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December 2, 2025

Via Federal eRulemaking Portal at www.regulations.gov
Docket No. PTO–P–2025–0025
Attn: Sharon Israel, Vice Chief Administrative Patent Judge

Re: Request for Comments on Notice of Proposed Rulemaking for Setting and Adjusting Patent Fees During Fiscal Year 2026

I. Introduction

I write on behalf of the PTAB Bar Association (the "Association") to respond to the request by the United States Patent and Trademark Office ("the Office") for public comments in response to the Office's Notice of Proposed Rulemaking for Revision to Rules of Practice Before the Patent Trial and Appeal Board ("NPRM"), published at 90 Fed. Reg. 48335 (Docket No. PTO–P–2025–0025, October 17, 2025).

The Association is a voluntary bar association of over 700 members engaged in private and corporate practice and in government service. Members represent a broad spectrum of individuals, companies, and institutions involved in practice before the Patent Trial and Appeal Board ("PTAB" or "Board") and in patent, administrative and appellate law more generally. Association members represent stakeholders on all sides, including those representing plaintiffs and defendants in federal court, and petitioners, patent owners and patent applicants at the PTAB. Per its bylaws, the Association is dedicated to helping secure the just, speedy, and inexpensive resolution of every PTAB proceeding. Accordingly, the Association strives to present a neutral perspective representing all parties with an interest in PTAB proceedings.

For the reasons discussed below, a substantial majority of the Association's members, including members who represent both patent owners and petitioners, have numerous concerns with this NPRM, and cannot support the proposed rule. The Association provides the following comments setting forth its position on the various proposed rules in the NPRM. As is, the proposed rule will likely significantly restrict access to AIA proceedings, particularly IPRs, for companies with legitimate business concerns who seek to clear the way for future investment or who seek lower-cost alternatives to litigation. For example, companies that bring new products to market, including some life science companies with innovative solutions that save and improve lives, rely on IPRs as an economically reasonable

alternative to costly litigation. Restricting access to IPRs, which were intended for that very purpose, will increase the economic barrier to market entry, deter investment in new products, or make products unnecessarily costly for consumers and patients.

The majority of our members believe that the rules as currently phrased are contrary to the AIA, its legislative history, and its intent. The Association respectfully requests that the Office reconsider whether it should move forward with this NPRM. A small minority of the Association's members agree with many positions herein but disagree that the proposed rule is beyond the Office's statutory authority or implicates the major-questions doctrine; the minority view appears at the end of this letter.

Despite objecting to the proposed new rules overall, to the extent this NPRM will move forward despite the concerns expressed herein, the Association has also proposed revisions to the rules to promote greater clarity for all practitioners and stakeholders, to avoid misinterpretation of confusing or ambiguous language, and to partially mitigate some of the concerns. In general, the Association believes that all stakeholders are better served by more guidance, consistency and clarity, especially when new procedures and concepts are introduced. The Association has added some examples of "extraordinary circumstances" that would be reasonable to consider. Proposal of alternative changes to a rule below should not be construed as support for the changes. For example, the alternative changes do not address the Association's majority position that the rule-making is beyond the Office's statutory authority.[1]

Factual Assertions in the NPRM Lack Important Relevant Context

Many members and stakeholders have the view that the background section of the NPRM makes a number of factual assertions that lack relevant context. A deeper analysis of the data leads the Association to disagree with some of the assumptions underlying the proposed new rules. A full review of the data shows these assumptions are more complex than the framing provided in the NPRM.

a. Statements in the NPRM Regarding Number of Patents Facing Multiple IPR Challenges Do Not Consider Relevant Context

For example, the NPRM states that "[a]pproximately 54% of all IPR petitions filed since the passage of the AIA are one of multiple petitions against the same patent."[2] This statement appears to rely on a recently released "PTAB Multiple Petitions Study Addendum"[3] from October 2025.

We are concerned this statement and "Addendum" itself may be misinterpreted because it includes all first petitions challenging a patent as a "one of multiple petitions," raising concerns that single petitions were grouped together with multiple petitions. The 54% is a 3-fold increase from the FY 2021-2022 data in a "PTAB Multiple Petitions Study FY2021-2022 Update"[4] issued in July 2023, slide 17, which reported that 18% of petitions were a second petition challenging a given patent. Such a 3-fold increase may be a

[1] The Association has previously weighed in on the proposed PREVAIL Act. The Association takes no position on the merits of these provisions if proposed in a statute as they are not presently part of any legislative effort.
[2] NPRM at p. 5.
[3] https://www.uspto.gov/sites/default/files/documents/PTAB_Multiple_Petitions_Study_Simplified_Analysis_Addendum_October_2025.pdf
[4] https://www.uspto.gov/sites/default/files/documents/ptab_multiple_petitions_study_fy2021-2022_update.pdf

misinterpretation of the data given the efforts by the Office and PTAB over more than eight years, under several prior Directors, to address concerns regarding potentially abusive "serial" or "parallel" petitions.[5]

In addition, the "54%" statistic in the NPRM does not appear to differentiate or account for (1) joinder under 35 U.S.C. § 315(c), wherein Congress created a special avenue for efficiently funneling multiple petitions into a single proceeding and (2) multiple petitions split among claims, such that each patent claim is challenged only once. Indeed, Congress specifically contemplated multiple proceedings may be appropriate in certain contexts.[6]

b. Co-pending Litigation Statistics in the NPRM Do Not Consider the Reality of Stays of District Court Proceedings and Other Relevant Considerations

The NPRM also states that "more than 80% of IPRs have co-pending district court litigation" and "a patent . . . will usually be challenged twice."[7] The first statistic should come as no surprise as parties are not generally compelled to address the validity of a patent until that patent has been asserted against them at the district court or ITC. It is important context to understand, however, that over the years only ~20-30% of patents asserted in district court have been challenged in AIA petitions.[8] In other words, sued defendants have not filed AIA petitions every time a patent owner has sued them—defendants have been and remain very selective in pursuing invalidity challenges at the PTAB. It stands to reason, for example, that defendants only file an AIA petition if they believe the challenged claims are unpatentable based on evidence, such as prior art, and the law.

For both statements (80% of IPRs have co-pending district court litigation and patents will be challenged twice), we are concerned the NPRM fails to account for highly relevant context as it relates to stays in federal courts pending outcomes in AIA proceedings. Notably, as of 2023, *motions to stay pending IPR and PGR proceedings have a 79% grant rate at district courts*.[9] While this statistic encompasses both contested and uncontested motions to stay (which is highly relevant here), even looking at only contested motions to stay still reveals a 47% success rate.[10] This relatively high grant rate of *contested* motions to stay, when combined with the cases in which such motions are not contested, reveals a recognition, even by the district court judges, that IPR proceedings provide significant conservation of parties' resources.

Thus, in the majority of cases, IPR and PGR act as a true alternative to district courts with respect to determining patent validity based on prior art patents and printed publications, consistent with the legislative intent of the AIA. Looking at district court jurisdictions that handle a large number of patent cases reveals an 80% grant rate for motions to stay pending IPR and PGR in Delaware as of 2021, a 73%

[5] *See, e.g., General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357 et al., Paper 19 (PTAB Sept. 6, 2017) (designated precedential as to section II.B.4.i on Oct. 18, 2017) (providing factors to consider relating to serial petitions) and PTAB Consolidated Trial Practice Guide Update (July 2019) (addressing parallel petitions).
[6] *See, e.g.*, 35 U.S.C. §§ 315(c), (d).
[7] NPRM at p. 5.
[8] *See, e.g.*, https://www.rpxcorp.com/data-byte/the-overlap-between-patents-asserted-in-district-court-and-challenged-at-the-ptab/; https://www.rpxcorp.com/data-byte/the-ptab-sees-a-relatively-small-percentage-of-patents-litigated-in-district-court/.
[9] https://www.finnegan.com/en/insights/articles/trending-at-the-ptab-when-to-ask-court-for-litigation-stay.html.
[10] *Id.*

grant rate in the Eastern District of Texas as of 2020, and an 89% grant rate in the Northern District of California (encompassing both contested and uncontested motions) as of 2020.[11]

Also of significance is that such grant rates of motions to stay steadily increased after the 2018 decision in *SAS Institute Inc. v. Iancu*. *Id*. This relevant context reveals that IPRs and PGRs often serve as alternatives to litigation, rather than as a second additional challenge.

Congress specifically contemplated parallel district court litigation in the form of an "Infringer's Civil Action" under 35 U.S.C. § 315(a) and "**P**atent Owner's Action" under § 315(b). Congress assumed that district courts would likely stay the litigation pending the IPR—at the conclusion of which the petitioner would be estopped under § 315(e)(2) in "Civil actions and other proceedings" from raising any ground it raised or reasonably could have raised in the IPR. To the extent that some district courts have allowed litigation to proceed in parallel with IPRs, that is not the fault of the PTAB or the AIA. It is instead a problem with district courts not staying the litigation. This is an issue that Congress, rather than the agency, has authority to resolve. For example, Congress has previously offered pathways in similar situations to minimize instances of parallel proceedings, by establishing a uniform, nation-wide standard for litigation stays—like the one Congress created in section 18 of the AIA for covered business methods, under "Request for Stay."[12]

c. Statements Regarding "Large Technology Companies" Do Not Adequately Take into Account Relevant Underlying Circumstances

The fact that "the most frequent users of IPR proceedings are large technology companies" should also come as no surprise.[13] Important context for this statement is that large technology companies are also the most frequent targets of patent assertion because they serve consumers by integrating different and disparate complex technologies. They manufacture complex products that could potentially implicate hundreds, if not thousands, of patents. For example, television or automotive manufacturers may integrate cutting edge semiconductor, wireless communication, artificial intelligence, energy systems, processors, transistor theory, display technologies, image compression, and software routines. As a result, each of these constituent systems may encounter intellectual property issues. The fact that such companies are frequently the targets of patent assertion and therefore turn to AIA proceedings to more quickly and efficiently determine issues of patent validity is not a reason to restrict such entities from accessing IPR and PGR challenges.

d. Statements in the NPRM Alleging Re-litigation of Issues Lack Relevant Context

The NPRM states that "re-litigating issues that the Office is considering, has already considered, or that are being litigated elsewhere, such as in district court or at the U.S. International Trade Commission (ITC)" is a "wasteful" allocation of resources.[14] Important relevant context is that the AIA already expressly accounts for this concern through its estoppel provisions, and the PTAB has a history of exercising its discretion to avoid duplicative efforts. For example, 35 U.S.C. § 325(d) provides a mechanism for denying institution when an AIA petition relies on the same or substantially the same prior

[11] https://www.fr.com/insights/thought-leadership/articles/fish-attorneys-author-article-for-law360-stays-pending-ipr-in-del-district-courts-are-here-to-stay/; https://www.sternekessler.com/news-insights/insights/success-motions-stay-rising-why/.
[12] AIA § 18(b) (establishing four-factor test).
[13] NPRM at p. 7.
[14] NPRM at p. 3.

art or arguments previously presented to the Office. Further relevant context is that the ITC *does not have authority to invalidate* a patent.[15]

e. Statements in the NPRM Regarding Economic Impacts and Effects on Litigation Costs of the Proposed New Rules are in Opposition to Available Data

The statements in the NPRM that "this proposed rule will have a positive impact on the economy" and "will not have a significant economic impact on a substantial number of small entities" lack support from empirical study or relevant data.[16] By contrast, existing published studies indicate that implementation of *Fintiv* alone in 2020 had a tremendous economic impact, and the NPRM now proposes significantly stronger restrictions on the institution of AIA trials. For example, a study by the Perryman Group (which has served 10 U.S. Cabinet Departments) determined that "*reducing discretionary denials of IPR* associated with *Fintiv* in line with recent clarification *leads to cost savings which generate a net increase in US business activity of* ***$482.1 million*** *in gross product,* ***$230.4 million*** *in personal income, and approximately* ***2,000 job-years*** *of employment*."[17] Indeed, "PTAB challenges *lower total costs and benefit the US Economy almost* ***$2 billion*** regardless of whether litigation stays are granted."[18] A 2023 study found that making *Fintiv* permanent alone could generate a direct economic cost of at least ***$283 million***.[19]

The statement in the NPRM that "[t]he rule will also decrease overall expenditures of patent litigation" cannot be reconciled with available data. NPRM at p. 9. Indeed, patent litigation costs have dropped significantly since the introduction of the AIA.[20] PTAB trials reduce the need for substantially more expensive patent litigation at the district courts, reduce transaction costs, and generate substantial economic benefits by providing a more efficient venue for determining patent validity, thereby reducing adjudication cost per case, and by discouraging plaintiffs from filing suit on weak patents.[21] Indeed, a recent letter from various industry groups, including the Association for Accessible Medicines, the High Tech Inventors Alliance and the National Retail Federation, has advised that recent changes at the Office to restrict access to IPR and PGR proceedings will expose manufacturers and other entities to "hundreds of lawsuits in which we are denied a fair opportunity to defend ourselves — each often with hundreds of

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[15] *Am. Hosp. Supply Corp. v. Travenol Lab.*, 745 F.2d 1, 5 (Fed. Cir. 1984); *In re Certain Steel Rod Treating Apparatus and Components Thereof*, USITC Pub. 1210, Inv. No. 337-TA-097 (Jan. 1982). Moreover, ITC decisions are not binding on district courts. 9 U.S.C. § 1337 (1994); *Texas Instruments v. Cypress Semiconductor Corporation*, 90 F.3d 1558 (Fed. Cir. 1996) ("Based on this legislative history, we have stated that Congress did not intend decisions of the ITC on patent issues to have preclusive effect").

[16] NPRM at pp. 9, 15.

[17] https://www.perrymangroup.com/publications/report/2023/6/1/the-potential-economic-benefits-of-recent-reductions-in-discretionary-denial-of-inter-partes-review-based-on-criteria-such-as-the-nhkfintiv-rules/.

[18] https://www.unifiedpatents.com/insights/2021/2/16/economic-ptab-analysis-demonstrates-post-grant-challenges-save-litigation-costs-regardless-of-stay?utm_source=Unified+Patents+Newsletter&utm_campaign=c93e6c3065-EMAIL_CAMPAIGN_2019_10_02_08_16_COPY_01&utm_medium=email&utm_term=0_5140119467-c93e6c3065-109561289 (citing *An Assessment of the Impact of the Inter Partes Review Process under the Patent Trial and Appeal Board on the US Economy* (2021) (available here: https://docs.google.com/forms/d/e/1FAIpQLSdljhiSBYPjQsYgX5x4K91w2S-KsjnQKSufwch53ekcmy5mKQ/viewform?usp=sf_link)).

[19] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4346836

[20] https://patentprogress.org/2018/10/ipr-and-alice-appear-responsible-for-reduced-patent-litigation-costs/.

[21] *An Assessment of the Potential Impact of Expanding Inter Partes Review (IPR) Under the America Invents Act on the US Economy* (2021) at 3-4 (available here: https://www.perrymangroup.com/media/uploads/report/perryman-an-assessment-of-the-potential-impact-of-expanding-inter-partes-review-ipr-under-the-america-invents-act-on-the-us-economy-09-23-21.pdf).

millions, and at times billions, of dollars at stake" which "will lead to a systematic looting of the American industrial economy."[22]

f. Affirmance Rates by the Federal Circuit Illustrates the Accuracy and Appropriateness of the PTAB's Decisions

The NPRM suggests that the proposed rules will "enhance fairness and efficiency in patent disputes."[23] Yet, the high affirmance rate by the PTAB's supervising body, the Court of Appeals for the Federal Circuit, indicates the PTAB has conducted fair and proper adjudication over the 13 years of its existence. An empirical study of data from both PTAB and District Court appeals to the Federal Circuit concluded as follows: "[i]n brief, the data suggests that the Federal Circuit affirms findings made by the PTAB reliably more often than findings made by district court judges — particularly when the findings involve questions of fact rather than questions of law."[24] While PTAB appeals are admittedly considered under a more deferential standard of review than district courts and do not involve damage issues, in the most recent fiscal year, the Federal Circuit's reversal rate of the PTAB was less than half of the reversal rate for appeals from the District Court.[25] The NPRM also suggests that the "proposed rule will promote consistency across IPR proceedings."[26] However, if such inconsistencies existed, they likely would have been raised with the Federal Circuit and resulted in significantly more reversals and/or remands of appeals from the PTAB. The appeals data establishes that no extra need exists to "promote consistency across IPR proceedings," as the PTAB already delivers decisions with a high level of consistency.

g. Other Quotations in the NPRM are Taken Out of Context

Other statements made in the NPRM have been cited out of context. For example, the NPRM quotes a report titled *The Economics of Investing in America* (2023) stating: "The evidence is clear that new small and medium-sized businesses are drivers of innovation. Yet when a few firms (or one single firm) dominate a market, they can stifle and stymie disruptive startups and other new businesses."[27] However, this quoted statement in the underlying report has nothing to do with patent validity challenges but rather relates to lack of available financing for small businesses, fair business practice standards, non-compete clauses, and acquisition of smaller companies by larger entities.[28]

I. The Proposed Rule Exceeds Statutory Authority and Is Likely to Lead to Unpredictability, Unintentional Complications, and Potential Gamesmanship

a. The Proposed Rule Exceeds Statutory Authority

35 U.S.C. § 314(a) has been interpreted as affording the Director discretion because it is phrased in the negative, stating, "The Director may not authorize an inter partes review to be instituted unless ..." The authority for the Office to enact rules is found in 35 U.S.C. § 316(a). Section 316(a) makes no express

[22] https://www.law360.com/ip/articles/2406985.
[23] NPRM at p. 9.
[24] Experts, Generalists, Laypeople — and the Federal Circuit, Harvard Journal of Law & Technology Volume 32, Number 2 Spring 2019 (available at https://jolt.law.harvard.edu/assets/articlePDFs/v32/32HarvJLTech575.pdf).
[25] U.S. Court of Appeals for the Federal Circuit--Appeals Filed, Terminated, and Pending During the Twelve-Month Period Ended September 30, 2025 (illustrating an 8% reversal rate for the Office and a 17% reversal rate for District Courts) (available at https://www.cafc.uscourts.gov/wp-content/uploads/reports-stats/FY2025/AppealsFiledTerminatedandPending.pdf).
[26] NPRM at p. 10.
[27] NPRM at p. 7.
[28] Cunningham *et al.*, *Killer Acquisitions*, The University of Chicago Press Journal of Political Economy, Volume 129, No. 3 (available at https://www.journals.uchicago.edu/doi/10.1086/712506).

mention of discretion or denial, but does state in Section 316(a)(2) that the "Director shall prescribe regulations ... setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)." The proposed rule, instead of focusing on the substantive merits of the "showing of sufficient grounds," instead creates a bar regardless of sufficient grounds, and raises issues irrespective of the particular grounds presented and that have impact on a petitioner's ability to defend itself in other proceedings even when there is no competing trial date or risk of duplication. The rule, therefore, is untethered to the "standards for the showing of sufficient grounds to institute review" and exceeds the statutory authority.

Similarly, while Section 316(a)(4) states "The Director shall prescribe regulations . . . establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title," this authority is about providing regulation to implement 35 U.S. Code § 315 - "Relation to other proceedings or actions." There, Congress already clearly provided the intended rules regarding when IPRs are no longer available, such as where "petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent." Section 315 does not support the proposed new criteria for IPR availability. Categorical bars like the one proposed go beyond "relationship" coordination and effectively create new statutory conditions for institution—something Congress addressed in Section 315.

Additionally, should the proposed rule be applied retroactively instead of proactively, it also raises due process concerns and exceeds the authority of Sections 314(a) and 316(a). The Office must provide sufficient notice of its rules and apply them in a manner consistent with the requirements of due process. If applied retroactively, therefore, to the extent proceedings have been filed or instituted before the rule is enacted, the parties would not have been afforded the ability to consider, address, or respond to the new rule. That application is not within the statutory authority Congress delegated to the Office.

Moreover, Congress specifically contemplated "Joinder" under 35 U.S.C. § 315(c) and "Multiple Proceedings" under § 315(d), and gave the Director the power under the latter to "stay, transfer, consolidat[e], or terminat[e]" any other proceeding or matter involving the same patent. The proposed new rules focus only on this last power to "terminat[e]" (or rather, never institute at all) while ruling out the other expressly identified powers to "stay, transfer, [or] consolidat[e]," proceedings in the case of multiple IPR petitions filed with respect to the same patent. Blanket denial of petitions for reasons of pursuing multiple petitions (as outlined in the proposed rules) would run contrary to Congressional intent, which, through the inclusion of such provisions (e.g., 315(c), 315(d)), appears to embrace multiple proceedings against the same patents. To deal with situations involving multiple proceedings where the multiple challenges may be abusive, we recommend that the Director use the specific authorities Congress created for that purpose—§§ 315(c), (d)—not the blunt tool of institution denial under § 314(a).

b. The Proposed Rule Is Likely to Lead to Unpredictability, Unintentional Complications, and Potential Gamesmanship

Exceeding statutory authority by adopting the proposed rule would also lead to unintended consequences, directly contrary to the Office's stated objectives for the proposed rule. The Office states that "the rule will increase the reliability of patent rights and the predictability of patent disputes."[29] But members of the PTAB Bar Association are concerned that the proposed rule injects unreliability into patent rights through a lack of trust in the Office's ability to ensure strong and valid patent rights, and injects unpredictability and uncertainty into IPRs through creating a process where the effort and sophistication of the first IPR filer influences future outcomes more than substantive merits. The NPRM proposes a shift

[29] Revision to Rules of Practice Before the Patent Trial and Appeal Board, 90 Fed. Reg. 48335 (Oct. 17, 2025) (to be codified at 37 C.F.R. § 42.108).

in policy that could undermine the Office's goals of transparency, efficiency, and predictability. The legislative history of the AIA clarifies that AIA-trial proceedings before the PTAB were intended as "faster, less costly alternatives to civil litigation to challenge patents."[30] The NPRM's goal is to add express circumstances "in which institution of an IPR proceeding may be unwarranted, because the claim (or an independent claim from which it depends) has already been adequately reviewed through both examination at the USPTO and in another proceeding before a district court, the USPTO, or the U.S. International Trade Commission."[31] Yet the proposed rule is a strict bar that requires stipulations and creates new forms of estoppel without making reference to adequate review of substantive grounds.

While the Association recognizes that harassment of patent owners with multiple repeat petitions has happened in some cases, it is the Association's general experience that these instances of abuse are a minority of cases, and the PTAB has already implemented safeguards that reduce harassment by multiple and repeat petitions. For example, the PTAB has promulgated guidance on serial and parallel petitions, discouraging repeat filings and use of earlier proceedings as roadmaps to future challenges, and has strictly enforced the § 325(d) standard to require new and noncumulative challenges. Addressing patent owners' fears of multiple repeat challenges does not require the categorical bar that the new rules propose.

There are legitimate business interests for using IPRs as less costly alternatives to litigation, consistent with the legislative intent of the AIA. For example, companies wishing to clear the market before investing in new products may use IPR as an avenue to do so, yet the proposed rules will restrict access to IPRs. An inability to easily clear the way may discourage business investment in new innovation. As another example, manufacturers who sell complex products are frequently subject to suit from many different sources; these companies may prefer IPRs as an alternative to costly litigation, and pass resulting savings on to consumers. The economic costs of restricted access to IPRs will be borne by the companies and consumers.

A number of members of the Association are concerned that the proposed rule would undermine the ability for a defendant accused of patent infringement to have the validity of the asserted patent decided by the PTAB in "faster, less costly alternatives to civil litigation to challenge patents."[32] The proposed rule potentially undermines this goal in three ways:

First, a majority of the members of the Association are concerned that this restriction would prohibit IPRs brought by later-accused defendants, even with meritorious positions, when an earlier-accused defendant has already availed itself of the PTAB or litigated a district court case through trial with a finding of validity, contrary to the goals of the AIA. Later-accused infringers would have no opportunity to seek an IPR under the proposed rule, whereas under current jurisprudence, a second meritorious challenge would be potentially considered, consistent with the *General Plastic* factors.[33]

Second, with the above concern in mind, a majority of the members of the PTAB Bar Association are concerned that the proposed rule favors early filed petitions, even before the patents are asserted, in a way that would not be economically feasible for potential petitioners and in ways that could prevent standing for appeal. To the extent the Office will only consider a single validity challenge on any patent, entities would be pushed to file challenges as early as they become aware of patents to ensure they are able to submit the first challenge—even before being accused of infringement. The expectation and

[30] 157 Cong. Rec. S936–S953 (daily ed. Feb. 28, 2011).
[31] Revision to Rules of Practice Before the Patent Trial and Appeal Board, 90 Fed. Reg. 48335 (Oct. 17, 2025) (to be codified at 37 C.F.R. § 42.108).
[32] 157 Cong. Rec. S936–S953 (daily ed. Feb. 28, 2011).
[33] *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (P.T.A.B. Sept. 6, 2017) (precedential).

incentivization for filing petitions on patents before they are asserted creates an unrealistic and financially impractical situation for petitioners to monitor and challenge patents before assertion. This could lead to millions of dollars wasted in attorneys' fees and filing fees to not only monitor large numbers of potentially relevant patents, but to file IPR and PGR challenges against patents that may never have even been asserted.[34] Moreover, expecting petitioners to challenge patents before assertion could result in challenges even where a petitioner lacks standing to participate in an appeal to the CAFC from the PTAB.

Third, with the above concerns in mind, a majority of the members of the Association are concerned that the proposed Rule would potentially lead to gamesmanship in patent assertion. The proposed Rule would encourage patent owners to assert patents against smaller less well-funded entities, obtain a finding of validity, and then continue its assertion campaign against more sophisticated entities once the patent is insulated from further challenge. This would also disincentivize settlement, forcing cases to trial to obtain a finding of validity to prevent later challenges.

A number of members of the PTAB Bar Association are concerned that the proposed Rule would complicate litigation and disincentivize settlement. The proposed Rule potentially does so in four ways. First, the proposed Rule may discourage early settlement. Many cases settle based around the institution decision at the PTAB, either because an IPR is denied on the merits pushing the petitioners toward settlement or because a patent owner wishes to settle the case to avoid the expense and risk of an IPR proceeding. Statistics published by the Office through the end of Q3, 2025 reflect that over the last 4 years, approximately 30% of PTAB proceedings result in settlement. That number could potentially decline under the proposed Rule.[35]

Second, with the above concern in mind, members of the PTAB Bar Association are concerned that the proposed Rule may complicate district court proceedings by reducing the frequency of petitioner estoppel that narrows the number of issues in district court proceedings. Stipulations to eliminate duplication with district court proceedings are currently common, but under the proposed Rule, petitioners may be less likely to agree to the proposed "super" *Sotera* stipulation, which not only expands the stipulation but also changes the triggering event for estoppel from final written decision to institution. As the NPRM notes, "Any parties accused of infringing the claims would have a full opportunity to challenge validity again in district court."[36] Accused infringers naturally recognize their ability to freely challenge the validity of patents before the district court and may choose to exercise their full rights in district court, rather than restrict their rights with the stipulations required for access to IPRs. This would complicate district court procedures, raise the number of issues in district court cases, and increase costs for all parties involved.

Third, with the above concerns in mind, members of the PTAB Bar Association are concerned that the proposed Rule may continue to increase the cost of district court litigation. During discussion of the Patent Reform Act of 2007, Congress recognized that "Where more than $35 million is at stake, the median litigation cost is $4 million for each party."[37] Because litigation costs continue to rise, the expense of additional litigation in view of PTAB restrictions could place a high burden on patent owners forced to address invalidity through trial before district courts.

[34] *See* 157 Cong. Rec. S1348–S1352 (daily ed. Mar. 8, 2011) (recognizing that even back in 2011, "it costs $400,000-$500,000 to challenge a patent on the grounds of a prior invention").
[35] https://www.uspto.gov/sites/default/files/documents/FY25_Q3_Outcome_Roundup.pdf
[36] NPRM (to be codified at 37 C.F.R. § 42.108(e)).
[37] S. Rep. No. 110-259, 110th Cong., 1st Sess. (2007) (citing, among other things, AIPLA Report of the Economic Survey 2007 at 25-26).

Fourth, members of the PTAB Bar Association are concerned that the proposed Rule may create uncertainty by prompting future APA actions by petitioners challenging various aspects of the proposed Rule. There have already been several mandamus and APA challenges filed by various parties on the Office's guidance and memorandums issued recently. That trend will likely continue with the introduction of the proposed Rule further restricting access to the PTAB. For patent owners, the potential for APA and constitutional challenges creates further uncertainty in the process.

III. The Proposed Rule Rewrites the America Invents Act

a. Estoppels extend beyond AIA and the PREVAIL Act

The NPRM states that the "proposed rule is intended to promote fairness, efficiency, and predictability in patent disputes."[38] However, members of the PTAB Bar Association are concerned that the proposed rule would have the opposite effect, potentially destabilizing the legal landscape for years to come. Many members believe the proposed rule will be challenged as exceeding the Office's authority. Even if a challenge were to fail, the cloud over the rule would leave both patent owners and petitioners second-guessing whether they can rely on it. And if a challenge succeeds, both patent owners and petitioners will be left with uncertainty surrounding the status of any intervening stipulations presented under proposed § 42.108(d) and any denied petitions that remain pending (either subject to rehearing or Director review within the Office, or on appeal or seeking mandamus at the Federal Circuit).

A primary concern raised by members is that the rule appears to rewrite several statutes, including adding estoppels and bars that exceed those in the America Invents Act and that even exceed those in the recent PREVAIL Act legislation currently being considered by Congress. Regarding the AIA, for example, the stipulation under proposed § 42.108(d) effectively rewrites an estoppel provision to read:

> 35 U.S.C. § 315(e): "Estoppel.— (1) Proceedings before the office.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in ~~a final written~~ an institution decision under section ~~318(a)~~ 314(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~~ any claim of the patent on any ground under section 102 or 103 ~~that the petitioner raised or reasonably could have raised during that inter partes review~~.
>
> "(2) Civil actions and other proceedings.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in ~~a final written~~ an institution decision under section ~~318(a)~~ 314(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that ~~the~~ any claim of the patent is invalid on any ground under section 102 or 103 ~~that the petitioner raised or reasonably could have raised during that inter partes review~~."

These changes (1) shift the triggering event from the final written decision to the institution decision, (2) expand the estoppel scope to cover all claims in the patent, even those where the Office has issued no final

[38] Revision to Rules of Practice Before the Patent Trial and Appeal Board, 90 Fed. Reg. 48335 (Oct. 17, 2025) (to be codified at 37 C.F.R. § 42.108).

written decision, and (3) expand the estoppel scope to include grounds that cannot be raised in an *inter partes* review, including public use and on-sale bars.

Association members are also concerned that the estoppels and bars in the proposed rule extend beyond those in the PREVAIL Act pending legislation, which has been reintroduced to Congress this year. For example, instead of foreclosing future challenges to all claims in a patent where a prior proceeding addressed the validity or patentability of a subset of the patent's claims, the PREVAIL Act expressly permits additional challenges when a patent owner has asserted additional claims against the petitioner.[39]

b. Bars extend beyond AIA and the PREVAIL Act

Proposed § 42.108(f)(3) would bar any second IPR if the PTAB is more likely than not to issue a final written decision in a first IPR before it would do so in the second.[40] But in 35 U.S.C. § 315(c), Congress expressly permitted later-filed IPRs when the second petitioner seeks joinder. If the Office takes the same approach as in recent jurisprudence, where it calculates a theoretical date that a final written decision would occur on the petition accompanying the joinder motion, the proposed Rule would effectively nullify the AIA's primary joinder provision, as shown below.

> 35 U.S.C. § 315(c): "~~Joinder. If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.~~"

It also effectively rewrites 35 U.S.C. § 311(a) to be limited to the "first" person who files, as shown below.

> 35 U.S.C. § 311(a): In General.—Subject to the provisions of this chapter, ~~a~~ the first person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.

Proposed § 42.108(f)(1) would bar any IPR (filed by any party) if it is more likely than not to result in a final written decision that issues after a district court trial (involving any party). This effectively adds a new time-bar to the AIA, and in many instances, it will override the one-year complaint-service bar Congress adopted in 35 U.S.C. § 315(b). Congress had originally considered a six-month deadline, but "in light of the present bill's enhanced estoppels, it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation. It is thus appropriate to extend the section 315(b) deadline to one year." 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011). The proposed rule effectively rewrites the AIA as follows to add this time-bar (with the provision regarding joinder also being excised for the reasons discussed above).

> 35 U.S.C. § 315(b): "**Patent Owner's Action**.—An inter partes review may not be instituted if (1) the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent or (2) any district court litigation, in which any party challenges the patent under sections 102 or 103, is more likely than not to result in a trial before the due date for the final written decision in

[39] *Id.* (proposed amendments to add 35 U.S.C. § 315(f)).
[40] *See, e.g.*, James E. Bessen, Michael J. Meurer & Jennifer L. Ford, The Private and Social Costs of Patent Trolls, Boston Univ. School of Law, Working Paper No. 11-45, at 6 (2011).

the inter partes review. ~~The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).~~

Although not shown here, the proposed rule would add similar time-bars based on parallel ITC actions (§ 42.108(f)(2)) and post-grant PTAB matters (§ 42.108(f)(3)), and § 42.108(e) adds bars based on prior findings of patentability or no invalidity in other proceedings in district court, at the ITC, before the Office, and before the Federal Circuit.

As another example, instead of effectively ending joinder, the PREVAIL Act permits joinder when requested within one year of the petitioner being served with an infringement complaint, and creates only a rebuttable presumption against joinder if the petitioner waits more than one year.[41]

By extending estoppels and bars beyond the balance Congress is hoping to achieve through the legislative process, Association members are concerned that Office's proposed rule does not reflect the will of the people and, at the very least, calls into question whether it is within the Office's authority to promulgate such a rule. Association members believe that the resulting uncertainty is unlikely to benefit patent owners or petitioners.

IV. The Proposed Rule is Inconsistent with Congressional Intent of the AIA

The Proposed Rule not only conflicts with the language of the AIA but also is contrary to the legislative history of the AIA and its intent. Taken as a whole, the proposed rule will significantly restrict access to AIA proceedings, particularly IPRs, for good faith petitioners with legitimate business concerns who seek to clear the way for future investment or who seek lower-cost alternatives to litigation.

However, the legislative history of the AIA repeatedly confirms that IPR proceedings are supposed to be widely available for parties to challenge patent validity in an efficient manner without unduly harassing patent owners.[42] Congress thus crafted the AIA to strike a careful balance between these competing concerns (e.g., by leaving in place the presumption of validity, as the NPRM acknowledges).

The proposed rule would irrevocably upend that balance by denying many good-faith petitioners the opportunity to be heard.

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[41] *See* PREVAIL Act, S. 1553, 119th Cong. (2025) (proposed amendments to 35 U.S.C. § 315(d)).

[42] *See, e.g.*, 157 Cong. Rec. S951 (daily ed. Feb. 28, 2011) (Senator Hatch explaining that the AIA "will also establish another means to administratively challenge the validity of a patent at the U.S. Patent and Trademark Office, USPTO—creating a cost-effective alternative to formal litigation, which will further enhance our patent system."); *id.* at S952 (Senator Grassley noting that the AIA "would improve the current inter partes administrative process for challenging the validity of a patent" by "establish[ing] an adversarial inter partes review, with a higher threshold for initiating a proceeding and procedural safeguards to prevent a challenger from using the process to harass patent owners" while "also provid[ing] faster, less costly alternatives to civil litigation to challenge patents"); *id.* at S1036-1037 (daily ed. Mar. 1, 2011) (Senator Klobuchar describing the AIA as "a modernized, streamlined mechanism for third parties who want to challenge recently issued, low-quality patents that should never have been issued in the first place" such that "[e]liminating these potentially trivial patents will help the entire patent system by improving certainty for both users and inventors."); *id.* at S1352 (daily ed. Mar. 8, 2011) (Senator Udall explaining that IPR "proceedings are intended to serve as a less-expensive alternative to courtroom litigation and provide additional access to the expertise of the Patent Office on questions of patentability," where "a panel of experts is more likely to reach the correct decision on a technical question compared to a jury composed of laypeople."); H.R. Rep. No. 112-35, at 2 (March 30, 2011 Subcommittee Hearing) (Representative Goodlatte observing that "[m]any innovative companies, including those in the technology and other sectors, have been forced to defend against patent infringement lawsuits of questionable legitimacy," and "[w]hen such a defendant company truly believes that the patent being asserted is invalid, it is important for it to have an avenue to request the PTO to take another look at the patent in order to better inform the district court of the patent's validity.").

V. The NPRM Fails to Address the Major Questions Doctrine as articulated by the Supreme Court in West Virginia v. EPA

In addition to the concerns expressed above, Association members noted that the NPRM fails to account for recent jurisprudence from the Supreme Court.

Under the Major Questions Doctrine articulated in *West Virginia v. Environmental Protection Agency*, 142 S. Ct. 2587, 597 U.S. 697 (2022), administrative agencies must point to "clear congressional authorization" when asserting the power to make decisions of vast "economic and political significance" or to effect transformative changes in regulatory policy. The Supreme Court emphasized that "extraordinary grants of regulatory authority are rarely accomplished through 'modest words,' 'vague terms,' or 'subtle device[s],'" and that agencies may not rely on ambiguous statutory language to justify sweeping regulatory actions. As outlined earlier, the proposed rule would fundamentally alter the availability and scope of *inter partes* review (IPR) proceedings, restrict access to the Patent Trial and Appeal Board (PTAB), and impose new estoppel and bar provisions that exceed those found in the America Invents Act (AIA) and even the PREVAIL Act currently under consideration by Congress. These are precisely the type of "major questions" for which the Supreme Court requires clear and specific congressional authorization.

The NPRM's reliance on general grants of rulemaking authority under the AIA does not satisfy the clear statement requirement of the Major Questions doctrine. The Supreme Court in *West Virginia* rejected the notion that agencies may "hide 'elephants in mouseholes'" by relying on vague or ancillary statutory provisions to justify regulatory actions of great economic and political import. Here, the NPRM cites the Director's broad discretion under 35 U.S.C. §§ 314(a), 316(a), and 315(d) to regulate the relationship of IPRs to other proceedings and to determine the circumstances for institution. However, the Supreme Court made clear that such general or gap-filling provisions are insufficient to support agency actions that "substantially restructure" a statutory scheme or "intrude into an area that is the particular domain of state law" or, by analogy, the domain of Congress. The NPRM's proposed rule would not only restrict the statutory right of "a person who is not the owner of a patent" to file an IPR petition under 35 U.S.C. § 311(a), but would also rewrite estoppel and bar provisions in ways not contemplated by Congress, as explained above. The absence of a clear and specific congressional mandate for such sweeping changes renders the NPRM's legal foundation inadequate under the Major Questions Doctrine.

Moreover, the NPRM's justification for the proposed rule does not address the Supreme Court's requirement that agencies demonstrate a longstanding and consistent interpretation of statutory authority when asserting new regulatory powers. In *West Virginia*, the Court found it significant that the EPA's claimed authority was not supported by a history of similar regulatory actions and that the agency's interpretation represented a "transformative expansion" of its regulatory authority. Similarly, the NPRM proposes to fundamentally alter the balance Congress struck in the AIA by limiting access to IPRs, imposing new estoppel provisions, and barring future challenges based on prior proceedings, without any evidence of a consistent agency practice or clear legislative intent to support such changes. The Supreme Court cautioned that agencies may not "exploit some gap, ambiguity, or doubtful expression in Congress's statutes to assume responsibilities far beyond those the people's representatives actually conferred on them". The NPRM's failure to grapple with these requirements underscores its noncompliance with the Major Questions Doctrine and exposes the proposed rule to significant legal vulnerability.

VI. The NPRM Fails to Address Other Statutory and Regulatory Requirements

Association members noted that the NPRM cannot be reconciled with other statutory and regulatory requirements. These members noted that the rule relies on inaccurate data and fails to address the

economic impacts under the Congressional Review Act and Regulatory Flexibility Act. Finally, the rule does not account for the President's Executive Order 14219 governing the issuance of all new regulations.

a. The NPRM Represents a Major Rule Under the Congressional Review Act

While the NPRM states that the proposed rule is not a "major rule" per the Congressional Review Act and 5 U.S.C. § 801 et seq., the available data actually suggest that the rule will have a profound economic impact. A rule is a "major rule" as defined by 5 U.S.C. § 804(2), when it is "expected to result in an annual effect on the economy of $100 million or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets." One study noted "NPE [non-practicing entity] lawsuits are associated *with **half a trillion** dollars of lost wealth to defendants from 1990 through 2010*, mostly from technology companies".[43] From 2006 to 2010, "the *lost wealth has averaged over **$80 billion per year***" and that "very little of this loss of wealth represents a transfer to inventors".[44] This is not surprising as "mean total costs [per litigation defense] are much higher, nearly $8 million."[45] These metrics reflect AIPLA survey data in 2014 and are undoubtedly higher in 2025. The Office's contrary view in the NPRM does not cite supporting evidence or account for countervailing evidence. Moreover, the Office's position contrasts with the legislative history underlying the America Invents Act.

b. The NPRM Does Not Provide the Certification Required by the Regulatory Flexibility Act

Association members noted that the NPRM's failure to assess economic impact means that it also does not comply with the Regulatory Flexibility Act under 5 U.S.C. 601 et seq. A Regulatory Flexibility Act analysis and a certification is required under 5 U.S.C. 603. Among other provisions, the Office is required to describe "any projected increase in the cost of credit for small entities" under 5 U.S.C. 603 (d)(1)(A).[46] Forty percent of startups reported "significant operational impact" when confronted by a patent entity demand.[47] Defendants are now subjected to mean total costs for litigation defenses that exceed $8M. The Supreme Court found economic impact to be significant under far smaller thresholds in *Loper Bright Enterprises v. Raimondo*, 603 U.S. 369 (2024), where a federal monitoring program for a family-owned herring fishing company was struck down for imposing costs of $700 per day.

c. The NPRM Does Not Address the President's Executive Order 14219 on Regulations that Undermine the National Interest.

Association members noted that the NPRM also does not comply with the President's Executive Order 14219, dated February 19th, 2025, on Rescinding Unlawful Regulations and Regulations That Undermine the National Interest.[48] Among other provisions, the Executive Order instructs the Administrator of the Office of Information and Regulatory Affairs (OIRA) to rescind or modify these regulations dealing with, among other things:

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[43] *See, e.g.*, James E. Bessen, Michael J. Meurer & Jennifer L. Ford, The Private and Social Costs of Patent Trolls, Boston Univ. School of Law, Working Paper No. 11-45, at 6 (2011).
[44] *Id*.
[45] James Bessen and Michael J. Meurer, The Direct Costs from NPE Disputes, 99 Cornell L. Rev. 387, 399 (2014).
[46] Chien, Colleen V., Patent Assertion Entities (December 10, 2012). Presentation to the Dec 10, 2012 DOJ/FTC Hearing on PAEs, Available at SSRN: https://ssrn.com/abstract=2187314 (noting "[a]t least 55% of unique defendants have less than $10M in revenue and 66% have less than $100M").
[47] *Id*. at 54.
[48] https://www.whitehouse.gov/presidential-actions/2025/02/ensuring-lawful-governance-and-implementing-the-presidents-department-of-government-efficiency-regulatory-initiative/

(ii) regulations that are based on unlawful delegations of legislative power;

(iii) regulations that are based on anything other than the best reading of the underlying statutory authority or prohibition;

(iv) regulations that implicate matters of social, political, or economic significance that are not authorized by clear statutory authority;

(v) regulations that impose significant costs upon private parties that are not outweighed by public benefits;

Executive Order 14219 also is prospective and not limited to retrospective applications. Section 4, entitled "Promulgation of New Regulations", specifies that the factors outlined above should be applied to new regulations. The NPRM makes no reference to the obligation under this Executive Order nor why the criteria identified above do not apply.

VII. The Proposed Rules, If Implemented, Require Clarification

As highlighted above, the justification for the NPRM seems flawed, and there are strong policy arguments as to why it should not be implemented. However, even if the Office chooses to move forward with the NPRM, there are a number of ambiguities that must be addressed to avoid confusion and unintended consequences.

i. The stipulation in Rule 42.108(d) goes beyond issues that could arise in an *inter partes* review

The proposed Rule 42.108(d) uses language for the first time that goes beyond the issues that could arise in an *inter partes* review, unsettling expectations. The alternative changes below would bring this stipulation more in line with the current *Sotera* stipulation.

ii. The NPRM Could Be Read to Apply Retroactively, and It Should Not Be

The proposed Rules 42.108(d), (e), and (f) use language such as "shall not be instituted *or maintained*," which raises serious concerns about retroactive application to IPRs that were instituted before the enactment of the rule but which have not yet received a final written decision. There is a strong legal presumption that agency rules should not be applied retroactively. This ensures predictability and allows individuals to know the legal consequences of their actions at the time they are taken. For example, the rules do not account for the practical effect on parties harmed by the retroactive application of rules to petitions that have been instituted upon enactment.

Presumably this ambiguity is unintentional. To preserve fairness and predictability, the alternative changes below clarify that the Rule does not apply to proceedings filed before the effective date. If the rule is applied to proceedings already underway or to petitions filed before the effective date, it would undermine settled expectations of the parties and create uncertainty for petitioners and patent owners alike. As discussed above, retroactive application would also raise due process concerns and potentially conflict with the statutory framework of the America Invents Act (AIA), which does not contemplate retroactive rulemaking in this context.

iii. The proposed Rule 42.108(e) could be read as insulating all claims of a patent from challenge if a single claim has been challenged

The proposed Rule 42.108(e) uses ambiguous language such as "if a challenged claim . . . was not found invalid" that could be interpreted as insulating all claims of a patent from challenge if a single claim had been challenged and adjudicated. It would have unintended consequences and invite gamesmanship to tie claims that had never been challenged before to claims that survived a challenge. The alternative changes clarify that a determination on a different claim does not insulate a not-previously-challenged claim.

iv. Unclear Scope of Finding Claims "Not Invalid"

The proposed rule bars institution when the Office or another forum has already found the challenged claim or an independent claim from which a challenged claim depends "not invalid" under 35 U.S.C. 102 or 103. However, the scope of what sorts of decisions qualify for this finding is not clearly defined.

In particular, there is no clear standard for what the required level of engagement or comprehensiveness of the adjudication of a 102 or 103 invalidity claims is. This is important because validity is a defense, and is determined in the negative. Put another way, it is rare for tribunals to make an affirmative determination that a patent or claim is "valid." Instead, tribunals will address specific claims in view of specific prior art references, and will either find those claims invalid or not invalid. That does not, however, mean all invalidity grounds at issue in the tribunal were finally adjudicated, even if the parallel proceeding itself was resolved.

For example, a U.S. District Court might resolve a subset of invalidity challenges as through a motion for summary judgment, without resolving all prior art based validity challenges. One example might be a finding of no invalidity for a set of prior art that requires the priority chain of the challenged patent to be broken. In this instance, there would be a summary judgment decision finding a patent "not invalid" for that subset of the prior art. However, there could still be multiple meritorious 102 and 103 challenges remaining that did not implicate the same priority issue because the references predate the earliest possible priority date.

In this instance, particularly if the litigation subsequently settled, while there is a finding of no dispute of material fact for a subset of the art at issue under 35 U.S.C. 102 or 103, there was no finding of "no invalidity" for all challenges. Nevertheless, under the rule as written an IPR by a subsequent party would seem to be barred.

Without clear boundaries, this could lead to inconsistent application and confusion over what constitutes a binding adjudication, especially in cases involving settlements or procedural dismissals. The alternative changes below clarify that the decision under 35 U.S.C. 102 or 103 must have been a substantive decision on the merits. The proposed rules also delete reference to the ITC, which does not have authority to invalidate a patent.

v. Inclusion of *Ex Parte* Reexaminations in Rule 42.108(e) as a Bar to Future IPRs Is Ripe for Abuse

The proposed rule (in § 108(e)(5)) includes *ex parte* reexaminations among the "prior proceedings" that bar future IPRs—when filed by parties other than the patent owner. This provision creates a dangerous loophole: a friendly third party could file a strategically weak *ex parte* reexamination request to inoculate a patent against future IPR challenges. This is a particularly acute risk because *ex parte* reexamination

requests can be filed anonymously. Enforcing this provision will likely require extensive discovery to determine the relation between the patent owner and any requesters for prior *ex parte* reexaminations.

Moreover, *ex parte* reexaminations are not fully litigated *inter partes* proceedings, unlike the other proceedings in this Rule, and are not appropriately categorized with those other proceedings as a basis for denying institution. The Office should delete this provision as illustrated in the alternative changes below, or, at minimum, apply this provision only the *ex parte* reexamination requests made by the petitioner.

vi. The language of Rule 42.108(e)(6) invites misinterpretation and unintended consequences

The proposed Rule 42.108(e)(6) uses ambiguous language ("that decision was reversed in relevant part") that invites misinterpretation. The alternative changes below make clear that all 102 and 103 invalidity grounds need to have been reversed by the Federal Circuit, to avoid unintended consequences in a situation where, for example, the Federal Circuit upheld invalidity on 103 grounds but reversed invalidity on 102 grounds.

vii. The Mechanism for Exceptional Circumstances Exception Is Unclear

The newly proposed § 42.108(g) in the proposed rule permits institution "notwithstanding a prior adjudication or expected earlier determination on patentability or validity when exceptional circumstances exist," but provide no guidance on how a petitioner may invoke this exception. The Office should clarify whether petitioners must file a separate motion with their petition, include arguments in the petition itself, or argue for exceptional circumstances after some notice that the petition will be barred under this rule. Particularly in light of the broad threat of Attorney's Fees, the mechanism by which petitioners can argue for exceptional circumstances must be more clearly defined.

The Association urges the Office to consider providing additional guidance and clarity on exceptional circumstances. The alternative changes below introduce additional examples of exceptional circumstances that would be reasonable to consider.

viii. The Mechanism for Awarding Attorney's Fees Is Undefined

While the NPRM references the possibility of awarding attorney's fees, it fails to specify the legal basis, procedural mechanism, or standard for such awards. Given that fee-shifting is a significant departure from current PTAB practice and implicates broader policy concerns, the Office must clarify whether such awards would be governed by existing statutory authority (e.g., 35 U.S.C. § 285), require a separate motion, or be issued *sua sponte*. Clear procedural rules are essential to avoid chilling legitimate challenges and to ensure due process.

VIII. Alternative Changes to the Rules

While the Association does not support the changes to the Rules shown below for the reasons explained above, the Association identifies the following changes to the Rules as addressing some of the issues outlined above.

§ 42.108 Institution of inter partes review.

* * * * *

(d) ~~**Required s**~~**S**tipulation for efficiency. **In determining whether to institute an ~~I~~i**nter partes review **filed after the effective date of this rule the Director may take into account whether** ~~**shall not be instituted or maintained unless**~~ each petitioner files a stipulation with the Board and any other tribunal where it is litigating or later litigates regarding the challenged patent, stating that if a trial is instituted, the petitioner and any real party in interest or privy of the petitioner will not raise grounds of invalidity or unpatentability with respect to the challenged patent **that were raised or reasonably could have been raised** under 35 U.S.C. 102 or 103 in **an inter partes review** ~~**any other proceeding**~~**.**

(e) Claims found valid in prior proceedings. **In determining whether to institute an ~~I~~i**nter partes review **filed after the effective date of this rule,** ~~**shall not be instituted or maintained if**~~ **for** a challenged claim or an independent claim from which a challenged claim depends, **the Director may take into account whether that claim**:
(1) U.S. District Court Trial—Was found not invalid under 35 U.S.C. 102 or 103 **on the merits** by a district court or jury following a bench trial or jury trial in a decision or verdict that has not been vacated or reversed in relevant part;
(2) U.S. District Court Summary Judgment—Was found not invalid by a district court in a summary judgement **decision on the merits** ~~**finding no dispute of material fact**~~ under 35 U.S.C. 102 or 103**, taking into account findings of no dispute of material fact,** that has not been vacated or reversed in relevant part;
~~(3) U.S. International Trade Commission—Was found not invalid under 35 U.S.C. 102 or 103 **on the merits** in initial or final determination of the U.S. International Trade Commission that has not been vacated or reversed in relevant part;~~
(4) PTAB Final Written Decision— Was found not unpatentable in a final written decision of the Board **on the merits** under 35 U.S.C. 318(a) or 328(a) that has not been vacated or reversed;
~~(5) Ex Parte Reexamination—Was found patentable in an office action or decision by the Board following a reexamination request filed under Chapter 30 of Title 35 United States Code by someone other than the patent owner, the patent owner's real party in interest or privy;~~ or
(6) Federal Circuit—Was found unpatentable or invalid under 35 U.S.C. 102 or 103 **on the merits** in a decision, but **all 102 or 103 invalidity grounds of** that decision **were** ~~was~~ reversed ~~**in relevant part**~~ by the U.S. Court of Appeals for the Federal Circuit.

(f) Parallel Litigation— **In determining whether to institute an i~~I~~**nter partes review **filed after the effective date of this rule the Director may take into account whether it is** ~~**shall not be instituted or maintained if,**~~ more likely than not, any of the following will occur, with respect to a challenged claim or an independent claim from which a challenged claim depends, before the due date for the final written decision pursuant to 35 U.S.C. 316(a)(11):
(1) U.S. District Court—A district court trial in which a party challenges the patent under 35 U.S.C. 102 or 103; or
~~(2) U.S. International Trade Commission—an initial or final determination of the U.S. International Trade Commission with respect to 35 U.S.C. 102 or 103; or~~
(3) PTAB Final Written Decision— issuance of a final written decision by the Board under 35 U.S.C. 318(a) or 328(a).

If the rules are implemented as planned, the Association believes that the list of exceptional circumstances should also include at least the following additions:

(g) Institution **factors** in extraordinary circumstances. If a panel of the Board determines that extraordinary circumstances warrant institution notwithstanding paragraphs (d), (e), or (f) the Panel shall

refer to matter to the Director who may personally institute inter partes review. Extraordinary circumstances may include a determination by the Director that **a party committed misconduct relating to validity in a prior patent proceeding,** the prior challenge barring institution was initiated in bad faith, e.g., for the purpose of preventing future challenges, or that the prior challenge is rendered irrelevant in view of a substantial change in a statute or precedent of the Supreme Court of the United States. **Extraordinary circumstances also include when the petitioner can demonstrate (a) Research & Experimental (R&E) deductions in Section 174 and the Research Credit in Section 41 of the tax code associated with 20 more jobs, (b) privity with a domestic industry that has Research & Experimental (R&E) deductions in Section 174 and the Research Credit in Section 41 of the tax code associated with 20 or more jobs, or (c) those manufacturing components used in national security systems as defined under 10 U.S.C. § 3455.** Unusual and extraordinary circumstances **warranting institution** shall not include**, unless the petition presents arguments with compelling merits,** new or additional prior art, new expert testimony, new caselaw (except as provided above) or new legal argument, or a prior challenger's failure to appeal. Neither the Director nor the Board shall waive the requirements of paragraphs (d), (e), or (f) of this section except as provided in this paragraph. Frivolous or abusive petitions under this paragraph may be appropriately sanctioned, including with an award of attorneys' fees.

Minority Viewpoint

The membership of the Association reflects the diverse array of parties appearing before the PTAB. Consistent with past practice, the Association presents the view of a small minority of the Association's Board of Directors who respectfully disagree with the majority's view that (1) the proposed regulations are *ultra vires* and (2) the proposed regulations implicate the major-questions doctrine.

As to the first point, the minority notes that 35 U.S.C. § 316(a)(2) gives the Director authority to prescribe regulations "setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)." The authority to set "standards for the showing of sufficient grounds to institute a review" includes, as a subset of that authority, the authority to set "standards for the showing of sufficient grounds to institute a review" in view of other proceedings involving the same patent or claims. In the minority view, the proposed rules are examples of setting "standards for the showing of sufficient grounds to institute a review."

Similarly, the minority notes that 35 U.S.C. § 316(a)(4) gives the Director authority to prescribe regulations "establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title." Proceedings under Title 35 include at least (1) district-court patent infringement litigation (35 U.S.C. § 281 *et seq.*); (2) *ex parte* reexamination (35 U.S.C. § 302 *et seq.*); (3) other IPRs (35 U.S.C. § 311 *et seq.*); and (4) PGRs (35 U.S.C. § 321 *et seq.*). In the minority view, the proposed rules based on the IPR's relationship to a previous or concurrent Title 35 proceeding also fall within the authority of § 316(a)(4).

Those two statutes are part of an overall statutory scheme under which "[t]he Director is permitted, but never compelled, to institute an IPR," and under which "no petitioner has a right to such institution."[49] Thus, for all these reasons, the minority concludes that the proposed regulations are not *ultra vires*.

[49] *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021) (citing 35 U.S.C. § 314(a)).

As to the second point, the minority believes that the proposed regulations do not implicate the major-questions doctrine because the plain text of 35 U.S.C. § 316(a)(2) and 35 U.S.C. § 316(a)(4) represents a clear statement from Congress authorizing the Director to propose such regulations with broad discretion to deny IPR petitions, consistent with the PTAB's past practice as reflected in its precedential decisions. For example, denying an IPR petition in view of a *completed* proceeding is at most a small step from the PTAB's practice of denying institution in view of in-progress proceedings that would conclude before an IPR would. And while Congress could certainly pass legislation corresponding to (or narrower than) the proposed regulations, the minority submits that Congress has already granted the Director authority to prescribe those regulations.

Despite our differences in opinion, the minority agrees with the majority view on five issues. Clear procedural rules are essential to avoid chilling legitimate challenges and to ensure due process; the proposed regulations should not have retroactive effect; the proposed regulations likely constitute a "major rule" under the Congressional Review Act; a "super-*Sotera*" stipulation as set forth in proposed 37 C.F.R. § 42.108(d) should not be required for IPR to be instituted; and for the "exceptional circumstances" of proposed 37 C.F.R. § 42.108(g), it is reasonable to include circumstances including national security, U.S. research and development, a patent owner's misconduct with a nexus to patentability issues in a previous proceeding, and compelling merits may warrant instituting an IPR despite a previous or concurrent proceeding involving the same patent.

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One last area in which the minority agrees with the majority: we share the majority's commitment to securing the just, speedy, and inexpensive resolution of every proceeding, even if we disagree on how best to achieve that.

Respectfully submitted,

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