



The Hon. Katherine K. Vidal
Under Secretary for Intellectual Property and Director
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Director Vidal:

U.S. Manufacturers for Development and Enterprise ([US*MADE](#)) is a [coalition](#) of 40 American manufacturing companies and 10 American manufacturing trade associations whose membership includes high-skilled U.S. manufacturing workers across the nation from industries of all stripes. Our members make semiconductors, automobiles, railroad safety gear, fishing tackle, golf equipment, the new digital billboard at the University of Maryland football stadium, and a host of other remarkable manufactured goods.

U.S. MADE writes to you today regarding the USPTO's June 21, 2022, Interim Guidance for *Fintiv* discretionary denials.

The Interim Guidance is a welcome improvement to prior policy—it appropriately ensures that more IPR petitions will be considered on their merits. Nevertheless, more progress remains to be made. The *Fintiv* policy is inherently problematic. At its core, *Fintiv* conflicts with the statutory structure of AIA proceedings and cuts short the time period that Congress expressly and consciously allotted to litigation defendants to prepare an AIA petition. Nor do *Sotera* stipulations obviate the problems with *Fintiv*, as they tend to distort civil litigation and unfairly prejudice defendants.

The timing of AIA proceedings in relation to district court litigation was the subject of extended negotiations in Congress and was one of the last major issues to be resolved in the AIA. The version of the AIA that first passed the U.S. Senate in March 2011, Senate Bill 23, would have given a litigation defendant only six months to file an IPR petition after the defendant was served with a complaint. The House of Representatives decided that this time limit was too short. The House bill, H.R. 1249, extended this deadline to one year. This is the version of the AIA that was enacted into law.

Statements made by members of Congress during the debates on the AIA show that Congress carefully considered this time limit and chose the one-year period for specific reasons. During the final Senate action on the AIA, Senator Jon Kyl, one of the principal negotiators of the bill, stated:

The House bill also extends the deadline for allowing an accused infringer to seek inter partes review after he has been sued for infringement. The Senate bill imposed a 6-month deadline on seeking IPR after the patent owner has filed an action for infringement. The final bill extends this deadline, at proposed section 315(b), to 1 year. High-technology companies, in particular, have noted that they are often sued by defendants asserting multiple patents with large numbers of vague claims, making it difficult to determine in the first few months of the litigation which claims will be relevant and how those claims are alleged to read on the defendant's products. Current law imposes no deadline on seeking inter partes reexamination. And 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. Sep. 8, 2011).

Congress's intent could not be any clearer. Congress was aware that parties need time for litigation to develop so that they can know which claims are being asserted and how they are being construed. Legislators also knew that petitioners would be subject to a heavy "could have raised estoppel" and thus need to conduct a thorough prior art search. Weighing these concerns, Congress deliberately chose to give petitioners one year to file an IPR petition.

Patent infringement defendants cannot control the district in which they are sued or whether courts in that district will move quickly. The Interim Guidance, by keeping in place a version of *Fintiv*, also keeps in place the threat that an IPR petition filed within the statutory deadline will nevertheless be rejected as "late."

In practice, *Fintiv* compels defendants to file rushed petitions. To reliably avoid a *Fintiv* bar, businesses have found that they must file within just a few months of being sued. This forces defendants to file before they know which claims the patent owner will assert in litigation and how the patent owner is construing those claims. It also forces petitioners to cut short their prior art search (which in some cases leads to attempts to file follow-on petitions when highly relevant prior art is later discovered).

These negative consequences—the premature filing of petitions without access to relevant litigation information—are the very harms that Congress sought to avoid by setting the IPR filing deadline at one year. And these harms *would* largely be avoided if the PTAB applied the statutory deadline as written. Instead, we have *Fintiv*, which cuts short the time that Congress had consciously decided that petitioners need to file a proper IPR petition. *Fintiv* in any form violates the letter and the spirit of the statutory scheme that Congress enacted into law.

U.S. MADE believes that *Fintiv* cannot be fixed. Any version of the policy will continue to pressure defendants to file premature petitions and will prejudice American manufacturers.

Finally, *Sotera* stipulations are not a solution to the *Fintiv* problem—they instead create new problems. By barring defendants from raising patents and printed-publication prior art in district court, these stipulations can prevent a defendant from demonstrating that most of what is claimed in a patent was already known in the art. As a result, a minor, incremental invention can be misrepresented as a fundamental and pioneering one, greatly distorting the jury's award of damages.

In addition, preventing a defendant from presenting prior art can allow the plaintiff to advance unreasonably broad claim constructions. If consideration of prior art is barred, the patent owner need not fear that a broad construction will lead to a finding of invalidity. In effect, a *Sotera* stipulation can allow the plaintiff to accuse the defendant of infringing a patent because it practices technology that was already in the public domain.

Congress chose to impose an estoppel on AIA petitioners, but only *after* PTAB review is completed. Given the distortions and prejudice that can flow from preventing a defendant from raising prior art in district court, such estoppels should be applied only as prescribed by law. A defendant who has been sued on an invalid patent has done nothing wrong. It should not be penalized by ad hoc restrictions simply because it seeks to invoke statutorily authorized validity review at the USPTO.

U.S. MADE urges you to repeal the *Fintiv* policy in its entirety and instruct the PTAB to apply the deadlines and estoppels that are prescribed by the AIA.

Sincerely,

Beau Phillips

Executive Director

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