Dr. Thomas E. Sawyer
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October 23, 2017

The Honorable David P. Ruschke
Chief Judge for the Patent Trial and Appeal Board
Patent Trial and Appeal Board
P.O. Box 1450
Alexandria, VA 22313-1450

Joseph Matal
Acting Director of the USPTO
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Judge Ruschke and Mr. Matal,

Having dedicated much of my life to public service, including having had the honor to serve four US presidential administrations, I well understand the difficulties you each face on a daily basis. As public servants, we have the utmost responsibility to preserve our shared values and protect America's position of prominence in the world. The world has always looked up to the United States as a symbol of freedom, democracy, and justice.

As the media has extensively reported, the passage of the America Invents Act, which brought about the PTAB and the IPR, was the direct result of years of aggressive lobbying and large financial contributions to politicians by the Silicon Valley and pharmaceutical industry. I am disturbed that large private corporations may have exercised undue influence on an agency which was intended to stimulate and protect the inventive process.

Over the last several months, I have participated in a series of meetings and consultations with attorneys for Voip-Pal, a software development company for which I served as CEO for several years, and for which I continue to serve as an adviser. Their perceptions suggest very serious concerns that the Patent Trial and Appeals Board (PTAB) and implementation of the *Inter Partes* Review (IPR) process have deviated far from the initial purposes of the America Invents Act. The shared perception of the attorneys was that the administration of the process has included practices leading to results that are inequitably administered and anticompetitive.

However, before sharing my concerns, I wish to express thanks for the conscientious and capable Patent Examiners with whom the Voip-Pal engineers have had the opportunity to work. They have reported that the examiners have been skillful and unbiased. Given this very positive

experience, I am frustrated to have to share my concerns about some most unfortunate matters concerning the Patent Trial and Appeals Board.

I am aware that the United States Supreme Court has recently granted a Writ of Certiorari in the *Oil States Energy Services LLC v. Greene's Energy Group, LLC*, which challenges the constitutionality of the PTAB and its IPR process. As those issues are before the Supreme Court, I will not share the concerns that I heard that are fundamentally constitutional in nature, but there are additional concerns, some of which may impact constitutional issues, but which were primarily discussed in the context of possible civil litigation against the USPTO and the individual administrators and judges who have **allegedly engaged in behavior that may support a civil Racketeering Influenced and Corrupt Organizations Act (RICO) action.**

I sincerely hope that these concerns are ill-founded, as I believe that perceptions of collusion and misrepresentation would greatly weaken the trust of our citizens and harm the image of the United States in the eyes of the world. My hope is that this letter will provide you notice of their concerns and prompt a discussion that will lead to a satisfactory resolution for all parties. (So that my letter would be clear, I asked my legal colleagues to identify the sections of the law that they feel have been offended by the current implementation of the PTAB.)

I. Racketeering Influenced and Corrupt Organizations Act (RICO)

a. The first concern they shared with me involved actions that appear to violate the Racketeering Influenced and Corrupt Organizations Act (RICO). Racketeering is defined in U.S. Code › Title 18 › Part I › Chapter 95 › § 1951 as:

> (a) Whoever in any way or degree obstructs, delays, or affects commerce or the movement of any article or commodity in commerce, by robbery or extortion or attempts or conspires so to do, or commits or threatens physical violence to any person or property in furtherance of a plan or purpose to do anything in violation of this section shall be fined under this title or imprisoned not more than twenty years, or both. [Emphasis added.]
>
> (b) As used in this section—
>
> (1) …
> (2) The term "extortion" means the obtaining of property from another, with his consent, induced by wrongful use of actual or threatened force, violence, or fear, or under color of official right. [Emphasis added.]
> (3) The term "commerce" means commerce within the District of Columbia, or any Territory or Possession of the United States; all commerce between any point in a State …. [Emphasis added.]

b. The attorneys explained that any criminal action against any of the involved parties could only be initiated by federal police authorities. However, they indicated that 18 U.S.C. § 1964(c) allows civil suits for:

Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney's fee… [emphasis added].

c. The basis for such civil suit could involve:

   i. **Wrongly invalidating patents is anti-competitive and restrains trade, since patents that are invalidated may no longer be used in commerce. Consequently, the PTAB "obstructs, delays, or affects commerce or the movement of any article or commodity in commerce."**
   ii. **Extortion is defined as "obtaining of property … under color of official right."[1] The wrongful invalidation of patents occurs "under color of official right." Therefor the process of having an inventor pay for filing, searching, examination, and issuing fees, and then having the benefit of any of those fees taken away by the same agency invalidating the patent constitutes "obtain[ing] of property under color of official right."**

   An additional claim might involve fraudulent misrepresentation due to the illusory benefit received from the fees charged to the patent holder by the (USPTO) for filing, examining, and issuing the patent. This same agency then charges additional fees for institution of IPR, which in most cases, results in the cancellation of the originally issued claims from the same agency.

d. In that regard, several attorneys referred, with approbation, to a statement by Randall Rader, then Chief Judge of the Federal Circuit Court, who presciently described the current USPTO in a 2013 address to the American Intellectual Property Law Association as, "An agency with 7,000 people giving birth to property rights, and then you've got, in the same agency, 300 or so people on the back end . . . acting as death squads, kind of killing property rights."

e. After discussing the alleged fraud described in number 1, above, there was additional discussion by the attorneys about the role of the Circuit Court of Appeals for the Federal Circuit in remedying the due process deficits. The history of the AIA suggests that the appeal process was intended to "cure" any of the due process lapses of the PTAB. That was countered by a recent article that showed that, given the huge increase in patent appeals since the advent of the PTAB, the vast majority of appeals of IPR decisions are disposed of by the court, based upon local "rule 36" which allows the court to deal with an appeal with a single word, "affirmed," without any discussion of arguments by either side. **While the decisions of the Federal Circuit Court are not imputable, the knowledge that there exists little likelihood of meaningful appeal has allowed the PTAB to make decisions with impunity.**

[1] https://www.justice.gov/usam/criminal-resource-manual-2404-hobbs-act-under-color-official-right

My attorney friends felt that a constitutionally flawed agency court that had no meaningful opportunity for appeal except a Writ of Certiorari to the United States Supreme Court, would likely be found to fail to provide even the most limited semblance of "appellate review."

II. Manipulating Judicial Panels to Protect a Policy Bias is a Misrepresentation of Judicial Independence

The conversation then moved to a discussion of the practice, initiated by Undersecretary Lee, of "stacking" the panel of PTAB judges to achieve a particular policy point of view. **The question of judicial independence is not only a constitutional issue; it may also be seen as an unlawful misrepresentation.** There are at least three oral arguments in appeals to the Federal Circuit, in which USPTO attorneys described the practice which I reproduce here:

1. The first is from the oral argument before the Federal Circuit Court in Yissum Research Development Co. v. Sony Corp., where the USPTO attorney was quite frank in acknowledging that the Director selects judges for a reconfigured panel so as to achieve a decision opposite to that of the original panel:

> *PTO: And, there's really only one outlier decision, the SkyHawke decision, and there are over twenty decisions involving joinder where the . . . .*
> *Judge Taranto: And, anytime there has been a seeming other-outlier you've engaged the power to reconfigure the panel so as to get the result you want?*
> *PTO: Yes, your Honor.*
> *Judge Taranto: The Director is not given adjudicatory authority, right, under § 6 of the statute that gives it to the Board?*
> *PTO: Right. To clarify, the Director is a member of the Board. But, your Honor is correct . . . .*
> *Judge Taranto: But after the panel is chosen, I'm not sure I see the authority there to engage in case specific re-adjudication from the Director after the panel has been selected.*
> *PTO: That's correct, once the panel has been set, it has the adjudicatory authority and the . . . .*
> *Judge Taranto: Until, in your view, it's reset by adding a few members who will come out the other way?*
> *PTO: That's correct, your Honor. We believe that's what Alappat holds.*

2. In a subsequent oral argument — Nidec v. Zhongshan — the USPTO attorney was a bit less direct with his answer when asked the question of whether judges are selected to rule a certain way:

Judge Reyna: What kind of uniformity or certainty do we have in that where the PTAB can look at a prior decision and say well we don't like that, let's jump back in there and change that?
PTO: Well, ….
Judge Wallach: How does the Director choose which judge to assign to expand the panel?
PTO: Uh, that's provided, your Honor, by our standard operating procedure. And, the Chief Judge actually makes that decision. And, the judges are selected based on their technical and legal competency. And, over the years, many panels at the Board have been expanded. In fact if you looked at the thirty . . . .
Judge Reyna: Are they selected on whether they're going to rule in a certain way?
PTO: Uh, well, people can be placed on the panel . . . for example, the Director can place him or herself on the panel, and certainly the Director knows how they're going to rule. Nidec has not said and they say at their blue brief at page 43 that they don't challenge the independence of these judges on this panel. Um, these judges were not selected and told to make a particular decision. If judges could be told to make a particular decision, there would be no need to expand a panel in the first place.

3. A third occasion where the Federal Circuit noted the issue of panel-stacking was this past May in the en banc oral argument of WI-FI One v. Broadcom. During that oral argument, Judge Wallach noted that on the list of "shenanigans" — see the Supreme Court's Cuozzo decision for more context on the "shenanigans" reference — was the Director appointing judges to come out the way that the Director wanted a case to be decided on re-hearing:

Judge Wallach: No, no, no . . . according to the Government, it's not individual panels —it's the Director. Because, on the list of shenanigans, the Director, if the Director doesn't like a decision, and someone seeks an expanded panel, can appoint judges who take a different position which is more in line with what the Director wants. So, in the long run, what you're really saying is, it's the Director who decides it, as opposed to this court.
Later in the oral argument, Judge Wallach would ask the attorney for the opposing side similar questions :
Judge Wallach: The situation I described to your esteemed colleague where in effect the Director puts his or her thumb on the outcome . . . shenanigan or not? It's within the written procedures.
Attorney: So, your hypothetical is the Director stacks the Board?
Judge Wallach: Yeah, more than a hypothetical, it happens all the time. It's a request for reconsideration with a larger panel.
Attorney: That's within the Director's authority. The make-up of the Board to review the petition is within the Director's authority. Whether that rises to the level of shenanigans or not . . . .

Judge Wallach: Aren't there fundamental rule of law questions there . . . basic things like predictability and uniformity and transparency of judgments and neutrality of decision makers? And don't we review that kind of thing?

4. **Whatever the rationale of Ms. Lee for the "shenanigans," the principle of an independent judiciary is tied directly to transparency and fairness. Since the neutrality of decision makers represents a fundamental expectation of any litigant in an American court (either Article I or Article III judges), the issue is that this is a hearing in an American court that reflects the basic standards of the judiciary as articulated in Department of Commerce 2015 Summary of Ethics Rules. The Ethics Rules begin with this statement, "As an employee of the U.S. Department of Commerce, you have been placed in a position of trust and are held to a high standard of ethical conduct. You not only have an obligation to perform your duties to the best of your abilities but also to familiarize yourself with Government ethics rules and policies and to comply with applicable restrictions...."[2] To provide a hearing that meets the reasonable expectations of the litigants that the hearing will be fairly conducted is inherent. To fall below that standard in a process that exacts money, or other property "under the color of official right," is unlawful.**

5. **A further concern is that the judges all tacitly approved of the "shenanigans" by the director, since no one reported it to the "appropriate authority" as required by the Department of Commerce Ethics Rules 11 and 14 and by the American Bar Association Rule 8.3.**

The Killing Field

Acting Director Matal, in a recent speech before a group of inventors you were quoted as saying, **"It kills us to see a small inventor being ripped off."** While I believe those sentiments to be honest, it is difficult to reconcile the sincerity of those comments with the history of adversarial practices by the PTAB towards "small inventors" which have been continuously "ripped off" since the passing of the AIA, for which you are credited as being the principal staff drafter and negotiator. Since its inception, the PTAB has had the dubious distinction of being labeled the "killing field" of patents. It has rendered thousands of once valuable patents developed by "small inventors" virtually worthless, invalidating all or some of the claims of more than 80% of issued patents[3] reviewed by IPR and over 97% of patents undergoing CBM.[4]

[2] http://2010-2014.commerce.gov/sites/default/files/documents/2015/january/commerce-summary_of_ethics_rules-2015_0.pdf

[3] https://www.uspto.gov/sites/default/files/documents/AIA%20Statistics_March2017.pdf

[4] Kevin Madigan and Adam Mosoff, "Turning Gold to Lead: How Patent Eligibility Doctrine Is Undermining U.S. Leadership In Innovation," George Mason Law & Economics Research Paper No. 17-16, p. 16, https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=345663, (posted Mar. 30, 2017).

On May 22, 2017, I was copied on a letter sent to Commerce Secretary Wilbur Ross and several other government officials from two concerned Voip-Pal shareholders, one of which is an attorney. The letter raised valid concerns regarding the lack of public disclosure of then USPTO Director Michelle Lee's financial holdings, specifically with regard to any stock or options holdings of her former employer Google or any other Silicon Valley company. Shortly thereafter, we saw the abrupt resignation of Michelle Lee as Director.

The issue of her potential stock holdings is vitally important, since the unusually high rate of claims cancelled by the PTAB overwhelmingly benefits Silicon Valley companies, including Ms. Lee's former employer Google. Did Ms. Lee incur any direct financial benefit from the invalidation of so many patents during her tenure at the USPTO? It is important to know if rigging of the judges has ever resulted in personal financial gains for the Director or anyone else involved in those decisions.

6. A similar ethical lapse seems to have occurred with respect to the recusal of judges. The specific concerns addressed in the conversations are ones that I shared in an earlier letter:

   > Based on the available information that is available, Voip-Pal has determined that two of the assigned judges either represented Apple (the Petitioner) or worked in a law firm which has represented Apple in patent litigation. Judge Stacy Margolies represented Apple in a 2011 patent litigation case and Judge Barbara Benoit was a principal at Fish & Richardson, a law firm which has represented Apple in patent litigation, including a case before the Patent Trial and Appeal Board (PTAB). The third judge, Lynne Pettigrew, was employed by AT&T for a period of eight years. While AT&T was not directly involved in the IPR's considered by the first panel, they were, at that time, a named party in a lawsuit filed by Petitioner in Federal District Court in Nevada pertaining to the patents being reviewed in the IPR. They subsequently filed three IPR's against the patents. Thus it appears that each of the judges may have had a potential bias, but there no way of ascertaining whether the problem is an appearance or a reality.

7. There is also a potential of bias on the part of the administrator, Undersecretary Lee, who, prior to becoming the Director of the USPTO, was Deputy General Counsel and Head of Patents and Patent Strategy for Google, which is also a defendant in the federal court action that is considering these patents. Given her position as the head of the USPTO, which now includes the judicial arm, the PTAB, I request that she be asked to provide the financial disclosures that are contemplated by 28 USC§455 and that she consider whether " [s]he, individually or as a fiduciary, or [her] spouse or minor child residing in h[er] household, has a financial interest in the subject matter in controversy or in a party to the proceeding, or any other interest that could be substantially affected by the outcome of the proceeding." For example, it seems likely that her long tenure at Google resulted in her owning a number of Google shares and/or options, which may create a circumstance where she should "disqualify h[er]self (acting as an administrator over a judicial system) in any proceeding in which h[er] impartiality might reasonably be questioned."

8. In the case of Voip-Pal, there were changes made to the panel, as all three judges were replaced after the denial for the Unified Patents petition and the institution of the first two Apple petitions:
   a. UNIFIED PATENTS INC. Case IPR2016-01082, challenging Patent 8,542,815, institution denied, 11/18/2016.
   b. APPLE INC., Case IPR2016-01201, challenging Patent 8,542,815, instituted 11/21/ 2016.
   c. APPLE INC., Case IPR2016-01198, challenging Patent 9,179,005, instituted 11/21/2016
   d. APPLE INC., IPR2017-01399, challenging Patent 8,542,815, filed 5/ 25/2017
   e. APPLE INC., IPR2017-01398, challenging Patent 9,179,005, filed 5/25/2017
   f. AT&T SERVICES, INC., Case No. IPR2017-01382, challenging Patent 8,542,815 filed 5/ 24/2017
   g. AT&T SERVICES, INC., Case No. IPR2017-01383, challenging Patent 9,179,005 filed 5/ 24/2017
   h. AT&T SERVICES, INC., Case No. IPR2017-01384, challenging Patent 9,179,005 filed 5/ 24/2017

   There was no reason given for the changes. However, as the new panel did not revisit the earlier institution decisions, Voip-Pal must assume that these changes had something to do with maintaining the Director's "Policy Position," as in the three earlier circuit court oral arguments I quoted. Because of the serious consequences associated with RICO violations and its potentially criminal liability implications, I ask you both to please consider taking the steps necessary to change these unfair and unjust PTAB and IPR procedures which have become the "killing field" of thousands of valid patents.

As a shareholder of Voip-Pal, I can't help but ask what chance a small company, with limited financial resources, has of successfully defending itself against eight nearly identical IPR's aimed at two patents in the same family, initiated by such giants as Apple and AT&T.
Will Voip-Pal and other small companies in similar situations ever be able to receive a fair hearing on the technical merits of their patents? Do you fully understand the financial harm inflicted daily on the "small inventor" by these giant corporations which use IPR's and the PTAB as a weapon against them to run them out of business and eliminate fair competition?

Director Matal, you recently encouraged inventors to engage their elected officials and push the message. You said Congress is listening and is very concerned. I am appealing to you directly and hope you are also listening and concerned. It is in your power as acting Director to ensure the IPR process is fair and carried out purely on technical merits. It is within your power to take corrective actions against these unjust practices that have repeatedly "ripped off" the small inventor for the past five years.

Respectfully yours,

Dr. Thomas E. Sawyer

CC: The President of the United States
Steven Mnuchin, Secretary of the Treasury
Wilbur Ross, Secretary of Commerce
Jeff Sessions, Attorney General of the United States
Christopher Wray, Director of the FBI
The Chief Justice of the United States
Justice Thomas, The Supreme Court of the United States
Justice Kennedy, The Supreme Court of the United States
Justice Ginsberg, The Supreme Court of the United States
Justice Breyer, The Supreme Court of the United States
Justice Alito, The Supreme Court of the United States
Justice Kagan, The Supreme Court of the United States
Justice Sotomayor, The Supreme Court of the United States
Justice Gorsuch, The Supreme Court of the United States
Honorable Sharon Prost, Chief Judge, United States Court of Appeals for the Federal Circuit
Honorable Timothy B. Dyk, United States Court of Appeals for the Federal Circuit
Honorable Richard G. Taranto, United States Court of Appeals for the Federal Circuit
Honorable Gloria M. Navarro, Chief Judge, United States District Court, District of Nevada (Voip-Pal.com Inc. v. Apple Inc. Case No. 2:2016cv00260, Voip-Pal.com v. Twitter Inc., Case No. 2:2016cv02338, Voip-Pal.com Inc. v. Verizon Wireless Services LLC et al., case number 2:16-cv-00271)
Honorable Richard F. Boulware II, United States District Court, District of Nevada (Voip-Pal.com Inc. v. Apple Inc. Case No. 2:2016cv00260, Voip-Pal.com Inc. v. Twitter Inc., Case No. 2:2016cv02338, Voip-Pal.com Inc. v. Verizon Wireless Services LLC et al., case number 2:16-cv-00271)
Andrei Iancu, Nominee, Director of the USPTO
Judge Josiah Cocks, Patent Trial and Appeal Board
Judge Jennifer Meyer Chagnon, Patent Trial and Appeal Board
Judge John Hudalla, Patent Trial and Appeal Board
Office of the Solicitor General of the United States
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US Senator Mike Lee, Utah
US Senator Ed Markey, Massachusetts
US Senator Mitch McConnell, Kentucky, Senate Majority Leader
US Senator Chuck Schumer, New York, Senate Minority Leader
US Senator Chuck Grassley, Iowa
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US Senator Dick Durbin, Illinois
US Senator Mazie Hirono, Hawaii
US Representative Paul Ryan, Wisconsin, Speaker of the House of Representatives
US Representative Nancy Pelosi, California, Minority Leader of the House of Representatives
US Representative Mia Love, Utah
Director Will Covey, USPTO Office of Enrollment and Discipline
Patents Ombudsman
Dr. Colin Tucker, Chairman of the Board, Voip-Pal.com Inc
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CC's sent via registered US mail and email when available