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**The New York Intellectual Property Law Association®**

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1.973.658.1800  
colman.ragan@tevapharm.com

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1.914.821.1686  
isackson@leasonellis.com

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1.212.728.8685  
hschneider@willkie.com

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1.516.799.9800  
rrando@randolawfirm.com

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1.212.836.7836  
abigail.langsam@arnoldporter.com

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1.646.264.7289  
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Kathleen E. McCarthy  
1.212.556.2345  
kmcCarthy@kslaw.com

**NYIPLA EXECUTIVE OFFICE**

2125 Center Avenue, Suite 406  
Fort Lee, NJ 07024-5874  
Tel: 1.201.461.6603  
Fax: 1.201.461.6635  
E-Mail: admin@nyipla.org  
Website: www.nyipla.org

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**BY E-MAIL** ([PTABNPRM2020@uspto.gov](mailto:PTABNPRM2020@uspto.gov))

**ATTN: Michael Tierney  
Vice Chief Administrative Patent Judge  
PTAB Notice of Proposed Rulemaking 2020**

**RE: NYIPLA Comments in response to “Proposed Rule: 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,” Federal Register Notice, May 27, 2020, Vol. 85, No. 102 (Docket No. PTO-P-2019-0024).**

Dear Judge Tierney:

These comments and recommendations are presented on behalf of the New York Intellectual Property Law Association (“NYIPLA”), a professional association comprised of hundreds of lawyers interested in Intellectual Property law who live or work within the jurisdiction of the United States Court of Appeals for the Second Circuit, and members of the judiciary throughout the United States as *ex officio* Honorary Members. The Association’s mission is to promote the development and administration of Intellectual Property interests and educate the public and members of the bar on Intellectual Property issues. Its members work both in private practice, government, law firms, and corporations, and they appear before the federal courts and the United States Patent and Trademark Office (“PTO”). The NYIPLA provides these comments on behalf of its members professionally and individually and not on behalf of their employers.

The NYIPLA appreciates the PTO for the work it has done and its outreach efforts as it seeks to improve *inter partes* review (“IPR”) procedures and post grant review (“PGR”) procedures as part of the America Invents Act (“AIA”). In the Federal Register of May 27, 2020, the PTO issued proposed changes to 37 C.F.R. §§ 42.108, 42.208, relating to “PTAB Rules of Practice for Instituting on All Challenged Patent Claims and All Rounds and Eliminating the Presumption at Institution Favoring Petitioner as to Testimonial Evidence” (85 Fed. Reg. 31728) (hereinafter “Proposed Changes”), and solicited comments from the public concerning its proposal.

The NYIPLA welcomes and appreciates efforts by the PTO to improve its Patent Trial and Appeal Board (“PTAB”) trial proceedings, including specifically soliciting comments from the public. The NYIPLA is pleased to provide these comments in an effort to improve AIA trials conducted by the PTAB. The PTO has proposed two significant revisions to elements (a) and (c) of Sections 42.108 and 42.208 to the PTAB Rules of Practice.

### **a. Revisions to 42.108(a) and 42.208(a)**

In the proposed revisions to Rules 42.108(a) and 42.208(a), the PTO merely seeks to codify the prior implementation of *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018) and the PTAB's April 26, 2018 Guidance on the impacts of the SAS on AIA trial proceedings ("PTAB Guidance") through APA notice-and-comment rulemaking. Accordingly, adoption of the revisions to the rule will eliminate judicial review deference issues concerning the PTAB's Guidance and require deference to institution on all challenged claims and on all challenged grounds raised in a petition for IPR or PGR (or none).

The NYIPLA believes that the statute and SAS do not necessarily require that all challenged grounds need to be instituted in addition to all challenged claims in a petition for IPR or PGR. However, the NYIPLA agrees that it is a better practice to adopt through this rulemaking the procedure, as has been the PTAB's practice since immediately after the SAS decision. Therefore, the NYIPLA respectfully endorses the adoption of the proposed changes to element (a) of Secs. 42.108 and 42.208 in regard to IPRs and PGRs, respectively.

### **b. Revisions to 42.108(c) and 42.208(c)**

The proposed revisions to Rules 42.108(c) and 42.208(c) seek to eliminate the PTAB's current presumption in favor of the Petitioner for a genuine issue of material fact created by testimonial evidence submitted with a Patent Owner's preliminary response when deciding whether to institute an IPR or PGR proceedings.

The current presumption in favor of Petitioners' evidence allows Patent Owners to submit testimonial evidence with their preliminary response that the Board can credit to the extent it does not create a genuine issue of material fact. This regime was a compromise between the original rule, which prohibited Patent Owners from submitting testimonial evidence before institution, and a more permissive regime that would allow the Board to weigh such evidence pre-institution without the benefit of cross-examination. The current proposal removes this compromise and implements the permissive regime.

The statute, as read, requires the Board to make factual findings pre-institution by determining whether the Petitioner has demonstrated a reasonable likelihood (or, for PGR, more likely than not) of prevailing. The current presumption represents an explicit, across-the-board acknowledgement of the difficulty of weighing factual evidence on an incomplete record, simplifying the analysis for the Board in favor of deferring important factual findings until a final decision can be rendered on a complete record. It also gives the Patent Owner room to present the same arguments during the trial without a negative advisory opinion in the institution decision.

The current presumption may hinder the Board's ability to weigh appropriately the evidence to make the statutorily required factual determinations. It discourages the Patent Owner from submitting some of its best evidence, thereby limiting the Board's ability to make the right decision at institution.

At the other end of the spectrum, a presumption in favor of Patent Owner evidence would be procedurally unfair to petitioners, who cannot reasonably foresee and preempt every fact a declarant might dispute pre-institution. Allowing this would potentially encourage questionable testimony and, as a result, weaken the credibility and usefulness of the entire post-grant regime. This would, in turn, prevent disputed facts from ever being litigated to a final decision. It should be noted however, that to

retain some equity under this approach the petitioner should be entitled to reply to the Patent Owner's preliminary evidence, assuming the Patent Owner offers any.

Yet, removing any presumption lifts the regulatory thumb off the scale and allows the Board to use its expertise to weigh evidence as appropriate for making its decision on institution. PTAB judges are trained in the law and understand how to weigh testimony that cannot be cross-examined. They also have technical backgrounds that allow them to appropriately weigh expert testimony in technologies they are familiar with, and to recognize when issues require a more fully developed record. The proposed rule gives the Board the flexibility to use its legal and technical expertise to its fullest extent.

Therefore, after weighing the options of: (i) keeping the presumption in favor of the evidence submitted by the Petitioner; (ii) shifting the presumption to favor evidence submitted by the Patent Owner; or (iii) giving neither party a presumption, the NYIPLA respectfully recommends the adoption of a proposed revision giving neither party a presumption and affording the PTAB discretion (as provided under the statute) to consider all the evidence presented in determining whether the petition is more likely than not to establish that at least one challenged claim is invalid. A mere factual dispute should not by itself preclude or require institution.

However, the NYIPLA recognizes that this is an important issue that is likely to impact what is supposed to be a streamlined process and is worthy of further discussion. NYIPLA offers to be a part of that further discussion.

## **Conclusion**

The NYIPLA is grateful for the opportunity to submit comments in response to the PTO's request for comments and as such the NYIPLA remains committed to working towards an improved and strengthened patent system together with the PTO. As such, the NYIPLA respectfully endorses the adoption of the proposed changes to Rules 42.108(a) and 42.208(a); and takes the neutral and most equitable position that neither party should receive the presumption when there is genuine issue of material fact created by testimonial evidence submitted with a Patent Owner's preliminary response. Instead, the PTAB should weigh all evidence in its discretion in determining whether to institute an IPR or PGR.