



June 18, 2023

The Honorable Katherine K. Vidal
Under Secretary of Commerce for Intellectual Property and Director
of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Re: USPTO Request for 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-2020-0022)

To the Honorable Under Secretary Vidal:

I. Introduction

Microsoft Corporation ("Microsoft") appreciates the opportunity to respond to the U.S. Patent and Trademark Office's April 20, 2023 Advance Notice of Proposed Rulemaking ("ANPRM"), entitled "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" ("PTAB").

Microsoft is a multinational technology company that develops and supports software, technology services, and hardware devices. Microsoft's mission is to enable people and businesses throughout the world to realize their full potential by creating technology that transforms the way people work, play, and communicate. Microsoft innovations help achieve this mission, in part, by providing a variety of software and hardware products to consumers and enterprises.

II. Microsoft's Participation in the Patent System

Microsoft has more than 72,000 issued patents and more than 19,000 pending patent applications worldwide. Annually, Microsoft invests more than \$24 billion in Research and Development ("R&D"), making it one of the top 10



companies in worldwide R&D spending. As one of the top patent filers in the United States, Microsoft has a vested interest in a patent system that incentivizes invention, encourages collaboration, and spurs economic growth across a wide array of industries. And while Microsoft has a very significant patent portfolio, like many companies in our industry, we are also a frequent target of infringement allegations based on patent claims that never should have issued. Having a balanced and efficient system to test the validity of patents before the U.S. Patent and Trademark Office (“USPTO”) is essential to our business.

As an innovation leader and patent holder, Microsoft has a significant interest in maintaining the review mechanisms established under the America Invents Act (“AIA”). Congress enacted the AIA in 2011, establishing inter partes review (“IPR”) to provide an alternative to costly court litigation to determine patent validity. A central tenet of that landmark legislation is that we should have a predictable and well-functioning patent system that rewards innovators and protects valid patents, while offering an efficient and effective way to cancel patent claims that should not have been issued. The AIA did just that by providing an alternative to litigation that allowed parties to avoid wasting resources in unnecessary lawsuits over invalid patents. Since its inception, the PTAB has saved billions of dollars in litigation costs. Unfortunately, the ANPRM directly conflicts with the AIA.

III. Comment on the ANPRM

The ANPRM contravenes congressional intent in several ways, including:

- It directly conflicts with the statutory deadline the AIA provided for filing a petition, by effectively shortening it from one year to six months. Congress previously considered this approach and expressly rejected it.
- It imposes a standing requirement that Congress contemplated but opted not to include.
- It changes the standard for instituting review from the one Congress set (“reasonable likelihood”) to a higher “compelling merits” test.
- It alters the estoppel regime that Congress set by planning to apply it in such a way that any district court determination would be a bar to PTAB review, in all but the narrowest of cases.

While reasonable minds may differ as to whether the PTAB process should be changed in these ways, such drastic changes cannot be reconciled with the AIA. If stakeholders wish to reform the AIA, there is an appropriate way to go about it,



and the ANPRM is not that way. Microsoft welcomes these conversations and is open to a dialogue on any of these matters, but the only venue to legitimately change these requirements is via legislation. It is for these reasons that Microsoft strongly urges the USPTO not to adopt the proposals in the ANPRM.

Respectfully submitted,

/Isabella Fu/

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