IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Requirement To Identify All Real Parties in Interest to a Third-Party Request for an Ex Parte Reexamination

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Docket No. PTO-P-2025-0545

COMMENTS BY THE U.S. MANUFACTURERS ASSOCIATION FOR DEVELOPMENT AND ENTERPRISE

August 21, 2026

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I. INTRODUCTION AND COMMENTER'S INTEREST

The U.S. Manufacturers Association for Development and Enterprise (US*MADE) is a nonprofit association representing companies manufacturing diverse goods in the United States. US*MADE members range from some of the largest U.S. manufacturers to the smallest father and son business. While US*MADE members have collectively received hundreds of thousands of patents to undergird their innovative enterprises, they have also been the targets of abusive patent litigation. Thus, US*MADE was specifically created to preserve and strengthen efficient and cost-effective mechanisms—including *ex parte* reexamination—to cancel improvidently granted patents that can be used to threaten U.S. manufacturing.[1]

II. COMMENTS

US*MADE opposes the proposed requirements. The USPTO has presented no evidence that disclosure of the identities of *ex parte* reexamination requesters is necessary—the agency makes no showing that parties have been filing improper reexamination requests. And it is entirely predictable, in view of the agency's recent practice of restricting access to post-issuance review, that the USPTO will misuse such "real party in interest" information to undermine access to *ex parte* reexamination. At the very least, the proposed change needs to be accompanied by a de-designation of the USPTO's *Valve* and *Ventex* precedential decisions, which apply an incorrect and overbroad interpretation of when one party's petitioning activity estops a separate party from seeking review.

[1] US*MADE's members are listed at: https://us-made.org/members/

A. The USPTO has done severe damage to the system of administrative review of patents—and to America's advanced manufacturers.

It would be hard to overstate the damage that the USPTO's leadership has done to the system of post-issuance administrative review of patents in the last year and a half. Through a series of restrictions that contravene the statutory framework and, frankly, make no sense, the agency has "functionally suspended" PTAB proceedings.

By US*MADE's count, since March 28, 2025, the USPTO has denied 801 petitions for *inter partes* or post-grant review for non-statutory "discretionary" reasons that have no basis in the statute. Every single one of these petitions cost at least $100,000 to prepare and file. Virtually all of them were an important part of the petitioner's defense to an allegation of patent infringement.[2] And all these petitions have now been denied because of ad hoc rules that not only are contrary to the statutory framework, but in most cases did not even exist when the petitions were filed.

In the past, the institution rate for AIA proceedings was consistently about 67% and almost all petition denials were based on the evidentiary merits.[3] But since October 2025, the petition institution rate has plummeted to 25%.[4] Unsurprisingly, "[t]he number of America

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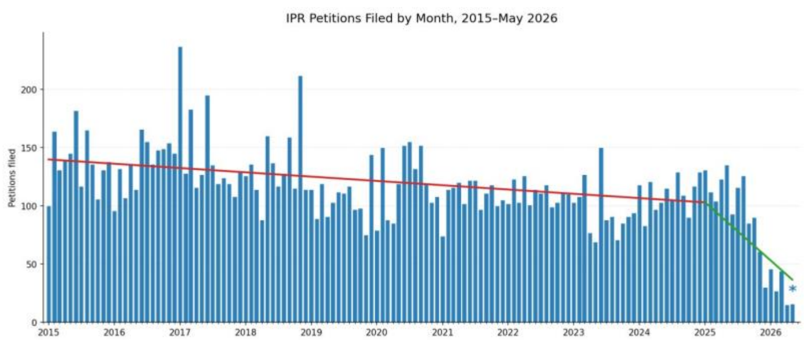
[2] The vast majority of AIA review petitions are filed in response to litigation over the asserted patents. *See* PTAB Parallel Litigation Study June 2022, available at https://perma.cc/8KJV-V5WY (noting that 80% or more of PTAB petitioners have been sued by the patent owner prior to the filing of their petition).

[3] *See* PTAB Trial Statistics: 2025 End of Year Outcome Roundup, slide 7, available at https://perma.cc/2NAR-9LGK; Wilson Sonsini, 2023 PTAB Year in Review, at 2, available at https://perma.cc/77D8-SLGU.

[4] *See* Theresa Schliep, Squires Snubs 10 IPRs While 4 Pass Muster In Latest Order, Law360, April 29, 2026.

Invents Act petitions [filed has] continued to crater . . . as [these] policies . . . [have] settled in"[5] and it has become clear that the USPTO has "effectively shut down *inter partes* review for most filers."[6] The following chart, which tracks all petitions filed since 2015, illustrates the recent decline in filings:[7]



"Practitioners have done the math: if [*inter partes* review] petitions are denied at the front end regardless of merit, the cost-benefit calculus no longer works."[8] By administrative fiat, the congressionally enacted system of patent validity review has been "functionally suspended."[9]

Behind these numbers is the severe damage that the USPTO's actions are doing to critical sectors of the U.S. economy. The agency's *Fintiv* policy, for example, cuts off access to PTAB review if a district court schedules a trial to occur before the PTAB would issue a final written

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[5] Theresa Schliep, PTAB Petitions Continue To Plummet As Reexams Surge, Law360, April 17, 2026.

[6] Dennis Crouch, Borrowing from the Board: District Court Obviousness in the Post-IPR Era, May 21, 2026, available at https://perma.cc/UAC8-CNGX.

[7] *See* Dennis Crouch, Inter Partes Review in 2026, May 24, 2026, available at https://perma.cc/QE34-RUTC.

[8] *Id.*

[9] *Id.*

decision. In practice, this time-to-trial rule overwhelmingly bars patent defendants from seeking validity review if they have been sued in the Eastern District of Texas—a venue that alone accounts for over a quarter of all patent infringement lawsuits filed in the United States.[10] Under the AIA and its implementing regulations, an *inter partes* review is scheduled to be completed 18 months after the petition is filed.[11] The USPTO has concluded, however, that the average time to trial in the Eastern District of Texas is about 22 months[12]—which means that once a defendant is sued there, it has less than four months to prepare and file a petition under the USPTO's new time-to-trial rule. Of the 280 petitions that have been expressly denied under this rule since the USPTO retroactively eliminated safe harbors in March 2025, 217 petitions—about 77%—have been denied because of copending litigation in the Eastern District of Texas.[13] In effect, the *plaintiff's* choice of litigation venue determines whether the *defendant* can seek validity review at the USPTO.

In addition, the agency's time-to-trial rule makes it virtually impossible to seek *inter partes* review if the petitioner is the target of an enforcement investigation at the International Trade Commission. Such investigations are expedited—they usually are completed in less than

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[10] *See* Ryan Davis, New Patent Suits Surge As PTAB Challenges Get Tougher, Law360, August 4, 2026.

[11] *See* 37 C.F.R. § 42.107(b); 35 U.S.C. § 314(b); *id.* § 316(a)(11).

[12] *See Charter Commc'ns, Inc. v. Adaptive Spectrum and Signal Alignment, Inc.*, IPR2024-01379, at 9-11 (Apr. 17, 2025); *Dell Inc. v. Universal Connectivity Techs., Inc.*, IPR2024-01479, -01478, at 5-6 (Apr. 7, 2025).

[13] For this and other reasons, this district is a favorite venue of non-practicing patent plaintiffs, who usually acquire their patents on the secondary market and whose patents tend to be of low quality. The Eastern and Western Districts of Texas account for two-thirds of all non-practicing patent plaintiff litigation in the United States. *See* Unified Patents, Patent Dispute Report: Q3 in Review, Oct. 9, 2025, available at https://www.unifiedpatents.com/insights/2025/10/9/patent-dispute-report-q3-2025-in-review.

18 months.[14] Thus although only a limited number of these proceeding are filed each year,[15] in 2025 they accounted for the denial of 25 *inter partes* review petitions. Notably, the USPTO bars PTAB validity review based on the pendency of an ITC proceeding even though such investigations lack the authority to cancel invalid patent claims or to preclude their enforcement in district court.[16]

Fintiv appears to be premised on a policy judgment that the opportunity to challenge a patent in an infringement trial is a perfectly adequate substitute for validity review by the technical experts at the PTAB. Not only is this policy judgment irreconcilable with Congress's decision to establish post-issuance review—it has been refuted by the experience under *Fintiv*.

A dozen *Fintiv* denials were applied in 2020 to petitions challenging patents that had been asserted against Intel Corp. Intel's petitions presented evidence that the patents were invalid as obvious over prior art, but this evidence was never considered on its merits. Several of these patents were asserted by VLSI, the litigation arm of a foreign-owned hedge fund. As a result of these *Fintiv* denials, VLSI went on to secure multi-billion-dollar damages awards against Intel.[17]

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[14] *See* USITC, Section 337 Statistics: Average Length of Investigations (updated Feb. 3, 2026), available at https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm.

[15] *See* USITC, Section 337 Statistics: Number of New, Completed, and Active Investigations By Fiscal Year (updated Feb. 3, 2026), available at https://www.usitc.gov/intellectual_property/337_statistics_number_new_completed_and_active.htm.

[16] *See Hyosung TNS Inc. v. ITC*, 926 F.3d 1353, 1358 (Fed. Cir. 2019) ("[W]e have held that the ITC's determination of patent infringement and validity do not have claim or issue preclusive effect even if affirmed by our court"); *Texas Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996).

[17] *See* "Intel loses U.S. patent trial, ordered to pay $2.18 billion to VLSI Tech," Reuters, Mar. 2, 2021; Britain Eakin, "Intel Hit With $949M Verdict In Latest VLSI Patent Fight," Law360, Nov. 5, 2022.

A year later, however, these same patents were challenged at the PTAB by other entities that had not been sued and thus were not subject to a *Fintiv* bar. These entities largely copied the petitions that Intel had filed in 2020 but that had been dismissed under *Fintiv*. The USPTO concluded that the petitions presented a "reasonable likelihood" that the patents were invalid and instituted review. And in subsequent final written decisions, the USPTO has concluded that all the challenged claims of the asserted patents are invalid.[18]

The VLSI litigation tells us two things: first, *Fintiv* and other procedural hurdles that the USPTO is erecting against patent-validity review are preventing merits review of clearly invalid patents. And second, Congress was right about the need for post-issuance review at the agency: district court litigation, and in particular jury trials in the patent magnet jurisdictions, do not provide a reliable or effective check on patent quality. Eliminating access to agency review will do serious harm to important sectors of the U.S. economy.

Congress and the Administration have recognized that leadership in semiconductor design and manufacturing is critical to the economy and to our national security. Congress recently appropriated billions of dollars to strengthen domestic chip manufacturing. The Commerce Department, in addition to administering this program, has made extensive efforts to persuade foreign manufacturers to build chip fabrication plants in the United States. All these efforts will be badly undercut if the agency continues on its current path. Building a chip fab costs tens of billions of dollars, and chip manufacturing is a fiercely competitive industry. Companies need to be able to reliably secure a return in order to justify such investments. But

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[18] *See OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064 (May 12, 2023); *Patent Quality Assurance, LLC v. VLSI Tech. LLC*, IPR2021-01229 (Jun. 13, 2023).

doing so becomes difficult if not impossible when limits are imposed on a company's ability to defend itself against lawsuits seeking billions of dollars for worthless patents.

Again, these potential harms are not speculative or hypothetical. This is *exactly* what happened to our nation's leading chip maker under the *Fintiv* policy. This and other recent policies will inevitably depress investment in chip manufacturing—and other high-tech manufacturing in the United States more generally. Jury trials in patent cases and unpredictable high-dollar damages awards are unique to the U.S. litigation system. If a company does choose to manufacture here, every chip or other item built at that plant, regardless of where it is ultimately sold or used, is a potential target of patent litigation. Building a factory anywhere else in the world avoids many of these problems.

In addition to our domestic manufacturers, foreign manufacturers also are sensitive to U.S. patent litigation. They are fully aware of the USPTO's "discretionary denial" policies—for example, several foreign chip manufacturers submitted comments when the USPTO sought public views on the policy in October 2020. These companies also know about the litigation against Intel, and they face much U.S. patent litigation of their own. When foreign companies see that even a leading U.S. manufacturer is being subjected to multi-billion-dollar damages awards based on invalid patents, these foreign companies know they can hardly expect better treatment for themselves. The *Fintiv* policy has likely already deterred substantial foreign direct investment in high-tech manufacturing in the United States.

The USPTO's arbitrary restrictions on the ability to challenge invalid patents that are being asserted in court will also inevitably increase outlays for the federal government by driving up the costs of acquisitions and contracting. When the government's suppliers and contractors pay more to settle claims to invalid patents, those costs inevitably are passed on to the purchaser—the U.S. government.

These policies are doing serious harm to the interest of the United States. They need to be stopped.

B. There is no evidence that ex parte reexamination is being abused.

The America Invents Act's post-issuance rules have been in place for nearly 14 years. The USPTO now proposes to change those rules for *ex parte* reexamination to require identification of the real parties in interest of the requester—undermining the confidentiality that the agency itself acknowledges plays an important role in parties' willingness to request reexamination of the patents of competitors and litigious entities.

In light of the agency's nearly decade and half of experience administering this system, in support of the purported need for this change, the USPTO cites—nothing. The NPRM does not describe a single instance in which a requester has abused the *ex parte* reexamination process, nor any reasons to believe that such abuses have been occurring.

The absence of *any* evidence of a need for a change in a system that has operated smoothly for this many years alone is a compelling reason to leave the current rules in place. The agency's insistence on going forward with a rulemaking suggests that the USPTO's cited reasons for the rule are pretextual: this NPRM is not about "fixing" any problem with *ex parte* reexamination. Rather, it is motivated by hostility toward reexamination—the same hostility that has been manifested in the USPTO's efforts to sabotage contested AIA proceedings during the last year and a half.

C. The USPTO needs to apply the real definitions of "real party in interest" and "privity" when enforcing estoppel.

Currently, a pair of "binding" PTAB precedential decisions define when one party's PTAB petitioning activity estops another party from seeking review of a patent. These decisions are inconsistent with the statutory framework and established concepts of due process.

35 U.S.C. § 315(e) defines when estoppel is triggered and against whom it applies. That section applies estoppel only on the basis of a contested PTAB review that has resulted in a final written decision, and it extends the estoppel to third parties only if they are "real parties in interest" or "privies" of the PTAB petitioner. Section 315(e) provides:

> (e) Estoppel.—
>
> (1) Proceedings before the Office.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.
>
> (2) Civil actions and other proceedings.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

35 U.S.C. § 315(e).

Nothwithstanding this framework, in *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00062 (Apr. 2, 2019), the agency held that the manufacturer of an accused product had a "significant relationship" with its customers and thus was barred from challenging a patent after one of its customers was sued and challenged the patent. A similar approach was applied in the PTAB precedential decision in *Ventex Co., Ltd. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651 (Jan. 24, 2019). *Ventex* held that a manufacturer was both a "privy" and a "real party in interest" of its customers because the manufacturer and customers had various business agreements with each other and because both had an interest in invalidating the patent.

This is not what "privity" and "real party in interest" mean at common law. These concepts are the traditional bases for applying issue and claim preclusion and are well defined in caselaw—including in *Taylor v. Sturgell*, the U.S. Supreme Court decision cited in the NPRM. As that decision notes, there is a strong presumption against applying preclusion to someone based on a proceeding to which they were not a party—it is the exception rather than the rule:

> A person who was not a party to a suit generally has not had a full and fair opportunity to litigate the claims and issues settled in that suit. The application of claim and issue preclusion to nonparties thus runs up against the deep-rooted historic tradition that everyone should have his own day in court. Indicating the strength of that tradition, we have often repeated the general rule that one is not bound by a judgment *in personam* in a litigation in which he is not designated as a party or to which he has not been made a party by service of process.

Taylor v. Sturgell, 553 U.S. at 892-92 (citations omitted).

The Supreme Court also emphasized that preventing a party from defending its own interests may be "inconsistent with the due process of law guaranteed by the Fourteenth Amendment." *Id.* at 897. *Taylor v. Sturgell* noted that the Court has held unconstitutional some rules that applied preclusion to a non-party. *See id.* at 896-97. For these reasons, the "privity" and "real party in interest" exceptions allowing preclusion to be applied to non-parties are carefully and narrowly defined.

Valve and *Ventex* are not colorable applications of traditional preclusion principles. Many companies in an industry will have multiple commercial agreements with each other. To say that each fully represents the others' interests when a patent is broadly asserted against the industry goes far beyond due-process restrictions on the application of preclusion to non-parties.

Taylor v. Sturgell lists six scenarios in which preclusion may be applied to non-parties. The second, fourth, and fifth categories are the ones that are potentially relevant to patent cases. These concern substantive legal relationships such as preceding and succeeding ownership of property; a non-party that assumes control over litigation; and litigation by a proxy or agent. *See* 553 U.S. at 893-95.[19]

The widely respected Wright & Miller treatise on Federal Practice and Procedure defines the circumstances in which successive interests in property, control of litigation, and litigation by proxy make a non-party a real party in interest or privy of parties to a proceeding. None of the rules described by Wright & Miller would apply preclusion based on the types of supplier-customer commercial relationships at issue in *Valve Corp.* and *Ventex*.

In the case of transfers of property, only post-judgment purchasers are bound. A customer who purchases a product before the supplier litigated infringement claims against the product is not bound by a judgment against the supplier, and the supplier is not bound by its customer's litigation:

> Transfers before any litigation has commenced begin with the basic rule that neither transferee nor transferor has power to bind the other. Without more, indeed, it has been held a denial of due process to preclude a transferee who took prior to the litigation involving the transferor. As one decision put it, the "true owner" of property should not be bound by the efforts of another who may lack any genuine interest in the dispute. In like fashion, litigation by the transferee cannot bind the transferor apart from the effects of voucher to warranty. For that matter, litigation by the transferee before the transfer does not preclude the

[19] The other exceptions involve agreements among parties to be bound by another's litigation; litigation by a fiduciary such as a trustee or guardian; and statutory schemes that impose preclusion. *See* 553 U.S. at 893-95.

> transferee from suing again on the basis of a claim acquired from a transferor who was not bound by the judgment.

18A Fed. Prac. & Proc. Juris. § 4462 (3d ed.).

In the case of control of litigation, to be deemed in privity, a non-party must direct and control the litigation of the other party—mere assistance, such as providing money for the litigation, is not enough:

> The measure of control by a nonparty that justifies preclusion cannot be defined rigidly. The question is essentially a matter of fact, to be determined by looking for that measure of "practical control" that makes it fair to impose preclusion. Preclusion is fair so long as the relationship between the nonparty and a party was such that the nonparty had the same practical opportunity to control the course of the proceedings that would be available to a party. If this measure of control is established, relitigation is no more justified for the nonparty than for a party. If anything, preclusion may seem more appropriate as to the nonparty since he freely chose to participate rather than remain aloof. The appropriate measure of control does not require that the named party or parties totally abandon control to the nonparty. Instead, it should be enough that the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties. Such relationships between a party and a nonparty are most often found when a liability insurer assumes control of a defense, an indemnitor participates in defending an action brought against its indemnitee, or the owners and officers of a closely held corporation control corporate litigation. Lesser measures of participation without control do not suffice. Thus it is not enough that the nonparty supplied an attorney or is represented by the same law firm; helped to finance the litigation; appeared as an amicus curiae; testified as a witness; participated in consolidated pretrial proceedings; undertook some limited presentations to the court; or otherwise participated in a limited way. Even a nonparty who was "heavily involved" may remain free from preclusion.

18A Fed. Prac. & Proc. Juris. § 4451 (3d ed.).

Finally, a party to a proceeding need identify another party as its real party in interest only if it is acting solely as an agent of the other party and lacks an interest of its own in the proceeding:

> As a general rule, a person who is an attorney-in-fact or an agent solely for the purpose of bringing suit is viewed as a nominal rather than a real party in interest and will be required to litigate in the name of the principal rather than in the

> agent's own name. To determine the agent's status and whether the agent has any right or authority to proceed on its own, the language of the power of attorney must be examined. But an agent who has an ownership interest in the subject matter of the suit (or a power coupled with an interest), which is a question to be answered under the applicable substantive law, is a real party in interest.

6A Fed. Prac. & Proc. Civ. § 1553 (3d ed.).

Valve Corp. and *Ventex* make no effort to apply these principles; they do not even cite to the relevant court decisions and authorities. Indeed, *Ventex* appears to treat the concepts of privity and real party interest as interchangeable—it applies substantially the same analysis to find that both are present. This is not how these principles operate at common law. "Real party in interest" and "privity" are different concepts—they are discussed in different chapters of Wright & Miller. "Real party in interest" is a narrower basis for preclusion than privity. A party does not become a "real party in interest," for example, when it purchases property that is the subject of a prior judgment—only privity applies preclusion in such circumstances. In addition, the Patent Act itself recognizes and relies on these differences. The law extends § 315(b)'s one-year bar to the "real party in interest, or privy of the petitioner," but § 315(a)'s bar, which applies based on the accused infringer's civil action, applies only to "the petitioner or real party in interest." *See* 35 U.S.C. § 315(a), (b).[20] Both the common law and Congress recognize that privity and real party in interest are different concepts. The USPTO's precedential decisions and other guidance need to do so as well.

[20] Thus if a party is sued for infringement, § 315(b)'s one-year bar also runs against later purchasers of the infringing product or against a party whose litigation was controlled by the defendant. But if a party files a declaratory judgment action challenging the validity of the patent, only a real party in interest on whose behalf the party is litigating is precluded from seeking *inter partes* review under § 315(a).

Valve and *Ventex* are particularly damaging for small, mom-and-pop machine shops and other manufacturers. For such an entity, simply hiring a lawyer to review a patent that is asserted against it in a lawsuit or demand letter can be a challenge. If the lawyer concludes that the patent is invalid, filing an agency challenge is at least a possibility—the costs are in the thousands of dollars. If reexamination and PTAB review are barred, however, then the only channel of review is civil litigation, which is much less accurate and predictable—and which costs millions of dollars. For a small business, district court patent litigation simply is not an option. If a small business cannot reliably access agency review, usually its only choice when sued on an invalid patent is to pay a settlement. This not only hurts the small business; it adds fuel to the industry of asserting questionable patents against small enterprises. The impact on small manufacturers of the USPTO's arbitrary restrictions on access to PTAB review is profoundly unjust and contrary to the public interest.

III. CONCLUSION

The USPTO should realign its priorities with those of the Administration and Congress: it should protect real innovators and manufacturers, especially when it comes to critical technologies such as microprocessors and other high-tech manufacturing, and have a bias towards serving the public interest. The NPRM would subvert these interests for the benefit of those investors and lawyers who profit from litigating invalid patents. The USPTO should jettison the NPRM and return to following the letter and spirit of the Patent Act.