IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Revision to Rules of Practice before the Patent Trial and Appeal Board

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Docket No. PTO-P-2025-0025

COMMENTS OF THE ITC MODERNIZATION ALLIANCE

STATEMENT OF INTEREST

The ITC Modernization Alliance (ITCMA)[1] is a coalition of leaders in the technology, telecom, and automotive industries dedicated to modernizing the International Trade Commission (ITC) and promoting trade practices that safeguard American industry, workforce, and consumers. The ITCMA advocates for legislative, regulatory, legal, and other policy changes to the Section 337 process at the ITC as well related patent processes at the United States Patent and Trademark (USPTO) to maximize U.S. innovation and economic progress.

As some of the world's largest patent holders, the members of the ITCMA strongly believe in the core purpose of the patent system and the ITC. We appreciate the opportunity to provide input on targeted ways to support that purpose.

ITCMA submits these comments in response to the USPTO's October 17, 2025 Notice of Proposed Rulemaking, which sets forth proposed amendments to the USPTO's Rules of Practice before the Patent Trial and Appeal Board.

[1]A list of ITCMA members is available at http://itcmodalliance.org.

COMMENTS

The ITCMA strongly opposes the proposed rules as contrary to the statute and harmful to American innovation. While the Trump Administration promotes policies that support onshoring of advanced manufacturing and leadership in critical technologies like AI and semiconductors, the proposed rules would do the exact opposite. In short, the proposed rules are out of step with the Administration's priorities and should be withdrawn.

I. The proposed rules are contrary to the USPTO's statutory authority.

The USPTO's proposed rules are in conflict with the plain language and the Congressional intent of the America Invents Act (AIA). The Notice of Proposed Rulemaking (NPRM) expresses concern over the problem of "duplicative proceedings" including matters at the ITC. To solve this perceived problem, the proposed rules take several steps to limit legitimate parties' ability to access the Inter Partes Review (IPR) process and impose onerous conditions that discourage its use. The sum effect of the rule changes will be to render IPR–a core component of the AIA and in the view of Congress essential to finding the proper balance in the administration of our patent laws–an ineffective and unused process.

The USPTO's proposed "one-and-done rule" that binds a party to a third party's litigation outcomes conflicts with 35 U.S.C. §§ 315(e)**.** If a party files a Patent and Trademark Appeal Board (PTAB) petition, and a third party is later sued for infringement and responds with its own petition, that third party would be barred even though it had never previously filed a PTAB petition and is not a real party in interest or privy of the first petitioner. The AIA makes clear that one party is bound by another's actions only if it is a "real party in interest" or "privy" of the other party. The AIA's litigation-based deadlines and the estoppels that flow from final written decisions are limited to these types of relationships. In practice, this means that a party is bound by the decisions of another party only if it owns or controls that party or controls its litigation—simply having been sued by the same plaintiff is not nearly enough. The NPRM

proposes to dispose of this approach and bind a party to a third-party decision in which it did not participate and over which it had no control. This is contrary to the test chosen by Congress and basic principles of due process.

The USPTO's proposed rules would also bar PTAB review if a district court or ITC's time to trial is faster than the time that it would take to complete a PTAB proceeding. This so-called "parallel proceedings" proposal directly contravenes 35 U.S.C. § 315(b), which already sets a statutory deadline for filing a review petition in relation to district court litigation. That section provides that petitioners have one year to seek PTAB review after they have been sued. Congress carefully deliberated this deadline and extended it to one year in the final version of the AIA. The "parallel proceedings" proposals cannot be reconciled with the statute.

The USPTO's proposed rule that a PTAB petitioner should be barred from seeking review unless it waives *all* prior art defenses in district court or the ITC, including defenses based on systems or prior art that cannot be asserted in an IPR, is inconsistent with the text and intent of 35 U.S.C. § 315(e). In effect, the defendant will not be able to present any obviousness or anticipation defenses in court. The AIA imposes this type of estoppel on petitioners, but it does so only after there has been a final validity decision, and only with respect to defenses that the petitioner raised or reasonably could have raised at the PTAB. The proposed rule goes far beyond the statute.

II. The proposed rules are contrary to the clear Congressional intent.

Congress enacted the Patent Act, the America Invents Act and other patent legislation under an explicit grant of authority in Article I, Section 8, Clause 8 of the Constitution. Congress has the exclusive authority to find the proper balance to maximize U.S. innovation. The IPR process at the USPTO is a key part of that balance. Thus, any discretion exercised by the agency must be done consistently with the statutory framework provided by Congress.

Congress considered the AIA through extensive hearings and public debate and ultimately passed it with wide bipartisan margins in the House[2] and the Senate.[3] While the USPTO may have some discretion over institution decisions, using that discretion to effectively negate a core component of the AIA is clearly at odds with the statute and the Constitution's express grant of authority.[4] Congress deliberately and clearly created a mechanism in the USPTO to determine the validity of a patent outside of the courts and intended for that mechanism to be used to achieve the balance in the patent system the Congress determined was optimal to maximize U.S. innovation. Regulations, such as those proposed, that would so narrowly restrict access to the PTAB as to effectively render it unusable are directly contrary to the constitutional authority, statutes, and congressional intent. A change of this magnitude can only be done by Congress.

III. The proposed rules' restrictions on PTAB should apply only when the patent owner is actively utilizing the patent within the United States.

The proposed rules should be structured to maximize and support U.S. industry and innovation and be limited where the benefit accrues to entities that contribute little or nothing to the U.S. economy. If there are to be any restrictions on PTAB review, such restrictions should be applied only if the patent owner is actually working on the claimed invention in the United States.

Under the proposed rules, however, the principal beneficiaries would be a small group of patent owners, most of which are Patent Assertion Entities (PAEs). PAEs are created for litigation and financial monetization, and they often have few employees other than lawyers. They do not manufacture or sell products. PAEs are built to litigate. Conversely, most patentees,

[2]https://clerk.house.gov/Votes/2011491
[3]https://www.senate.gov/legislative/LIS/roll_call_votes/vote1121/vote_112_1_00129.htm
[4]https://news.bloomberglaw.com/ip-law/senator-behind-last-overhaul-of-the-patent-act-slams-rule-change?trk=feed-detail_main-feed-card_feed-article-content

including the nation's leading innovators, manufacturers, and employers, would receive little or no real benefit from these rules.

Most patents issued are never asserted. Only a minority of asserted patents wind up in litigation, and only a minority of those litigated patents are challenged at the PTAB. The majority of the patent claims challenged at the PTAB are challenged only once. PAEs dominate litigation in the very districts where aggressive trial schedules would ensure that the proposed parallel litigation rule would insulate the patent from review. PAEs also tend to engage in staggered enforcement campaigns, in which the initial lawsuits target smaller businesses or end users of a product rather than the manufacturer. Under the proposed one-and-done rule, an invalidity defense based on Section 102 or 103 by any one of the early defendants—who often are smaller companies as a strategy—would cut off the right of every current and future defendant, even the manufacturer of the accused product, to seek review. A simple modification to require that the patent owner is actually working on the claimed invention in the United States in order to fall under the proposed rule would better incentivize U.S. innovation and job creation.

IV. The proposed rules enable China to abuse the U.S. patent system.

The Trump Administration has made it a clear priority that the United States must beat China in the global competition for technology and innovation. The Administration has taken an all of government approach, viewing key policy decisions through this strategic lens. For example, the Department of Commerce has placed multiple Chinese companies on the Entity List, a clear recognition of the national security challenges these companies present. The USPTO recognized a similar threat recently in a memo by the Director related to real party of interest determinations at the PTAB, stating "State-linked entities have covertly financed or directed U.S. patent challenges, acquisitions, or licensing transactions in sectors such as

semiconductors, artificial intelligence, quantum computing, and advanced materials."[5] The NPRM does not even mention these challenges. In fact, the proposed rules would serve to undermine this important Administration priority.

Over the past several years, China has developed an explicit national strategy to use the U.S. patent system to support China's strategic goals, directing centrally owned enterprises to double their holdings of U.S. and other foreign patents.[6] As a result, Chinese entities filed over 54,000 U.S. patent applications in 2024.[7] The U.S. patent system is being used by China to target critical American industries.

Huawei holds over 22,000 U.S. patents[8] and was the fifth largest recipient of U.S. patents in 2024.[9] Huawei is currently on the U.S. Commerce Department Entity List because it poses a threat to U.S. national security and, as a result, is barred from almost all business activities in the United States. Despite this clear national security determination by the Department of Commerce, however, Huawei remains an aggressive litigant against U.S. companies.[10] Even more troubling, it has sold about 1,000 of its U.S. patents to non-practicing entities. Given China's strategic plan to use the U.S. patent system against U.S. companies, the goal of selling those patents to non-practicing entities who then file against U.S. industry is clear. The proposed rules will make it easier for those non-practicing entities, armed with U.S. patents purchased from Chinese companies, to bring patent cases against U.S. companies.

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[5] https://www.uspto.gov/sites/default/files/documents/Precedential_designation_of_Corning_Optical_Communications_RF_LLC_v._PPC_Broadband_Inc_Memo_-_Dated_10_28_25.pdf

[6] Dan Prud'homme and Taolue Zhang, *China's Intellectual Property Regime for Innovation: Risks to Business and National Development* (Cham, Switzerland: Springer International, 2019), at 63.

[7] WIPO, World Intellectual Property Indicators 2025, at Table A19, Patent applications for the top 20 offices and origins, 2023; https://www.wipo.int/edocs/pubdocs/en/wipo-pub-941-17-2025-en-world-intellectual-property-indicators-2025.pdf

[8] https://www.huawei.com/en/ipr

[9] Harrity & Harrity, Patent 300 List; https://harrityllp.com/patent300/

[10] https://www.cnbc.com/2019/06/13/huawei-asks-verizon-to-pay-more-than-1-billion-for-over-230-patents-source.html.

Despite its status as a security concern, Yangtze Memory Technologies Company (YMTC) has repeatedly leveraged U.S. patents to sue its main American competitor, Micron Technology. Through this litigation, YMTC has attempted to gain access to Micron's proprietary DRAM manufacturing trade secrets. This is particularly alarming given China's history of systematic theft of U.S. technology and previous instances of Chinese companies stealing Micron's trade secrets. However, U.S. courts, which do not consider national security or factors related to technology theft in patent litigation, have declined to block YMTC from accessing Micron's manufacturing trade secrets.[11] While often produced under AEO designations, such arrangements are hardly sufficient when dealing with national security matters.

PurpleVine IP, a company incorporated in Shenzhen, China, has financed numerous patent lawsuits in U.S. courts. The fact that a Chinese company was financing U.S. patent litigation only came to light because Chief Judge Connolly of the U.S. District Court in Delaware uncovered it because he requires litigants in his courts to disclose litigation funding.

The USPTO's proposed rules would empower Huawei, YMTC, Purple Vine IP and other Chinese entities to assert likely invalid patents against U.S. companies in federal court and the ITC. The PTAB process has been an important back stop where U.S. companies have been able to have those patents' claims cancelled.[12] Under the NPRM's proposals, that would effectively no longer be an option.

V. The application of the proposed rules to the International Trade Commission is a prime example of the rules' problems.

The proposed rules are inconsistent with the statute and bad policy. The aspects of the rules related to the effect of ITC proceedings are a stark example of this. Specifically, the proposed rules foreclose PTO review of a patent if a claim "[w]as found not invalid under 35

[11] https://www.cafc.uscourts.gov/opinions-orders/25-117.ORDER.2-26-2025_2473455.pdf

[12] *See, e.g.*, *Huawei Techs. Co., Ltd. v. Iancu*, No. 19-1493 (Fed. Cir. 2020); *Huawei Techs. Co., Ltd. v. Iancu*, No. 19-1497 (Fed. Cir. 2020).

U.S.C. 102 or 103 in initial or final determination of the U.S. International Trade Commission that has not been vacated or reversed in relevant part" (proposed rule 42.108(e)), or if "an initial or final determination of the U.S. International Trade Commission with respect to 35 U.S.C. 102 or 103" will occur before the timing of a final written decision (proposed rule 42.108(f)). The purpose of these rules, according to the NPRM, is to avoid "re-litigating issues." But a validity finding by the ITC does not preclude the very same issues from coming up again, as the ITC's findings are not binding outside of the ITC.[13] In fact, multiple ITCMA members have had to re-litigate the validity of patents in district court after the patents were found invalid by the ITC.[14] It is irrational to preclude PTAB review on the basis of an ITC validity determination, and doing so further demonstrates the breadth of the proposed rules well beyond what Congress enacted in the statute.

[13] Texas Instruments v. Cypress Semiconductor Corp., 90 F.3d 1558, 1569 (Fed. Cir. 1996) ("Congress did not intend decisions of the ITC on patent issues to have preclusive effect."); Certain Unmanned Aerial Vehicles and Components Thereof, Inv. No. 337-TA-1133, Comm. Op. at 37 (Sept. 8, 2020) ("The Commission's invalidity determinations in patent cases, in contrast, are for purposes of adjudicating whether or not a Section 337 violation has occurred, and are not binding on the PTO, federal courts, or other tribunals, even if affirmed by the Federal Circuit.").

[14] E,g., Samsung (Certain Mobile Devices with Multifunction Emulators, Inv. No. 337-TA-1170, Comm. Op. at 28-40 (July 27, 2021) and Dynamics, Inc. v. Samsung Electronics Co., Ltd., et al., Case No. 1:19-cv-06479-JPO (EDNY)(appeal pending before the Federal Circuit, Appeal No. 25-1737)); Google (Certain Smart Thermostats, Smart HVAC Systems, and Components Thereof, Inv. No. 337-ITC-1185 and *EcoFactor LLC v. Google LLC*, Case No. 4:22-cv-00162 (NDCA); Certain Smart Thermostat Systems, Smart HVAC Systems, Smart HVAC Control Systems, And Components Thereof, Inv. No. 337-ITC-1258 and *EcoFactor LLC v. Google LLC*, Case No. 3:21-cv-01468 (NDCA)); Intel (Philips v. Intel, Realtek, Mediatek et al.: Certain Digital Video-Capable Devices and Components Thereof, Inv. No. 337-TA-1224, Corrected Comm. Op. (April 25, 2022) (finding no violation but affirming the Initial Determination's finding that 35 U.S.C. § 101 is satisfied)); Philips then transferred the asserted patents to Media Content Protection: Media Content Protection v. Realtek, Case No. 1:20-cv-01247, Dkt. Nos. 211-212 (July 28, 2025) (granting Realtek's motion for judgment on the pleadings of patent invalidity under 35 U.S.C. § 101); Media Content Protection v. Mediatek, Case No. 1:20-cv-01246, Dkt. No. 199 (Aug. 4, 2025) (same); Media Content Protection v. Intel, Case No. 1:20-cv-01243, Dkt. Nos. 281-282 (November 25, 2025) (granting Intel's motion for summary judgment of patent invalidity under 35 U.S.C. § 101)).

VI. Conclusion

The proposed rules are inconsistent with the text and intent of the America Invents Act, reduce the nation's ability to ensure the quality of patents and the integrity of the system, and empower China to continue to abuse the U.S. patent system. The proposed rulemaking should be withdrawn.