inter partes* reviews and other AIA trials.²

As a result of these activities, our members have a strong interest in ensuring a vigorous and effective *inter partes* review system that provides a viable path for second-look review of issued patents. Abusive participation in this system will lead to a less effective overall system and should be discouraged. At the same time, however, discouraging abuse must not interfere with ensuring that invalid patents do not remain in force, one of the core missions of the PTAB.

II. Introduction

This case presents an unusual situation that is unlikely to recur. We are unlikely to again see a case in which an alleged infringer filed meritorious petitions, the petitions were denied despite their merits, and then a \$2 billion dollar verdict was rendered based on the petitioned patent. Absent these circumstances, the adoption of a petition by an unrelated third party allegedly intending to abuse the AIA trial process would be unlikely to occur. As such, it is the

¹ A list of CCIA members is available online at <https://www.cciainet.org/about/members>. Petitioner Intel is a member of CCIA, but neither Intel nor its counsel took any part in the preparation of this brief.

² See, e.g., Patrick Wingrove, *PTAB top petitioners, patent owners and law firms in 2021*, ManagingIP (Feb. 28, 2022), <https://www.managingip.com/article/2a5d0ugt52wrj0ljsgq2o/ptab-top-petitioners-patent-owners-and-law-firms-in-2021>.

Association's position that specific rules to deal with this situation are unnecessary. Sanctions on abusive parties can be adequately covered by the Office's existing authorities.

However, regardless of whether the present situation is likely to recur, any sanctions imposed by the USPTO for abusive party conduct should reflect a core goal of the Office: promoting innovation and competition.³ The PTAB supports these goals by ensuring that only valid patents remain in force when challenged, preventing invalid patents from being used to restrict competition and harm innovation. As such, the core question asked in developing any policy should be "will this leave invalid patents in force?" Any policy that does so should be disfavored.

This basic goal leads to a simple conclusion: the filing of a meritorious petition is unlikely to itself be an abusive action. Indeed, the petitions filed in these cases is a carbon copy of an admittedly non-abusive petition, the Intel petitions denied under *Fintiv*. Actions taken after filing of a petition might potentially be abusive and can be addressed via the USPTO's existing review processes, but the petition itself, if meritorious, cannot be abusive. This conclusion aligns with the Federal Circuit's "objectively baseless" requirement for bad-faith filing of a patent infringement suit and the Supreme Court's "sham litigation" exception to the *Noerr-Pennington* doctrine.⁴ Thus, assuming a meritorious petition, appropriate remedies for abusive action should focus on the abusive party, not on the underlying proceeding.

While CCIA believes that specific processes are not necessary to address any abusive conduct, due to the lack of likelihood of recurrence, any procedures or rules put in place should adhere to the principle of sanctioning parties, not proceedings.

³ USPTO Performance and Accountability Report 2021 at 2.

⁴ *United Mine Workers v. Pennington*, 381 U.S. 657 (1965); *Eastern Railroad Presidents Conf. v. Noerr Motor Freight, Inc.*, 365 U.S. 127 (1961).

III. The Unusual Situation Presented Here Is Unlikely To Recur Frequently

The awarding of a large jury verdict based on a patent which was the subject of a petition, but which never received a merits ruling, is an unusual combination. While such a combination led to the present case, it is also unlikely to recur frequently. Further, this unusual situation stems from the Office's overuse of discretionary denials. A reduction or elimination in discretionary denials under rules such as *Fintiv*⁵ would, for all practical purposes, ensure that this combination of circumstances does not recur.⁶

When the Office engages in discretionary denial, it effectively states that a patent is likely invalid but still will not be reviewed. If no claim in the patent was likely to be shown invalid, the Office could simply deny the petition on the merits. Discretionary denials, such as those under the *Fintiv* rule, create a situation where petitions which are likely to reach the institution threshold are made public without ever receiving a merits ruling. Much of the expense of preparing a petition can thus be bypassed by a party that adopts these discretionarily denied petitions as their own. Absent the existence of such free-floating petitions, it is highly unlikely that parties would expend the effort and resources required to develop and file a petition unless they have a strong incentive to invalidate the challenged patent. In addition, if the Office limits or eliminates discretionary denials under rules such as *Fintiv* it would further reduce the likelihood of such a circumstance recurring.

IV. The Filing of Meritorious Petitions Is Not And Cannot Be An Abusive Act

Any sanctions imposed should reflect the Office's mission of promoting both innovation and competition. Leaving an invalid patent in force harms competition by barring competitors

⁵ *Apple v. Fintiv*, IPR2020-00019.

⁶ While the current Interim Guidance on *Fintiv* appears to have reduced the number of discretionary denials, it still leaves open the possibility of denial of a meritorious challenge for non-merits reasons and as such does not eliminate the possibility of recurrence of this sort of case.

from accessing an invention that they would otherwise have the right to use. With this lodestar in mind, the Office should always ensure that they do not act in a fashion that will leave a likely invalid patent in force, whether in the sanctions context or any other.

With that principle as a guidepost, sanctions should not be used in a way that would leave an invalid patent in force. While a specific party may have acted in an abusive fashion, if the underlying merits of the case suggest that the petition was meritorious, the petition itself is not sanctionable and any sanctions imposed should avoid terminating the petition.

Even if a party might have additional or ulterior motives behind its filing, the filing of a meritorious petition is in and of itself not an abusive act. Access to courts—and to court-like tribunals like the PTAB—is a core aspect of the First Amendment right to petition. And in many other contexts, courts have rejected any attempt to sanction or hold liable a party for filing an action, even if there are ulterior motives for filing, unless the action is both objectively baseless and the party is attempting to use government process, rather than the outcome of that process, as a weapon.⁷

The Supreme Court has long held that the First Amendment protects parties when they “use . . . courts to advocate their causes and points of view respecting resolution of their business and economic interests vis-à-vis their competitors.”⁸ And, while this protection lapses in the case of sham litigation, “litigation cannot be deprived of immunity as a sham unless the litigation is objectively baseless.”⁹ While these principles were first set forth in the context of antitrust litigation, the Court confirmed that they extend to other forms of action as well, stating that “the right to petition extends to all departments of the Government” in the course of applying *Noerr-*

⁷ *City of Columbia v. Omni Outdoor Advertising, Inc.*, 499 U.S. 365, 380 (1991).

⁸ *BE&K Constr. Co. v. NLRB*, 536 U.S. 516, 525 (2002) (citing *California Motor Transport Co. v. Trucking Unlimited*, 404 U.S. 508, 511 (1972)).

⁹ *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 508 U.S. 49 (1993).

Pennington immunity to an action by the National Labor Relations Board.¹⁰

This approach to assessing abusive filings also comports with the Federal Circuit’s jurisprudence on bad-faith filing of patent assertions, which similarly requires that an assertion be “objectively baseless” in order to expose a patent holder to liability for litigation or pre-litigation communications.¹¹ Absent objective baselessness, no penalty can attach.

Given that an “objectively reasonable effort to litigate cannot be [a] sham regardless of subjective intent,”¹² a meritorious petition will not fall within the sham exception to *Noerr-Pennington* immunity or any other form of bad-faith exception regardless of the intent of the filer. As such, sanctions are inappropriate—and barred by the First Amendment—with respect to the filing of a meritorious petition.

V. Remedies Should Focus On Parties And Leave The Review Proceeding Intact

Guided again by the principle that the Office should not leave in force a patent claim that it believes is likely to be proven invalid, there remain a number of appropriate remedies for sanctionable conduct. Minor remedies could include fines against the abusive party or a fee-shifting order that forces the abusive party to pay the fees incurred by the other party due to their abuse. Major remedies might include disciplinary referral to the state bars of a sanctioned attorney, referral to the USPTO’s Office of Enrollment and Discipline for discipline including the removal of an attorney’s registration to practice before the Office, and a time-limited or permanent bar on the attorneys or party filing matters with the Patent Office. These remedies share the common trend of affecting parties, rather than proceedings.

However, even if these sanctions are imposed, the question of how to handle an abusive

¹⁰ *BE&K Constr.*, 536 U.S. at 525 (citing *California Motor Transport Co.* at 510).

¹¹ *Globetrotter Software v. Elan Computer Group, Inc.*, 362 F.3d 1367, 1374-77 (2004).

¹² *Professional Real Estate*, 508 U.S. at 57.

party in a given proceeding will still emerge. If the petition is meritorious, the Office should avoid terminating the proceeding, but instead should seek to remove any benefit that might accrue to the abusive party while maintaining the merits proceeding. A consistent practice of doing so would also remove any incentive for abusive filings, as the petitioner would know that they were unlikely to be able to recoup their costs—no patent owner would pay a petitioner to abuse the IPR process if they knew the end result would be the proceeding continuing while the petitioner walks away with their money.

A. Remedies when an unrelated petitioner has been joined

There are several possible remedies that focus on sanctioning an abusive petitioner without harming a meritorious proceeding. Where an unrelated petitioner has been joined to the proceeding, particularly where they have filed a “carbon copy” or “checkbox” petition that mimics the instituted petition, promoting the unrelated petitioner to the lead petitioner and terminating the abusive party is an appropriate remedy. This would be a simple process and impose little to no burden on the Office or the patent owner, as both would simply proceed to trial with a different petitioner than was originally present but the same patent challenge. The present case is a situation in which such a remedy would be appropriate—even more appropriate given that the instituted petitions were originally filed by joined petitioner Intel.

B. Remedies when no other petitioner has been joined

Where no joined petitioner exists, the situation is somewhat more complex. However, there are at least two potential remedies.

First, the Office could compile a roster of patent attorneys willing to serve as appointed *amici*, similar to the Supreme Court’s use of appointed *amici* to argue one side of a case when

the original party declines to participate.¹³ This could potentially be integrated with the Office's LEAP (Legal Experience and Advancement Program) or similar initiatives that provide less experienced attorneys with an opportunity to lead an AIA trial. The PTAB Pro Bono Program could also be a useful source of potential counsel for this remedy.

Second, if no joined petitioner exists and no *amicus* can be appointed, the Office could *sua sponte* initiate an *ex parte* reexamination of the patent and either stay or terminate the *inter partes* review.¹⁴ In either case, the party who engaged in abusive actions would be severed from the proceedings as a sanction.

C. Remedies that sanction parties but maintain proceedings will disincentivize abusive behavior

Adopting an approach in which parties are sanctioned but the proceeding, if meritorious, continues would provide an appropriate sanction on the abusive party while ensuring that the USPTO's mission of ensuring the quality of U.S. patents is achieved. Further, this approach would disincentivize abusive actions of the type alleged to have been taken here. Abusive strategies for petitioners rely on their ability to remain involved in a proceeding and to decide whether the proceeding will continue. If the abusive petitioner cannot ensure that the proceeding will be terminated in a way favorable to the patent owner, then that petitioner would have no benefit to offer to the patent owner in an attempted collusive settlement.

As such, if the petitioner knows that abusive actions will result in their removal from the proceeding, but not the termination of the proceeding, then they will have little incentive to file a petition with the intent of later sabotaging the same. The patent owner—even if inclined to cooperate with an abuse of the proceeding, which most will not be—will be aware that the

¹³ See Katherine Shaw, *Friends of the Court: Evaluating the Supreme Court's Amicus Invitations*, 101 Cornell L. Rev. 1533 (2016).

¹⁴ 35 U.S.C. § 303(a); 35 U.S.C. 315(d).

sabotage will not ultimately benefit the patent owner and thus have no reason to cooperate. In short, adopting this remedial approach will prevent petitioners from abusing the AIA trial system to the detriment of patent owners and the public alike.

VI. Conclusion

Although CCIA is uncertain whether specific rules and remedies for handling abusive party behavior are required, it is the Association's position that, given the rarity of this set of events, any approach to sanctions should ensure that invalid patents are not left in force. If sanctions are required, we believe that the approaches outlined above, which focus on parties rather than proceedings, are the appropriate mechanism by which to impose sanctions. But any approach involving termination of a meritorious proceeding would be contrary to the Office's core mission and likely will lead to more abusive filings in the future.

Respectfully submitted,

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