



June 20, 2023

**BSA Comments to US Patent and Trademark Office on
USPTO Advance Notice of Proposed Rulemaking**

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

Dear Under Secretary Vidal,

BSA | The Software Alliance (BSA) appreciates the opportunity to respond to the Advance Notice of Proposed Rulemaking (ANPRM) published on April 21, 2023 by the US Patent and Trademark Office (USPTO) and 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).¹

This submission is organized into four major sections: (1) an introduction of BSA; (2) an executive summary; (3) a discussion of the specific legal impacts of the ANPRM proposals on the US patent system; and (4) a conclusion.

I. About BSA

As an association of the world’s leading patent and copyright holders in artificial intelligence, quantum computing, enterprise software, and other emerging technologies,² BSA promotes policies that foster innovation, growth, and a competitive marketplace for commercial software and related technologies. BSA members invest heavily in intellectual property (IP), holding hundreds of thousands of patents and receiving (in 2021) nearly 40 percent of all US patents issued to the top 10 grantees, and within that grouping, nearly 85 percent of the US patents issued to American companies.³ The software industry accounts for over \$100 billion in annual US research and development (R&D) investments and nearly one quarter of total US private sector R&D expenditures.⁴

As innovators and responsible patent holders, BSA members have a particular interest in the *inter partes* review and post-grant review mechanisms established under the Leahy-Smith America Invents Act (AIA). These mechanisms make for a more robust and resilient US patent system in two ways: (1) ensuring that US issued patents are durable and enforceable; and (2) allowing for the stress-testing of any improvidently granted patent claims that the USPTO would be reasonably likely to find invalid.

Through the investments they make in emerging technologies; the thousands of patent applications that they file annually with USPTO and around the world; and their active use of post-grant review mechanisms to build a stronger and more resilient US patent system, BSA members are vigorous supporters of continued and future US leadership in emerging technologies.

II. Executive Summary

The US patent system, particularly its dual framework of pre-grant examination and post-grant review, is central to the success of US innovation policy. As National Security Advisor Jake Sullivan has noted, US innovation policy is critical to our economic and national security:

Preserving our edge in science and technology is not a “domestic issue” or “national security” issue. It’s both. Under President Biden’s leadership, we have built into the foundation of our approach a deep integration of domestic policy and foreign policy and a focus on issues that spill out of these two traditional siloes. As part of that, we are pursuing a modern industrial and innovation strategy to invest in our sources of strength at home, which also powers our strength around the world. ... But computing-related technologies, biotech, and clean tech are truly “force multipliers” throughout the tech ecosystem. And leadership in each of these is a national security imperative.⁵

A central facet of US innovation policy is 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. As Congress explained in the AIA, the United States must have a patent framework that produces high quality patents and that rewards innovation, consistent with the US Constitution. Congress, in the AIA, stressed the importance of patent quality. The PTO’s primary opportunity to prevent an improper patent grant is at the application stage. But Congress recognized that mistakes are inevitable. “It is unrealistic to believe a patent examiner would know all of the places to look for [relevant] information” at the examination stage, “and even if the examiner knew where to look, it is unlikely he or she would have the time to search all of these nooks and crannies.” 157 Cong. Rec. 2,843 (2011) (remarks of Sen. Klobuchar).

The AIA therefore designed post-grant proceedings to provide a more “efficient system for challenging patents that should not have been issued.” This quality control mechanism, which couples pre-grant administrative examination of patent applications with post-grant review of any issued patent claim, helps justify the presumption of validity that patents receive in litigation. And the statute is faithfully implemented when the PTAB institutes an *Inter Partes* Review if it determines there to be a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the [patent] claims challenged” and the other statutory factors are met. Systematic “discretionary denials” of an IPR in situations in which the statutory criteria are met are not consistent with the system created by the AIA.

BSA strongly opposes proposals in the April 12 ANPRM that would enervate the US patent system by systematically shielding weak patents from review in post-grant PTAB proceedings. These proposals will undermine the strength and resilience of American innovation. AIA post-grant proceedings are a keystone of the US patent system. The ANPRM proposals could compromise the structural integrity of that system by programmatically undermining the availability and the viability of those proceedings.

Among other things, these proposals would divert scarce resources into wasteful and unnecessary district court litigation underwritten by foreign hedge funds and litigation financiers. These proposals would do so at the expense of the US-based innovation and R&D activities necessary to America’s future technology leadership.

We strongly urge USPTO not to advance these proposals.

III. The ANPRM Proposals Would Rewrite the AIA and Usurp Congressional Authority

AIA post-grant proceedings should be allowed to function as Congress intended, namely to “give third parties a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity,” and to permit cancellation “as unpatentable 1 or more claims of a patent.” AIA post-grant proceedings should serve as an efficient system to weed out invalid patent claims while preserving and strengthening valid patents, thus reducing both the number and cost of frivolous lawsuits.

The proposals in the ANPRM would do the opposite. They would overturn or substantially alter core AIA provisions on post-grant proceedings, contrary to the express language agreed by Congress. These proposals do so through over a dozen major proposals to limit or block institution of PTAB proceedings on procedural and substantive grounds not envisioned by statute. We identify several examples below.

A. Rewriting the Statutory Deadline for Filing a Petition in Conjunction with a Strict Application of the *Fintiv* Rule

In the AIA, Congress stipulated that a PTAB petition must be filed within “1 year after . . . the petitioner is served with a complaint” alleging infringement of the patent.⁶ The ANPRM would propose to shorten the default deadline to six months unless the petitioner falls within certain safe harbors.⁷ Six months is the same time period that Congress considered and expressly *rejected* as the statutory deadline in 2011.

While the ANPRM states that the USPTO will not actually change the 1-year statutory filing deadline, the ANPRM makes clear that later filed petitions would likely be systematically denied based on a strict application of the *Fintiv* rule. USPTO’s proposal to apply *Fintiv* strictly in conjunction with a new extra-statutory 6-month filing timeline represents a sharp and unprecedented reversal of USPTO’s decision from just last year not to apply *Fintiv* in this manner.

The effective impact of this proposal would be to programmatically reduce the availability of IPR proceedings, contrary to the letter and spirit of the AIA. BSA strongly opposes this proposal.⁸

B. Rewriting the AIA’s Standard for Instituting Review

In the AIA, Congress set a “[reasonable likelihood](#)” threshold for instituting PTAB review and a “[preponderance of the evidence](#)” standard for final validity determinations.

The USPTO now proposes in many situations to deny institution of a case unless the petitioner satisfies a non-statutory “compelling merits” test for instituting review—which it concedes is a higher threshold than even the standard for the final determination. USPTO proposes to deny requests to institute PTAB proceedings on numerous grounds, including but not limited to those noted above, and to otherwise require a petitioner to satisfy a “compelling merits” standard – requiring the petitioner to show that “the evidence of record before the Board at the institution stage is highly likely to lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.”⁹

This standard has no basis in the underlying statute and would seem to supplant Congress’ judgment regarding the proper standard to initiate proceedings before the PTAB. It would also programmatically reduce the availability of PTAB proceedings, with the foreseeable consequence that a larger number of (likely) invalid patents could be asserted by unscrupulous actors against legitimate American innovators and researchers. BSA strongly opposes this proposal.

C. Rewriting Congress' Rules for Who Can File a Petition

The ANPRM seeks to programmatically reduce access to PTAB proceedings by instituting “standing” requirements that Congress contemplated and rejected in [early versions](#) of the AIA. USPTO effectively seeks to supplant its own judgment for that of Congress by proposing to discretionarily deny cases on the basis of newly created standing requirements, including an unreasonably expansive definition of what constitutes a Party having a “substantial relationship” with a petitioner,¹⁰ and new “limitations on nonmarket competitors.”¹¹ We address each in turn.

1. Denying Access to PTAB Proceedings Based on Overbroad Definitions of Parties in a “Substantial Relationship”

The AIA contains several limits on the availability of proceedings (as well as several estoppel provisions) based on prior or parallel actions by the same petitioner, real party in interest (RPI), or person in privity with the petitioner.¹²

Under the ANPRM, the USPTO would seek to systematically limit access to PTAB proceedings by taking the unprecedented step of treating a wide array of unrelated parties as RPIs who can stand in each others' shoes for purposes of both legal preclusion and denial of petitions to institute post-grant proceedings. This novel interpretation contravenes Congress' intent to ensure that PTAB proceedings be made widely available as an efficient and inexpensive means of assessing the validity of patents. For example, USPTO is considering systematically foreclosing access to PTAB proceedings for unrelated companies—even direct competitors—that are co-defendants in a patent litigation proceeding. It is also considering foreclosing such access to companies that are merely “involved in a membership organization” if that organization has filed an IPR or PGR.

The ANPRM takes no account of the conflict between this broad-brush proposal and the statute. Nor does the ANPRM take account of prior jurisprudence, which has almost always held that two parties shall not be considered to be RPIs simply because they are co-defendants in patent litigation.¹³ Indeed, the ANPRM proposals would depart markedly from prior Federal Circuit and PTAB RPI jurisprudence in a wide array of scenarios, fundamentally disrupting longstanding practice and settled expectations.

These proposals represent a sharp departure from established practice since the earliest IPRs and under the PTAB Consolidated Trial Practice Guide (Nov. 2019), which identifies RPIs or those in privity with a party to the proceedings based on a nuanced, fact-intensive analysis of corporate structure, contract, or financial interest. Departing from these accepted norms and instead denying a Party's access to post-grant proceedings based on the prior acts of a wholly unrelated person (including a competitor) effectively attributes to the Party the misjudgments, carelessness, and tactical missteps of that unrelated person. To effectuate such a change would be a prejudicial and unexpected change in USPTO practice. Such a change would fall well outside the bounds of reasonable and predictable governmental conduct.

Furthermore, this change would create a race to the PTAB and reward hastiness and speed over quality. This would be a costly endeavor for operating businesses just to be the “first in line” at the PTAB early on in the district court litigation, often before infringement contentions are due and the plaintiff / patent owner identifies which claims it will be pursuing. Forcing petitioners to file their petitions before patent holder has even identified the claims that it intends to pursue would lead to less well-informed petitions, impeding the PTAB's own ability to assess the pertinence and weight of those petitions, and increasing the risk of misjudgment and miscalculation.

BSA strongly opposes this proposal.

2. Denying Access to PTAB Proceedings Based on Newly Created “Limitations on Nonmarket Competitors”

Congress intended PTAB proceedings to be broadly available to “give third parties a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity.”¹⁴ Under the

ANPRM, USPTO would instead seek to eliminate the ability of any “third party” to initiate PTAB proceedings. USPTO reasons that such limits are necessary “[t]o curb the potential for abusive filings.”¹⁵

As we have previously explained,¹⁶ proposals to limit access to the PTAB as the primary means of addressing allegations of abusive conduct are legally flawed, contravening both the statute and USPTO’s own regulations. USPTO should not use allegations of misconduct or abuse as a pretext to impose standing requirements or other procedural hurdles to initiating post-grant proceedings. Such hurdles are not authorized by statute or regulation.

Congress addresses the institution of petitions under Sections 311 and 314(a), and addresses abusive conduct in a wholly separate section—Section 316(a).

BSA respectfully submits that it would be inconsistent with the AIA to begin applying Section 316(a)(6) as a policy tool to safeguard improvidently granted patents until they are challenged in court. When USPTO makes institution determinations on criteria that go beyond those set forth in section 314(a), it infuses uncertainty into the underlying statutory framework and into the circumstances surrounding institution determinations. Where other sanctions may be more appropriate to address abuses or where evidence of such abuse is either ambiguous or controverted, the USPTO should not readily restrict access to post-grant proceedings by refusing to implement an otherwise meritorious petition.¹⁷ BSA strongly opposes this proposal.

D. Permitting Invalid Patents to be Asserted by Those Claiming Small Entity Status, including NPEs Funded by Litigation Financiers and Hedge Funds

Another ANPRM proposal that would systematically foreclose access to PTAB proceedings would exempt (likely) invalid patent claims from “second look” review at the PTAB if the patentee claimed to be a small business.¹⁸ This proposal contradicts the statute, which intended PTAB post-grant proceedings to strengthen the overall US patent system by dealing with patent claims that USPTO would likely find to be invalid upon a second review. Creating an unprincipled exception from this system will weaken the overall patent system. BSA has the following concerns.

First, this proposal does not account for widespread evidence that large litigation financiers buy up, or invest in, patents from small non-practicing entities as a well-established system of patent litigation arbitrage. As stated in *Third Party Funding of Patent Litigation*, “[t]he patent troll market has grown substantially, buying patents from small entrants and litigating them at scale against cash-rich incumbents.”¹⁹ In one survey of patent cases, it was found that:

47% of all [patent] cases emerged from NPEs of various kinds, either patent assertion entities, individuals, or small company NPEs. This means that NPEs have cornered close to half of the market on patent litigation...

Second, the PTAB is not equipped or structured to engage in pre-institution discovery on whether the patentee is a “small business,” and whether the patentee is receiving indirect or direct funding sources from other entities (law firms, hedge funds, foreign sovereign wealth funds, or other undisclosed litigation financiers) or by other means (contingency retainer agreements, equity investments, or various other contractual/funding mechanisms). This type of complex fact finding would create an expensive and costly side-show to PTAB proceedings. To ask PTAB judges to pursue detailed audits into the opaque funding sources that fuel NPEs would fly in the face of the intent of the AIA – i.e., to create an inexpensive, expedited, and more reliable alternative to district court litigation. The PTAB should not have to engage in such complex investigations, financial auditing, and forensic analysis.

Third, while the ANPRM purports to address the change of NPEs by including a simple commercialization test, this test appears to be easily evaded by many NPEs. It would be easy for a NPE with litigation funding to claim that it is attempting to commercialize the patent itself in some small way—even if this was a sham to avoid IPR—or by engaging in some licensing activity. We consider this “commercialization” test to be ineffective at addressing the long-established abusive practices of NPEs in litigation.

Fourth, in any case, the proposal does not appear to account for the behavior of the patentee. Instead, it appears to dismiss and disregard the legitimate concerns and substantial evidence that already exists about the conduct of NPEs and certain other patentees. A patent (of dubious validity) that belongs to an abusive patentee should not be shielded from institution based merely on a superficial analysis of the patentee's "size." For example, a patentee that has indiscriminately mailed assertion letters to thousands of potential licensees should not be shielded since the patentee effectively invited the patent challenge activity. The ANPRM proposals should have accounted for the full range of abusive patentee behavior. The PTAB should also account for such abusive behavior.

For these reasons, USPTO's proposal would create significant opportunities for abuse as litigation financiers seek to leverage in district court litigation the patent claims that the proposal would exempt from PTAB review. BSA strongly opposes the proposal to deny institution of PTAB review of likely invalid patent claims based on the "size"-related considerations.²⁰

IV. Conclusion

Core US innovation and IP-related priorities are supported by the USPTO's steadfast implementation of the statutory framework outlined in the AIA, which couples pre-grant administrative examination of patent applications with post-grant review of any issued patent claim where the PTAB determines there to be a "reasonable likelihood that the petitioner would prevail with respect to at least 1 of the [patent] claims challenged," and provided that other statutory requirements are met.

Because the proposals in ANPRM would systematically restrict access to post-grant proceedings, they would prevent these proceedings from fulfilling their statutory function and would perpetuate the problem Congress addressed in the AIA.

More generally, these proposals would undermine Biden Administration efforts to sustain and advance US technology leadership in critical and emerging technologies, by diverting funds to wasteful litigation from core R&D activities in AI, quantum computing, advanced semiconductors, and next generation battery and other green technologies. Knock-on effects would include a reduced capacity of innovative US companies to invest in US-based R&D and the US workforce, as well as degradation of the United States' competitive posture vis-à-vis China and other peer competitors.

In the words of National Security Advisor Jake Sullivan, these effects are not just "a domestic issue or a national security issue. [They are] both." In this way, the ANPRM proposals could threaten core US leadership in technologies that the Biden Administration has rightly deemed to be a "a national security imperative."

We strongly urge USPTO not to adopt these regulatory proposals that would undermine the US innovation ecosystem, US technology leadership, and US economic and national security.

CC: The Honorable Michael Tierney
Vice Chief Administrative Patent Judge

¹ US Patent and Trademark Office, *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*, 88 Fed. Reg. 24503, Docket No. PTO-P-2020-0022 (April 21, 2023) (*hereinafter* “USPTO ANPRM”).

² BSA’s members include: Adobe, Alteryx, Atlassian, Autodesk, Bentley Systems, Box, Cisco, CNC/Mastercam, Databricks, DocuSign, Dropbox, Elastic, Graphisoft, IBM, Informatica, Juniper Networks, Kyndryl, MathWorks, Microsoft, Okta, Oracle, Prokon, PTC, Rubrik, Salesforce, SAP, ServiceNow, Shopify Inc., Siemens Industry Software Inc., Splunk, Trend Micro, Trimble Solutions Corporation, TriNet, Twilio, Unity Technologies, Inc., Workday, Zendesk, and Zoom Video Communications, Inc.

³ BSA member companies accounted for 13,715 U.S. patents issued in 2021 to the top ten patent grantees. This figure corresponds to 84.37% of the 16,256 U.S. patents issued to those grantees headquartered in the United States, and 38.26% of the 35,847 US patents issued to grantees from all countries (including China, Japan, Korea, Taiwan, and the United States). See IFI Claims Patent Services, 2021 Top 50 U.S. Patent Assignees, available at: https://www.ificlaims.com/rankings-top-50-2021.htm?utm_medium=pr-blogs&utm_campaign=rankings-2021

⁴ Software.org, Support US through COVID (2021), available at: <https://software.org/wp-content/uploads/2021SoftwareJobs.pdf>

⁵ [Remarks by National Security Advisor Jake Sullivan at the Special Competitive Studies Project Global Emerging Technologies Summit | The White House](#)

⁶ [35 U.S.C. § 315\(b\)](#).

⁷ The ANPRM states as follows in this respect: “As an alternative to determining if a trial in the district court action is likely to occur before the projected statutory deadline for a final written decision, and to ensure more clarity and certainty, the Office is considering whether to adopt a rule providing that the Board will not invoke its discretion to deny an IPR petition based on a parallel district court proceeding if the IPR petition is filed within 6 months after the date on which the petitioner, a real party in interest, or a privy thereof is served with a complaint alleging infringement of the patent, provided that the petitioner, real party in interest, or privy did not first file a civil action seeking declaratory judgment of noninfringement of any claim of the patent before the date on which such complaint alleging infringement was filed.” ANPRM at 24515.

⁸ BSA also has concerns regarding proposals to broadly and indiscriminately require application of full *Sotera* stipulations. To the extent any of the proposals on stipulations are considered, requiring a full *Sotera* stipulation could be harmful to both petitioner interests and PTAB processes. This is because the full *Sotera* stipulation estops the petitioner from raising in the district court any grounds that could reasonably have been raised in the petition. It would be preferable to limit such stipulations to the claims actually challenged and/or the claims asserted in the litigation.

⁹ ANPRM at 24507.

¹⁰ The ANPRM states in relevant part that, “the USPTO is considering adopting a ‘substantial relationship’ test to evaluate whether certain entities are sufficiently related to a party in an AIA proceeding such that discretionary denial is warranted under the criteria set forth in the changes under consideration. The substantial relationship test would be broadly construed and would encompass, but not be limited to, real parties in interest or privies of the party to the AIA proceeding, and would also include others that are significantly related to that party, including at least those entities as discussed in Valve I and Valve II. The USPTO is also considering other proposals for deeming entities to be substantially related for purposes of discretionary denials. For example, one proposal is to consider those involved in a membership organization, where the organization files IPRs or PGRs, as having a substantial relationship with the organization.” ANPRM at 24507.

¹¹ The ANPRM states in relevant part that, “To curb the potential for abusive filings, the USPTO is considering changes that would limit institution on filings by for-profit, non-competitive entities that in essence seek to shield the actual real parties in interest and privies from statutory estoppel provisions. The changes under consideration would make clear that the Board would discretionarily deny any petition for IPR or PGR filed by an entity that: (1) is a for-profit entity; (2) has not been sued on the challenged patent or has not been threatened with infringement of the challenged patent in a manner sufficient to give rise to declaratory judgment standing; (3) is not otherwise an entity

that is practicing, or could be alleged to practice, in the field of the challenged patent with a product or service on the market or with a product or service in which the party has invested to bring to market; and (4) does not have a substantial relationship with an entity that falls outside the scope of elements (1)–(3).” ANPRM at 24508.

¹² For example, 35 USC 315(a) provides that, “[a]n inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.” Several estoppel provisions also apply. For example, under 35 USC 315(e), a “petitioner ... 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 an *inter partes* review that has resulted in a final written decision under section 318(a). Likewise, in a civil action 28 USC 1338 or in a proceeding under 19 USC 1337, a “petitioner ... or the real party in interest or privy of the petitioner” may not assert invalidity of a claim on a ground that was or could have been raised during an *inter partes* review.

¹³ See e.g., *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018, 1028 (Fed. Cir. 2021); *Weatherford Int’l, LLC v. Packers Plus Energy Servs., Inc.*, No. IPR2016-01514, Paper 23 at 15 (PTAB. Feb. 22, 2017); *Commissariat a L’Energie Atomique et aux Energies Alternatives v. Silicon Genesis Corp.*, No. IPR2016-00833, Paper 8 at 7 (P.T.A.B. Sept. 28, 2016). See generally, Perkins Coie, *Real Parties-in-Interest: Guidance on Who is an RPI - and Who is Not - in Post-Grant Proceedings* (2022).

¹⁴ H.R. Rep. No. 112-98, pt. 1, at 48; see also S. Rep. No. 110-259, at 20.

¹⁵ ANPRM, at 24509.

¹⁶ See BSA Amicus Brief in *OpenSky v. VLSI* (Aug. 18, 2022), at: <https://www.bsa.org/files/policy-filings/08182022amicusopenskyvlsi.pdf>

¹⁷ The AIA specifies which acts may be considered abusive and sanctionable, and the USPTO has developed a detailed regulatory scheme elaborating: (1) which conduct may be sanctionable; and (2) which sanctions may apply to such conduct. Under Section 316(a)(6), sanctions can be considered “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.” 35 U.S.C. § 316(a)(6). The Office has set forth sanctions under 37 C.F.R. 42.12(b), which may include orders to the following effect: (1) An order holding facts to have been established in the proceeding; (2) An order expunging or precluding a party from filing a paper; (3) An order precluding a party from presenting or contesting a particular issue; (4) An order precluding a party from requesting, obtaining, or opposing discovery; (5) An order excluding evidence; (6) An order providing for compensatory expenses, including attorney fees; (7) An order requiring terminal disclaimer of patent term; or (8) Judgment in the trial or dismissal of the petition. 37 C.F.R. § 42.12(b). Sanctions should also be tailored to the conduct at issue in the proceeding, whether committed by a petitioner or patent owner. As provided for in 37 C.F.R. § 42.11, any sanction must be “limited to what suffices to deter repetition of the conduct.” 37 C.F.R. § 42.11.

¹⁸ Specifically, USPTO states that, “the status of the patent owner would lead to a denial of institution when: (1) the patent owner had claimed micro entity or small entity status at issuance of the challenged patent and timely requested discretionary denial when presented with the opportunity; (2) during the calendar year preceding the filing of the petition, the patent owner did not exceed eight times the micro entity gross income level under 37 CFR 1.29(a)(3); and (3) at the time the petition was filed, the patent owner (or a licensee of the patent that started practicing the patent after becoming a licensee) was commercializing the subject matter of a challenged claim .

¹⁹ Korok Ray, *Third-Party Funding of Patent Litigation: Problems and Solutions*, Texas A&M University, p. 8 (2022), at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4125510 (hereinafter “*Third Party Funding of Patent Litigation*”)

²⁰ ANPRM, at 24509. USPTO has also suggested an alternative proposal to offer third-party litigation funding support, including funding for some or all of the patent owner’s attorney fees or expenses before the PTAB or district court. If USPTO advances such an alternative proposal, BSA also strongly recommend that litigation funding support also be made available to petitioners that are small entities. Entities at risk of spurious patent claims often include small retail establishments and other small business entities. These entities also have an interest in being able to petition for institution of PTAB review of patent claims that are likely to be found invalid. To the extent that such entities would lack resources to fund such challenges on their own, the USPTO should offer them litigation funding support in the same way that it proposes to offer litigation funding support for small entity patent holders.