



American Intellectual Property Law Association

December 20, 2018

Acting Deputy Chief Administrative Patent Judge Jacqueline Wright Bonilla and
Vice Chief Administrative Patent Judge Michael Tierney
Mail Stop Patent Board
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Via email: TrialRFC2018Amendments@uspto.gov

Re: Request for Comments on Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board [Docket No. PTO-P-2018-0062]

Dear Judges Bonilla and Tierney:

The American Intellectual Property Law Association (“AIPLA”) is pleased to have the opportunity to present its views to the United States Patent and Trademark Office (“Office”) on the Request for Comments on Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board published in 83 Fed. Reg. 209 (October 29, 2018) (“October 2018 Notice”).

The American Intellectual Property Law Association is a national bar association of approximately 13,500 members engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

AIPLA appreciates the Office’s efforts to improve AIA trial proceedings, which have become pervasive since their initial implementation in September 2012. On several prior occasions, AIPLA has expressed its concerns with the existing motions to amend practice and procedure,¹ and especially appreciates the Office’s attempt to improve this practice and make motions to amend, as contemplated by the statute, a

¹ AIPLA, *Response to the Request for Comments on “Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board”* (October 16, 2014), https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-to-uspto-on-aia-trial-proceedings-before-ptab-10-16-14.pdf?sfvrsn=1d89003e_3; AIPLA, *Comments to USPTO on Proposed PTAB Rules* (October 21, 2015), https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-on-proposed-ptab-rules.pdf?sfvrsn=e07b07c8_3; AIPLA, *Response to the Request for Comments on “PTAB Procedural Reform Initiative”* (July 14, 2017), https://www.aipla.org/docs/default-source/advocacy/documents/aipla-letter-on-ptab-procedures-7-14-2017.pdf?sfvrsn=80da13ce_3; AIPLA, *Amicus Brief in In re Aqua Products* (October 4, 2016), (https://www.aipla.org/docs/default-source/uploadedfiles/documents/advocacy/judicial/2016/documents/aqua-filed.pdf?sfvrsn=ef3c94eb_1

more viable option as part of a trial proceeding. While the current proposal provides some challenges to both patent owners and petitioners, especially in terms of timing and expense, AIPLA generally supports the proposed procedures for handling motions to amend. However, we address some issues with the proposal in the comments that follow.

At the outset, we note our concerns with the time for implementation of the pilot program, and we request further clarification about how the pilot program and the proposed motion to amend procedure will be implemented. The October 2018 Notice states that the Office intends to implement the pilot program shortly after the December 21, 2018, comment deadline. The Notice further states that the Office intends to conduct the pilot program for at least one year. First, we encourage the Office to take adequate time to review and consider comments prior to implementing the pilot program. Implementing the pilot program without adequate time to consider comments is counter to the purpose of notice and comment rulemaking. Second, we request clarification as to which proceedings the pilot program will apply. For example, does the Office intend for the pilot program to apply to any AIA trial proceeding in which the Board has instituted trial? Which proceedings will that include and which pending proceedings (if any) will be excluded? Also, is the intention of the motion to amend proposal to only implement it as a pilot initially, with consideration as to whether to make it a permanent program? Will the Office have objective criteria to determine whether to turn the “pilot” into a permanent program? Will there be an opportunity for further feedback from the user community on the pilot program?

We address the questions set forth in the October 2018 Notice in turn.

1. Should the Office modify its current practice to implement the proposal summarized above and presented in part in Appendix A1? Why or why not?

Yes, AIPLA supports, in principle, modifying the current motion to amend practice to implement the proposal presented in Appendix A1. As AIPLA has previously noted, the current motion to amend practice has not been a viable option for patent owners to amend claims as part of the AIA trial proceedings.² We support the concept of having a preliminary non-binding decision by the Board and providing patent owners with a second opportunity to amend their claims. Providing such guidance and flexibility should help make motions to amend more viable than they have been under the current procedure.

However, the Appendix A1 proposal provides a tight timeline and will add to the expense of AIA trial proceedings in which motions to amend are filed. Accordingly, patent owners should have the option of opting out of the new motion to amend proposal and utilizing the existing motion to amend procedure. While the existing procedure has not been a viable option, in general, recent changes, including placing the burden of persuasion to show unpatentability on the petitioner, may make the current procedure a more desirable option for some patent owners.

In implementing the Appendix A1 proposal, the Office should recognize that patent owners generally need sufficient time to cross-examine declarants before filing a motion to amend, and petitioners need sufficient

² AIPLA, *Response to the Request for Comments on “Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board”* (October 16, 2014), https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-to-uspto-on-aia-trial-proceedings-before-ptab-10-16-14.pdf?sfvrsn=1d89003e_3; AIPLA, *Comments to USPTO on Proposed PTAB Rules* (October 21, 2015), https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-on-proposed-ptab-rules.pdf?sfvrsn=e07b07c8_3

time to conduct additional prior art searches and prepare responses and testimonial evidence in opposing motions to amend. The current proposal provides limited time and the parties should have some flexibility in modifying deadlines, and the Board should be willing to extend the timeframe beyond 12 months for a final written decision where good cause is established.

The PTAB already has statutory authority to extend this timeframe an additional six months. While this authority has rarely been exercised, we believe that this discretion to extend should be granted more freely for certain motions to amend that use these new procedures. While extending the schedule should not be the norm, good cause may exist, for example, for short extensions in order to accommodate witness/declarant availability. However, we recognize that extending schedules for too long may adversely impact motions to stay co-pending litigation. Nonetheless, parties should be afforded some flexibility to propose mutually agreed schedules, and the PTAB should be willing to enter modified schedules upon a showing of good cause.

The PTAB may be reluctant to automatically extend the proceedings in instances when there was a motion to amend out of concern that patent owners would make these filings solely to get extra time. While we agree that an *automatic* extension of time creates an opportunity for gamesmanship, we believe that case-by-case extensions, following a showing of good cause, provide sufficient safeguards to prevent abuse.

It should be emphasized that motions to amend have been filed in less than 10% of all AIA trials to date. This is due, at least in part, to potential intervening rights associated with any substantive amendment. That concern is not going to change, however, under the new motion-to-amend procedures, even with a discretionary extension of time. In other words, it is unlikely that a significant percentage of patent owners will pursue a motion to amend that they do not think is necessary simply to have the IPR proceeding potentially extended by a month or two. It is too risky. The concern for gamesmanship by the patent owner is thus outweighed, in our opinion, by the potentially negative impact claim amendments have on the patents at issue.

2. Please provide comments on any aspect of the proposed amendment process, including, but not limited to, the content of the papers provided by the parties and the Office and the timing of those papers during an AIA trial.

At the outset, AIPLA encourages the Board to issue decisions on institution that will provide sufficient information to the parties on all challenged claims and grounds. Providing fulsome decisions, including initial claim construction determinations, will help both petitioners and patent owners in focusing on the likely issues and disputes raised in the petition and will help inform patent owners on potential amendments to claims. Following *SAS Institute*, the Board is instituting trials on all claims and grounds or none. While the Board may decide to address fewer than all claims in its institution decisions, we encourage the Board to meaningfully address all claims and grounds at the outset, in particular for decisions in which trial is instituted. A patent owner's decision whether to pursue a motion to amend may depend on how the Board preliminarily interprets the petitioner's challenges in the institution decision as well as the Board's initial claim construction determinations.

AIPLA notes that the proposed amendment process will increase the costs of post-grant proceedings in which patent owners file a motion to amend, by requiring more briefing, more expert testimony, and potentially requiring larger teams of attorneys. Although the patent owner will have control over whether to file a motion to amend, both parties will face some additional uncertainty under the new proposed amendment process. The Office should encourage cost-efficiency in the proposed process where possible,

for example by minimizing the need for expert testimony and by encouraging restraint in discovery unique to the motion to amend process.

AIPLA also notes that the timing of the proposed motion to amend process will be a challenge for parties engaged in multiple related post-grant proceedings, for foreign parties, and for small businesses. For patent owners and petitioners engaged in multiple related post-grant proceedings, short deadlines reduce efficiency because multiple lawyers may be needed to timely draft multiple papers. In addition, substantive deadlines of one to one-and-a-half months will demand close attention and may offer little time to fully vet drafting and revision of pleadings. As noted above, the Board should be willing to extend the timeframe beyond 12 months for a final written decision, in appropriate cases, where good cause exists.

3. How does the timeline in Appendix A1 impact the parties' abilities to present their respective cases? If changes to the timeline are warranted, what specific changes are needed and why?

While AIPLA supports the proposed amendment process, in principle, the proposed timeline for motions to amend will be challenging for patent owners and petitioners. First, as a practical matter, the one-and-a-half-month deadline for filing a motion to amend gives very little time for scheduling and taking a deposition of the petitioner's declarant(s) prior to filing a motion to amend. Deposition scheduling often requires substantial lead time, and the proposed timeline offers little time before or after a deposition for evaluating the facts and developing a strategy. Second, because the petitioner's opposition to the motion to amend is due simultaneously with the patent owner response, the petitioner will not have the benefit of arguments made in the patent owner response for its opposition, if any, to a motion to amend, although the papers may address overlapping issues. In addition, the short timeline, may not provide the petitioner much time for subsequent prior art searches, if needed, in responding to a motion to amend. Also, it may be critical to allow time to depose declarants that may be necessary for a revised motion to amend or response, and the tight schedules allow little time for such discovery. As noted above, in order to provide the parties adequate time, the parties should have some flexibility in modifying deadlines, and the Board should be willing to extend the timeframe beyond 12 months for a final written decision on a case-by-case basis, where good cause is demonstrated. Examples of good cause may include witness unavailability, scheduling difficulties, and prior art search constraints. However, the Board should be careful to avoid gamesmanship by the parties and extensions generally should be short and not given as a matter of course.

4. If the Office implements this proposal, should the Board prepare a preliminary decision in every proceeding where a patent owner files a motion to amend that proposes substitute claims?

If the Office implements this proposal, the Board should provide a preliminary decision in every proceeding where a patent owner files a motion to amend that proposes substitute claims. Providing a preliminary, non-binding decision will be important for both the patent owner and the petitioner in the motion to amend process as, ideally, such a decision will provide critical guidance to the parties moving forward. AIPLA suggests that for preliminary decisions to serve their purpose, they should fully address any challenges provided by the petitioner with as much guidance for both petitioner and patent owner as possible. Likewise, the decision on institution should fully address all challenged claims and grounds and provide initial claim construction determinations.

5. What information should a preliminary decision include to provide the most assistance to the parties in presenting their case? For example, is there certain information that may be particularly useful as the parties consider arguments and evidence to present in their papers, how issues may be narrowed for presentation to the Board, and/or whether to discuss a settlement?

AIPLA encourages the Board in a preliminary decision to indicate whether the patent owner has met all the procedural requirements of 37 C.F.R. § 42.121, namely whether the proposed amendments (1) are responsive to a ground of unpatentability involved in the trial, (2) do not enlarge the scope of the original claims or introduce new subject matter, (3) are reasonable in number, and (4) are supported by the original disclosure of the patent or any earlier-filed application to which the patent owner claims the benefit of priority. Furthermore, in the preliminary decision, the Board should respond fully to the arguments that the petitioner presented in its initial opposition to the motion to amend and address claim construction issues. If the petitioner challenges the proposed amended claims on the basis of 35 U.S.C. §§ 101 or 112 in its initial opposition to the motion to amend, the Board should respond to such challenges in the preliminary decision. The Board should provide a preliminary, non-binding indication on whether the proposed amended claims would be patentable based on the patent owner's compliance with the requirements of 37 C.F.R. § 42.121 and the petitioner's arguments in its initial opposition. If the Board believes that the initial proposed amended claims are not patentable in whole or in part, the Board may suggest modifications to the initial proposed amended claims that would overcome concerns about the patentability of the proposed amended claims. For example, if there are concerns about compliance with the requirements of 35 U.S.C. § 112, or the Board believes a feature in a dependent claim would make an independent claim patentable, the Board may make such suggestions in the preliminary decision.

6. If the Office implements this proposal, should there be any limits on the substance of the claims that may be proposed in the revised motion to amend? For example, should patent owners be permitted only to add limitations to, or otherwise narrow the scope of, the claims proposed in the originally-filed motion to amend?

In general, revised motions to amend should be directed to addressing the preliminary decision of the Board and arguments raised by the petitioner. As noted in the Board's request for comment, the existing regulations allow the Board to authorize an additional motion to amend when "there is a good cause showing." 37 C.F.R. §§ 42.121(c) & 42.221(c); *see also* 35 U.S.C. § 316(d)(2) & § 326(d)(2). Addressing the issues raised by the preliminary decision or the petitioner plainly satisfies the required "good cause," but the method of addressing those issues should not be limited to adding limitations or narrowing the scope of the claims from the originally-filed motion to amend. In some situations, an amendment that corrects an issue raised in the preliminary decision may not need to narrow the claims proposed in the motion to amend. As with the initial motion to amend, patent owners also should be able to address any formality issues that may be needed, whether needed in order to put claims in a condition to have a motion to amend granted or to address issues outside the scope of the Board's review. Specifically, patent owners in IPR and CBM proceedings should be allowed to amend the claims to address § 101 and § 112 issues that are outside the scope of the proceedings, even though the Board will not address such issues in the course of IPR or CBM proceedings. In addition, the Board should avoid having motion to amend practice become mired in disputes about whether revised amended claims are narrower than original amended claims. An amendment has to be narrowing overall to be allowable, and so long as a proposed amended claim is narrower than the original claim and is a revision to an original proposed amended claim and not a new substitute claim, then there should not be a need for further specific limits on the revised claims, as a matter of course.

7. What is the most effective way for parties and the Office to use declaration testimony during the procedure discussed above? For example, how and when should parties rely on declaration testimony? When should cross-examination of declaration witnesses take place, if at all, in the process? At what stage of briefing should a party be able to rely on cross-examination (deposition transcripts) testimony of a witness?

While parties need to be able to adequately present evidence to support their positions in AIA trial proceedings, the Office should encourage cost-efficiency in the proposed process where possible, for example by minimizing the need for expert testimony and by encouraging restraint in discovery unique to the motion to amend process. In general, issues related to the scope and content of the prior art should primarily be addressed in the patent owner response and the petitioner reply, and issues requiring additional testimony should relate to whether the art disclosed the additional limitations proposed in narrowing amendments, e.g., within the art of record under §102 or through combination with other references under §103. Declarations addressing issues unique to the briefing of a motion to amend should be filed along with the motion to amend or the opposition to the motion to amend. Declarants supporting the motion to amend or the opposition should be made available for cross-examination in the discovery period after filing of the patent owner response. This timing affords both parties an opportunity to cross-examine the witness prior to briefing after the preliminary decision. Thus, both parties would rely on cross-examination testimony during briefing after the preliminary decision. Any other schedule of discovery would require additional depositions of the patent owner declarant, which would unnecessarily increase the cost and burden of the process.

8. If a petitioner ceases to participate in an AIA trial and the Board solicits patent examiner assistance regarding a motion to amend, how should the Board weigh an examiner advisory report relative to arguments and evidence provided by a patent owner? What type of assistance or information should a patent examiner provide? Should prior art searches by examiners be limited to those relevant to new limitations added to proposed substitute claims and reasons to combine related to such limitations?

First, as discussed more fully in response to Question 16 below, if a petitioner ceases to participate in an AIA trial proceeding, AIPLA does not believe that examiner involvement should be warranted. The Board's role (and the Office's role) in AIA trial proceedings should be to decide the dispute before it based on the arguments and evidence of record, not to raise new patentability challenges. Any amended claim must necessarily be narrower than the claim that originally issued and the patent owner has a limited burden of production under 37 C.F.R. § 42.121, including demonstrating that the proposed amendment "respond[s] to a ground of unpatentability involved in the trial." And in presenting proposed amended claims and complying with these provisions, the patent owner has "a duty of candor and good faith" to the Board to guard against overreaching. 37 C.F.R. § 42.11.

While AIPLA does not advocate for the use of examiner assistance or believe it's necessary, if the Board solicits assistance from examiners, examiner reports should be limited to assessing the patent owner's compliance with the requirements of a motion to amend under 37 CFR 42.121 (the patent owner's burden of production), and evaluating the patent owner's arguments in view of the petitioner's challenges (in the petition) and the Board's interpretation of the references in the institution decision. In addition, examiner reports should be able to provide a report on compliance with 35 U.S.C. § 112 issues. Essentially, examiner reports should be limited to assessing the patent owner's satisfaction of its burden of production and any 35 U.S.C. § 112 issues raised by the proposed amended claims. If a petitioner ceases to participate in an AIA trial and the Board solicits patent examiner assistance regarding a motion to amend, the Board should weigh any examiner advisory report the same as it would any other evidence and against the preponderance of the evidence standard. An examiner advisory report should not be given more weight than evidence would be given if it were offered by the petitioner. Nor should the patent owner have to establish a higher level of proof to overcome examiner opinions. Additionally, the patent examiner should be required to identify the specific portions of the prior art identified that support a given challenge to the patentability of the proposed amendment, consistent with 37 C.F.R. § 42.104(b)(5). That rule should

equally apply to examiner advisory reports, i.e., “The Board may exclude or give no weight to the evidence where a party has failed to state its relevance or to identify specific portions of the evidence that support the challenge.”

While AIPLA does not believe that patent examiners should provide additional prior art not identified in the petition when the petitioner ceases to participate, if the Office permits this practice, the patent examiner’s assistance should be limited to supplying art that alone or in combination presents a ground that establishes a prima facie case of unpatentability of the amended claim(s), including identification of specific portions of the prior art that correspond to that ground. Prior art searches should also be limited to new claim limitations and any grounds based on new art should be limited to reasons to combine related to such new claim limitations in the amended claims. The patent examiner’s assistance should not include (and examiners should not be allowed to provide) expert opinions.

In addition, if petitioners voluntarily do not oppose an initial motion to amend, they should not be able to respond to an examiner report or any other subsequent briefing. Petitioners can choose to participate or save resources and not participate. However, it’s important that petitioners shouldn’t be allowed to “free-ride” and rely on examiner assistance in lieu of responding to motions to amend.

9. Should the Board solicit patent examiner assistance in other circumstances, and if so, what circumstances? For example, should the Board solicit patent examiner assistance when the petitioner remains in the AIA trial but chooses not to oppose the motion to amend?

As noted in response to Question 8, if a petitioner ceases to participate in an AIA trial proceeding, AIPLA does not believe that examiner involvement should be warranted. If petitioners voluntarily do not oppose an initial motion to amend, they should not be able to respond to an examiner report or any other subsequent briefing. Petitioners can choose to participate or save resources and not participate. However, it’s important that petitioners shouldn’t be allowed to “free-ride” and rely on examiner assistance in lieu of responding to motions to amend.

Even if the Board is authorized to seek examiner assistance with motions to amend, examiners should not participate in AIA trial proceedings while the petitioner remains in the proceeding. Petitioners have a strong interest in raising issues of unpatentability, have familiarity with the claims at issue and the cited art, and typically have resources beyond those that an examiner would provide. With these resources at their disposal, one explanation for non-opposition of a motion to amend is simply that the amended claims would be patentable over the prior art. Alternatively, petitioners may decide that challenging the amended claims is not within their interests, e.g., if the amended claims would not read on petitioner’s products or processes. Even under this circumstance, amended claims are subject to further challenge by unrelated third parties. Furthermore, the Board itself is capable of assessing patentability of the amended claims without recourse to the opinion of an examiner.

10. Should a motion to amend filed under the proposed new process be contingent or non-contingent? For purposes of this question, “contingent” means that the Board will provide a final decision on the patentability of a proposed substitute claim only if it determines that a corresponding original claim is unpatentable (as in the current proposal); and “non-contingent” means that the Board will provide a final decision on the patentability of substitute claims in place of determining the patentability of corresponding original claims.

The Board should maintain the practice of allowing patent owners to propose motions to amend contingent on the unpatentability of the originally issued claims. Congress provided for motions to amend to cancel

challenged claims, or present “a reasonable number of substitute claims” for each challenged claim. 35 U.S.C. § 316(d)(1). Thus, the statute makes clear that proposed amended claims presented with a motion to amend should be a proposed “substitute” for original claims of the patent that are challenged by the petitioner. As such, proposed amended claims should only be entered as “substitute claims” for original claims that are found to be unpatentable in a final written decision, or where a patent owner affirmatively states that proposed substitute amended claims are not contingent on the adjudicated patentability of the original claims.

11. If the Office implements the proposal in which the Board issues a preliminary decision on a motion to amend, as discussed above, should any additional changes be made to the current default trial schedule to accommodate the new practice?

As noted above, in response to Question 3, the parties should have some flexibility in modifying deadlines, and the Board should be willing to extend the timeframe beyond 12 months for a final written decision on a case-by-case basis where good cause exists. The parties themselves are likely to have perspective on the amount of time required to complete discovery and provide both the patent owner and the petitioner adequate opportunity for discovery and response. Extending the timeframe beyond 12 months would be particularly appropriate when either or both parties anticipates the need for expert testimony or other additional discovery in support of a revised motion to amend. Requiring one or both parties to justify the extension would allow the panel to ensure that neither party is attempting to unduly delay the proceedings. Examples of good cause may include witness unavailability, scheduling difficulties, and prior art search constraints. However, the Board should be careful to avoid gamesmanship by the parties and extensions generally should be short and not given as a matter of course. As noted in the Request for Comments, patent owners filed motions to amend in 10% or fewer of the completed and pending AIA trials. Only a fraction of these would require extension to allow for additional expert testimony, rendering this an exceptional circumstance.

12. What impact would implementing the proposals above have on small or micro entities who participate as parties in AIA trial proceedings?

While the new proposal provides a number of benefits to parties involved in a motion to amend, such as the preliminary decision and an optional second/revised motion to amend, the new proposal will likely increase expenses for the parties, primarily due to the increased briefing under a condensed schedule. The added expenses may discourage small or micro entity patent owners from pursuing motions to amend under the pilot program, or may discourage small or micro entity petitioners from participating in the motion to amend procedure. AIPLA suggests permitting small or micro entities to opt out of the pilot program due to the likelihood of increased expenses. Small and micro entity patent owners may still pursue claim amendments using reexamination and reissue procedures, although those procedures may be stayed during the pendency of an AIA trial proceeding.

13. Should the Office consider additional options for changing the timing and/or the Board’s procedures for handling motions to amend that are not covered by the proposals above? If so, please provide additional options or proposals for the Office to consider, and discuss the advantages or disadvantages of implementation.

As noted above, AIPLA suggests the Office also consider allowing parties more flexibility in extending deadlines by stipulation, so long as the Board has at least a predetermined time before oral hearing to review all papers.

Additional alternatives that the Office may want to consider include deferring briefing and discovery in a motion to amend proceeding until after a final written decision on the claims and grounds challenged in the petition. The Board and parties would have six months following the entry of the final written decision to handle issues with claim amendments. This would add the additional efficiency of only having to consider motions to amend where original claims have been found to be unpatentable.

Some AIPLA members have expressed a preference for a procedure similar to that used in European opposition proceedings, in which a patent owner would be allowed to present multiple sets of substitute claims, where each set presents claims of varied scope. While this type of procedure may work well in countries without statutory time deadlines, it may be less feasible under the current AIA trial constraints. Nonetheless, given the success of that type of system in other countries, we suggest it as an option to explore, subject to further vetting.

14. Should the Office consider not proceeding with the pilot program in AIA trials where both parties agree to opt-out of the program?

AIPLA suggests that the Office permit patent owners to elect whether to pursue a motion to amend using either (1) the current practice defined in 37 C.F.R. § 42.121 (i.e., filing a motion to amend by the date on which a patent owner response is due), or (2) the new amendment proposal. The decision on which option to pursue should solely be the patent owner's, because it is the patent owner's decision alone whether to pursue a motion to amend.

While the new amendment proposal, which will be implemented as a part of a pilot program, provides a number of benefits to the parties, some patent owners may prefer to opt-out of the pilot program due to the compressed briefing schedule and likely increase in costs, and instead pursue claim amendments using the current procedure defined in 37 C.F.R. § 42.121. According to statistics presented at the November 2018 PPAC meeting, 101 motions to amend were filed in FY2018, which is more than twice the amount (50) of motions to amend filed in FY2017, and the largest number of motions to amend filed in any fiscal year since the inception of AIA trial proceedings.³ This increase in the number of motions to amend is likely based on the Federal Circuit's decision in *Aqua Products*⁴ and its progeny⁵ placing the burden of persuasion on petitioners to show that proposed amended claims are unpatentable. *Aqua Products* was decided at the beginning of FY2018, which suggests that *Aqua Products* had a significant impact on the substantial increase in the number of motions to amend filed in FY2018 under the current procedure. Based on these developments, patents owners may prefer to pursue motions to amend under the current procedure and forego increased briefing in a compressed schedule under the pilot program.

If the patent owner opts out of the pilot program, the Board should not provide a preliminary report on the patentability of the proposed substitute claims or permit the patent owner to submit a second motion to amend, in the absence of a showing of good cause. These advantages of the pilot program should be limited to those patent owners that pursue a motion to amend under the pilot program. If the patent owner does not file an initial motion to amend within six weeks of the institution decision, the Board should presume that the patent owner has opted out of the Pilot Program. The Board's scheduling order that is entered upon institution should make clear that if the patent owner does not file a motion to amend within six weeks

³ See "Patent Trial and Appeal Board Update" (slide 48), presented at November 8, 2018 PPAC Meeting, available at https://www.uspto.gov/sites/default/files/documents/20181108_PPAC_PTAB_Update.pdf.

⁴ *Aqua Products, Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) (en banc).

⁵ *Bosch Auto. Serv. Sols., LLC v. Matal*, 878 F.3d 1027 (Fed. Cir. 2017) (petitioners have the burden of persuasion to show that a proposed amended claim does not meet the requirements of 35 U.S.C. § 112).

of the institution decision, the patent owner has presumptively elected to opt out of the pilot program. In such cases, the patent owner should still be able to pursue a motion to amend under current practice (i.e., filing a motion to amend no later than the date on which a patent owner's response is due).

15. Should the Office engage in rulemaking to allocate the burden of persuasion regarding the patentability of proposed substitute claims in a motion to amend as set forth in the *Western Digital* order? What are the advantages or disadvantages of doing so?

Yes, as AIPLA has noted previously, the implementation of the statutory right to amend claims implicates matters of policy that should be addressed in a consistent and predictable way through rulemaking, not through PTAB adjudication of a string of fact-specific cases with no precedential value. While the *Western Digital* order has been designated as informative and properly places the burden of persuasion on the Petitioner, the order does not have the same level of vetting as a regulation that has been subject to notice and public comment.

A patent owner's ability to amend a claim challenged in an AIA trial is a statutory right under Section 316(d). Motion to amend practice should not be subject to unpredictable case-by-case adjudication, the application of which can vary from panel to panel. Such an approach does not provide the certainty and consistency needed for fair proceedings under the statute. Thus, AIPLA would favor notice and comment rulemaking to make clear that the burden of persuasion regarding patentability is properly placed on the petitioner for motions to amend.

Placing the burden of persuasion on the petitioner is consistent with Section 282(a), the longstanding provision that governs burdens of proof in patent infringement actions in federal court and for which there is a wealth of precedent. Compare 35 U.S.C. § 316(e) with 35 U.S.C. § 282(a). Section 316(e) provides that "the petitioner shall have the burden of proving a proposition of unpatentability," and section 282(a) similarly provides that "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity."

Although a "clear and convincing evidence" standard of proof is used in federal court actions and a "preponderance of the evidence" standard of proof is used in AIA trial proceedings, these are references to a different degree of proof rather than a different allocation of the burden of proof to one party or the other. This difference provides no basis for otherwise assigning the burden of persuasion differently in an AIA trial proceeding. Under section 282(a), the challenger to the validity of an issued claim always bears the burden of persuasion and bears a corresponding burden of producing evidence demonstrating that the claim is invalid.⁶ Given the similarity between section 282(a) and section 316(e), the burden of persuasion and the burden of producing evidence when adjudicating the patentability of claims in an AIA trial proceeding should be the same as when adjudicating the validity of claims in federal court. Indeed, the Supreme Court's decision in *Cuozzo* confirmed that the burden of proof in an IPR is among the "adjudicatory characteristics" of an IPR that "make these agency proceedings similar to court proceedings" even if "in other significant respects, inter partes review is less like a judicial proceeding and more like a specialized agency proceeding."⁷ Consistent with the foregoing analysis, the Federal Circuit has concluded that the "shifting burdens...in district court litigation parallel the shifting burdens...in inter partes reviews."⁸

⁶ *Technology Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1326-29 (Fed. Cir. 2008).

⁷ 136 S. Ct. at 2143

⁸ *Dynamic Drinkware LLC v. National Graphics, Inc.*, 800 F.3d 1375, 1378-81 (Fed. Cir. 2015).

16. If the Office continues to allocate the burden as set forth in the Western Digital order, under what circumstances should the Board itself be able to justify findings of unpatentability? Only if the petitioner withdraws from the proceeding? Or are there situations where the Board itself should be able to justify findings of unpatentability when the petitioner remains in the proceeding? What are the advantages or disadvantages?

The circumstances in which the Board should be able to justify findings of unpatentability should be limited. Under 37 C.F.R. §42.121(a)(2), there are only two circumstances in which a motion to amend may be denied:

- (1) where “[t]he amendment does not respond to a ground of unpatentability involved in the trial,” and
- (2) where “[t]he amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.”

This regulation requires a patent owner to show that a proposed amendment responds to an asserted ground of unpatentability. This requirement makes sense since the purpose of permitting amendments in an AIA trial proceeding is to allow the patent owner to address arguments raised by the petitioner, not to allow claim amendments for other reasons. In general, so long as a proposed amendment is narrowing, responds to the grounds of unpatentability raised in the petition, and is supported by the written description, then the patent owner should meet its burden with respect to patentability.

These provisions correspond to 35 U.S.C. § 316(d)(3), which states that “[a]n amendment ... may not enlarge the scope of the claims of the patent or introduce new matter.” And the regulation goes further than the statute, because it also provides that a motion to amend may be denied where “[t]he amendment does not respond to a ground of unpatentability involved in the trial.” 37 C.F.R. § 42.121(a)(2)(i). This additional requirement is consistent with section 316(e), which only requires that the petitioner “shall have the burden of proving a proposition of unpatentability.”

In order for an IPR trial to be instituted, the Board must necessarily conclude that there is a “reasonable likelihood” that one or more of the claims are unpatentable. 35 U.S.C. § 314(a). This means that the petitioner has already satisfied a burden to come forward with evidence of unpatentability of the claims for which IPR was instituted. Once the patent owner has met the limited initial burden of production imposed by 37 C.F.R. § 42.121(a)(2), then the petitioner has a burden of production to show that the proposed amended claim is unpatentable. And the ultimate burden of persuasion to prove unpatentability of the proposed amended claim should remain with the petitioner. If a patent owner meets the limited initial burden of production imposed by 37 C.F.R. § 42.121, then the Board should not sua sponte raise new patentability challenges to that claim. This conclusion flows from the statutory and regulatory framework upon which AIA trials are based, including the requirement in 5 U.S.C. § 706(2)(E) of the Administrative Procedure Act that the Board’s decisions be supported by “substantial evidence” as well as the requirement in 35 U.S.C. § 316(e) imposing the burden of proving unpatentability on the petitioner.

The requirement in the Administrative Procedure Act that the Board’s decisions be based on “substantial evidence” means that “[w]ith respect to core factual findings in a determination of patentability, ...the Board cannot simply reach conclusions based on its own understanding or experience—or on its assessment of what would be basic knowledge or common sense.”⁹“Rather, the Board must point to some concrete

⁹ *In re Zurko*, 258 F.3d 1379, 1386 (Fed. Cir. 2001)

evidence in the record in support of these findings.” *Id.* And the essence of a burden of persuasion for a particular proposition is that in the absence of sufficient evidence demonstrating that proposition, the proposition must be found not to be true.

Because the burden of proving unpatentability lies with the petitioner, this means that, in the absence of sufficient evidence from the petitioner that an amended claim is unpatentable, the Board should find the claim to be patentable on the record before it, provided that the patent owner meet its initial burden of production.¹⁰ (“Failure to prove the matter as required by the applicable standard means that the party with the burden of persuasion loses on that point.”). If the Board were to supply its own evidence that a claim is unpatentable, then it would effectively relieve the petitioner from its burden of proving unpatentability.

The Federal Circuit recognized the role of the Board in *In re Magnum Oil Tools International Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016), albeit in the context of addressing a non-amended claim. In *Magnum Oil Tools*, the petitioner provided only a conclusory analysis for combining features of the prior art references on which the IPR trial was instituted. In its final written decision, the Board supplied an obviousness argument that had not been made by the petitioner. The Federal Circuit observed:

[Inter partes review] is ... a system that is predicated on a petition followed by a trial in which the petitioner bears the burden of proof. Given that framework, we find no support for the PTO’s position that the Board is free to adopt arguments on behalf of petitioners that could have been, but were not, raised by the petitioner during an IPR. Instead, the Board must base its decision on arguments that were advanced by a party, and to which the opposing party was given a chance to respond.... Thus, while the PTO has broad authority to establish procedures for revisiting earlier-granted patents in IPRs, that authority is not so broad that it allows the PTO to raise, address, and decide unpatentability theories never presented by the petitioner and not supported by record evidence.

Id. at 1381. Because the burden of proof applies equally to proposed amended claims as it does to originally challenged claims, the reasoning in *Magnum Oil Tools* applies equally to proposed amended claims. Although 35 U.S.C. § 318(a) requires the Board to issue a decision “with respect to the patentability ... of any new claim added under section 316(d),” that statute does not authorize the Board to base its decision on its own theories of unpatentability.

The Board’s role in AIA trial proceedings should be to decide the dispute before it based on the arguments and evidence of record, not to raise new patentability challenges. Although the Supreme Court clarified in *Cuozzo* that the “basic purpose[]” of an IPR is “to reexamine an earlier agency decision” and is therefore “not quite the same as the purpose of district court litigation,” the Court confirmed that the burden of proof is one aspect of an IPR that is “adjudicatory,” and that it is one aspect that does “make these agency proceedings similar to court proceedings.”¹¹ And “[i]t is beyond cavil that a district court does not have authority to invalidate a patent at its own initiative if validity is not challenged by a party.”¹² Just as district courts must make a determination of validity based on the evidence of record, the Board should assess patentability of both issued and proposed amended claims based on the evidence of record.

We also note that the Board’s role in AIA trial proceedings is different from the Board’s role in other contexts in which it may permissibly raise patentability challenges *sua sponte*. Those contexts involve a different burden of proof and additional procedural safeguards that are not in place in AIA trial proceedings. For

¹⁰ *Technology Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1327 (Fed. Cir. 2008)

¹¹ *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131, 2143-44 (2016)

¹² *Lannom Mfg. Co. v. U.S. Int’l Trade Comm’n*, 799 F.2d 1572, 1579 (Fed. Cir. 1986).

example, in an ex parte appeal from an examiner's decision that a claim is unpatentable, the Board may sua sponte raise "new grounds of rejection." However, in that context there is no statute that imposes a burden of proof on the examiner (as opposed to the Office generally), and there are regulations in place that allow the patent applicant to respond to the new ground of rejection or to reopen prosecution (where additional rebuttal evidence may be marshalled or additional amendments may freely be made). 37 C.F.R. § 41.50(b). In contrast, in an AIA trial proceeding, the burden of proof is imposed on the petitioner by statute, and there are no regulations providing procedural safeguards and ensuring fairness for the patent owner if the Board raises a new theory of unpatentability in response to a motion to amend.

Limiting patentability challenges to those raised by the petitioner is sound public policy. The claims involved in an AIA trial proceeding are claims from issued patents. All of the claims were previously examined by the Office and carry with them a statutory presumption of validity. 35 U.S.C. § 282. Moreover, any amended claim must necessarily be narrower than the claim that originally issued and may give rise to "intervening rights" under the statute. 35 U.S.C. §§ 316(d)(3), 318(c). In addition, the patent owner has a limited initial burden of demonstrating that the proposed amendment "respond[s] to a ground of unpatentability involved in the trial." 37 C.F.R. § 42.121(a)(2)(i). And in presenting proposed amended claims and complying with these provisions, the patent owner has "a duty of candor and good faith" to the Board to guard against overreaching. 37 C.F.R. § 42.11.

Although the statute does permit the Board to proceed to a final written decision even when a petitioner has withdrawn, e.g., 35 U.S.C. § 317(a), such a decision would still need to be based on the evidence and arguments presented by a petitioner.¹³ The statute does not provide a basis for the Board to sua sponte oppose an amendment if the petitioner does not. To the contrary, the AIA encourages the use of amendments as a means to resolve disputes, not as a reason for the Board to create new ones. 35 U.S.C. § 316(d)(2) ("Additional motions to amend may be permitted...to materially advance the settlement of a proceeding..."). For the same reason that the Board does not use its resources to reach out and address the patentability of issued claims unless a petitioner files a post grant petition, the Board should not use its resources to reach out and address the patentability of amended claims when the petitioner has not bothered to challenge them during the IPR itself.

Moreover, additional avenues exist to challenge an amended claim resulting from an AIA trial proceeding. The amended claim is not insulated from challenge by another member of the public, either in court or at the Office by way of an ex parte reexamination or in a further AIA trial proceeding. See 35 U.S.C. § 315(e)(1), (e)(2) (estoppel only applies to "[t]he petitioner"). There is nothing that would prevent a court or the Board from taking up a challenge to the patentability of an amended claim in a subsequent trial proceeding, even based on art previously considered by the Board.

Furthermore, the statutes governing ex parte reexamination (in contrast to the statutes governing inter partes review) expressly state that "On his own initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 or 302." 35 U.S.C. § 303(a). Thus, the Board is free to bring any ground for unpatentability of an amended claim to the Director, who may then institute an ex parte reexamination of that claim. Significantly, ex parte reexamination has significant procedural safeguards allowing a patent owner to respond to an examiner's rejections and to freely propose multiple amendments to its claims, safeguards which are not present in connection with a motion to amend in an IPR.

¹³ *Magnum Oil Tools*, 829 F.3d at 1381

17. If the Office adopts the current proposal including a preliminary decision by the Board on a motion to amend, do the answers to questions 15 and 16 change?

No, AIPLA's answers to questions 15 and 16 remain the same.

AIPLA appreciates the opportunity to provide feedback to the Office on the Request. AIPLA looks forward to further dialogue with the Office with regard to the issues raised above.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sheldon H. Klein". The signature is stylized and includes a large initial "S" and "K".

Sheldon H. Klein
President
American Intellectual Property Law Association