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

Re: *Ford Motor Co. v. Neo Wireless LLC*, IPR2023-00763 (Nov. 9, 2023), and *American Honda Motor Co, Inc. v. Neo Wireless LLC*, IPR02023-00797 (Nov. 9, 2023).

Dear Director Vidal:

The above-captioned cases present an important opportunity for the Office to correct a policy that has created powerful incentives for litigation codefendants to rush to the PTAB. As you know, companies who are competitors in the marketplace often are targeted together in patent lawsuits. An existing PTAB precedent, as applied in these cases, assumes that such defendants will nevertheless be fully aligned in the litigation, such that one defendant's defenses will "virtually represent" the interests of the others. Director review in these cases will allow the Office to reexamine that faulty premise and to clarify important questions about the scope of the Office's authority to adopt policies that depart from the PTAB statutory framework.

The '763 and '797 IPRs involve U.S. Patents No. 10,447,450 and 10,771,302, which claim aspects of wireless communication. Patent owner Neo Wireless has asserted the '450 and '302 patents in 21 and 23 district court actions, respectively, against nine automobile manufacturers, including all the major American companies. Ford, General Motors, and American Honda timely filed petitions at the PTAB presenting evidence that the patents are invalid in view of prior art.[1]

Rather than consider these petitions on their merits, the Board denied review on the basis that these parties were improper "serial petitioners." Neither Ford, General Motors, nor Honda, however, had every previously filed a challenge to the validity of the '450 and '302 patents. And yet, applying the policy adopted in *Valve Corp. v. Electronic Scripting Prods., Inc.*, IPR2019-00062 (Apr. 2, 2019), the panel held that these companies were serial petitioners because a *different* company, Volkswagen AG, had previously filed a challenge to the patents.

Volkswagen is not affiliated with Ford, General Motors, or American Honda—indeed, it is a direct competitor of all three companies. Nor is there any allegation in this case that Volkswagen coordinated its petition with these other parties or that any of them exercised any control over the content or timing of Volkswagen's petitions.

Instead, applying *Valve Corp.*, the Board relied on the fact that all the defendants had been sued by Neo Wireless and the cases were later consolidated before the same judge, who required the defendants to coordinate their contentions and defenses. The Board also relied on the fact that the response to Volkswagen's petition, which Volkswagen had filed more than half a year before the statutory deadline, was publicly available at the time that the other defendants filed their petitions.

[1] *See* IPR2023-00797, -00763, and -00962.

These cases highlight the undesirable policy effects of the *Valve Corp.* rule and its tension with the PTAB statutory framework. The petitions are an ideal vehicle for a reconsideration of *Valve*.

As the Ford case illustrates, *Valve Corp.* effectively forces defendants to file their petitions prematurely—to the extent that they can file at all. Ford noted to the Board that by filing later than Volkswagen, it was able to narrow its challenge to just the two patent claims that remained in the litigation, rather than challenging all the claims of the six patents that were originally asserted.[2] The Board nevertheless credited Neo Wireless's argument that Ford could have filed its petition at the same time as Volkswagen.

Congress, however, specifically chose the one-year deadline for filing an IPR petition so that defendants could conduct a proper prior art search and could know which claims will be asserted in litigation.[3] By cutting short a defendant's filing time based on the filing of a third party's petition, *Valve Corp.* overrides these clear congressional objectives.

Moreover, codefendants who sell products that work differently often have conflicting interests when filing IPR petitions. One defendant, for example, may wish to present prior art that works in the same way as its own accused product, while another may prefer to focus on particular claim constructions. It is improper for the Office to assume that one defendant will fully represent the interests of its marketplace competitors.

The *Valve* policy also directly conflicts with the USPTO's authorizing statute. The Patent Act provides that a party is bound by another party's PTAB petition only when the first party is "the real party in interest or privy of the petitioner." 35 U.S.C. § 315(e). Similarly, according to the statute, a party is time barred only if its petition 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." 35 U.S.C. § 315(b) (emphasis added).

Congress thus enacted specific estoppels, using well-known common law terms of art, that determine when one party is bound by another party's PTAB petitioning or litigation. Congress had good reason for limiting third-party estoppels in this way. Such estoppels raise due process concerns, particularly when the affected party has no control over the third party's actions. Thus courts have held that a defendant is not bound by a third party's PTAB petitioning if it did not "exercise[] any control" over the that party's petition or "recruit[]" it to bring the challenge. *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018, 1028 (Fed. Cir. 2021); *see also id.* at 1029 (estopping a party based on a third party's petition is "improper" if there is no evidence of "control," "joint funding, or even any evidence of substantial coordination . . . as to . . . [the] decisions to bring the[] proceedings").

Valve Corp. rides roughshod over these due process concerns. As Administrative Patent Judge Giannetti recently noted, the *Valve* policy "set[s] up a race to file the first petition. The losers

[2] *See* IPR2023-00763 at 17 (Nov. 9, 2023).

[3] *See* 157 Cong. Rec. S5429 (daily ed. Sep. 8, 2011) (noting that the IPR filing deadline was extended to one year after litigation has commenced to "afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation.").

of the race are denied a chance to present their own case to the Board and must depend on others whose interests may not align fully with theirs."[4]

The fact that *Valve* was adopted without notice and comment rulemaking makes it all the more troubling. The affected public had no notice that this policy would be implemented, much less an opportunity to comment on it as required under the Administrative Procedure Act. When the USPTO did belatedly seek public comment on its PTAB policies in late 2020, *Valve Corp.* was condemned by a broad cross-section of American industry.[5] Yet three years later, *Valve* remains in place and continues to arbitrarily restrict access to patent validity review. In the case of the '302 patent, *Valve* has ensured that no validity review at all can be conducted at the USPTO, despite the fact that the patent is being asserted against a majority of the world's automakers.

It is long past time for the USPTO to reconsider the *Valve Corp.* policy. We urge you to grant the petitions in the pending cases and to authorize *amici* to comment on these matters.

Sincerely,

Alliance for Automotive Innovation

Computer and Communications Industry Association

High Tech Inventors Alliance

National Retail Federation

Software & Information Industry Association

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[4] *Google LLC v. Uniloc 2017 LLC*, IPR2019-01584 (Mar. 24, 2020) (dissent at 3).

[5] *See* Comment from the Alliance for Automotive Innovation in PTO–C–2020–0055 (Dec. 3, 2020); Comment from the High Tech Inventors Alliance (Dec. 2, 2020); Comment from the Computer and Communications Industry Association (Dec. 3, 2020); Comment from United for Patent Reform (Dec. 3, 2020); Comment from The Clearing House Association L.L.C., Askeladden L.L.C., the American Bankers Association, the Bank Policy Institute, and the Electronic Transactions Association (Dec. 2, 2020); Comment from the Association for Accessible Medicines (Dec. 3, 2020); Comment from Apple Inc. (Dec. 3, 2020); Comment from Taiwan Semiconductor Manufacturing Co. Ltd. (Dec. 3, 2020); Comment from Mylan Pharmaceuticals Inc. (Dec. , 2020); Comment from Samsung Electronics America, Inc. (Dec. 3, 2020); Comment from Comcast Cable (Dec. 3, 2020).

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