



USPTO's new Catch-22 targets Unified Patents in standing requirement reforms

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A decade ago, part of my job was to explain the then-recent changes of the Leahy-Smith America Invents Act to corporate in-house counsel. I was the dewy-eyed associate energetically explaining the Patent Trial and Appeal Board and all the changes to practitioners far more experienced — and set in their ways — than me.

I vividly recall one meeting with a Fortune 500 pharmaceutical company. We were discussing the AIA changes, and when we came to the provisions about *inter partes* review, I explained anyone — yes, anyone — could prepare and file a petition. It led to this memorable exchange with one much more experienced in-house counsel.

Gesturing to the slides, I noted: “The statute notes that practically anyone can file.” Him: “Anyone?” Me: “Anyone. It could be a defendant, a generic, a competitor, a university, a third party, or even a do-gooder.”

At that, he looked me in the eye and said dryly, “there’s nothing I hate more than do-gooders”.

I understand that may have been tongue-in-cheek cynicism. But it stuck with me. The underlying sentiment has been repeated at conferences and cocktail parties, on panels and in print, at the agency and before the US Supreme Court, for more than a decade.

In that decade, since I joined Unified Patents (where I now serve as general counsel), it has grown into a multi-national organisation with over 300 member companies spanning industries, including consumer product, music and television, semiconductor, automotive, device, retail, networking and cable, and medical device manufacturers and providers. Unified deters non-practicing entities and the assertion of objectively invalid patents by, among other things, filing challenges with the USPTO, in Europe, and in Asia, as well as publicly publishing prior art and analyses, and all other means available to the public.

Yet there seems to be something deeply unsettling about having “just anyone” test a patent’s merits. That has shaken the faith of a lot of the patent plaintiff’s bar. A lot of bitter grapes have been pressed, much of it wildly hyperbolic, about the PTAB. The volume has been turned to 11 for more than a decade. If you had death squad, firing squad, murder board, killing, abuse, extortion, patent pirates, IPR troll, or patent privateers on your bingo card, you’d be sitting pretty.

PTAB reform proposal

For 40 years, merits have reigned in *ex parte* reexamination, where the challenger is often anonymous. In district court, many have argued that the litigation funding and the plaintiff’s legal status is irrelevant to the questions:

- Are the claims valid?
- If so, are they infringed?

This makes the US Patent and Trademark Office’s recent “Advance Notice of Proposed Rulemaking” (ANPRM) troubling. It’s a grab-bag of “stakeholder” suggestions the patent office doesn’t itself endorse and may not have the authority to implement, per Congressional testimony. It also appears to rest on addressing concerns Congress already considered and the office is already equipped to deal with.

In response to hyperbole from those regularly attacking the agency, rather than defending the PTAB, the leadership has done the opposite, relaying standing proposals aimed at limiting access, even though Congress expressly considered and *excluded* such limits—while purposefully *including* a standing requirement in the covered business method portion of the statute. The office included legal limitations on filers and excluded others, but being sued or targeted with suit was never part of the IPR plan.

The ANPRM also suggests the USPTO can dictate substantive standards and their legal interpretation, particularly around the *already existing* real party in interest and privity standards they’ve already addressed — thus trying to act as an Article III court, whose role it is to interpret those substantive legal standards.

The notice tries to impose many of the same limits already proposed repeatedly in failed legislation emanating from Senator Chris Coons’ office, something obviously disfavoured by separation-of-powers principles. The Supreme Court’s record, including the recent grant of *Loper Bright Enterprises v Raimondo* (a fishing regulation case), suggests that such end-runs around Congress and agency overreach will be tightly policed moving forward.

What’s worse, the rulemaking notice targets a particular party practicing before it. It accuses for-profit membership organisations who haven’t been sued of being abusive, without evidence. Unified Patents is the main such business filing regularly today.

We have spent more than a decade scrupulously following the statute, listening to the agency and the board, and appearing before Article III courts, and have exceeded all known legal requirements, being open and transparent about our business model from the jump.

The office’s rule proposal narrative, however, ignored 10 years of rulings, track record, and process, instead adopting as gospel unsupported language from a couple of comments made to the USPTO’s 2020 “request for comments”— comments from adverse, interested parties. In adopting without any evidence such nakedly motivated allegations, the office is suggesting that faithfully observing the law is abuse—the ultimate Catch-22.

Does the USPTO target businesses now? If so, it should look at prolific filers and NPEs that pay the office millions in maintenance (and lobbyist) fees, but who, from a quick scan of their disclosures, haven’t routinely been honest with the patent office or PTAB about who they are or who owns or controls their patents. If there’s to be a knife, it will cut both ways.

The ANPRM also asks for fulsome litigation funding disclosure before the PTAB, along with detailed ownership and structure of patent holder groups — something likely already required by the existing regulations and legal standards, but nonetheless routinely ignored by patent holders. And, under the rulemaking notice’s logic, wouldn’t it be fair for petitions challenging patents asserted by such entities be particularly *favoured* at institution, in the policy interest of the system? To ask such searching super-statutory questions is to open a massive can of worms.

Don’t single out Unified

Unified’s staff has had non-practicing entities set up racist fake Twitter accounts in our names, file bar complaints (that resulted in the reporters being investigated), sign us up for Internet porn, and write libellous hit pieces about us personally, in ways hard to fathom. One advocate recently accused me, in all seriousness, of working for the Chinese Communist Party. My non-patent friends can’t believe it: “We’re talking about patent law, right?”

To play devil's advocate for a moment, charitably, I get it. These challenges, and the altered litigation balance that occasionally forces patent assertors to defend when they want to purely assert, upset then-settled litigation leverage expectations. No one will (or should) deny that the changes wrought by the AIA were dramatic and impactful, as Congress intended, and rejiggered the balance. Parties and the market, though, have clearly adapted, and more than 3,000 suits are filed each year, cases are funded and brought, trials are held, licences are signed, and money changes hands. It is not perfect (nothing is).

But it is what Congress intended, and the last decade has seen unparalleled job creation, GDP growth, an explosion of innovative businesses, and an ever-rising stock market, with no reliable data that I am aware of to show that the changes did anything other than fuel the economic drivers of our economy.

In short, should the office consider entity status, though Congress repeatedly said otherwise?

I would argue no. If the patent office penalises some before it, it needs to look at everyone. It's only fair. To single out Unified for faithfully observing the statute and regulations in creating a sustainable business centred on being a "do-gooder" — who, as far as I can tell, is the only party who never pays or gets paid to settle in this otherwise transactional litigation world — well, that's just wrong.

Then again, there's nothing worse than do-gooders.

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