Institute For Policy Innovation
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June 19, 2023

BEFORE THE

UNITED STATES PATENT AND TRADEMARK OFFICE

Washington D.C.

Docket No. PTO-P-2020-0022

United States Patent and Trademark Office
The Honorable Kathi Vidal
U.S. Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Dear Director Vidal:

The Institute for Policy Innovation (IPI) appreciates the opportunity to provide these comments to the United States Patent and Trademark Office concerning potential changes to proceedings before the Patent Trial and Appeal Board (PTAB).

The Institute for Policy Innovation is a non-profit, non-partisan public policy "think tank" based in Irving, Texas. IPI is supported wholly by contributions from individuals, businesses, and other non-profit foundations. IPI is also an accredited NGO with the World Intellectual Property Organization (WIPO) in Geneva, Switzerland, and thus we were the first organization to begin hosting an annual World IP Day event in Washington DC almost twenty years ago.

I am Tom Giovanetti, President of the Institute for Policy Innovation. I have represented IPI at various WIPO meetings and sessions, offered interventions, and met with key WIPO executives. I also write and speak on a variety of intellectual property issues.

Having tracked the issues related to innovation and economic growth throughout my career, I have gained valuable insights into the challenges faced by inventors and small businesses within the federal court system and PTAB proceedings. These challenges, which I will outline below, highlight the need for a more equitable environment that fosters innovation and supports the growth of small enterprises.

In the federal court system, an inventor's damages are limited to a reasonable royalty that cannot exceed the costs of financing a lawsuit within the federal court, and even less so in the PTAB. This holds true even when a case is litigated on a contingency basis, which is why contingency agreements typically do not cover PTAB proceedings. When faced with an infringement lawsuit, a defendant only needs to engage in legal proceedings within the federal court for less than a year, providing ample opportunity to appeal to the PTAB.

Considering that the majority of appeals are granted and most granted appeals result in the nullification of the concerned patents, if the PTAB fails to nullify the patent, more petitions can be submitted by other parties. In fact, an inventor, whether they have alleged infringement or not, is exposed to all petitions, regardless of whether they are filed by a person or entity outside the U.S. or not. Essentially, there is no cap on the number of petitions that can be filed against an inventor, arguing the invalidity of a patent.

On the other hand, the current draft of the proposed small/micro entity regulations does not provide any safeguards for small enterprises that have either procured or licensed patent rights initially granted to a university or a comparable research institution. According to the rules of the Patent Office, an "entity eligible for reduced patent fees" must "not have more than 500 [employees]." It is evident that no university with a research division advanced enough to secure patents employs less than 500 individuals. The Bayh-Dole Act explicitly gives small businesses preference in acquiring patent rights through technology transfer, and it is unjust for their patents to not receive similar protection from IPR proceedings simply because they originated from U.S. research institutions.

In summary, the current federal court system and PTAB proceedings present challenges for inventors and small businesses alike. Inventors face limitations on damages and the potential for multiple petitions arguing the invalidity of their patents, while small businesses that have procured or licensed patent rights from research institutions may not receive the same protections as other small entities. It is crucial to address these issues in order to create a more equitable environment for all parties involved in the patent process.

Accordingly, I ask USPTO to consider the following policy changes:

A PETITION SHALL BE DENIED UPON REQUEST OF THE PATENT OWNER PROVIDED THAT THE ASSIGNMENT RECORDATION AT THE OFFICE DEMONSTRATES THAT ONE OR MORE NAMED INVENTORS HOLDS A CONTROLLING OWNERSHIP IN THE PATENT.

A PETITION SHALL BE DENIED UPON REQUEST OF THE PATENT OWNER WHO MEETS THE NET WORTH REQUIREMENTS OF 12 CFR § 1071.103.

A PETITION SHALL BE DENIED UPON REQUEST OF THE PATENT OWNER WHO HAS COMMERCIALIZED THE SUBJECT MATTER OF AT LEAST ONE OF THE CLAIMS EITHER DIRECTLY OR THROUGH A LICENSEE.

Respectfully,

Thomas A. Giovanetti, President
Institute for Policy Innovation