



**Conservatives
for
Property Rights**

June 14, 2024

Director Kathi Vidal
U.S. Patent and Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22313

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)

Dear Director Vidal,

I am writing in my capacity as Executive Director of Conservatives for Property Rights (CPR) to provide comment on the U.S. Patent and Trademark Office's (PTO) April 2024 Notice of Proposed Rulemaking (NPRM) on "Patent Trial and Appeal Board (PTAB) 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**)."¹

CPR is a coalition of public policy organizations concerned with preserving and protecting private property rights. We have long advocated for policies that bolster U.S. industrial competitiveness and technological innovation. We believe U.S. public policy must provide for clear, secure, reliable, and enforceable property rights — including intellectual property rights.

While we appreciate PTO's intent, the reforms outlined in the April 2024 NPRM are insufficient to restore balance to the patent system. In our comments dated June 19, 2023, on the Advanced Notice of Proposed Rulemaking (ANPRM) (Docket No. PTO-

¹<https://www.federalregister.gov/documents/2024/04/19/2024-08362/patent-trial-and-appeal-board-rules-of-practice-for-briefing-discretionary-denial-issues-and-rules>

P-2020-0022), we emphasized that the objective of establishing reliable, enforceable patents, as envisaged by the America Invents Act (AIA), remains unfulfilled.²

For the patent system to function effectively, it must guarantee patent owners exclusivity, as mandated by the U.S. Constitution. Owners should have secure title to their intellectual property and the means to enforce their legal rights against patent infringers. Reforms should strive to produce predictable outcomes that facilitate fairer and more efficient proceedings.³

Although the AIA introduced the PTAB to offer a more efficient and cost-effective alternative to district court litigation, the system remains imbalanced.⁴ It has further evolved into a platform where well-funded entities can launch successive attacks on legitimate patent owners, particularly independent inventors and small businesses who lack the resources for protracted legal battles. This erosion of certainty and reliability in patent rights stifles innovation and commercialization.

The recent NPRM has taken some positive steps to address these issues, such as allowing the PTAB to terminate proceedings "on its own initiative either before or after institution."⁵ However, it fails to deliver some substantive reforms necessary to safeguard patent rights.

PTO did not address several critical issues the ANPRM raised that could strengthen the system. These include formally codifying the *Fintiv* approach, which grants PTAB permission to abstain from reviewing patent challenges already advancing in federal court. They also include ensuring that a patent deemed valid by a district court, the U.S. International Trade Commission (USITC), or PTAB is considered valid and not subject to further challenges on the same grounds by any party.⁶

Additionally, the NPRM does not require petitioners to stipulate that they have not previously filed post-grant challenges on the same claims, a requirement that could mitigate repeated challenges against patentees. It also fails to place reasonable limitations on the ability of well-resourced entities to challenge patents owned by

² CPR Comment RE: Docket No. PTO-P-2020-0022

³ Ibid.

⁴ <https://crsreports.congress.gov/product/pdf/R/R48016>

⁵ <https://www.federalregister.gov/documents/2024/04/19/2024-08362/patent-trial-and-appeal-board-rules-of-practice-for-briefing-discretionary-denial-issues-and-rules>

⁶ CPR Comment RE: Docket No. PTO-P-2020-0022

underresourced inventors and businesses — particularly those with annual revenues under \$20 million and fewer than 500 employees, who are actively commercializing their inventions.⁷

To achieve balance in the system, PTO must realign PTAB practices with the fundamental understanding that patents are property rights, not mere regulatory permissions. This necessitates limiting the challenges of a patent to parties with a concrete stake, not bounty-hunting profiteers. It means making discretionary denials of serial challenges the norm rather than the exception, and retaining the *Fintiv* factors that allow judges to defer to district courts without ill-conceived loopholes like the "compelling merits" standard.

Ultimately, innovators require confidence that their intellectual property, once granted, confers reliable rights and quiet title. In today's knowledge economy, a well-functioning patent system that instills this confidence is crucial for incentivizing the innovation and entrepreneurship that drive progress.

By starting from the premise that patents are property rights and making the protection of those rights the guiding principle, PTO can craft rules that genuinely serve America's innovators and the public interest. Our nation's continued leadership in the innovation industries of the future depends on getting this right. Therefore, we urge PTO to revisit its proposal with these crucial constructive criticisms in mind.

Sincerely,

James Edwards
Founder and Executive Director
Conservatives for Property Rights

⁷ Ibid.