

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Proposed Rules of Practice To Allocate the Burden of Persuasion on Motions To Amend in Trial Proceedings Before the Patent Trial and Appeal Board

Docket No. PTO-P-2019-0011

**COMMENTS OF
THE HIGH TECH INVENTORS ALLIANCE**

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STATEMENT OF INTEREST

Innovation is the cornerstone upon which the companies of the High Tech Inventors Alliance (HTIA) are built. HTIA members (Adobe, Amazon, Cisco, Dell, Google, Intel, Microsoft, Oracle, Salesforce, and Samsung) collectively invested more than \$110 billion in research and development last year, supporting nearly 500,000 employees in the United States along with the tens of millions of other jobs created as a result of the innovative goods and services our members provide.

Together, HTIA members own over 300,000 U.S. patents. HTIA members have litigated patent validity before the PTAB in numerous proceedings, appearing as both petitioner and patent owner. HTIA members have asserted their own patents in court and have also been sued by other companies. HTIA members have also been forced to defend numerous suits by nonpracticing entities, often seeking nuisance settlements. As such, HTIA members have experience on both the patent owner and petitioner sides and are well-situated to comment on the U.S. Patent and Trademark Office's *Notice of Proposed Rules of Practice To Allocate the Burden of Persuasion on Motions To Amend*.¹

COMMENTS

The Office's core mission is to examine claims for patentability. The proposed rules are inconsistent and irreconcilable with this mission. By supplanting the Office's examination obligations with the questionable motives of a private party, the proposed rules allow patent claims that have never been examined to issue and receive the presumption of validity. Such a result would frustrate—not further—the Office's goal to improve patent quality² and should not be adopted.

¹ Notice of Proposed Rules of Practice To Allocate the Burden of Persuasion on Motions To Amend in Trial Proceedings Before the Patent Trial and Appeal Board, PTO-P-2019-0011, 84 Fed. Reg. 56401 (Oct. 22, 2019) ("Notice").

² See, e.g., H.R. Rep. No. 112-98, pt. 1 at 38-40 (2011) ("Purpose and Summary"); PATENT QUALITY, <https://www.uspto.gov/patent/patent-quality> (last visited December 6, 2019) ("Providing high-quality, efficient examination of patent applications is paramount to our mission at USPTO.").

I. The Office must independently examine substitute claims for their patentability.

HTIA believes that the Office should independently examine all substitute claims. The same concerns about patentability and appropriate breadth that arise in ordinary prosecution are equally or more important when amending claims that have already been found unpatentable.³ And as in patent prosecution, the Office is responsible for protecting the public from the issuance of invalid claims.⁴

A primary concern is that the proposed allocation of burdens delegates the Office's public duties to the petitioner. But a petitioner has no obligation to ensure that a patent is kept within its legitimate scope, and—in many cases—will have no incentive to do so.⁵ Instead, a petitioner will seek to protect its own interests, and may elect, for any number of reasons, not to perform a search of the prior art, not to file an opposition, or to file a limited opposition. For example, the petitioner's incentive to challenge an amended claim may depend on whether and how well that claim can serve as a basis for an infringement assertion against the petitioner's products. Enacting a rule that presumes that a claim amendment overcomes the prior art of record also jeopardizes patent quality. Such a rule would be contrary to the many years of diligent work that the Office has invested in improving patent quality.⁶

Any successfully amended claim will become enforceable against the public and be entitled to the statutory presumption of validity.⁷ That presumption carries significant weight in district court—it “requires an invalidity defense to be proved by clear and convincing evidence.”⁸ This presumption is centered on “the basic proposition that a government agency such as the [PTO] was presumed to do its job.”⁹ But allowing unexamined substitute claims to

³ Because a motion to amend proposes substitute claims, the Board will only take up the motion if the originally issued claims are finally found to be unpatentable.

⁴ See, e.g., *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

⁵ *Washington ex rel. Seattle Title Trust Co v. Roberge*, 278 U.S. 116 (1928) (the government's obligations should not be delegated to private citizens who “are not bound by any official duty,” and who will act instead for “selfish reasons.”).

⁶ See PATENT QUALITY, *supra* note 2.

⁷ See 35 U.S.C. § 282(a).

⁸ *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011) (alteration in original).

⁹ *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984), abrogated in other respects by *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (citing *Morgan v. Daniels*, 153 U.S. 120, 125 (1894)).

issue casts doubt on the applicability of the presumption of validity. The Office should not countenance a rule that violates the public’s trust that the Office is fulfilling its role in the patent system. That the rule would allow for the Office to issue an AIA trial certificate with unexamined and unchallenged substitute claims shows the proposed allocation of burdens is unworkable and incorrect.

Under the Office’s rules applied in ordinary prosecution practice, a patent applicant must show how an amendment of a rejected claim overcomes the prior art.¹⁰ The Office will then conduct a search of the prior art to confirm whether the amendment renders the claim novel and non-obvious.¹¹ The Office’s other available procedures for amending claims in issued patents—reexamination and reissue¹²—follow the same process.¹³ To discourage gamesmanship, the Office’s rules should not give a patent owner’s motion to amend a procedural advantage over these other amendment avenues.

Accordingly, the Office should adopt rules outlining a process for the Office to independently evaluate the patentability of all proposed substitute claims. In doing so, the Office can and should consider the related issues recently raised by the Board’s call for amicus briefs in

¹⁰ See 37 C.F.R. § 1.111(c) (“In amending in reply to a rejection of claims in an application or patent under reexamination, the applicant or patent owner must clearly point out the patentable novelty which he or she thinks the claims present in view of the state of the art disclosed by the references cited or the objections made. The applicant or patent owner must also show how the amendments avoid such references or objections.”); see also MPEP 714.04 (“In the consideration of claims in an amended case where no attempt is made to point out the patentable novelty, the claims should *not* be allowed.”).

¹¹ See 37 C.F.R. § 1.104(a) (“On taking up an application for examination or a patent in a reexamination proceeding, the examiner shall make a thorough study thereof and shall make a thorough investigation of the available prior art relating to the subject matter of the claimed invention.”).

¹² See Options for Amendments by Patent Owner through Reissue or Reexamination During a Pending AIA Trial Proceeding (April 2019), 84 Fed. Reg. 16654-16658 (Apr. 22, 2019).

¹³ See 37 C.F.R. § 1.550(a) (reexamination “will be conducted in accordance with §§ 1.104 through 1.116”); 37 C.F.R. § 1.176(a) (“A reissue application will be examined in the same manner as a non-reissue, non-provisional application, and will be subject to all the requirements of the rules related to non-reissue applications.”).

*Hunting Titan, Inc. v. DynaEnergetics GmbH & Co.*¹⁴ regarding when and how the Office can raise a ground of unpatentability independent from those (if any) advanced by a petitioner.

HTIA believes that the Office’s independent evaluation of the substitute claims’ patentability should include a new search of the prior art. This would be the ordinary course for the Office in considering claims amended in prosecution to distinguish over the prior art. As a minimalist alternative, however, the Office could consider simply examining the substitute claims relative to the prior art of record (i.e., the art cited in prosecution and in the post-grant proceeding). While conducting a new search would better assure the public that unwarranted patent claims are unlikely to be approved by the Office, in at least some cases the most relevant prior art will already have been discovered and identified in the record.

HTIA proposes that the Board adopt the following instead of the originally proposed language for paragraph (d)(2), to be added to 37 C.F.R. §§ 42.121 and 42.221:

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

...

(2) ~~A petitioner bears the burden of persuasion to show, by a preponderance of the evidence, that~~ The Office will conduct an independent examination of any proposed substitute claims and issue a report, sufficiently in advance of a scheduled oral hearing if requested, providing any grounds identified in the examination under which any proposed substitute claims are unpatentable;

II. **Alternatively, patent owners should bear the burden of demonstrating patentability of proposed amendments.**

As between the petitioner and the patent owner, the Office initially concluded that the burden of showing the patentability of amended claims in AIA trial proceedings naturally lies with the movant, i.e., the patent owner.¹⁵ A majority of the Federal Circuit sitting *en banc* in *Aqua Products* would allow the Office to adopt that position via rulemaking.¹⁶ Therefore, the

¹⁴ See *Hunting Titan, Inc. v. DynaEnergetics GmbH & Co.*, IPR2018-00600, Paper 46 (Nov. 7, 2019).

¹⁵ *MasterImage 3D, Inc. v. RealD Inc.*, IPR2015-00040, Paper 42 (P.T.A.B. Jul. 15, 2015); *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2014-00027, Paper 26 (P.T.A.B. Jun. 11, 2013).

¹⁶ See *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1327 (Fed. Cir. 2017) (concluding only that “*in the absence of anything that might be entitled deference*, the PTO may not place that burden on the patentee.”) (emphasis added).

Office can alternatively adopt a rule placing the burden on the patent owner to show patentability of substitute claims over the prior art of record and any additional prior art known to the patent owner.

As noted previously, the claims that issue from a motion to amend during post-grant proceedings will have the same exclusive rights as claims issuing from original examination. Substitute claims should undergo a process to reasonably ascertain that they are of appropriate scope relative to the prior art. While the best approach is for the Office to examine the claims itself, a viable alternative is to require the patent owner to provide a detailed explanation of how the substitute claims distinguish over the prior art of record and other prior art known to the patent owner. If the patent owner—with a strong interest in obtaining the substitute claims—cannot explain how the substitute claims are patentable over such prior art, then the only reasonable conclusion is that the substitute claims are *not* patentable and should not be allowed. Consistent with that simple proposition, the Office can place the burden of showing the patentability of substitute claims on the patent owner.

By instead placing the burden on the petitioner, the Office’s proposal conflicts with the norms of western jurisprudence. Ordinarily a movant bears the burden of proof, as reflected by rules governing motion practice generally throughout the U.S. legal system¹⁷ and the Office’s rules on motion practice before the Board.¹⁸ In drafting 35 U.S.C. § 316(a)(9) to guarantee patent owners the ability “to move to amend the patent,” Congress is presumed to have known, understood, and approved of this classical allocation of burdens in motion practice that are common throughout the U.S. legal system.¹⁹ In other words, Congress expected the patent owner to bear the burden of showing that it was entitled, on the merits, to the relief requested in a motion to amend.

¹⁷ See, e.g., Fed. R. Civ. P. 56(c) (requiring movant to bear burden of proof for summary judgment motions).

¹⁸ See 37 C.F.R. §§ 42.20(c) (“The moving party has the burden of proof to establish that it is entitled to the requested relief.”); 37 C.F.R. § 41.208(c)(1) (2012) (“A party moving to add or amend a claim must show the claim is patentable.”).

¹⁹ *Microsoft*, 564 U.S. at 101 (quoting *Safeco Ins. Co. of America v. Burr*, 551 U.S. 47, 58 (2007)) (“But where Congress uses a common-law term in a statute, we assume the ‘term ... comes with a common law meaning, absent anything pointing another way.’”)

As an alternative to HTIA’s first proposal above, HTIA suggests the following adjustments to the Office’s proposal for paragraph (d)(2) of 37 C.F.R. §§ 42.121 and 42.221:

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

...

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

III. The Board should have the authority to deny a motion to amend for any reason and should be empowered to supplement the record to support its decision.

It is the Board’s role to protect the public against overbroad patent claims. The Office must act to ensure that patent monopolies are kept within their legitimate scope.²⁰ The proposed rulemaking recognizes a desire to prevent issuance of substitute claims that do not distinguish over the prior art. Consistent with that desire, the Board must be free to deny a motion to amend on any basis the Board knows of, regardless of whether it was put forward by the petitioner. And the Board must have the authority to supplement the record as needed to ensure that it reflects the evidence relied upon by the Board in denying a motion.

The proposed rule would leave it to the Board’s discretion to grant a motion to amend, even where the patent owner fails to meet its burdens. It is not the Board’s role to advance the interests of the patent owner with an argument that a patent owner itself chose not to make. Where the patent owner fails to carry its burden under paragraph (d)(1), its motion must fail. The rule should not give the Board “discretion to grant” a motion to amend irrespective of the parties’ arguments and evidence.

Consistent with HTIA’s proposal that the Office should conduct an independent examination of the substitute claims (discussed and proposed above in language for paragraph (d)(2)), HTIA proposes that the Office adopt the following revised rule for paragraph (d)(3) of 37 C.F.R. §§ 42.121 and 42.221:

²⁰ See *Application of Henze*, 181 F.2d 196 (C.C.P.A. 1950) (The Patent Office is the “public’s representative”).

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

...

(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. The Board may grant a motion to amend only if (i) the patent owner meets its burden under paragraph (d)(1) and (ii) the Board determines, based on the parties' submissions and the examination results under paragraph (d)(2), that the preponderance of the evidence demonstrates the patentability of a proposed substitute claim. The Board may supplement the record with evidence supporting its decision.~~

IV. The Board should not have discretion to grant an unwarranted motion.

To the extent that the Office does not adopt HTIA's proposals for (d)(2) and (d)(3), HTIA believes for the reasons above that the Office should, at a minimum, not authorize the Board to grant an unwarranted motion to amend, as reflected in the following revised rule for paragraph (d)(3) of 37 C.F.R. §§ 42.121 and 42.221:

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

...

(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.

V. The proposed rule placing the burden on the patent owner to show written description support (under paragraph (d)(1)) is the right policy and should be adopted.

Paragraph (d)(1) of the proposed changes places the burden of persuasion on a patent owner to show that a motion to amend complies with, *inter alia*, paragraphs (b)(1) and (2) of §§ 42.121 and 42.221, which require the motion to amend to show "support in the original disclosure of the patent for each claim that is added or amended" and "support in an earlier-filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought," respectively. Placing this burden on the patent owner in an AIA trial proceeding accords with the ordinary practice for amendments in patent examination.²¹ The patent owner is well

²¹ See MPEP 21613 II.A.3.b ("when filing an amendment an applicant should show support in the original disclosure for new or amended claims."); see also MPEP 2163.06 ("Applicant should specifically point out the support for any amendments made to the disclosure.").

positioned to identify written description support for any amended claim. This obligation is not onerous because the patent owner will have already analyzed the original specification for subject matter support in drafting any proposed substitute claims. The rule merely requires the patent owner to provide the analysis it will have already undertaken. Thus, the Office should adopt the proposed rule changes under paragraph (d)(1) to harmonize the Board's amendment practice with the established practice for amending claims in examination.

VI. Conclusion

The High Tech Inventors Alliance appreciates the Office's continued efforts to refine the rules governing amendment practice in AIA trial proceedings. We believe the Office can best continue its mission to improve patent quality by conducting an independent examination of every motion to amend. HTIA urges the Office to adopt the modified rules discussed above.