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June 20, 2023

Hon. Kathi Vidal
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22314

Uploaded via https://www.regulations.gov/commenton/PTO-P-2020-0022-0001

Re: Ericsson Comments on Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board (Docket No. PTO-P-2022-0022)

Dear Director Vidal:

Ericsson is pleased to take this opportunity to comment on the U.S. Patent & Trademark Office ("USPTO") Advance Notice of Proposed Rulemaking Regarding Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board, Docket No. PTO-P-2022-0022 ("Discretionary Institution ANPRM" or "ANPRM").

Ericsson has extensive experience as an innovator, being both a licensor and licensee of patents, as well as an experienced participant in nearly 200 *inter partes* review ("IPR") proceedings at the Patent Trial and Appeal Board ("PTAB") as both a petitioner and patent owner. Ericsson agrees with the statement in the ANPRM that the patent system "works most efficiently and effectively when the USPTO issues and maintains robust and reliable patents" and when "any disputes as to the validity or infringement of patents are addressed efficiently and effectively." Ericsson is pleased to provide these comments to assist the administration as it seeks to align PTAB policies with the congressional intent of "a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs."[1]

[1] H.R. Rep. No. 112-98, part 1, at 40 (2011).

Google Exhibit 1094
Google v. Mullen

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I. ABOUT ERICSSON

As a leading innovator in global telecommunications, Ericsson's interest in the Discretionary Institution ANPRM stems from its commitment to cutting-edge research and development, and respect for reliable and predictable intellectual property protections, including patents, that support our drive to develop the next generation of technology connecting our world. Ericsson is a world leader in the rapidly changing environment of communications technology—developing and providing hardware, software, and services that enable the full value of connectivity that drives global economic growth and innovation.

Ericsson enables communications service providers to capture the full value of connectivity. Our innovation investments have delivered the benefits of mobility and mobile broadband to billions of people globally. Ericsson's activities span the globe, with customers in more than 180 countries. Approximately 18% of Ericsson's annual global revenue is invested in research and development, totaling tens of billions of dollars over the past few years. As a result, Ericsson has the leading patent portfolio in the industry, with more than 60,000 granted patents worldwide and more than 100 signed patent licensing agreements over the years.

II. ERICSSON'S COMMENTS

Ericsson appreciates the close relationship between investment, innovation, and patents. A sense of clarity and predictability is key to sustaining all three elements. Accordingly, should the Office propose rules regarding discretionary denials at the PTAB, Ericsson urges the Office to strive for clear rules that will promote predictable outcomes. We look forward to the opportunity to review concrete rule proposals, should the Office publish them.

A. Ericsson Supports Mandatory Stipulations to Address Parallel Proceedings

Congress intended PTAB trials to provide "quick and cost-effective alternatives to litigation,"[2] which is not possible in the face of co-pending and overlapping patentability disputes outside the walls of the USPTO. Due to the burdens on the parties and the Office, the potential for patent owner harassment, and the risk of inconsistent outcomes, the *Fintiv* framework sought to

[2] H.R. Rep. No. 112-98, part 1, at 48.

minimize such parallel proceedings.[3] Yet that approach has led to considerable uncertainty in its application and evolution over the past three years.

Sotera and *Sand Revolution* stipulations present an alternative that empowers petitioners to choose a forum—but only a single forum—to litigate patentability.[4] Ericsson in principle supports the Discretionary Institution ANPRM's potential proposal to require stipulations from all petitioners "agreeing not to purse potentially overlapping grounds in district court." This approach balances the ability of petitioners to access the PTAB with patent owner concerns regarding inefficient and burdensome co-pending litigation. It also provides greater certainty than aspirational trial date predictions and greater flexibility than the suggested six-month safe harbor provision.

For similar reasons, Ericsson also supports an exception to discretionary denial when the co-pending proceeding is stayed. Likewise, we support the potential proposal to require petitioners to stipulate that they have not brought (and will not bring) multiple challenges to the same patent claims, subject to the concerns articulated below regarding the "exceptional circumstances" exception, and provided it is not expanded to impact parties having a "substantial relationship" with the petitioner.

Ericsson opposes, however, the suggestion that parallel ITC proceedings should not be subject to the potential proposal. Regardless of whether an ITC determination can procedurally invalidate patent claims, the same concerns exist regarding fairness, efficiency, and consistent outcomes.

B. Ericsson Urges the Office to Rethink Proposals Lacking Clear Terms

The Discretionary Institution ANPRM contemplates several potential standards, tests, and definitions that suffer from ambiguous language that would not promote efficient dispute resolution. For example, the proposed "substantial relationship," "substantial overlap," and

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[3] *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, at 5-6 (PTAB May 13, 2020) (precedential) (providing factors "relat[ing] to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding").

[4] *See Sotera Wireless, Inc.* v. *Masimo Corp.,* IPR2020-01019, Paper 12, at 18-19 (PTAB Dec. 1, 2020) (precedential) (petitioner's stipulation not to pursue "any ground raised or that could have been reasonably raised in an IPR" "mitigates any concerns of duplicative efforts," and "concerns of potentially conflicting decisions," thereby "ensur[ing] that an *inter partes* review is a 'true alternative' to the district court proceeding"); *Sand Revolution II, LLC v. Cont'l Intermodal Grp.-Trucking LLC*, IPR2019-01393, Paper 24, at 11-12 (PTAB June 16, 2020) (informative) (petitioner's stipulation not to "pursue the same grounds in the district court litigation" "mitigates to some degree the concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions").

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"compelling merits" definitions lack clarity and have no understood meaning among patent practitioners. The ANPRM also uses additional ambiguous language in several of its potential proposals, such as "exceptional circumstances," and suggests tests that would likely lead to significant disputes and discovery requests, such as whether an entity "could be alleged to practice" a claimed invention.

Given this lack of clarity and the lack of data supporting the need for the underling proposals, Ericsson does not support the potential proposals to replace or supersede existing frameworks. For example, Ericsson does not support the proposals to expand Section 325(d) to "substantially similar" claims, nor to replace *General Plastic* and its progeny with a new serial petition test incorporating an "exceptional circumstances" exception and applying to parties having a "substantial relationship" with a prior petitioner.

Perhaps the most consequential and nebulous proposal in the ANPRM relates to the "compelling merits" test. Ericsson would not include that standard in any proposed rule. Its lack of clear definition has confounded stakeholders, and its vagueness invites inconsistent applications and outcomes.

C. Ericsson Supports Limiting Petitions by Non-Competitive Petitioners but Would Not Foreclose Any Petition Following a Prior Adjudication Involving Patent Validity

Ericsson in principle supports the potential proposal to deny IPR and PGR petitions filed by certain for-profit, non-competitive petitioners. Permitting such petitions invites gamesmanship and does not provide a true "alternative" to litigation. Ericsson urges the Office not to include the "compelling merits" test within this potential proposal, but recommends that the Office retain an exception for competitors similar to the language in the ANPRM, which would require the Board to determine whether the petitioner "could be alleged to practice [the claimed invention] in the field of the challenged patent … with a product or service in which the party has invested to bring to market."

On the other hand, Ericsson opposes the potential proposal to deny institution where "prior final adjudications" upheld the claims as currently articulated. That proposal fails to define what "prior final adjudications" qualify—e.g., whether a prior decision under Sections 101 or 112 would preclude a subsequent IPR petition challenging the same claims on 102 or 103 grounds. This proposal also incorporates the unacceptably vague "compelling merits" test, as well as an ambiguous and likely highly contentious inquiry into whether a petitioner "intends to pursue

commercialization of a product or service in the field of the invention." Furthermore, this proposal could unfairly bind parties who had no involvement in the prior proceedings.

D. Ericsson Does Not Support Additional Briefing Burdens

Ericsson opposes the potential proposals to require separate briefing on the topic of discretionary denials. The parties can and do address discretion in the existing briefing allowances and permitting additional briefing will only increases costs and further burden the Office. Ericsson likewise opposes the suggestion that petitioners should be able to increase word-count limits across the board by paying an additional fee. That approach will disproportionately benefit well-heeled petitioners and again impose unnecessary costs and burdens on patent owners and the PTAB. Again, an existing approach already adequately addresses concerns regarding parallel petitions.[5]

III. CONCLUSION

Thank you for your consideration of our comments. We look forward to continuing to work together to improve the U.S. patent system for the benefit of technology innovators, technology users, and the entire U.S. economy.

Best regards,

Sadaf Abdullah
Director, IPR & Licensing
Ericsson

[5] *See* Consolidated Trial Practice Guide, 59-60 (Nov. 2019) (recognizing that "[t]wo or more petitions filed against the same patent at or about the same time … may place a substantial and unnecessary burden on the Board and the patent owner and could raise fairness, timing, and efficiency concerns," and thus requiring petitioners filing parallel petitions to rank them and explain the differences between them").