

21 May 2015

The Honorable Chuck Grassley & Patrick J. Leahy
Chairman & Ranking Member Committee on the Judiciary
United States Senate
224 Dirksen Senate Office Building
Washington, DC 20510-6050

Dear Chairman Grassley, Ranking Member Leahy, and Members of the Senate Judiciary Committee,

We are proud to support the PATENT Act. We believe it is a well-rounded piece of legislation that, taken as a whole, will directly address a dangerous patent troll problem.

We understand conversations are under way regarding the Inter Partes Review (IPR) program, a successful cornerstone of 2011's America Invents Act. IPR is a necessary tool for the public interest and small companies because it offers a more affordable avenue for challenging the mass of low-quality patents on limited grounds. Because low quality patents are the favorite weapon of patent trolls, we strongly support the IPR proceeding and would object to efforts to weaken it or make it less accessible to resource-limited parties.

However, to the extent that the Senate believes changes to the contours of IPR—and other post-grant reviews—should be considered as part of the PATENT Act, we believe there are areas where these proceedings could be strengthened, and would like to suggest the following improvements:

- **Lower petition fees for small and micro entities:** Current petition fees stand at \$23,000 just to institute an IPR challenge. This is before any legal fees. This price is prohibitively expensive for small and micro entities, for whom the Patent Office already offers a discount on many patent filings. The same should apply for IPR.
- **Allow petitioners to file replies:** Currently, a patent owner may file a response to an IPR petition, but the petitioner has no opportunity to reply to that response. This unfairly allows a patent owner to raise new, unexpected arguments that will go unanswered.
- **Allow petitioners the right to appeal:** In *Consumer Watchdog v. Wisconsin Alumni Research Fund*, the Federal Circuit held that a pre-AIA inter partes reexamination petitioner could not appeal an adverse decision but respondents are always able to appeal. If applied to IPRs, this creates an unfair asymmetry that should be addressed as it runs directly contrary to congressional intent in the AIA.
- **Allow petitioners to raise challenges under 35 USC §§ 101 and 112:** Under current law, IPR is a very limited program, only allowing for challenges based on prior art in printed publications and patents. Numerous pre-AIA patents are likely invalid for other reasons, including abstractness and lack of definiteness, particularly following recent Supreme Court decisions in *Alice v. CLS Bank* and *Nautilus v. Biosig Instruments*. Petitioners should be able to use IPR to challenge patents on these grounds as well.

- **Extend CBM to cover all pre-*Alice* patents:** The AIA's Covered Business Method review program is the only Patent Office procedure through which many patents may be challenged under the recent *Alice v. CLS Bank* case. CBM is currently set to expire in 2020. The program should be kept open at least long enough for petitioners to challenge any patent that was issued before the ruling in *Alice*.

Flushing the system of invalid patents is a task of monumental public interest, and the AIA's IPR provisions were specifically intended to advance that public interest. We hope that the conversation about IPR can be enhanced by considering how the program may be made more fair toward those who do a service to the whole economy by challenging low-quality patents. We look forward to continuing to engage with you in further discussions on this subject.

Sincerely,

