

Before the
United States Patent and Trademark Office
Alexandria, VA

In re

Patent Trial and Appeal Board Rules of Practice for Briefing Discretionary Denial Issues, and Rules for 325(d) Considerations, Instituting Parallel and Serial Petitions, and Termination Due to Settlement Agreement

Docket No. PTO-P-2023-0048

**COMMENTS OF
COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION**

The Computer & Communications Industry (CCIA)¹ submits the following comments in response to the U.S. Patent and Trademark Office’s April 19, 2024, Notice of Proposed Rulemaking.²

CCIA is an international, not-for-profit trade association representing a broad cross section of communications and technology firms. For more than 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 at the forefront of research and development in technological fields such as artificial intelligence and machine learning, semiconductor manufacturing, and other computer-related inventions. 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.

As active litigation by other parties continues to address, CCIA believes discretionary denial conflicts with the fundamental purpose of the America Invents Act.³ All discretionary denials are admissions that the Office will not invalidate that patent, even though it believes at least one claim in the patent is reasonably likely to be invalid. If the Office believed there was no reasonable likelihood of invalidity of any claim, it could simply deny the petition on the merits.⁴ However, while we maintain that petitions for review should be decided on their merits, CCIA appreciates that the NPRM has significantly improved and streamlined the proposals made in the previous Advanced Notice of Proposed Rulemaking. We submit the following comments regarding how the discretionary denial rules proposed in the NPRM could be improved.

¹ A list of CCIA members is available online at <https://www.ccianet.org/about/members>.

² 89 Fed. Reg. 28693 (Apr. 19, 2024) (hereinafter “NPRM”).

³ See *Apple Inc. v. Vidal*, Case No. 2024-1684 (Fed. Cir.).

⁴ 35 U.S.C. § 314(a).

I. Summary

While petitions should be reviewed on their merits, and discretionary denial must be bounded by the statutory limits, the NPRM proposes codification of a number of rules that would significantly improve upon the Office's current approach to discretionary denial. In particular, we strongly support the Office's cabining of the *Valve* rule, as applied in *Vivendum*, the creation of a separate briefing process for discretionary denial motions, and the requirement that petitions will not be dismissed under § 325(d) unless the prior art was previously "meaningfully addressed" by the Office.

However, one major flaw in the proposed rule is the failure to de-designate a number of PTAB decisions. For example, while the NPRM proposes an appropriate definition of "serial petition", it fails to de-designate the *Valve* decision, which conflicts with the proposed definition. This issue is particularly problematic as the rule also permits a patent owner to request denial on the basis of "any issue that the patent owner believes, based on Office rules, precedent, or guidance, warrants discretionary denial."⁵ Rather than permit obsolete and conflicting precedential decisions to continue to have precedential force, and to avoid a future end-around of the rulemaking process, the Office should affirmatively de-designate all relevant discretionary denial precedential decisions as part of a final rule and require patent owners to seek prior approval from the Board before filing a discretionary denial request that includes any issue other than those enumerated in the rule.

II. Definitions

A. Defining "Serial Petition"

The proposed rule defines a serial petition as a petition that challenges overlapping claims of the same patent that have already been challenged by the petitioner, the petitioner's real party in interest (RPI), or a privy of the petitioner, and is filed after either the filing of a patent owner preliminary response (POPR) to the first petition or after the expiration of the time for filing such a response if no such response is filed.

The limitation of serial petition denials to only prior challengers who are the petitioner, their RPI, or their privy is a significant improvement over the current approach in which APJs often interpret precedent more broadly. For example, in the *Vivendum* case, the APJs initially denied the petition on serial petition grounds even though the second petitioner had no connection at all to the first petitioner. Only after Director Vidal reviewed and overturned that decision was the correct analysis reached. We believe that the rule contained in the NPRM appropriately captures the *Vivendum* decision by requiring that a later petitioner either be a privy of, an RPI of, or must itself be the first petitioner in order for a second petition to be considered a serial petition.

However, given the problem noted in more detail elsewhere in this comment—that patent owners may request denials on the basis of any Office precedent—the *Valve* decision's "significant relationship" test is not actually eliminated by the rule. Instead, the NPRM appears to propose a formal rule that removes the *Valve* test while permitting the *Valve* test to be argued for in practice, completely at odds with the *Vivendum* decision. De-designation of *Valve* is

⁵ NPRM at 28704.

required in order to avoid this potential conflict, rather than simply arguing that *Valve* is consistent with the concepts of privity.

We also note that the codified rule does not define a serial petition as one filed after a petitioner has received some form of response to its initial petition, instead defining it based on the expiration of the time period for a patent owner response. There is no roadmapping concern for a petition filed before either the filing of a POPR or the issuance of a decision on institution, and thus no reason to penalize a petitioner if they file in that circumstance. As such, we suggest categorizing a petition as a serial petition only when the petitioner has received either of a POPR or a decision on institution before filing their petition.

Finally, the serial petition definition defines any overlap in claims as a serial petition. However, in some circumstances it may be necessary to have a limited amount of claim overlap in a petition that meets the timing and party identity requirements of the NPRM. For example, a party may need to challenge the same independent claim as the earlier petition in order to address a newly asserted set of dependent claims. In these circumstances, the presence of a single or limited number of overlapping claims might be needed and should not implicate any roadmapping concerns. We provide the following illustrative examples:

Example 1: The senior petition challenges independent claim 1 and dependent claims 2-10. The junior petition challenges independent claim 20 and dependent claims 21-30. In this situation, there is no overlap of claims and thus serial petition status would not apply.

Example 2: The senior petition challenges independent claim 1 and dependent claims 2-10. The junior petition challenges independent claim 1 and dependent claims 11-19, which depend from claim 1. In this situation, while there is a single-claim overlap, that overlap is limited and exists because of the need to address the independent claim in both circumstances. In this situation, while there is overlap, there is no substantial overlap of claims, and thus serial petition status would not apply.

Example 3: The senior petition challenges independent claim 1 and dependent claims 2-10. The junior petition challenges independent claim 1 and dependent claims 5-19, which depend from claim 1. In this situation, there is a substantial overlap in claims and, assuming the other requirements are met, the junior petition would qualify as a serial petition.

Example 4: The senior petition challenges independent claim 1 and dependent claims 2-10. The junior petition challenges independent claim 1 and dependent claims 10-19, which depend from claim 1. This situation represents the margin of what an overlap in claims might constitute. For the sake of a bright-line rule to be applied by parties and APJs alike, we suggest that substantially overlapping claims be defined as more than one overlapping claim. We do not believe that it will typically be necessary for petitioners to have more than a single overlapping claim in most cases.

To address these issues, CCIA suggests amending the definition of “serial petition” to read as follows:

Serial petition means a petition that:

(1) Challenges the same claims or more than one overlapping claim of the same patent that have already been challenged by the petitioner, the petitioner’s real party in interest, or a privy of the petitioner; and

(2) Is filed after:

(a) The filing of a patent owner preliminary response to the first petition; or

(b) The issuance of the Board’s decision on whether to institute review of the first petition.

This change ensures that the serial petition regulation is directed to the correct focus—ensuring that a petitioner cannot use the response to its own prior petition as a ‘roadmap’ for future petitions. If no POPR has been filed and no institution decision has been received, this concern is absent. This rule also addresses the concern regarding a complete ban on overlapping claims by noting that single claim overlap is permissible, but multiple claim overlap will be treated as qualifying.

B. Defining “Parallel Petition”

CCIA supports the definition of parallel petition in the NPRM. This definition is appropriate and requires no modification.

III. Procedure for Briefing Discretionary Denials

A. Page and Timing Requirements for Briefing Discretionary Denial

The NPRM sets forth a process for briefing discretionary denials. As part of this process, the NPRM sets out generally appropriate page limits which require no changes. CCIA does note that the Office initially used page limits for petitions as well, and has subsequently found that word limits are more appropriate, including allowing parties to use appropriate formatting such as tables without concern for it increasing page count due to the increased whitespace. Accordingly, CCIA suggests using a word count limit, rather than a page limit, for the discretionary denial briefing process. The word limit should be set to be roughly comparable to the proposed page limit; based on the petition page and word limits, this would appear to be approximately 2,500 words for the patent owner request for discretionary denial (PORDD) and petitioner’s response and 1,250 words for the patent owner’s reply.

CCIA also strongly supports the general structure set out—a wholly separate briefing process that allows parties to dedicate their petition and POPR to the merits, while still being able to brief the discretionary denial issue as needed. This separate briefing process also ensures that the moving party—in this case, the patent owner, who is seeking to dismiss the petition—is the party that acts first and sets forth the scope of the argument, rather than requiring petitioners to address a range of possible arguments before they are made. By keeping this process to a

separate briefing, the Office can also easily adjust word limits for either the merits or discretionary denial without impacting the other.

CCIA does believe that the deadlines should be aligned slightly differently. Rather than requiring the patent owner to file their PORDD two months after the filing date is noticed, we suggest aligning the submission date of the PORDD with the submission date of the POPR. This will provide patent owners with additional time to draft their request, and still permits an earlier filing date if the patent owner desires. This alignment of deadlines will also simplify the process by providing a single date for filing. This schedule would still allow the PTAB adequate time to address discretionary denial issues, particularly because the PTAB cannot consider a number of discretionary denial challenges without also reviewing the merits of the challenge.

CCIA suggests amending § 42.107(b)(2) to begin as follows:

(2) A request for discretionary denial must be filed no later than the date on which the Patent Owner files their patent owner preliminary response under subsection (a). ...

This will properly align the dates for the POPR and PORDD.

B. Content of Patent Owner Request for Discretionary Denial

The NPRM defines the permissible content of the PORDD as any issue “enumerated in § 42.108(e) and (f), as well as any issue that the patent owner believes, based on Office rules, precedent, or guidance, warrants discretionary denial of the petition.” This provision creates a significant legal issue as well as having a negative practical impact.

First, this provision allows the Office to avoid engaging in the rulemaking process set forth in the Administrative Procedure Act. Rather than engage in rulemaking, a future Director could simply utilize the Director Review process to adopt their desired rule in a particular case, or even simply by designating a decision as precedent. Such a rule would then form part of the acceptable issues for the PORDD, despite the lack of any notice-and-comment on that particular rule. While notice-and-comment rulemaking may not always be convenient for an agency, it is a critical process to ensure fulsome public input and the appropriate deference and effect in the courts. This is particularly concerning given that one such precedential decision, the *Fintiv* precedent, is currently being challenged in court for creating a rule without undergoing notice-and-comment rulemaking. This provision would effectively backdoor *Fintiv* into this rule, as well as any similar cases in the future.

Second, the proposed rule contributes to a lack of clarity for the parties as to what issues may possibly be brought forward. While the patent owner might believe something to be warranting discretionary denial, the Board may well disagree, robbing the patent owner of space in their PORDD that they could use to address issues that will be considered. Similarly, when a petitioner is considering whether to file a petition, the lack of clarity makes it more difficult for petitioner’s counsel to provide advice regarding the potential for discretionary denial due to the unlimited universe of potential arguments.

CCIA believes that the most appropriate solution would be to remove the “as well as any issue” language in its entirety and advocates for this change over any other. However, should the Office wish to maintain this loophole allowing patent owners to bring in additional issues outside

of those set forth in the rule, we suggest that for such issues the patent owner should be required to seek Board authorization prior to filing.

CCIA suggests replacing the text “Applicable discretionary institution issues include those enumerated in § 42.108(e) and (f), as well as any issue that the patent owner believes, based on Office rules, precedent, or guidance, warrants discretionary denial of the petition” in § 42.207(b) with the following:

Applicable discretionary institution issues include those enumerated in § 42.108(e) and (f). If the patent owner wishes to raise an issue other than the enumerated issues that it believes warrants discretionary denial of the petition, it may do so only with the Board’s prior authorization.

Such a change would provide additional clarity to parties, as well as somewhat mitigating the concern identified above regarding importing future decisions into the rule without any notice and comment process.

IV. Termination in Case of Settlement

CCIA neither supports nor opposes the modification made to § 42.74. While the modifications made to § 42.74 would provide the Office with additional visibility into settlement agreements in pre-institution proceedings, which would help the Office ensure a properly operating AIA trial system, the enhanced requirement to disclose pre-institution settlement documents does create one concern. Specifically, because settlement documents are available to “any person on a showing of good cause”,⁶ this modification would increase the universe of potentially accessible confidential business information held by the Office.

CCIA supports the intent of this provision, but because of the confidential document concern, cannot support the modification as drafted.

V. Substantive Factors for Discretionary Denial

With the reservation that we believe discretionary denial exceeds the statutory authority given to the Office, CCIA does believe that the proposed factors for discretionary denial are appropriate presuming that the Office does in fact have this authority.

The rule sets forth a set of four factors for discretionary denial of a serial petition and a set of nine factors for parallel petitions. The parallel petition factors are appropriate without further change, covering the gamut of potential reasons a parallel petition might be needed.

When combined with the requirements within the definition of “serial petition”—specifically, the limitation to the petitioner, their RPI, and their privy—the serial petition factors effectively replicate factors 1-5 of the *General Plastic* test. These are also appropriate. We particularly appreciate the placement of factor 1 into the definition of “serial petition” in order to prevent a repeat of the *Vivendum* situation in which an unrelated petitioner has to address serial petition discretionary denial requests. The removal of factors 6 and 7 related to the Board’s resources is also a positive change. While the Board may choose to deny institution where it

⁶ 35 U.S.C. § 317.

lacks resources, to CCIA's knowledge it has never cited that as a reason to apply discretion. In addition, parties lack information on the Board's resources, rendering their briefing inappropriate and unhelpful.

With the caveats provided above, CCIA supports the proposed sets of factors for discretionary denial.

VI. Joinder Practice

CCIA strongly disagrees with the NPRM's proposal to permit discretionary denial of a joinder motion based on serial petition considerations, at least where the joining party is filing a substantively identical petition to the original party. While discretionary denial might be permissible in the event of a non-identical petition, that difference is important to include within the rule.

Identical joinder petitions impose minimal additional cost and workload on the Board and on the parties. Because a petition seeking joinder only benefits from this exclusion if the petition sought to be joined was instituted, this will only be applied in cases in which there is a reasonable likelihood the patent will ultimately be invalidated, conserving party and Office resources even further. Finally, any road-mapping concerns are eliminated given that the petition to be joined may already have benefited from that roadmap.

Given the lack of any real cost to allowing a petitioner to join an existing instituted petition, and the strong statutory implication in favor of permitting joinder provided by the joinder language in § 315, CCIA suggests that the USPTO amend this section as follows.

(2) Discretionary considerations for joined petitions.

In reaching a decision on institution of a petition accompanied by a timely motion for joinder, the Board will not consider arguments on discretionary considerations under paragraph (d) of this section (parallel petitions) or paragraph (f) of this section (35 U.S.C. 325(d)) where the petition sought to be joined was instituted. The Board also will not consider arguments under paragraph (e) of this section if the petition seeking joinder is substantively identical to the petition sought to be joined and the petition sought to be joined was instituted.

However, the Board may deny the accompanying motion for joinder where the later-filed petition implicates other bases for discretionary denial.

This will ensure that identical petitions simply seeking to participate as a silent understudy are not denied on the basis of serial petition concerns that do not exist in these circumstances.

VII. Missing Matter

The NPRM provides a number of improvements to current practice, but there are several important omissions. One is any discussion of so-called *Sotera/Sand River* stipulations. These stipulations are relevant to the *Fintiv* factors and could potentially be relevant to other

discretionary denial decisions—particularly if the “any other issues” loophole described above remains. Accordingly, CCIA suggests that the Office, at a minimum, set forth requirements for the timing of stipulations. One option would be to simply note that any stipulations by the petitioner that might impact discretionary denial must be filed no later than the date on which the petitioner responds to the patent owner’s PORDD.

CCIA also reiterates the need to de-designate all prior precedential decisions regarding discretionary denial, allowing the rules to stand as the agency’s authoritative—and only—statement regarding discretionary denial.

VIII. Conclusion

CCIA appreciates the Office’s efforts to improve the AIA trial process. We also appreciate the Office using the rulemaking process to make these improvements, rather than rulemaking via precedential decision-making. The rule proposed in the NPRM would significantly improve the status quo with respect to discretionary denial and should be adopted with the modifications described above.

Respectfully submitted,

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