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Director Kathi Vidal
U.S. Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Dear Director Vidal,

I appreciate the opportunity to comment on potential rules that will affect America Invents Act trial proceedings before the Patent Trial and Appeal Board (PTAB). Decisions made by the U.S. Patent and Trademark Office in this regard will have a critical impact on America's innovation-driven economy.

I write from the perspective of having devoted much of my 50-year legal career to sustaining and improving our intellectual property system as a balanced and just mechanism for encouraging creativity, in the public interest. Through my experience in the litigation and trial of IP disputes, I have become keenly aware of the impacts on inventors, industry and society that result from inefficiencies and gaming of the system. My public service in this area includes five years managing the international patent system as Deputy Director General of the World Intellectual Property Organization, as well as providing leadership as president of the American Intellectual Property Law Association and as Chairman of the National Inventors Hall of Fame. I am currently an advisor to the Center for Intellectual Property Understanding.

Perhaps most relevant to the matter at hand, from 2000 to 2004 I was a member of the National Academies of Science Committee on Intellectual Property Rights in the Knowledge-Based Economy. Our 2004 report "*A Patent System for the 21st Century*" was a primary reference leading to the America Invents Act of 2011, including its establishment of a system of "open review" of patents following issuance. I commend to your attention especially the portion of the report at pages 95-103 concerning our recommendation for the ways in which open review could best work to achieve its twin goals of improving patent quality and reducing the expense and inefficiency of district court litigation regarding patent validity. A clear majority of the committee urged that any system of post-grant review require challenges to be filed within one year of issuance.

Unfortunately, in my view, the legislation as enacted by Congress left open the window for administrative challenges during the entire life of the patent. This has led to many inventors facing a limitless gauntlet of PTAB filings, with cumulative costs far exceeding those which were typical of the district court validity disputes that our recommendation was intended to supplant. (An interesting, if ironic, note can be found at page 101 of the report, in which the minority opposed to a time limitation suggested that it "would discriminate in favor [of] large

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companies and institutions with the resources to monitor what patents are being issued." The reality of course is that large companies have deployed the open-ended system to discriminate against small inventors who cannot afford to defend against seriatim, well-funded attacks on their issued patents.)

My purpose here is not to seek a legislative correction to this serious imbalance that has been created; rather, I believe that the PTO has significant room within the current framework to mitigate its effects and improve the integrity of our process for post-grant challenges.

Specifically, in reviewing the current PTAB rules, the USPTO should give its judges leeway to deny petitions in accordance with the so-called *Fintiv* factors, allowing the PTAB discretion to decline review of cases that were already progressing to trial in district court. This would reduce the opportunity for large companies to bury smaller inventors in legal fees through duplicative proceedings.

For such a reform to succeed, the USPTO should do away with the "compelling merits" standard for excepting certain patent challenges from discretionary denial. This standard only undermines the force of the *Fintiv* precedent, risking a significant increase in the number of PTAB challenges that duplicate litigation already underway in the courts.

Ultimately, America's inventors and innovative companies need a system under which they can achieve "quiet title" to their intellectual property -- settled ownership that is not subject to the constant threat of debilitating challenges by larger competitors. This will liberate them, especially small companies, to redeploy resources towards commercializing their creations, rather than worrying about costly legal battles.

IP rights are the best tool yet devised for fueling the kind of technological progress on which our economy depends. But the system cannot function without consistent and predictable enforcement. With a few targeted changes to PTAB procedures, the USPTO can foster a better system and safeguard one of America's most essential institutions.

Thank you for the opportunity to weigh in on this important matter.

Sincerely,

James Pooley