From: John McGrain
To: PTABNPR2018
Subject: FW: BRI Standard Rule Consideration
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Director Iancu and members of the U.S. Patent & Trademark Office,
I am writing you in support of your proposal to replace the broadest reasonable interpretation ("BRI") standard for construing unexpired patent claims and proposed claims in these trial proceedings with a standard that is the same as the standard applied in federal district courts and International Trade Commission ("ITC") proceedings as we believe it is critically important to keep America as a leader for innovation and capital formation in the years ahead.
I am a principal in a private equity fund with assets in excess of $100 million and have assisted in raising capital for startup companies over the past 20 years in excess of $1 billion with a few of them eventually getting up listed to the New York Stock Exchange and employing thousands of people over that period of time.
As an investor, I witnessed the disastrous consequences the enactment of the American Invent Act had on small entrepreneurs and start-up companies. I can name many in our portfolio, but I will highlight one investment in particular. We funded a company called IP Create that was started by well-known and highly regarded IP expert John Cronin. The goal of the Company was to work with smaller inventors that had fundamental strong intellectual property and related patents and act as a funding vehicle to get their companies seeded with capital and eventually either sold off to strategic investors or listed publicly.
We raised approximately $30 million to fund IP Create and had plans to raise in excess of $100 million in a fund to finance small inventors. The enactment of the AIA fundamental changed the landscape for investment, as investors could no longer rely on issued patents as a form of collateral in making investments in these startups. The ability of disinterested third parties to file IPRs on behalf other actors or use it to create shorting opportunities by their actions spooked potential investors and the asset values of these companies cratered due to the uncertainty the PTAB via the IPR process.
Post AIA, small startup companies with foundational patent portfolios were deemed by investment funds to have little value. As such, IP Create was not able to raise any significant amount of capital and the whole market for financing and selling families of intellectual property portfolios dried up. We were forced to shut down IP Capital Group at a significant loss and we saw many potential promising start-ups that would have been easily financed and created many well-paying jobs never come to fruition.
The only companies left standing in post AIA world are the well-financed and established players like Google, Apple, Facebook and Microsoft that now work to actively stifle innovation through the IPR process, which has a follow on effect by creating a stock market that is no longer a medium for financing startup companies for the benefit of public shareholders, but has become heavily weighted and bloated concentrated group of large companies.
This concentrated market weighting in a few large names is unhealthy for the long-term growth and innovation of the US economy.
We support the proposal to change the ("BRI") standard to one standard upheld in federal district courts will set the course for American innovation to remain at the highest levels of competence in today's environment. Applying BRI ("broadest reasonable interpretation"), as is now the case, to an issued patent is incorrect and harmful because that is same standard used during examination.
Often an accused infringer will seek a broad construction for purposes of invalidating a patent and a narrow construction for purposes of arguing non-infringement. This is not fair. If a court or the PTAB has previously adopted a construction of the same term in the context of the same or essentially the same specification, this construction must be adopted by the PTAB.
If we allow the present course of action (i.e. broadest reasonable interpretation of intellectual property rights) then we are denying private property protection of patented processes. The inevitable consequence of using the ("BRI") standard will result in chaotic lawful posturing to accomplish little towards greater inventive ingenuity.

Best Regards,

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