



December 20, 2019

Lead Administrative Patent Judge Christopher L. Crumbley
Lead Administrative Patent Judge Susan L. C. Mitchell
Mail Stop Patent Board,
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

VIA email : MTABurden2019@uspto.gov

Re: PTAB Notice of Proposed Rulemaking 2019

Womble Bond Dickinson (US) LLP

100 Light Street
26th Floor
Baltimore, MD 21202

t: 410.545.5800
f: 410.545.5801

Barry Jeff Herman
Partner
Direct Dial: 410-545-5830
Direct Fax: 443-769-1530
E-mail: Barry.Herman@wbd-us.com

Dear Judges Crumbley and Mitchell:

I write on behalf of my client, DynaEnergetics GmbH & Co. KG, to provide comments regarding the proposed changes to the rules of practice before the Patent Trial and Appeal Board to allocate the burdens of persuasion in relation to motions to amend and the patentability of substitute claims. DynaEnergetics is currently involved in a dispute before the Precedential Opinion Panel (“POP”) that involves some of the same issues raised in the proposed regulations, and DynaEnergetics accordingly seeks to ensure that the information and arguments that DynaEnergetics has provided the POP are also included in the rulemaking process.

The POP review arises from an IPR regarding U.S. Patent No. 9,581,422, in which DynaEnergetics is the patent owner. *Hunting Titan, Inc., v. DynaEnergetics, GmbH & Co. KG*, IPR2018-00600. In this dispute, DynaEnergetics contingently moved to amend the challenged claims in the event that the Board found the original claims invalid. The petitioner opposed this motion, arguing only that the proposed substitute claims were obvious in view of the prior art. DynaEnergetics disagreed, noting that the petitioner had failed to demonstrate a motivation to combine the cited references and had failed to rebut evidence regarding secondary considerations of nonobviousness. At the oral hearing, the parties and the Board addressed various issues related to petitioner’s obviousness challenge to the substitute claims. However, in the final written decision, the Board *sua sponte* rejected the substitute claims as anticipated. The Board did not rely on the proposed bases for unpatentability offered by the petitioner in opposition to the motion to amend for this decision, nor did the Board provide DynaEnergetics with any notice or opportunity to respond to the anticipation rejection.

In light of the Board’s *sua sponte* action and the lack of notice regarding the new grounds for rejection, DynaEnergetics requested POP review. On November 7, 2019, the POP agreed to review two issues raised in the Board’s denial of DynaEnergetics’ motion to amend:

1. Under what circumstances and at what time during an inter partes review may the Board raise a ground of unpatentability that a petitioner did not



advance or insufficiently developed against substitute claims proposed in a motion to amend?

2. If the Board raises such a ground of unpatentability, whether the Board must provide the parties notice and an opportunity to respond to the ground of unpatentability before the Board makes a final determination.

DynaEnergetics submitted its initial brief in the POP review on December 20, 2019.

Importantly, both of the issues involved in the POP review are raised by the proposed regulations regarding motions to amend and the patentability of substitute claims. Regarding the first question in the POP review, the new regulations would allow the Board “in the interests of justice ... to grant or deny a motion to amend for any reason supported by the evidence of record.” Rules of Practice to Allocate the Burden of Persuasion on Motions to Amend in Trial Proceedings Before the Patent Trial and Appeal Board, 84 Fed. Reg. 56,401 (Oct. 22, 2019). The background section in the proposal asserts that the Board will only exercise this authority in “rare circumstances,” though the proposed regulations themselves neither include a limitation to “rare circumstances” nor define that term. Similarly, the proposed regulations implicate the second issue in the POP review regarding notice. The new regulations apparently would allow the Board to raise grounds for unpatentability *sua sponte*, but do not expressly require that the Board first provide a patent owner with notice and an opportunity to respond. Only the background section to the proposed regulations states that the Board can act *sua sponte* “only where the petitioner has been afforded the opportunity to respond to the evidence.” However, even that background section does not clarify the amount of notice that the Board must provide.

Because of the substantial overlap between the POP review and the proposed regulations, DynaEnergetics submits as a comment in the rulemaking process its opening brief from the POP review, which is enclosed with this letter. For reference, DynaEnergetics also includes with this letter the order from the POP granting review of the Board’s denial of DynaEnergetics’ motion to amend.

Best regards,

Womble Bond Dickinson (US) LLP

Barry Herman

Enclosures

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HUNTING TITAN, INC.

Petitioner

v.

DYNAENERGETICS GMBH & CO. KG

Patent Owner

Case IPR2018-00600
Patent No. 9,581,422

**PATENT OWNER'S OPENING SUBMISSION TO
PRECEDENTIAL OPINION PANEL**

ORAL HEARING REQUESTED

TABLE OF CONTENTS

Issues Presented ii

I. Introduction1

II. Argument.....1

 A. Congress Has Not Given the Board the Authority to Raise Its Own Arguments in Opposition to a Motion to Amend.1

 B. Section 317 of the AIA Further Prevents the Board from Developing Its Own Arguments for Unpatentability of Substitute Claims Where the Petitioner Opposes the Motion.4

 C. Even if the Director Has the Authority to Permit the Board to Raise its Own Arguments for Unpatentability of Substitute Claims, It Can Do So Only in Rare Cases.5

 1. Congress Intended that Patent Owners Should Have a Meaningful Opportunity to Amend.6

 2. Congress Intended that the Board Act as an Adjudicator in IPRs, Not as an Inquisitor.....8

 3. Statutory Limitations on Motions to Amend as Well as Alternative Procedural Options Available Ensure There is No Potential for Issuance of “Untested” Amended Claims.....9

 4. *Ex Parte* Reexamination Is a Preferable Mechanism for the Director to Challenge Patentability *Sua Sponte*.11

 D. The APA Prevents the Board from Raising a Ground of Unpatentability a Petitioner Did Not Sufficiently Advance Without Giving the Patent Owner Notice and an Opportunity to Respond.12

III. Conclusion.....15

ISSUES PRESENTED

1. Under what circumstances and at what time during an *inter partes* review may the Board raise a ground of unpatentability that a petitioner did not advance or insufficiently developed against substitute claims proposed in a motion to amend?
2. If the Board raises such a ground of unpatentability, whether the Board must provide the parties notice and an opportunity to respond to the ground of unpatentability before the Board makes a final determination.

I. Introduction

In denying Patent Owner DynaEnergetics GmbH & Co. KG's Motion to Amend (Paper No. 21), the Board advanced its own unpatentability arguments not made by the Petitioner, Hunting Titan, Inc. The Board took this *sua sponte* action without giving DynaEnergetics notice and even though Hunting opposed the motion *albeit* on different grounds. In doing so, the Board violated both the America Invents Act ("AIA") and the Administrative Procedure Act ("APA"). In its adjudicatory role in *inter partes* review ("IPR") proceedings, the Board is not permitted to raise new grounds for unpatentability, particularly when the petitioner already opposes patentability. Even if the Board can challenge patentability *sua sponte* in some circumstances, those cases are rare and do not include this dispute. Finally, even if the Board can lawfully introduce new patentability issues, it must provide the patent owner with notice and an opportunity to respond. DynaEnergetics believes an oral hearing is necessary to fully address these important fundamental issues.

II. Argument

A. Congress Has Not Given the Board the Authority to Raise Its Own Arguments in Opposition to a Motion to Amend.

In an IPR, the Board cannot raise a ground against substitute claims that a petitioner did not advance. "Where a statute's language carries a plain meaning, the duty of an administrative agency is to follow its commands as written, not to supplant those commands with others it may prefer." *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348,

1355 (2018). In creating IPR, Congress intentionally limited the Board's role to adjudicating disputes between the petitioner and the patent owner and prevented the Board from independently investigating the patentability of substitute claims.

In *SAS Institute*, the Supreme Court examined the scope of the Board's powers in an IPR by contrasting those proceedings with two other administrative processes in the Office: *ex parte* and *inter partes* reexamination. The Court noted that, in these reexamination proceedings, the Office enjoyed the same broad "inquisitorial" powers as during examination and that to succeed, patent owners must re-establish patentability "to the satisfaction of the Patent Office." *Id.* at 1353. In contrast, the Court highlighted that in creating IPR, "rather than create (another) agency-led, inquisitorial process for reconsidering patents, Congress opted for a *party-directed*, adversarial process." *Id.* at 1355 (emphasis added). Congress could have granted the Board the same broad investigatory powers enjoyed by the Office in reexamination, "[b]ut Congress didn't choose to pursue that known and readily available approach here." *Id.* at 1356. Instead, Congress eliminated inquisitorial *inter partes* reexaminations to create adjudicatory IPRs, and its "choice to try something new must be given effect rather than disregarded in favor of the comfort of what came before." *Id.* at 1356; *see also id.* at 1355 ("Congress's choice to depart from the model of a closely related statute is a choice neither we nor the agency may disregard.").

The legislative history of the AIA further demonstrates that, in an IPR, the Board

acts as an adjudicator resolving disputes between the parties and not as an investigator independently evaluating patentability. In the March 2011 Senate debates involving the replacement of *inter partes* reexamination with the new IPR, Senator Kyl articulated Congress's intent: "One important structural change made by the present bill is that *inter partes* reexamination is converted into an adjudicative proceeding in which the petitioner, rather than the Office, bears the burden of showing unpatentability." 157 CONG. REC. S1375 (Mar. 8, 2011) (statement of Sen. Kyl).

Given this shift to an adjudicatory proceeding, it is not surprising that Congress did not include statutory language in the AIA empowering the Board to develop its own unpatentability arguments in IPRs. When Congress has intended to give the Patent Office the ability to act on its own to challenge the patentability of an issued patent, Congress has done so explicitly. For example, Congress has instructed that the Director may institute an *ex parte* reexamination "[o]n his own initiative, and any time." 35 U.S.C. § 303(a). If Congress had wanted to give the Board similar powers to act *sua sponte* in IPR, Congress "knew exactly how to do so—it could have simply borrowed from the statute next door." *SAS Inst.*, 138 S. Ct. at 1355. Indeed, Congress did not even give the Director the power to initiate IPR, further underscoring that the role of the Board in IPR is not investigatory but is limited to resolving the dispute between the parties. *See Return Mail, Inc. v. U.S. Postal Serv.*, 139 S. Ct. 1853, 1860 (2019).

Consequently, Congress has limited the Board's authority in IPR to the

resolution of disputes between petitioners and patent owners. It is not the role of an adjudicator to challenge the validity of a patent in a fashion not asserted by the litigants. *See Lannom Mfg. Co. v. U.S. Int'l Trade Comm'n*, 799 F.2d 1572, 1579 (Fed. Cir. 1986) (“It 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.”). Without the familiar inquisitorial powers from other procedural settings, the Board cannot develop its own grounds against substitute claims, as it did in this IPR.

B. Section 317 of the AIA Further Prevents the Board from Developing Its Own Arguments for Unpatentability of Substitute Claims Where the Petitioner Opposes the Motion.

Where the challenger ceases to participate in an IPR proceeding, Section 317(a) expressly permits the Board to proceed to final judgment and justify any finding of unpatentability by reference to the evidence of record. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016). That same permission is not provided by the statute when the petitioner is an active participant in the proceeding. *See* 35 U.S.C. § 317. By implication, therefore, and under the canon *expression unius est exclusion alterius*, Congress intentionally gave the Board greater powers when the petitioner drops out of the IPR than the Board has when the petitioner remains engaged. *POM Wonderful LLC v. Coca-Cola Co.*, 573 U.S. 102, 114 (2014); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004) (“[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is

generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.” (internal quotation omitted)). If Congress had wanted to give the Board similar powers to go beyond petitioner’s own unpatentability assertions by reference to the evidence of record when the petitioner actively opposed a motion to amend, Congress “could have simply borrowed from the statute next door.” *SAS Inst., Inc.*, 138 S. Ct. at 1355. As demonstrated by Section 317(a), Congress intentionally withheld from the Board the authority to craft its own arguments using the evidence of record in cases where the petitioner is an active participant.

C. Even if the Director Has the Authority to Permit the Board to Raise its Own Arguments for Unpatentability of Substitute Claims, It Can Do So Only in Rare Cases.

Even if Congress has not prohibited the Board from raising a ground of unpatentability that the petitioner did not sufficiently advance, the Board can only do so in rare instances. In determining whether an IPR proceeding is such a “rare” instance, the Board should consider at least whether (1) the normal adversarial process is insufficient in some respect, and (2) *ex parte* reexamination is a preferable alternative. For the reasons set forth above, as well as the following additional reasons, any other interpretation of the Board’s authority would be unreasonable. *See City of Arlington, Tex. v. F.C.C.*, 569 U.S. 290, 296 (2013) (noting that where an agency has discretion to promulgate rules because the underlying statute is unclear, the agency must still adopt

a “reasonable interpretation” of the law).¹

1. Congress Intended that Patent Owners Should Have a Meaningful Opportunity to Amend.

“Simply put, the patent owner’s right to propose amended claims is an important tool that may be used to adjust the scope of patents in an IPR.” *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1299 (Fed. Cir. 2017) (*en banc*) (citing 35 U.S.C. § 316(d)(3)); *see also Cuozzo*, 136 S. Ct. at 2144 (quoting *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945)). In fact, “Congress deemed the patent owner’s right to amend so important that, in § 316(d), it mandated that the patent owner be permitted to amend the patent *as of right*” once during the course of an IPR. *Aqua Prods.*, 872 F.3d at 1299 (citing 35 U.S.C. § 316(d)(1)); *see also* 154 CONG. REC. S9988 (Sept. 27, 2008) (statement of Sen. Kyl) (concluding that institution decisions should

¹ In the instant dispute, the Board did not—and cannot—satisfy these requirements. This case poses a garden-variety dispute whereby Hunting was a zealous adversary at every turn: it asserted anticipation of the original claims; DynaEnergetics disagreed but filed a contingent motion to amend to remove any legitimate anticipation assertion against the substitute claims; Hunting tacitly agreed by asserting only obviousness against those substitute claims; the parties and the Board engaged in discussion about the obviousness assertions at the oral hearing; and then the Board *sua sponte* found the substitute claims anticipated in the final written decision. *See* Request for Rehearing (Paper No. 44).

be written to give the “patent owner a sense of what issues are important to the board and where he ought to focus his amendments”). Several Congressmen noted with approval the high rate of “modification or nullification” of patent claims in *inter partes* reexamination and their desire to retain this feature in IPRs. H.R. Rep. No. 112–98, pt. 1, at 164 (2011).

Section 316(d) is an important part of the overall balance that Congress struck between the rights of petitioners and patent owners. As set forth in Section II.A, above, Congress created IPR as an adjudicatory process. Under the procedure that Congress crafted, an amendment that comports with § 316(d) by adding no new matter and being no broader in scope than the original claims should be entered, and the petitioner can then challenge the substitute claims as unpatentable. *Aqua Prods.*, 872 F.3d at 1308.

However, “[d]espite repeated recognition of the importance of the patent owner’s right to amend during IPR proceedings—by Congress, the courts, and the PTO alike—patent owners largely have been prevented from amending claims in the context of IPRs.” *Id.* at 1299. In fact, as of September 30, 2018 (the most recent data published by the PTO), the PTAB had granted *only eight* of 205 motions to amend and granted-in-part *only thirteen*, representing a 90% failure rate. P.T.A.B. Motion to Amend Study, Installment 5 at 2-3, 7 (attached as Ex. 2029). Perhaps more egregiously—knowing the likely futility—patent owners had filed motions to amend in only 10% of trials, making it a vehicle used successfully by patent owners only 0.5% of the time. *Id.*

While the Patent Office has expressed its commitment to seeking fairness and a “level playing field” for all parties (*see, e.g., A. Iancu, Testimony During Confirmation Hearing Before the Senate Judiciary Committee* (Nov. 29, 2017)), allowing the Board to raise new grounds of unpatentability *sua sponte* would erect yet another hurdle for patent owners seeking to amend a patent in an IPR and thus unreasonably contravene Congress’s clearly expressed intent in favor of amendment.

2. Congress Intended that the Board Act as an Adjudicator in IPRs, Not as an Inquisitor.

As noted above, Congress designed IPR to be “a *party-directed*, adversarial process” instead of “(another) agency-led, inquisitorial process for reconsidering patents.” *SAS Inst.*, 138 S. Ct. at 1355 (emphasis added). As a result, in deciding whether to raise a ground for unpatentability regarding substitute claims not advanced by the petitioner, the Board should consider whether the petitioner opposed the motion to amend. A petitioner’s opposition militates against the Board denying the motion for reasons not advanced by the petitioner. Adjudicators decide validity issues raised by the parties rather than introducing their own invalidity arguments. *See supra* Part II.A. Thus, in the absence of some fundamental failure by petitioner to fulfill its adversarial role, the Board should not depart from its congressionally-mandated and constrained role as an adjudicator.

Indeed, the APA discourages administrative law judges (“ALJs”)—including PTAB administrative patent judges—from exercising investigatory functions. *See*

Arthrex, Inc. v. Smith & Nephew, Inc., 935 F.3d 1319, 1326 (Fed. Cir. 2019). Section 554(d) of the APA establishes the so-called “separation of functions” feature of APA adjudication, providing that an “[agency] employee who presides” over an administrative adjudication cannot “be responsible to or subject to the supervision or direction of an employee or agent engaged in the performance of investigative or prosecuting functions for an agency.” 5 U.S.C. § 554(d). Congress’s goal in enacting § 554(d) was to ensure that ALJs have “no functions other than those of presiding at hearings.” *Grolier, Inc. v. F.T.C.*, 615 F.2d 1215, 1219 (9th Cir. 1980). In particular, Congress was concerned: (1) that an ALJ who had been involved in an investigation of a private company related to the agency’s sphere of regulation might rely in reaching a decision on information acquired *ex parte* during the investigation; and (2) the bias that arises when a “man ... has buried himself in one side of an issue.” *Id.* When the Board develops its own arguments that were not advanced or sufficiently developed by the petitioner, it simultaneously embraces both adjudicative and “investigative” functions. In particular, arguments authored by the Board rather than the parties are inherently *ex parte* in origin and by developing its own arguments, the Board will inevitably extend its role beyond that of simply “presiding at hearings.”

3. Statutory Limitations on Motions to Amend as Well as Alternative Procedural Options Available Ensure There is No Potential for Issuance of “Untested” Amended Claims.

“[A]mended claims added to an IPR are neither untested nor unexamined.” *Aqua*

Prods., 872 F.3d at 1314 (emphasis omitted). The restrictive requirements of § 316(d) ensure that substitute claims are no broader in scope than claims that were considered *and allowed* during original prosecution. *See id.* Because the issued claims were *already examined and allowed by the PTO*, and because § 316(d) requires substitute claims to be no broader in scope and supported by the written description, the substitute claims are not untested. *See id.* There is simply no need to grant the Board the power to raise arguments *sua sponte* to address this possible concern.

“The only remaining question is whether [the proposed amended claims] are unpatentable in the face of the prior art cited in the IPR and any new art relevant to § 102 or § 103 that the petitioner asks be introduced into the IPR.” *Id.* (citing 35 U.S.C. § 316(d)(3)). A substitute claim that issues as a result of an IPR without consideration of newly asserted prior art (*e.g.*, because the petitioner dropped the issue) is not an unjust result, nor an example of the adjudicatory process breaking down—it is simply a byproduct of the litigation-based system that Congress created. *See PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, 815 F.3d 747, 756 (Fed. Cir. 2016). The estoppel provision in Section 315(e) applies only to the petitioner, leaving third parties the option to challenge the claims in future proceedings. 35 U.S.C. § 315(e). If the Board has concerns regarding the patentability of substitute claims for reasons other than those raised by the petitioner, the Board can always grant the motion to amend and thereafter *sua sponte* initiate an *ex parte* reexamination proceeding. 35 U.S.C. § 303(a).

4. *Ex Parte* Reexamination Is a Preferable Mechanism for the Director to Challenge Patentability *Sua Sponte*.

To the extent the Board has concerns about the patentability of any substitute claims issued in an IPR proceeding, a Director-initiated *ex parte* reexamination is a preferable administrative procedure to pursue. In contrast, attempting to do so via the IPR procedures presents a classic “square-peg / round-hole” scenario.

Congress explicitly gave the Director the authority to challenge the patentability of claims in *ex parte* reexamination. *See supra* part II.A. The Patent Office should not ignore this congressional preference for *ex parte* reexamination as the proper procedural vehicle for the Patent Office to challenge patentability *sua sponte*. Further, concerns regarding the separation of adjudicatory and investigatory functions under the APA do not arise with *ex parte* reexaminations. Section 554(d) of the APA excludes from its separation of function requirements any “*ex parte* matters as authorized by law.”

Critically, the expanded authority of the Patent Office to act in *ex parte* reexamination is balanced by greater procedural safeguards notably absent from IPRs, including the right to respond with new claim amendments. For example, the Patent Office has the statutory authority to develop its own arguments for unpatentability of issued claims in *ex parte* reexamination, but conversely a patent owner has, as a matter of right, the ability to respond to such arguments, including with amendments. *See* 37 C.F.R. § 1.550(b). Similarly, in the appeal of a decision in *ex parte* reexamination, the Board has the authority to reject a claim on the basis of a “new ground” not advanced

by the examiner. 37 C.F.R. § 41.50(b); *see also* 37 CFR § 1.191 (applying 37 C.F.R. § 41.50 to appeals of *ex parte* reexaminations). When the Board exercises this *sua sponte* authority, however, the patent owner has two months to decide whether to reopen the reexamination, including by further amending its claims. 37 C.F.R. § 41.50(b)(1).

In stark contrast, IPRs, where only one motion to amend may be made, lack such procedural safeguards. 35 U.S.C. § 316(d). The framework for the IPR process simply cannot accommodate both Board rejection of substitute claims on grounds not advanced or sufficiently developed by the petitioner and the procedural safeguards elsewhere recognized as necessary to incentivize innovation. In other words, *ex parte* reexamination is the round peg that fits the round hole, presenting a far preferable procedure for the Patent Office to challenge the patentability of an issued patent.

D. The APA Prevents the Board from Raising a Ground of Unpatentability a Petitioner Did Not Sufficiently Advance Without Giving the Patent Owner Notice and an Opportunity to Respond.

In denying a motion to amend, the Board cannot rely on new grounds for which the patent owner did not receive notice and a meaningful opportunity to respond. The APA prevents an agency from resolving a dispute on new grounds that the party has not had a robust opportunity to address. Section 554 of the APA provides that parties in an administrative adjudication are entitled to “timely” notice of “the matters of fact and law asserted.” 5 U.S.C. § 554(b)(3). Moreover, the APA requires an agency to give “all interested parties opportunity for ... the submission and consideration of facts

[and] arguments ... [and] hearing and decision on notice.” *Id.* § 554(c). Furthermore, Section 556 of the APA guarantees a party an opportunity “to submit rebuttal evidence.” *Id.* § 556(d). Compliance with these provisions of the APA is not optional—under the APA, courts must “hold unlawful and set aside agency action ... not in accordance with law [or] ... without observance of procedure required by law.” 5 U.S.C. § 706.

On numerous occasions, the Federal Circuit has applied these provisions of the APA to IPR, holding the Board “may not change theories in mid-stream without giving [a patent owner] reasonable notice of the change and the opportunity to present argument under the new theory.” *Arthrex*, 935 F.3d at 1326 (quotations and citations omitted). The Board may not invalidate a claim based on a ground raised for the first time in a reply brief where the patent owner was not allowed to respond in a surreply. *In re NuVasive, Inc.*, 841 F.3d 966, 970-73 (Fed. Cir. 2016). Likewise, the Board may not “rely[] in its [final] decision on a factual assertion introduced into the proceeding only at oral argument, after [the patent owner] could meaningfully respond.” *Dell Inc. v. Accelaron, LLC*, 818 F.3d 1293, 1301 (Fed. Cir. 2016). Additionally, the Board may not adopt a claim construction in its final written decision that neither party requested nor anticipated. *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1351-52 (Fed. Cir. 2016), *rev’d on other grounds*, *SAS Inst.*, 138 S. Ct. 1348 (2018).

Of particular importance in this case, the Board violated the procedural requirements of the APA by raising in a final decision a ground of unpatentability that

the petitioner did not advance. Under similar circumstances in *EmeraChem Holdings, LLC v. Volkswagen Group of America, Inc.*, the Federal Circuit held that the Board violated the APA by finding challenged claims to be an obvious combination of prior art based on a combination of references not advanced by the petitioner. 859 F.3d 1341, 1348 (Fed. Cir. 2017). It reached this decision even though all of the prior art was referenced in the institution decision, but not in the combination offered by the Board in its final decision. *Id.* at 1350-51. Because the Board announced “a new rationale for unpatentability” long after the patent owner had any opportunity to address the new grounds, the Board violated the procedural strictures of the APA. *Id.* at 1352. A request for a rehearing does not provide a party with sufficient opportunity to address a ground for invalidity announced in the final decision. *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1377 (Fed. Cir. 2016).

Critically, the APA also guarantees the patent owner a meaningful opportunity to respond to the *particular* patentability arguments raised even if those arguments do not involve any new evidence. In *In re NuVasive*, the Federal Circuit vacated the Board’s decision where the patent owner had no opportunity to address certain arguments regarding a prior art reference even though the patent owner did have an opportunity to respond to “*other* factual assertions” regarding the same reference. 841 F.3d at 972. Similarly, in *Dell*, the Federal Circuit held the APA was violated where the Board relied on a previously unmentioned portion of a prior art reference, even

though the parties discussed extensively other portions of that reference. 818 F.3d at 1301. Likewise, in *In re Magnum Oil Tools*, the Federal Circuit vacated the Board's obviousness decision because its motivation to combine finding relied on an argument presented in the petition, but was directed only to grounds that were not instituted. 829 F.3d at 1380-81. Also, as noted above, in *EmeraChem*, the Board violated the APA by developing a new obviousness argument based on prior art of record. 859 F.3d at 1348. In each of these cases, the Federal Circuit effectively rejected the view 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." *In re Magnum Oil Tools*, 818 F.3d at 1381.

III. Conclusion

Congress did not intend for the Board to be able to raise a ground of unpatentability that a petitioner did not advance or sufficiently develop. Contrary to the requirements of the AIA, the APA, and the clear holding of *EmeraChem Holdings*, the Board announced a new theory of unpatentability (anticipation) in its final written decision, rejecting the substitute claims on grounds that were not advanced by the Petitioner. The Board should not be permitted to take on the roles of both examiner and adjudicator when a motion has been opposed. Even if the Board is permitted to raise *sua sponte* arguments under some rare circumstances, it is not under the circumstances of this case. Moreover, the Board should never be permitted to do so in a Final Written Decision whereby a patent owner is deprived of a meaningful opportunity to respond.

Dated: December 20, 2019

Respectfully submitted,

By: /Barry J. Herman/

Barry J. Herman
Registration No. 51,254
Womble Bond Dickinson (US) LLP
100 Light Street, 26th Floor
Baltimore, MD 21202
Telephone: (410) 545-5830
Barry.Herman@wbd-us.com

Lead Counsel for Patent Owner

Preston H. Heard
Registration No. 64,675
Christine H. Dupriest
Pro Hac Vice Pending
Womble Bond Dickinson (US) LLP
271 17th St. N.W., Suite 2400
Atlanta, GA 30363
T: (404) 888-7366
F: (404) 879-2966
Preston.Heard@wbd-us.com
Christine.Dupriest@wbd-us.com

William R. Hubbard
Pro Hac Vice Pending
Womble Bond Dickinson (US) LLP
1200 19th Street, N.W., Suite 500
Washington, DC 2006
T: (202) 857-4508
F: (202) 261-0008
Will.Hubbard@wbd-us.com

Brenton R. Babcock
Registration No. 39,592
Womble Bond Dickinson (US) LLP
3200 Park Center Drive, Suite 700
Costa Mesa, CA 92626
T: (657) 266-1064
F: (714) 557-3347
Brent.Babcock@wbd-us.com

Lisa J. Moyles
Registration No. 40,737
Jason M. Rockman
Registration No. 63,473
Moyles IP, LLC
1 Enterprise Drive, Suite 428
Shelton, CT 06484
T: (203) 428-4420
lmoyles@moylesip.com
jrockman@moylesip.com

Backup Counsel for Patent Owner

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), I hereby certify that a true and correct copy of the foregoing Patent Owner's Opening Submission to Precedential Opinion Panel was served on Petitioner via electronic mail at the following:

jsaunders@arnold-iplaw.com

cmckeon@arnold-iplaw.com

docketing@arnold-iplaw.com

Dated: December 20, 2019

/Preston H. Heard/

Preston H. Heard

Registration No. 64,675

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HUNTING TITAN, INC.,
Petitioner,

v.

DYNAENERGETICS GMBH & CO. KG,
Patent Owner.

Case IPR2018-00600
Patent 9,581,422 B2

Before ANDREI IANCU, *Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office*,
ANDREW HIRSHFELD, *Commissioner for Patents*, and SCOTT R. BOALICK,
Chief Administrative Patent Judge.

PER CURIAM.

ORDER

DynaEnergetics GmbH & Co. KG (“Patent Owner”) requests rehearing and Precedential Opinion Panel (“POP”) review of the Patent Trial and Appeal Board (“Board”) Decision denying Patent Owner’s Motion to Amend after finding proposed substitute claims 16–22 unpatentable over the prior art of record. *See* Paper 44; Ex. 3001.

Pursuant to Standard Operating Procedure 2 (“SOP 2”),¹ the POP has determined that this case warrants review. A POP review is appropriate to address the following issues:

1. Under what circumstances and at what time during an *inter partes* review may the Board raise a ground of unpatentability that a petitioner did not advance or insufficiently developed against substitute claims proposed in a motion to amend?
2. If the Board raises such a ground of unpatentability, whether the Board must provide the parties notice and an opportunity to respond to the ground of unpatentability before the Board makes a final determination.

Accordingly, a POP review of the Board’s Decision denying the Motion to Amend is ordered. SOP 2, 3–7.

Hunting Titan, Inc. (“Petitioner”) and Patent Owner are authorized to simultaneously submit additional briefing, limited to the issues above, of no more than fifteen (15) pages each, due on December 20, 2019. The parties are instructed to address in their respective briefs whether an oral hearing is necessary.

Additionally, any *amicus curiae* are authorized to submit a brief to trials@uspto.gov, limited to the issues identified above, of no more than fifteen (15) pages and due on December 20, 2019. The *amicus curiae* briefs will be entered into the record by the Board.

¹ Available at <https://go.usa.gov/xPMqx>.

Petitioner and Patent Owner are further authorized to file simultaneous responses to Patent Owner's and Petitioner's additional briefing, respectively, of no more than ten (10) pages each, due on January 6, 2020. The parties also may respond to the *amicus curiae* briefing in their responses.

Accordingly, based on the foregoing and pursuant to SOP 2, it is:

ORDERED that the Board's Decision denying Patent Owner's Motion to Amend is submitted for POP review on the issues and schedule identified above; and

FURTHER ORDERED that, unless otherwise delegated, the POP will maintain authority over all issues in this case.

IPR2018-00600
Patent 9,581,422 B2

For PETITIONER

Jason Saunders
jsaunders@arnold-iplaw.com

Gordon T. Arnold
garnold@arnold-iplaw.com

Christopher P. McKeon
cmckeon@arnold-iplaw.com

FOR PATENT OWNER:

Barry J. Herman
barry.herman@wbd-us.com

Preston H. Heard
preston.heard@wbd-us.com

Lisa J. Moyles
lmoyles@moylesip.com

Jason M. Rockman
jrockman@moylesip.com