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December 19, 2019

Attention: Lead Administrative Patent Judge Christopher L. Crumbley or
Lead Administrative Patent Judge Susan L. C. Mitchell
Mail Stop Patent Board
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Via email: MTABurden2019@uspto.gov

Re: PTAB Notice of Proposed Rulemaking 2019

Dear Judges Crumbley and Mitchell:

Intellectual Property Owners Association (IPO) appreciates the opportunity to respond to the USPTO's request for comments, published on 22 October 2019 in the *Federal Register*, concerning "Rules of Practice to Allocate the Burden of Persuasion on Motions to Amend in Trial Proceedings Before the Patent Trial and Appeal Board."

IPO is an international trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property rights. IPO's membership includes 175 companies and close to 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members. IPO advocates for effective and affordable IP ownership rights and provides a wide array of services to members, including supporting member interests relating to legislative and international issues; analyzing current intellectual property issues; information and educational services; and disseminating information to the general public on the importance of intellectual property rights.

The proposed rules allocate the burden of persuasion in *inter partes* review and post grant review proceedings by amending Rules 42.121 (IPRs) and 42.221 (PRGs). The proposed rules are identical, and read as follows:

(d) Burden of Persuasion. On a motion to amend:

(1) A patent owner bears the burden of persuasion to show, by a preponderance of the evidence, that the motion to amend complies with the requirements of paragraphs (1) and (3) of 35 U.S.C. 316(d), as well as paragraphs (a)(2), (3), (b)(1), and (2) of this section;

(2) A petitioner bears the burden of persuasion to show, by a preponderance of the evidence, that any proposed substitute claims are unpatentable; and

(3) Irrespective of paragraphs (d)(1) and (2) of this section, the Board may, in the interests of justice, exercise its discretion to grant or deny a motion to amend for any reason supported by the evidence of record.

IPO suggests amending subsection (d)(3) to read as follows, with italicized language indicating IPO's proposed amendment:

(3) Irrespective of paragraphs (d)(1) and (2) of this section, the Board may, in the interests of justice, exercise its discretion to grant or deny a motion to amend for any reason supported by the evidence of record, *but only if the parties have had reasonable notice and an opportunity to address such reason and evidence.*

The October 22, 2019 *Federal Register* notice explains that “the Office anticipates that the Board will exercise this discretion [in subsection (d)(3)] only in rare circumstances” and that any “evidence relied on to support a determination regarding patentability [of amended claims] will be made of record by the parties *or the Board.*”

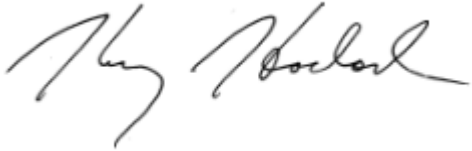
IPR proceedings are formal administrative adjudications subject to the procedural requirements of the Administrative Procedure Act (APA). *See, e.g., Dell Inc. v. Accelaron, LLC*, 818 F.3d 1293, 1298 (Fed. Cir. 2016); *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015). One of these requirements is that “‘an agency may not change theories in midstream without giving respondents reasonable notice of the change’ and ‘the opportunity to present argument under the new theory.’” *Belden*, 805 F.3d at 1080 (quoting *Rodale Press, Inc. v. FTC*, 407 F.2d 1252, 1256-57 (D.C. Cir. 1968)); *see also* 5 U.S.C. § 554(b)(3). Nor may the Board craft new grounds of unpatentability not advanced by the petitioner. *See In re NuVasive, Inc.*, 841 F.3d 966, 971-72 (Fed. Cir. 2016); *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1381 (Fed. Cir. 2016).

A patent owner is entitled to notice of and a fair opportunity to meet the grounds of rejection, based on due process and APA guarantees. *Belden*, 805 F.3d at 1080. “For a formal adjudication like the *inter partes* review considered here, the APA imposes particular requirements on the [US]PTO. The agency must ‘timely inform[]’ the patent owner of ‘the matters of fact and law asserted,’ 5 U.S.C. § 554(b)(3), must provide ‘all interested parties opportunity for the submission and consideration of facts [and] arguments ... [and] hearing and decision on notice,’ *id.* § 554(c), and must allow ‘a party ... to submit rebuttal evidence ... as may be required for a full and true disclosure of the facts,’ *id.* § 556(d).” *Dell Inc. v. Accelaron, LLC*, 818 F.3d 1293, 1301 (Fed. Cir. 2016) (alterations in original). While “the rules and practices of the Board generally protect against loss of patent rights without the required notice and opportunity to respond,” *Belden*, 805 F.3d at 1080, those rules and practices protect against such loss in a given case only when, upon a proper request, the USPTO actually provides the opportunities required by the APA and due process. *NuVasive*, 841 F.3d at 971.

The notice states that the Board may make a determination of patentability on a new ground “only where the patent owner has been afforded the opportunity to respond to that evidence and related grounds of unpatentability.” Under the case law discussed above, this requirement should be made part of the rule. Thus, IPO suggests inserting the italicized language to comply with well-settled due process principles.

Thank you for considering these comments. We welcome further dialogue or opportunity to provide additional information to assist your efforts.

Best regards,

A handwritten signature in black ink, appearing to read "Henry Hadad". The signature is fluid and cursive, with the first name "Henry" written in a larger, more prominent script than the last name "Hadad".

Henry Hadad
President