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October 16, 2015

The Honorable Michelle K. Lee
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
Alexandria, Virginia

Re: JIPA Comments on "A Proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews"

Dear Under Secretary Lee:

We, the Japan Intellectual Property Association, are a private user organization established in Japan in 1938 for the purpose of promoting intellectual property protection, with about 940 major Japanese companies as members. When appropriate opportunities arise, we offer our opinions on the intellectual property systems of other countries and make recommendations for more effective implementation of the systems. (http://www.jipa.or.jp/english/index.html)

Having learned that the "A Proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews", published by the United States Patent and Trademark Office (USPTO) in the Federal Register, Vol.80, No.164, on August 25, 2015. We would like to offer our opinions as follows. Your consideration on our opinions would be greatly appreciated.

JIPA again thanks the USPTO for this opportunity to provide these comments and welcomes any questions on them.

Sincerely, yours,

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JIPA Comments on the "A Proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews"

As many of JIPA members engage in filing US patent applications, JIPA has closely and carefully examined the proposed pilot program, publicized in the Federal Register (FR) issued by the United States Patent and Trademark Office (USPTO) as of August 25, 2015, under the title of "A Proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews". JIPA hereby presents its comments on this proposed amendment.

1. FR51541 Column 3: Question 1

> 1. Should the USPTO conduct the single-APJ institution pilot program as proposed herein to explore changes to the current panel assignment practice in determining whether to institute review in a post grant proceeding?

[JIPA's comments] As expressed in its comments in response to Question 2 below, JIPA believes that the USPTO should not conduct the pilot program because it finds only disadvantages in doing so.

2. FR51541 Column 3: Question 2

> 2. What are the advantages or disadvantages of the proposed single-APJ institution pilot program?

[JIPA's comments] The single-APJ institution pilot program as proposed would inevitably cause a decline in the quality of decisions and an inconsistency on whether to institute trials among single-APJ. As a result, petitioners or patentees dissatisfied with a single-APJ's decision could request rehearings and petitioners could file a second petition for IPR with greater frequency. In light of this, it is difficult to imagine how introducing the pilot program would increase efficiency. We can only find the following disadvantages.

(a) The proposed pilot program is likely to cause a decline in the quality of decisions and an inconsistency on whether to institute trials among single-APJ damaging fairness and trust in the review system.
(b) An expected increase in the number of requests for rehearings is likely to increase the number of cases that fail to meet the time limitation for institution decision prescribed in 35 U.S. Code § 315 (b), contrary to the purpose of the review system, i.e. early settlement of disputes.
(c) An expected increase in the number of requests for rehearings or the number of second

petitions for IPR would not preserve APJ resources but would rather increasingly burden them.

(d) A petitioner dissatisfied with a single-APJ's improper decision not to institute a trial would find it difficult to request a rehearing of said decision and to file a second petition or IPR, causing irremediable disadvantages to the petitioner.

(e) A patentee dissatisfied with a single-APJ's improper decision to institute a trial would face such risks as unnecessary labor and costs, the possibility of a stay of proceedings in related litigation, or forced negotiation of a settlement.

3. FR51541 Column 3: Question 3

> 3. How should the USPTO handle a request for rehearing of a decision on whether to institute trial made by a single APJ?

[JIPA's comments] If a petitioner or patentee is dissatisfied with a single-APJ's decision on whether to institute a trial, both parties should be given an opportunity to request a rehearing of the decision by a three-judge panel within a certain period in order to maintain fairness and trust in the review system.

If both parties are satisfied with a single-APJ's decision on whether to institute a trial, the decision should be upheld, which would be conducive to reducing the time required to handle IRP trials and the APJ's burden. However, an expected increase in the number of petitions could increase the burden on both APJs and on petitioners and patentees, leading to failure to meet institutional time limits.

4. FR51541 Column 3: Question 4

> 4. What information should the USPTO include in reporting the outcome of the proposed single-APJ institution pilot program?

[JIPA's comments] To support the validity of the pilot program, the USPTO should disclose data on the number of requests for rehearings of decisions by single-APJs and data on the period from petition for IPR to the institution decision.The USPTO should also disclose details on the reasons for which the single-APJs made their decisions.

5. FR51541 Column 3: Question 5

> 5. Are there any other suggestions for conservation and more efficient use of the judicial resources at the PTAB?

[JIPA's comments] In order to enable us to consider the necessity and particulars of other proposals, and also to provide materials for assessing whether the proposed pilot program should be conducted, the USPTO should first verify the differences in opinion

among the three judges on the panels that previously decided whether to institute IPR trials (e.g. the ratio between the number of cases in which the three judges were unanimous and the number in which they were divided, and tendencies, if any, of judges who were in the minority on the three-judge panels (anonymously)). The data that the USPTO has disclosed to date regarding the rate at which trials were instituted per judge is insufficient for our assessment because the number of cases handled by each judge is different and comparison of judges' opinions on a particular case is not possible.

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(EOD)