

June 26, 2020

To: Michael Tierney, Vice Chief Administrative Patent Judge  
Via email: [PTABNPRM2020@uspto.gov](mailto:PTABNPRM2020@uspto.gov).

Re: *PTAB Rules of Practice for Instituting on All Challenged Patent Claims and All Grounds and Eliminating the Presumption at Institution Favoring Petitioner as to Testimonial Evidence*. Docket No PTO–P–2019–0024.

IEEE-USA is pleased to submit these comments on the above-captioned notice of proposed rulemaking published in [85 Fed. Reg. 31728 \(May 27, 2020\)](#), (“NPRM”). We commend the U.S. Patent and Trademark Office (“PTO” or the “Office”) for reconsidering, and now proposing to amend, its existing Patent Trial and Appeal Board (“PTAB”) rules. IEEE-USA supports this important step in a series of regulatory improvements carried out under the leadership of PTO Director Andrei Iancu. IEEE-USA represents nearly 180,000 engineers, scientists, and allied professionals whose livelihoods depend on American technology companies and their domestic research and development operations. Our members include inventors and researchers involved in scientific discovery and cutting-edge technology development. They work for large and small companies, and as individual inventors or entrepreneurs, and depend on a strong American patent system.

The America Invents Act enacted on September 16, 2011 (“AIA”) established new proceedings at the PTO for challenging the validity of issued patent claims in AIA administrative trials. Such a trial may be an *inter partes* review (“IPR”), post grant review (“PGR”), and covered business method (“CBM”) patent review. The Director of the PTO is vested with authority to institute such proceedings,<sup>1</sup> including authority to deny petitions for institution, and the decision is “final and nonappealable.”<sup>2</sup> The Director delegated by regulation AIA trial institution decisions to the PTAB,<sup>3</sup> and the PTAB conducts the reviews.<sup>4</sup>

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<sup>1</sup> 35 U.S.C. §§ 314 and 324

<sup>2</sup> 35 U.S.C. §§ 314(d) and 324(e); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review . . . .” (emphasis omitted)); *In re Power Integrations, Inc.*, 899 F.3d 1316, 1318 (Fed. Cir. 2018) (“If the Director decides not to institute, for whatever reason, there is no review. In making this decision, the Director has complete discretion to decide not to institute review.”) (Citations omitted); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”)

<sup>3</sup> 37 C.F.R. § 42.4(a) (“The Board institutes the trial on behalf of the Director.”)

The NPRM proposes to amend the PTAB Rules of Practice for (1) instituting a review on all challenged claims and grounds of unpatentability asserted in a petition, or denying the petition; (2) authorizing sur-replies to principal briefs and provide that a patent owner response and reply may respond to a decision on institution; (3) *eliminating* the presumption that a genuine issue of material fact created by the patent owner’s testimonial evidence filed with a preliminary response will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute a review.

IEEE-USA is generally supportive of these proposals, as they remove structural bias and improve fairness and balance in post-issuance patent reviews, consistent with our Position Statement on such matters.<sup>5</sup> These proposed rules are addressed below in order of their importance.

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<sup>4</sup> 35 U.S.C. §§ 316(c), 326(c).

<sup>5</sup> IEEE-USA [Balance in U.S. Patent Law](#) (November 22, 2019) (at 2: “A functioning IP system must be fair, and as importantly, be perceived to be fair;” at 3: IEEE-USA supports “[e]stablishing balance in inter partes reviews, post-grant reviews and covered business method reviews, by statutes or regulations that require these reviews to be ... conducted under district court standards for burden of proof and claim interpretation...”).

## 1. Eliminating the evidentiary presumption in favor of Petitioner

The statutory threshold for instituting an AIA trial on the merits is met if, for an IPR petition, “the Director determines that the information presented in the petition ... and any response filed [by the patent owner] shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition;”<sup>6</sup> and for a PGR or CBM petition, if “the Director determines that the information presented in the petition ... would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.”<sup>7</sup> Contrary to these party-neutral statutory provisions for institution of AIA trials, the existing rules governing institution decisions create an *irrebuttable presumption* that “a genuine issue of material fact created by [patent owner-adduced] testimonial evidence will be viewed in the light most favorable to the petitioner.”<sup>8</sup>

The PTO now proposes to amend the PTAB rule to remove the bias for institution arising under such irrebuttable presumption, an amendment that IEEE-USA strongly supports. Without acknowledging the substantive prejudice and bias in the existing rule, the only reasons the NPRM offers for amending it are procedural—that it “has caused some confusion at the institution stage” and that “the presumption in favor of the petitioner may be viewed as discouraging patent owners from filing testimonial evidence with their preliminary responses, as some patent owners believe that such testimony will not be given any weight at the time of institution.”<sup>9</sup> IEEE-USA recognizes, however, that there are proponents of the existing rule who prefer that such bias be maintained to facilitate more challenges of issued patents in an administrative tribunal that does not apply the procedural and Constitutional protections available to patent owners in Article III courts. It is anticipated that such proponents will submit comments for the record in opposition to this rule change, raising many of the arguments used for adopting the irrebuttable presumption in the first place. Because the PTO’s perfunctory procedural explanation for amending the existing rule does not include the reasons of its substantive and legal infirmity, IEEE-USA offers the analysis below in order to complete the record on these issues.

The PTO’s explanation in 2016 for adopting this irrebuttable (or conclusive) presumption rule was “[b]ecause the time frame for the preliminary phase of an AIA proceeding does not allow generally for cross-examination of a declarant before institution as of right, nor for the petitioner to file a reply brief as of right” and the presumption preserves “petitioner’s right to challenge statements made by the patent owner’s declarant, which may be done as of right during a trial.”<sup>10</sup> The PTO

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<sup>6</sup> 35 U.S.C. § 314(a).

<sup>7</sup> 35 U.S.C. § 324(a).

<sup>8</sup> 37 C.F.R. §§ 42.108(c) and 42.208(c) (2016).

<sup>9</sup> NPRM at 31729-30.

<sup>10</sup> [81 Fed. Reg. 18750, 18755 \(April 1, 2016\)](#)

then reasoned that “[a] presumption in favor of petitioner for disputed facts, which may be fully vetted during a trial when cross-examination of declarants is available, is appropriate given the effect of denial of a petition.”<sup>11</sup> This 2016 rationalization of prejudice against the patent owner demonstrates clear bias. As shown below, the PTAB’s implementation of the rule proves as much.

### 1.1 Evidence of PTAB institution decision bias

The evidentiary presumption in favor of petitioner has had substantial effect. In applying the rule favoring petitioner, the PTAB decided in one case to institute an IPR proceeding despite “find[ing] the evidence and arguments presented by Patent Owner compelling.”<sup>12</sup> In another case, the PTAB denied petitioner’s request for leave to file a rebuttal to patent owner’s Preliminary Response by essentially telling the petitioner not to bother because “any disputed issues of fact will still be resolved in Petitioner’s favor.”<sup>13</sup> In yet another decision to institute an IPR, the PTAB invoked the rule’s requirement that it favor petitioner to justify its refusal to even weigh testimony of patent owner’s expert versus contrary testimony of petitioner’s expert.<sup>14</sup>

Empirical evidence shows the extent of the bias. Because the rule for favoring petitioner ostensibly applies only where testimonial evidence is provided by the patent owner, one study compared the institution rates between proceedings where patent owners submitted testimonial evidence in support of their preliminary response and those where no such testimonial evidence was submitted.<sup>15</sup> The analysis revealed that — in the aggregate — patent owners fared worse when relying on testimonial evidence. For patents in the technology classes studied, the institution rate was 52 percent when no such evidence was submitted, compared to 66 percent when it was submitted.<sup>16</sup> In other words, it appears that the submission of testimonial evidence opens the door for the PTAB to apply bias in favor of institution, regardless of the merit in the patent owners’ evidence. But in at least one instance, to justify instituting an IPR, the PTAB has chided a patent owner for failing to submit expert testimony in support of its preliminary response.<sup>17</sup> The

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<sup>11</sup> *Id.* at 18756.

<sup>12</sup> *Sanofi-Aventis U.S. LLC v. Immunex Inc.*, IPR2017-01879, Paper 19 at 14 (PTAB Feb. 15, 2018).

<sup>13</sup> *Realtime Data LLC v. Oracle Int’l Corp.*, IPR2016-00695, paper 7 at 2-3 (PTAB, June 24, 2016).

<sup>14</sup> *Seabery North America Inc. v. Lincoln Global, Inc.*, IPR2016-00840, Paper 11 at 26 (PTAB, October 6, 2016)

<sup>15</sup> Rubén Muñoz, et al., “How New Testimonial Evidence Affects IPR Institution,” [Law360, \(June 5, 2018\)](#) (Comparing institution rates for patents issued by Technology Center 1600 - Biotechnology and Organic Chemistry).

<sup>16</sup> *Id.*

<sup>17</sup> *Hospira, Inc. v. Genentech, Inc.*, IPR2017-00805, Paper 13 at 15 (PTAB Jul. 27, 2017) (“At this stage of the proceeding, and without the benefit of expert testimony from Patent

existing rule of bias thus places patent owners in a predicament of “Damned if you do, damned if you don’t,” leading to the classic “Heads I Win, Tails You Lose” scenario.

## **1.2 The proposed rule is an important step for correcting an AIA trial institution procedure that is materially inconsistent with law**

The statute in 35 U.S.C. §§ 314(a) and 324(a) for deciding institution of AIA trials provides that such decision must be preliminary based on the *probability* of petitioner’s success. The assessment of the probability includes consideration of *all* the “information presented in the petition ... and any response filed” by the patent owner. The “reasonableness” of likelihood aspect of the institution threshold standard gives the PTAB discretion to assign appropriate *weight* to each component of supporting evidence. At this stage, the statute requires the PTAB to consider the persuasive *weight* of each evidentiary component in order to form a single *composite* perceived probability — the probability that the petitioner would prevail on at least one claim. That probability needs to be “reasonable” for instituting IPRs and higher than the probability of not prevailing, for instituting PGRs or CBMs, and the PTAB’s “decision to initiate ... review is ‘preliminary,’ not ‘final.’”<sup>18</sup>

The legislative history of the AIA shows that the process Congress intended for institution decisions is similar to that used by the courts in deciding preliminary injunctions in patent infringement cases:

Satisfaction of the inter partes review threshold of “reasonable likelihood of success” will be assessed based on the information presented both in the petition for review and in the patent owner’s response to the petition. The “reasonable likelihood” test is currently used in evaluating whether a party is entitled to a preliminary injunction, and effectively requires the petitioner to present a prima facie case justifying a rejection of the claims in the patent.<sup>19</sup>

When courts consider whether to grant preliminary injunctions, when the question of patent validity arises at the preliminary injunction stage before trial, the burdens and presumptions “track” those applied in the trial<sup>20</sup> At the end of this preliminary stage, the court determines only the plaintiff’s *likelihood of success* – and “the trial court does not resolve the validity question, but rather must ... make an assessment of the persuasiveness of the challenger’s evidence, recognizing that it is doing so without all evidence that may come out at trial.”<sup>21</sup> This assessment does not call for, and often does not entail, *findings* by the court on factual infringement or validity propositions asserted by either party. Rather, this assessment “refers to

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Owner, we decline to give Petitioner’s arguments based on expert testimony less weight in comparison to Patent Owner’s attorney arguments.”).

<sup>18</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016).

<sup>19</sup> 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (Statement of Senator Kyl, one of the AIA bill’s managers).

<sup>20</sup> *Titan Tire Corp. v. Case New Holland, Inc.*, 566 F.3d 1372, 1377 (Fed. Cir. 2009).

<sup>21</sup> *Id.* at 1377 (quotations and citations omitted).

the *net* of the evidence after the trial court considers *all* evidence on *both sides* of the validity issue available at this early stage of the litigation.”<sup>22</sup> As the Federal Circuit explained, “the trial court must decide whether to grant a preliminary injunction in light of the burdens the parties *will bear at trial*, sometimes requiring the court to make its decision based on less than a complete record or *on disputed facts whose eventual determination will require trial*.”<sup>23</sup> It is therefore clear that in this preliminary decision stage, disputed facts on the merits are often not decided nor presumed, let alone by irrebuttable presumed shifting the burden of proof, and that if present in an Article III court action, would contradict the presumption of patent validity.<sup>24</sup>

Congress created the same framework for instituting AIA trials, without arbitrarily biasing the institution decision with intermediate factual presumptions. The statutory institution threshold thus is not a lower standard of proof, but instead is based on the probability that the standard of proof will be met *at trial* once *all* evidence on *both sides* of the validity issue is considered.

### 1.2.1 *Contrary to law, the current rule is facially biased towards institution*

Today, the PTO’s proposal in the NPRM to amend the rule by removing the presumption is an important corrective step. This is in part because the existing rule is tantamount to an irrebuttable presumption in favor of petitioner on disputed facts. It is contrary to law for the following reasons. First, it creates *substantive law on institution* that is contrary to the statute in 35 U.S.C. §§ 314(a) and 324(a). The existing rule forces a *discrete determination* by the PTAB on a specific factual proposition through a presumption in favor of petitioner, a presumption that Congress never authorized, and which the patent owner is not permitted to rebut prior to the institution decision. The U.S. Supreme Court held that applying an irrebuttable presumption is “the implementation of a *substantive rule of law*.”<sup>25</sup>

However, the PTO lacks substantive rulemaking authority with respect to interpretations of the Patent Act.<sup>26</sup> And the PTO’s “new delegation of authority in the AIA to establish procedures by regulation for the conduct of IPRs does not

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<sup>22</sup> *Id.* at 1378 (emphasis added).

<sup>23</sup> *Id.* at 1379 (emphasis added).

<sup>24</sup> 35 U.S.C. § 282(a) (An issued patent “shall be presumed valid.” ... “The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.”)

<sup>25</sup> *Michael H. v. Gerald D.*, 491 U.S. 110, 119 (1989) (While “phrased in terms of a presumption, that rule of evidence is the implementation of a *substantive rule of law*.”) (Emphasis added); *See also* 2 Strong J., *McCormick on Evidence*, § 342 at 451(4th ed.1992) (In applying an irrebuttable presumption, “the courts are not stating a presumption at all, but simply expressing the rule of law”).

<sup>26</sup> *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008) (Stating that the Patent Act “does not authorize the Patent Office to issue ‘substantive’ rules.”); *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1294 (Fed. Cir. 2011) (same).

confer new statutory interpretive authority ... and the Board's authority to adjudicate IPRs does not confer rulemaking authority upon the Director that extends to all legal questions the Board adjudicates."<sup>27</sup> Moreover, the PTO enjoys no deference under *Chevron* to interpret the institution statute for two reasons.

First, no deference is due because the statute is unambiguous,<sup>28</sup> and the rule is an unreasonable interpretation of the statute.<sup>29</sup> This is so because the rule injects an irrebuttable presumption bias towards institution, and is inconsistent with Congress' statutory framework modeled on preliminary injunctions. In determining whether the *Chevron* deference applies "the ultimate question is whether *Congress* would have intended, and expected [the particular interpretation] as within, or outside, its delegation to the agency of 'gap-filling' authority."<sup>30</sup> In enacting 35 U.S.C. §§ 314(a) and 324(a), Congress clearly did not intend injection of an irrebuttable presumption bias at the institution decision.

Second, favoring the petitioner on evidentiary issues is inconsistent with petitioner's initial burden of going forward with evidence of unpatentability at the institution stage to establish the requisite probability for a decision to institute.<sup>31</sup> The PTO explained in its 2016 Federal Register publication of the PTAB rules that it adopted the presumption in favor of petitioner because there is no time for "cross-examination of a declarant before institution as of right, nor for the petitioner to file a reply brief as of right." This is a procedural expediency that misses the point and disregards Congress' intent. Cross-examination of witnesses is often not available in court proceedings on preliminary injunctions prior to trial, and yet the law provides no presumption on factual propositions favoring any party in that setting. And the inability to cross-examine witnesses *applies equally for both parties* at the pre-institution stage, placing them on equal footing. Moreover, the availability of a pre-institution reply by petitioner, provides the petitioner the opportunity to counter the patent owner's testimonial evidence, thereby avoiding prejudice against petitioner.

### 1.2.2 *The current rule improperly shifts the risk of error onto the patent owner*

In the 2016 Federal Register publication of the PTAB rules, the PTO provided an analysis that essentially admitted that it sought to *bias* PTAB decisions towards

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<sup>27</sup> *Facebook, Inc. v. Windy City Innovations, LLC*, Case No. 2018-1400, slip Op. at \*14 (Fed. Cir. March 18, 2020) (Prost, Plager and O'Malley, CJ., additional views).

<sup>28</sup> *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 843 (1984).

<sup>29</sup> *Id.* at 844; *City of Arlington, Tex. v. F.C.C.*, 133 S. Ct. 1863, 1868 (2013) (Under *Chevron*, "[s]tatutory ambiguities will be resolved, within the bounds of reasonable interpretation, not by the courts but by the administering agency.")

<sup>30</sup> *Long Island Care at Home, Ltd. v. Coke*, 551 U. S. 158, 173 (2007) (emphasis in original).

<sup>31</sup> The petitioner initially bears the burden of production to establish the requisite level of probability that at trial it would meet its burden of proof under 35 U.S.C. §§ 316(e) and 326(e) ("[T]he petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.")

institution by adopting “[a] presumption in favor of petitioner for disputed facts” because of “the effect of denial of a petition.”<sup>32</sup> Ostensibly, the PTO acted to shield petitioners from adversity arising out of any final decision denying institution relying on disputed testimonial evidence that was not vetted by cross-examination. The PTO reasoned that favoring institution *a priori* mitigates adverse effects on petitioners while maintaining a path for vindicating patent owners, as disputed facts “may be fully vetted during a trial when cross-examination of declarants is available.”<sup>33</sup>

Here again, the PTO’s regulatory imposition of bias towards institution, shifting the risk of error away from petitioners onto patent owners, overstepped the PTO’s statutory authority. The PTO failed then to recognize that the frameworks Congress devised for pretrial proceedings inherently impart risks *on both sides* due to erroneous preliminary decisions in reliance on incomplete evidentiary records. In the context of AIA trials, an erroneous decision denying institution may indeed be adverse to the petitioner, only in as much as requiring it to seek alternative court venue for challenging the patent. In the context of preliminary injunctions, however, an erroneous court decision denying a preliminary injunction may be more serious as it may cause the plaintiff *irreparable harm* due to continued infringement. Nothing in the AIA statute, nor the legislative history, suggests that Congress intended the risks of erroneous preliminary decisions imparted on those seeking institution to be mitigated any more than for those seeking preliminary injunctions.<sup>34</sup>

Furthermore, the PTO’s conclusion that there would be an adverse effect on petitioners, was inconsistent with the statutory framework, because that framework imposes no estoppel on petitions for which institution was denied. Thus, any petitioner’s position relative to any corresponding civil action for patent infringement would not change by the denial of their petition to institute.

U.S. Supreme Court Justice Samuel Alito articulated the glaring disparity of risks among the parties as follows.

A patent challenger does not have nearly as much to lose from an erroneous *denial* of inter partes review as a patent owner stands to lose from an erroneous *grant* of inter partes review. Although such a challenger loses some of the advantages of inter

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<sup>32</sup> 81 *Fed. Reg.* at 18756.

<sup>33</sup> *Id.*

<sup>34</sup> As to risks due to both types of preliminary decision errors, it is the patent owner that consistently comes out on the short end of the stick: if a preliminary injunction is issued, the patentee will nearly always be required to post bond for securing any costs or damages that the defendant may incur if found to have been wrongfully enjoined; in contrast, if an AIA trial challenging a valid patent is found to have been wrongfully instituted (all claims survived the challenge), the petitioner is *not* liable to the patent owner, and therefore need not post a bond, for the patent owner’s costs to defend the patent and for any damages associated with loss of quiet title and income from the patent during the proceedings.



partes review (such as a more favorable claim construction standard and a lower burden of proof), it remains free to challenge the patent's validity in litigation. A patent owner, on the other hand, risks the destruction of a valuable property right<sup>35</sup>

Repealing the bias for institution in the PTO's existing rule is clearly the appropriate action for the PTO to take because the existing rule unfairly prejudices patent owners in contravention of law. IEEE-USA therefore supports the PTO's proposed language for the new rule at 37 C.F.R. §§ 42.108(c) and 42.208(c) under which, "consistent with the statutory framework, any testimonial evidence submitted with a patent owner's preliminary response will be taken into account as part of the totality of the evidence."<sup>36</sup>

IEEE-USA further urges the PTO to clarify that the new rule would apply to all *pending* IPR, PGR, and CBM proceedings in which a patent owner's preliminary response is filed on or after the effective date of the new rule. That timing of applicability minimizes the harm of the existing rule, without prejudice to either party.

## **2. Providing for sur-replies and patent owner response to a decision on institution**

The NPRM proposes to amend 37 C.F.R. §§ 42.23, 42.24, 42.120, and 42.220 to permit (1) replies and patent owner responses to address issues discussed in the institution decision, and (2) sur-replies to principal briefs (i.e., to a reply to a patent owner response or to a reply to an opposition to a motion to amend). The NPRM explains that these changes essentially implement by regulation certain provisions that are presently addressed only in agency guidance.<sup>37</sup>

IEEE-USA supports the substance and regulatory modality of these proposed changes, as they set *by regulation* certain procedural protections that are currently unavailable as of right, or otherwise provided at the discretion of the PTAB only upon request. IEEE-USA has consistently urged the PTO to act by inclusive notice and comment rulemaking (such as this very proceeding) rather than only by unilateral guidance, because such rulemaking proceedings facilitate inputs from the public and require the agency to use rulemaking procedures and public protections of the Administrative Procedure Act (especially 5 U.S.C. §§ 552(a) and 553), the Paperwork Reduction Act, the Regulatory Flexibility Act, and other laws and executive orders.

These proposed changes are important because they introduce certainty and predictability. AIA trial litigants have often sought permission from the PTAB to submit a sur-reply, for the purpose of addressing any opposing arguments or evidence they believe is "new." One of the reasons for ensuring that sur-reply

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<sup>35</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2153, n6 (2016) (Alito J., concurring in part and dissenting in part) (emphasis in original).

<sup>36</sup> NPRM at 31730.

<sup>37</sup> *Trial Practice Guide Update* (August 2018) at 14-15. Available at <http://bit.ly/2Aaxd3J>.

submissions are available as a matter of right is the parties' respective burdens of proof on some issues, and thus they should have the "last word" when new evidence or arguments in opposition are presented on such issues.

Permission to file a sur-reply under the existing rule is at the discretion of the PTAB, and the August 2018 Trial Practice Guide Update equivocated as to whether such submissions would be permitted.<sup>38</sup> For the most part, these uncertainties have been removed in the proposed rule, demonstrating the need for its promulgation.

Finally, noting that the existing rule in 37 CFR § 42.120(a) provides that "[a] patent owner may file a response to the petition addressing any ground for unpatentability not already denied," IEEE-USA supports the NPRM proposal that the patent owner also be permitted to respond to the PTAB decision on institution. However, the language of the NPRM for proposed rule 37 CFR § 42.120(a) may not be understood that way in its present form, because it uses the disjunctive: "A patent owner may file a response to the petition *or* decision on institution." On literal reading, the patent owner is to choose among two mutually-exclusive options — responding to the petition *or* responding to the decision on institution.<sup>39</sup> We therefore propose to change the amended rule to: "A patent owner may file a response to either or both the petition ~~or~~and decision on institution."

### **3. Requiring review of all challenged claims or none, and on all grounds of unpatentability for the challenged claims asserted in a petition**

The NPRM would also revise 37 C.F.R. §§ 42.108(a) and 42.208(a) to provide for instituting an AIA trial on *all* challenged claims or none. This proposal would also revise these rules for instituting a review on all of the grounds of unpatentability for the challenged claims that are presented in a petition. In all pending IPR, PGR, and CBM proceedings before the Office, the Board would either institute on all of the challenged claims and on all grounds of unpatentability asserted for each claim, or deny the petition.

IEEE-USA supports this change because it is necessary for compliance with decisions of the courts. The U.S. Supreme Court's *SAS* decision held that 35 U.S.C. § 318(a) requires that an institution decision decide the patentability of every claim challenged in the petition.<sup>40</sup> The Federal Circuit extended *SAS* to also require that

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<sup>38</sup> *Id.* at 14 (Patent owner sur-reply "allowed to address the institution decision" only if *necessary* to respond to petitioner's reply;" "not generally permitted, but *may be authorized* on a case-by-case basis" in motion practice; "*normally* will be authorized" in reply to principal briefs.)

<sup>39</sup> The use of the disjunctive "or" signifies that only one of the listed provisions is available. *See U.S. v. Williams*, 326 F.3d 535, 541 (4th Cir.2003) (a corollary is that the use of the disjunctive "or" creates "mutually exclusive" conditions that can rule out mixing and matching); *De Sylva v. Ballentine*, 351 U.S. 570, 573 (1956) ("the word 'or' is often used as a careless substitute for the word 'and'").

<sup>40</sup> *SAS, Inst.*, 138 S. Ct. at 1358 ("[T]he petitioner in an inter partes review is entitled to a decision on all the claims it has challenged.")

“if the Board institutes an IPR, it must similarly address all grounds of unpatentability raised by the petitioner.”<sup>41</sup>

#### **4. The proposed rule is a proper and reasonable exercise of the PTO’s rulemaking authority**

The proposed rule, particularly the removal of the evidentiary presumption in favor of petitioner, will deviate substantially from the existing rule. As such, the PTO would likely come under substantial criticism by certain stakeholders for inappropriately changing its position and contradicting its prior analysis interpreting the statute. As in prior rulemaking, such proponents of the existing rule may argue that the new rule is a sudden shift that would upset settled expectations; and that no change in fact or law occurred that could cast the agency’s earlier reasoning into doubt.<sup>42</sup> It is therefore important to provide for the record the proper justification for, and PTO’s authority to make this regulatory change.

In *Motor Vehicle Mfrs. Ass’n v. State Farm Mut. Auto. Ins. Co.*, the Supreme Court held that an agency may rescind a promulgated rule and recognized that “regulatory agencies do not establish rules of conduct to last forever, and that an agency must be given ample latitude to adapt their rules and policies to the demands of changing circumstances.”<sup>43</sup> However, “an agency changing its course by rescinding a rule is obligated to supply a reasoned analysis for the change.”<sup>44</sup> “Whatever the ground for the departure from prior norms, however, it must be clearly set forth so that the reviewing court may understand the basis of the

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<sup>41</sup> *AC Techs. S.A. v. Amazon.com, Inc.*, 912 F.3d 1358, 1364 (Fed. Cir. 2019); *See also PGS Geophysical AS v. Iancu*, 891 F.3d 1354 (Fed. Cir. 2018).

<sup>42</sup> See comments in Docket PTO-P-2018-0036, *Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board*, (July 9, 2018) by: [Alliance of Automobile Manufacturers and the Association of Global Automakers](#), at 3 (“Changing the claim construction standard will upset set expectations of both petitioners and patent owners.”); [Electronic Frontier Foundation](#) at 2 (“Nothing in the Notice explains the USPTO’s sudden—and unprecedented—change of course. Nor has any change in fact or law occurred that could cast the agency’s earlier reasoning into doubt.”); [Intel Corp.](#), at 2 (“Intel must express its significant concerns about the sudden shift in the Office’s views on both the character and the standard of administrative review proceedings.”); [SAS](#) at 2 (“No fact has changed in the nearly six years since implementation of the AIA to justify changing the claim construction standard in AIA proceedings.”)

<sup>43</sup> 463 U.S. 29, 42 (1983) (quotation marks and internal citations omitted); *Atchison, Topeka & Santa Fe Ry. v. Wichita Bd. of Trade*, 412 U.S. 800, 808 (1973) (Holding that “agency may flatly repudiate [prior] norms, deciding, for example, that changed circumstances mean that they are no longer required in order to effectuate congressional policy.”); *See also Rust v. Sullivan*, 500 U.S. 173, 186 (1991); *Bob Jones Univ. v. United States*, 461 U.S. 574, 596 (1983); *FCC v. Nat’l Citizens Comm. for Broad.*, 436 U.S. 775, 811 (1978); *American Trucking Ass’ns v. Atchison, Topeka & Santa Fe Ry.*, 387 U.S. 397, 416 (1967).

<sup>44</sup> *State Farm*, 463 U.S. at 42.

agency's action and so may judge the consistency of that action with the agency's mandate."<sup>45</sup> IEEE-USA believes that the PTO has met this burden in the preamble to its proposed rule in the NPRM. It provided an explanation for, and "a reasoned analysis for the change," sufficient to enable informed public comments as part of the record in support of the proposed rules. The proposed rule is therefore a proper and reasonable exercise of the PTO's rulemaking authority.

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<sup>45</sup> *Atchison*, 412 U.S. at 808.

## 5. Conclusion

For the forgoing reasons, IEEE-USA supports the PTO's proposal to amend the PTAB institution rules to remove structural bias, improve fairness, and improve balance in post-issuance patent reviews.

IEEE-USA thanks the PTO for considering these comments in crafting its rules. We would also welcome any further discussions with the Office on these matters.

Respectfully submitted,

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