



## **BSA | The Software Alliance Positions on the Promoting and Respecting Economically Vital American Innovation Leadership Act**

BSA | The Software Alliance<sup>1</sup> expresses its concerns regarding the *Promoting and Respecting Economically Vital American Innovation Leadership Act* (PREVAIL Act). The legislation is of concern to many US industry sectors because it would undermine the ability to challenge before the Patent Trial and Appeal Board (PTAB) patent claims that never should have issued.

BSA is an association of the world's leading patent and copyright holders in software and other emerging technologies. BSA members invest heavily in intellectual property (IP), holding hundreds of thousands of patents. The software industry accounts for over \$100 billion in annual US R&D investments and nearly one quarter of total US private sector R&D expenditures.<sup>2</sup> For BSA members, IP is the cornerstone of innovation. Such innovation requires a predictable and well-functioning patent system that encourages investments in R&D and commercialization without fostering conditions for abuse of the system.

As innovators and patent holders, BSA members have a particularly acute interest in a well-calibrated US patent system. Through the investments they make in emerging technologies; the thousands of patent applications that they file each year; and their active use of patent office procedures (including post-issuance review mechanisms before the PTAB), BSA members work every day to help build a stronger and more resilient US patent system.

Congress created the *inter partes* review and post-grant review mechanisms through the Leahy-Smith America Invents Act ("AIA"), which Congress established to "give third parties a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity,"<sup>3</sup> and to permit cancellation "as unpatentable 1 or more claims of a patent."<sup>4</sup> The problem of invalid patents being mistakenly issued by the USPTO is not new: "Patents of low quality and dubious validity . . . constitute a drag on innovation . . . [and] unjustly cast doubt on truly high-quality patents."<sup>5</sup>

Regrettably, the PREVAIL Act would undermine, and inappropriately reduce access to, the USPTO's post-issuance review mechanisms, with consequential impacts on patent quality and predictability. We outline BSA's positions on some core elements of the PREVAIL Act in the Annex to this letter.

Please do not hesitate to contact me with any questions or comments.

Sincerely yours,

Aaron Cooper  
Senior Vice President, Global Policy  
BSA | The Software Alliance

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<sup>1</sup> BSA's members include: Adobe, Alteryx, Asana, Atlassian, Autodesk, Bentley Systems, Box, Cisco, CNC/Mastercam, Databricks, DocuSign, Dropbox, Elastic, Graphisoft, Hubspot, IBM, Informatica, Kyndryl, MathWorks, Microsoft, Okta, Oracle, PagerDuty, Palo Alto Networks, Prokon, Rubrik, Salesforce, SAP, ServiceNow, Shopify Inc., Siemens Industry Software Inc., Splunk, Trend Micro, Trimble Solutions Corporation, TriNet, Twilio, Workday, Zendesk, and Zoom Video Communications, Inc.

<sup>2</sup> Software.org, Support US through COVID (2021), available at: <https://software.org/wp-content/uploads/2021SoftwareJobs.pdf>

<sup>3</sup> H.R. Rep. No. 112-98, pt. 1, at 48 (2011); see also S. Rep. No. 110-259, at 20 (2011).

<sup>4</sup> 35 U.S.C. § 311(b).

<sup>5</sup> 157 Cong. Rec., S.131 (2011).

### **Annex: BSA | The Software Alliance Positions on PREVAIL Act**

This Annex reflects BSA positions on some core aspects of the PREVAIL Act (“Promoting and Respecting Economically Vital American Innovation Leadership Act”).

- **Proposal to establish a standing requirement in inter partes reviews (IPR)**
  - *BSA opposes this proposal.*
  - *Congress established post-grant proceedings to “give third parties a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity.”<sup>6</sup>*
  - *These proceedings are not simply intended as an alternative to district court litigation, but rather as a quality control mechanism to improve the resilience of the US patent system.*
  - *The standing requirements outlined in PREVAIL are improper and misplaced.*
  
- **Proposal to establish a new RPI rule under which any entity financially contributing to a PTAB validity challenge is a real party in interest who cannot bring future challenges**
  - *BSA has serious concerns with proposal for the reasons stated above.*
  - *USPTO should rigorously discipline any abusive conduct in PTAB proceedings, consistent with 35 U.S.C. § 316(a)(6), which already provides for sanctions “for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding,” and 37 C.F.R. § 42.11 and 37 C.F.R. 42.12(b), which authorize a wide array of sanctions and penalties for improper conduct in PTAB proceedings.*
  - *This statutory proposal would not address abusive conduct so much as it would preclude access to PTAB proceedings, effectively preventing trade associations from assisting their members, especially small and fledgling businesses, in responding to the assertion of a patent claim that the PTAB would be “reasonably likely” to find invalid.*
  
- **Proposal to require petitioners to choose between the PTAB and other forums, but not both.**
  - *BSA opposes this proposal.*
  - *As discussed above, the PTAB “give[s] third parties a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity.”*
  - *To protect patent owners, the grounds available to challenge a patent claim in IPR are far narrower than in district court or at the ITC, and so is the basis for a challenge on those grounds. A patent claim may survive a challenge in IPR but still be found invalid in court.*
  
- **Proposal to disqualify PTAB judges from making both institution and merits decisions**
  - *BSA opposes this proposal.*
  - *It would require two separate decisions in favor of the patent challenger to be rendered by six different technical judges. There is no clear rationale for a second panel of three judges to learn about technologies and patents that a first panel has already learned.*
  - *PTAB already has a very busy docket – this move would increase pressure on the docket and statutory deadlines without any commensurate benefit.*
  
- **Proposal to establish a rebuttable presumption against joinder for a time-barred petitioner**
  - *BSA has serious concerns with this proposal.*
  - *There are many reasons why a prior petitioner may seek to join a subsequent petition. For example, if the earlier petitioner’s petition was denied on questionable grounds and/or if the earlier petitioner faces significant potential litigation risk in parallel proceedings; if the first petitioner has significant knowledge or expertise to share; etc.*
  - *While there may be instances in which joinder should be denied, we recommend that PTAB be allowed to assess the merits of each case. The PTAB should not be deprived of its authority to make such fact-based determinations consistent with the AIA.*
  
- **Proposal to reject petitions that raise the same or substantially the same prior art or arguments that were previously presented to the USPTO absent exceptional circumstances**
  - *BSA opposes this proposal.*

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<sup>6</sup> HR Rep. No. 112-98, pt. 1, at 48 (2011).

- *If the PTAB is forced to reject any petition that relies on prior art that was previously “presented” to the USPTO, regardless of whether it was actually evaluated, this will not only preclude completely distinct, non-duplicative challenges based on prior art that was never actually considered by the agency, but it would also allow patentees to launder prior art by citing it in a document dump of hundreds or even thousands of references that are unlikely to be meaningfully considered by an examiner.*
- **Proposal to limit serial IPR and PGR petitions by applying estoppel at the time the petition is filed, rather than after a final written decision.**
  - *BSA opposes this proposal.*
  - *Among other things, it would apply estoppel even before the PTAB has made an institution determination. This would leave petitioners potentially estopped from raising arguments in either district court or before PTAB.*
- **Proposal to block IPRs and PGRs based on final validity determination in another forum**
  - *BSA opposes this proposal, which would effectively treat any district court or ITC proceeding as a binding authority vis-à-vis the three-judge PTAB panels.*
  - *The burden of proof in district court proceedings to invalidate a claim is higher than at the PTAB because the PTAB is part of the expert agency. While a district court may not find “clear and convincing” evidence of invalidity, the PTAB should still be able to determine, based on a preponderance of the evidence, that the patent claim should not have issued.*
  - *This proposal would lead to unreasonable results, as illustrated by a recent example in which the USPTO’s decision to arbitrarily bar access to PTAB review allowed a foreign hedge fund to obtain over [\\$3 billion](#) in damages verdicts against America’s leading chipmaker based on patents that the agency has since found to be invalid.*
- **Proposal to allow for expanded RPI discovery of petitioners.**
  - *BSA has serious concerns with this proposal.*
  - *USPTO is not equipped or structured to engage in pre-institution discovery regarding such RPI matters – whether on the side of the patent holder or petitioner.*
  - *The PTAB should not have to engage in such complex investigations, financial auditing, and forensic analysis on either side of the proceeding. The role of the PTAB is to determine patent validity.*
- **Proposal to adopt the “clear & convincing” evidence standard used in district court proceedings relating to patent validity**
  - *BSA opposes this proposal.*
  - *The “reasonable likelihood of invalidity” standard to initiate a IPR proceeding already requires an elevated finding of likelihood to prevail (akin to a PI/TRO standard in district court). While this institution standard is elevated, it is the right standard because it is aligned with the statutory goal of clearing out invalid patents from the US patent system.*
  - *Furthermore, with respect to the disposition on the merits of the PTAB proceeding, it would be improper to apply a “clear & convincing” standard. This standard of deference is suitable to determinations by a non-expert court that is reviewing the determinations of an expert agency. In the case of the PTAB, the agency is reviewing its own determination so this deferential standard is not necessary or appropriate.*
- **Proposal to codify USPTO practice that allows the PTAB to provide guidance on patent owner motions to amend and patent owners to revise their motions after receiving that guidance.**
  - *BSA notes that USPTO has conducted a motion to amend pilot program that allows a patent owner to file a motion to amend, and allows the PTAB to provide guidance on proposed substitute claims.*
  - *The pilot program allows the patent owner to revise its proposed substitute claims; and ensures that information submitted as part of the amendment process, including PTAB guidance are part of the patent’s prosecution history.*
  - *This program has been helpful to patent holders and we support its continuation. However, it is not clear that the program must be codified at this point.*