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December 20, 2019

Andrei Iancu

Director of the U.S. Patent and Trademark Office

Mail Stop Patent Board

P. O. Box 1450

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Attention: Lead Administrative Patent Judge Christopher L. Crumbley, or

Lead Administrative Patent Judge Susan L. C. Mitchell

Via email: [MTABurden2019@uspto.gov](mailto:MTABurden2019@uspto.gov)

**Re: Notice of Proposed Rulemaking on Rules of Practice to Allocate the Burden of Persuasion on Motions to Amend in Trial Proceedings Before the Patent Trial and Appeal Board**

Dear Director Iancu:

I write on behalf of the American Bar Association Section of Intellectual Property Law (“Section”) to provide comments on the U.S. Patent and Trademark Office’s (“Office”) Notice of Proposed Rulemaking (“Notice”) on “Rules of Practice to Allocate the Burden of Persuasion on Motions to Amend in Trial Proceedings Before the Patent Trial and Appeal Board” (“Proposed Rules”). 84 Fed. Reg. 56401 (Oct. 22, 2019). The views expressed herein are the views of the Section; they have not been approved by the House of Delegates or the Board of Governors of the American Bar Association, and accordingly should not be construed as representing the position of the Association.

The Section appreciates the Office’s continued efforts to improve AIA trial proceedings before the Patent Trial and Appeal Board (“Board”) and appreciates the opportunity to comment on the Proposed Rules. The Section generally supports the Proposed Rules but believes that clarifying revisions should be made to paragraphs (d)(1) and (d)(3) of the Proposed Rules, for the reasons provided below.

The Section supports the Office’s<sup>1</sup> decision to specify by rule the respective burdens allocated to the parties in a motion to amend. The Section previously

recommended that the Office engage in rulemaking to allocate the respective burdens of the parties in a motion to amend, rather than allocate such burdens by means of guidance memoranda or decisions of the Board.<sup>1</sup> Allocating the respective burdens by rule should lead to greater clarity and predictability on how the Board will address the respective burdens when a motion to amend is pursued in an AIA trial proceeding. The Section is also pleased that the Office has engaged in rulemaking on this issue, because it affords stakeholders and other members of the public an opportunity to submit comments in response to the Proposed Rules. Further, engaging in rulemaking on the burdens allocated to the parties in a motion to amend should afford the Office deference on this issue if it is litigated.<sup>2</sup>

## I. Summary of Comments

While the Section has a few concerns about the Proposed Rules, as discussed in more detail below, the Section summarizes its high-level comments as follows.

First, the Section believes that in a motion to amend, the patent owner should have the initial *burden of production* to show compliance with the statutory and regulatory requirements of 35 U.S.C. §§ 316(d)(1) and 316(d)(3), and 37 C.F.R. §§ 42.121(a)-(b).<sup>3</sup> Once the patent owner satisfies its initial burden of production, the burden of production then shifts to the petitioner, as part of the petitioner's *burden of persuasion* under 35 U.S.C. § 316(e), to show that the proposed substitute claims are unpatentable, including for failure to comply with the above-referenced statutory and regulatory requirements. Therefore, the Section believes that paragraph (d)(1) of the Proposed Rules should be revised to specify that a patent owner has the initial *burden of production* to show compliance with the above-referenced statutory and regulatory requirements. *See* Part II, *infra*.

Second, the Section generally supports affording the Board discretion to, in the interests of justice, grant or deny a motion to amend for any reason supported by the evidence of record. However, to ensure compliance with the due process requirements governing AIA trial proceedings,<sup>4</sup> paragraph (d)(3) of the Proposed Rules should be revised to additionally specify that the parties shall be given an opportunity to respond in writing to any evidence of record addressed by the Board that was not previously addressed by the

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<sup>1</sup> *See* part 15 of the Section's December 13, 2018 letter in response to the "Request for Comments on Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Trial and Appeal Board."

<sup>2</sup> *See id.* at 10-11.

<sup>3</sup> The statutory and regulatory requirements identified here are for *inter partes* reviews ("IPRs") governed by 35 U.S.C. §§ 311-319. The corresponding statutory and regulatory requirements for post-grant reviews ("PGRs") and covered business method reviews ("CBMs") are 35 U.S.C. §§ 326(d)(1) and 326(d)(3), and 37 C.F.R. § 42.221(a)-(b). For brevity, the Section will refer herein to the statutory and regulatory requirements governing IPRs, and the Proposed Rules pertaining to IPRs. The Section's comments herein apply equally to the statutory and regulatory requirements governing PGRs and CBMs, and the Proposed Rules pertaining to PGRs and CBMs.

<sup>4</sup> *See* 5 U.S.C. §§ 554(b)-(c) and 556(c).

parties, before the Board’s decision to grant or deny the motion to amend on the basis of such evidence is made final. *See* Part IV, *infra*.

## II. Paragraph (d)(1) of the Proposed Rules

The Section believes that the paragraph (d)(1) of the Proposed Rules should be revised to specify that the patent owner has the initial *burden of production* to show that the proposed substitute claims comply with 35 U.S.C. §§ 316(d)(1) and 316(d)(3), and 37 C.F.R. §§ 42.121(a)(2)-(3) and 42.121(b)(1)-(2). Paragraph (d)(1) of the Proposed Rules, however, specifies that the patent owner has the *burden of persuasion* to show compliance with the above-referenced statutory and regulatory requirements. Allocating the burden of persuasion on the patent owner in a motion to amend is inconsistent with the Federal Circuit’s guidance on the parties’ shifting burdens in an AIA trial proceeding.

The Federal Circuit has explained that, in AIA trial proceedings, “there are two distinct burdens of proof: a burden of persuasion and a burden of production. The burden of persuasion is the ultimate burden assigned to a party who must prove something to a specified degree of certainty, such as by a preponderance of the evidence or by clear and convincing evidence.” *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1375 (Fed. Cir. 2016) (quoting *Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (citing *Tech. Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1326-27 (Fed. Cir. 2008)). The “burden of production, or the burden of going forward with evidence, is a shifting burden, ‘the allocation of which depends on where in the process of trial the issue arises.’” *Dynamic Drinkware*, 800 F.3d at 1379 (quoting *Tech Licensing*, 545 F.3d at 1327).

A patent owner should have the initial *burden of production* to show that its proposed substitute claims are responsive to a ground of unpatentability in the instituted trial,<sup>5</sup> and do not enlarge the scope of the challenged claims or introduce new matter.<sup>6</sup> As part of its initial burden of production to show that its proposed substitute claims do not introduce new matter, a patent owner is required to show that the proposed substitute claims are supported by the original description of the patent or by an earlier-filed disclosure if the benefit of priority to that earlier-filed disclosure is sought.<sup>7</sup> These requirements are part of the patent owner’s initial *burden of production*. There is no other requirement on the patent owner specified in 35 U.S.C. § 316(d). Accordingly, the burden of production should shift to the petitioner once the patent owner satisfies its initial burden of production. As the Federal Circuit explained in *Magnum Oil*, “the shifting of the burden of production is warranted because the patentee affirmatively seeks to establish a

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<sup>5</sup> *See* 35 U.S.C. § 316(d)(1) (“During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent[, and] for each challenged claim, propose a reasonable number of substitute claims.”); 37 C.F.R. § 42.121(a)(2)(i) (“A motion to amend may be denied where [t]he amendment does not respond to a ground of unpatentability involved in the trial.”).

<sup>6</sup> *See* 35 U.S.C. § 316(d)(2) (“An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.”); 37 C.F.R. § 42.121(a)(2)(ii) (“A motion to amend may be denied where [t]he amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.”).

<sup>7</sup> *See* 37 C.F.R. § 42.121(b)(1)-(2).

proposition not relied on by the patent challenger and not a necessary predicate for the unpatentability claim asserted [against the original patent claims.]” *Magnum Oil*, 829 F.3d at 1376. Thus, a patent owner has a *burden of production* of showing compliance with the statutory and regulatory requirements for a motion to amend, because compliance with the statutory and regulatory requirements are not the basis for which the petitioner challenged the original patent claims and the Board instituted trial.

Consistent with Federal Circuit guidance, once a patent owner meets its initial burden of production, the burden of production then shifts to the petitioner to show, as part of its burden of persuasion under 35 U.S.C. § 316(e),<sup>8</sup> that the proposed substitute claims are unpatentable, including for failing to comply with the statutory and regulatory requirements for a motion to amend. *See Magnum Oil Tools*, 829 F.3d at 1375 (in the context of explaining that the burden of production is a shifting burden, “[t]he burden of production may entail producing additional evidence and persuasive argument based on new evidence or evidence already of record.”) (quoting *Dynamic Drinkware*, 800 F.3d at 1378 (citing *Tech. Licensing*, 545 F.3d at 1327)); *see also Dynamic Drinkware*, 800 F.3d at 1379-80 (explaining that the burden of production shifts from the patent owner to the petitioner once the patent owner met its initial burden of production).

Requiring the patent owner to have the burden of persuasion to show compliance with the statutory and regulatory requirements for a motion to amend is significant, because the party having a burden of persuasion maintains that burden throughout the proceeding. *See Dynamic Drinkware*, 800 F.3d at 1378-79 (“Failure to prove the matter as required by the applicable standard means that the party with the burden of persuasion loses on that point—thus, if the trier of the issue is left uncertain, the party with the burden loses.”) (quoting *Tech. Licensing*, 545 F.3d at 1327). Thus, if the patent owner maintains a burden of persuasion throughout an instituted trial, the Board would be justified in denying a motion to amend for procedural reasons unrelated to the substance of the proposed substitute claims.

The Section has advocated for patent owners to have the initial burden of production to show compliance with the statutory and regulatory requirements for a motion to amend. In April 2017, the Section adopted the following policy resolution:

Section supports, in principle, that the patent owner has the initial burden of production on the patentability of proposed substitute claim(s), which burden is limited to (a) presenting argument or evidence that the proposed substitute claim(s) are supported by the original disclosure of the patent as a whole, (b) presenting arguments for how the proposed substitute claim(s) overcome the ground(s) of unpatentability instituted in the proceeding, and (c) presenting argument or evidence that the proposed substitute claim(s) does not enlarge the scope of the claims of the patent.

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<sup>8</sup> 35 U.S.C. § 316(e) provides that “[i]n an inter partes review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.”

Moreover, in August 2017, the ABA House of Delegates<sup>9</sup> adopted the following resolution as the policy of the ABA:

RESOLVED, That the American Bar Association supports, in a post issuance proceeding at the U.S. Patent and Trademark Office in which a previously issued patent is challenged by a petitioner, applying the statutory requirement that the petitioner asserting the unpatentability of a patent “shall have the burden of proving unpatentability by a preponderance of the evidence” on both the challenged claims and any amendment of the claims proposed by the patent owner during the proceeding; provided that the patent owner has the initial burden of production (burden of going forward) on the patentability of any proposed amended claims.

Accordingly, consistent with the above policy, the Section believes that in a motion to amend, the patent owner should have the initial *burden of production* to show that proposed substitute claims presented with a motion to amend comply with the statutory and regulatory requirements of 35 U.S.C. §§ 316(d)(1) and 316(d)(3), and 37 C.F.R. §§ 42.121(a)-(b). If the patent owner satisfies its initial burden of production, the petitioner should then have the *burden of persuasion* under 35 U.S.C. § 316(e) to show that the proposed substitute claims are unpatentable, including for failure to comply with the above-referenced statutory and regulatory requirements for a motion to amend.

Therefore, the Section recommends revising the heading of part (d) and paragraph (d)(1) of the Proposed Rules as follows:

(d) Allocation of Burdens of Persuasion. ~~On~~ on a motion to amend:

(1) A patent owner bears the initial burden of persuasion ~~production~~ production 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, and the burden of production shifts to the petitioner if the patent owner satisfies its initial burden of production;

The Section notes that the Office has not explained in the Notice why it proposes to allocate the burden of persuasion to the patent owner to show compliance with the statutory and regulatory requirements of 35 U.S.C. §§ 316(d)(1) and 316(d)(3), and 37 C.F.R. §§ 42.121(a)-(b), or why it has deviated from its prior guidance issued after *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290 (Fed Cir. 2017) (en banc), including the following guidance documents:

(1) “Guidance on Motions to Amend in view of *Aqua Products*,” issued on November 21, 2017;<sup>10</sup>

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<sup>9</sup> The House of Delegates is the policy-making body of the American Bar Association, and is made up of nearly 600 members from around the country practicing in numerous areas of the law, including intellectual property. See [https://www.americanbar.org/groups/leadership/house\\_of\\_delegates/](https://www.americanbar.org/groups/leadership/house_of_delegates/).

<sup>10</sup> See <https://go.usa.gov/xOGAA>.

- (2) *Lectrosonics, Inc. v. Zaxcom, Inc.*, IPR2018-01129, Paper 15 (PTAB Feb. 25, 2019) (precedential); and
- (3) *Western Digital Corp. v. SPEX Techs., Inc.*, IPR2018-00082, Paper 13 (PTAB Apr. 25, 2018).<sup>11</sup>

The Office did not require the patent owner to have the burden of persuasion to show compliance with the statutory and regulatory requirements for a motion to amend in any of guidance documents (1)-(3) above, and the Office has not explained in the Notice why it proposing to newly require patent owners to have the burden of persuasion. If the Office intends to maintain the burden of persuasion for patent owners in a final rule, the Section respectfully requests the Office to explain its rationale for making this requirement, including why it has departed from prior policy.

### III. Paragraph (d)(2) of the Proposed Rules

The Section believes that paragraph (d)(2) of the Proposed Rules appropriately allocates the burden of persuasion to the petitioner to show that proposed substitute claims are unpatentable. This allocation of the burden of persuasion to the petitioner is consistent with the holding in *Aqua Products*,<sup>12</sup> and the above-identified guidance documents (1)-(3) issued after *Aqua Products*.

Paragraph (d)(2) is also consistent with the Section's prior policy adopted in April 2017:

Section supports, in principle, that the petitioner in an inter partes review (IPR), covered business method (CBM) review, or post-grant review (PGR) proceeding always has the burden of persuasion to prove unpatentability of proposed substitute claim(s) submitted with a motion to amend under 35 U.S.C. § 316(d)(1) or § 326(d)(1), and the patent owner should not bear the burden of persuasion to demonstrate patentability of proposed substitute claim(s).

The above policy of the Section is consistent with the policy of the ABA House of Delegates as set forth in Part II above, advocating that the petitioner “shall have the burden of proving unpatentability by a preponderance of the evidence”<sup>13</sup> on both the challenged claims and any amendment of the claims proposed by the patent owner during the proceeding.”

Therefore, the Section recommends that the Office maintain paragraph (d)(2) of the Proposed Rules in the final rule.

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<sup>11</sup> *Western Digital* was previously designated as precedential, but was de-designated as precedential on March 7, 2018 upon *Lectrosonics* being designated as precedential.

<sup>12</sup> The *Aqua Products* decision is limited to the following: “The only legal conclusions that support and define the judgment of the court are: (1) the PTO has not adopted a rule placing the burden of persuasion with respect to the patentability of amended claims on the patent owner that is entitled to deference; and (2) in the absence of anything that might be entitled deference, the PTO may not place that burden on the patentee.” 872 F.3d at 1327.

<sup>13</sup> See 35 U.S.C. § 316(e).

#### IV. Paragraph (d)(3) of the Proposed Rules

The Section generally supports giving the Board discretion to grant or deny a motion to amend for any reason supported by the evidence of record, if warranted in the interests of justice. The Board should not procedurally deny a motion to amend for failing to comply with the applicable statutory or regulatory requirements if the lack of compliance can be cured by reference to the evidence of the record. Likewise, the Board should not be a pass-through for proposed substitute claims to be added to a challenged patent if the petitioner does not oppose the proposed substitute claims. The Section is concerned that compelling the Board to automatically grant an unopposed motion to amend may lead to gamesmanship, particularly in situations where multiple parties are accused of infringing the same patent but only one or a subset of the accused infringers is a petitioner in the IPR in which the motion to amend is pursued. The Board has recently held that an IPR petitioner is time-barred from challenging new claims added to a patent asserted in litigation, even when the new claims were added several years after the original complaint for infringement was served and the petitioner filed its initial petition within the one-year time bar of 35 U.S.C. § 315(b).<sup>14</sup> The Board serves an important public function of preventing unpatentable proposed substitute claims from being added to a patent, if there is “easily identified and persuasive evidence of unpatentability in the record.” 84 Fed. Reg. 56404; *see also Bosch Auto. Serv. Sols., LLC v. Matal*, 878 F.3d 1027, 1040 (“[W]here the challenger ceases to participate in the IPR and the Board precedes to final judgment, *it is the Board* that must justify any finding of unpatentability by reference to the evidence of record in the IPR.”) (quoting *Aqua Products*, 872 F.3d at 1311) (emphasis original).

The Section has two main concerns with paragraph (d)(3). First, as previously explained in part 16 of the Section’s December 13, 2018 letter,<sup>15</sup> the Board should not justify findings of unpatentability of proposed substitute claims on the basis of prior art that is not of record in the proceeding. The Board’s decision to exercise its discretion to grant or deny a motion to amend should be limited to the evidence of record in the proceeding. If the Board believes that there are other grounds of unpatentability that should be investigated further based on evidence outside the record of the proceeding, then the Board may recommend that the Director exercise his or her authority under 37 C.F.R. § 1.520 to order an *ex parte* reexamination of the patent.

Second, the Section seeks to ensure that the parties’ due process rights are protected if the Board exercises its discretion to grant or deny a motion to amend based on evidence of record in the proceeding. The Section is concerned that paragraph (d)(3) of the Proposed Rules does not adequately specify procedural safeguards to ensure compliance with the

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<sup>14</sup> *See Apple Inc. v. IXI IP, LLC*, IPR2019-00124, -00125, -00139, -00140, -00141, -00181, Paper 13 at 5-8 (PTAB June 3, 2019) (holding that petitioner was time-barred from challenging new claims added in an *ex parte* reexamination certificate (issued Feb. 1, 2018) more than three years after service of the infringement complaint (Oct. 4, 2014), because the one-year time bar of 35 U.S.C. § 315(b) is measured from service of a complaint alleging infringement of “the patent.”).

<sup>15</sup> *See* n. 1, *infra*.

due process requirements governing AIA trial proceedings.<sup>16</sup> Paragraph (d)(3) should be revised to additionally specify that the parties shall be given an opportunity to respond in writing to any evidence of record addressed by the Board that was not previously addressed by the parties, before the Board's decision to grant or deny the motion to amend on the basis of such evidence is made final. If the Board intends to exercise its discretion to grant or deny a motion to amend based on evidence of record, if warranted by the interests of justice, the Board should give written notice of its initial determination to both parties, even if the petitioner did not oppose the motion to amend. The Board should then permit both parties to respond in writing to the evidence of record that the Board may rely on in granting or denying the motion to amend. To ensure that the parties have an opportunity to be heard on the evidence the Board may rely on in granting or denying the motion to amend, the Board would need to give the parties an opportunity to respond in writing to the evidence of record before the Board's decision on the motion to amend is made final.

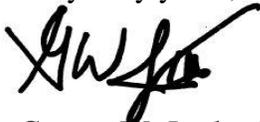
Accordingly, to ensure compliance with the parties' due process rights, the Section recommends revising paragraph (d)(3) as follows.

(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. If the Board exercises its discretion under this paragraph based on the evidence of record, the Board shall give the parties an opportunity to respond in writing to any evidence of record that was not previously addressed by the parties, before a decision on the motion to amend is made final.

The Section believes that permitting the parties to address evidence of record that the Board may rely on in accordance with its discretion under paragraph (d)(3) satisfies the "good cause" standard required to extend the one-year time period for issuing a final written decision. *See* 35 U.S.C. § 316(a)(11).

The Section thanks the Office for the opportunity to submit these comments. We would be pleased to further discuss these comments with the Office and others as appropriate.

Very truly yours,



George W. Jordan III  
Chair, ABA Section of Intellectual Property Law

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<sup>16</sup> *See* 5 U.S.C. §§ 554(b)-(c) and 556(c).