

*Before the*  
**United States Patent and Trademark Office**  
Alexandria, VA

*In re*

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  
COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION**

In its Notice of Proposed Rulemaking (the “NPRM”), published in the Federal Register at 84 Fed. Reg. 56401 (Oct. 22, 2019), the United States Patent and Trademark Office (the “Office”) solicited comments regarding allocation of the burden of persuasion in motions to amend in America Invents Act (“AIA”) trials. The Computer & Communications Industry Association (“CCIA”)<sup>1</sup> submits the following comments.

**I. Summary of CCIA’s positions**

CCIA continues to oppose imposition of the burden of persuasion on the petitioner with respect to any motion by the patent owner, including motions to amend. Such an imposition is inconsistent with general legal principles, general agency practice, the safeguards of the Administrative Procedure Act, and prior Office practice. The proposed rules also create the potential that there will be no party bearing the burden of persuasion in cases where the petitioner has removed itself from the case, a risk which has concerned the Federal Circuit in subsequent cases.<sup>2</sup> While the Board may still, in the interests of justice, deny a motion to amend, they are expected to exercise this discretion “only in rare circumstances”<sup>3</sup>, leading to a serious risk that an “amended patent could issue despite the PTO having before it prior art that undermines patentability.”<sup>4</sup> The proposed rules justify this, in part, because of the *Aqua Products* decision, but one of the safeguards identified in *Aqua Products* as reducing the risk of

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<sup>1</sup> CCIA is an international nonprofit membership organization representing companies in the computer, Internet, information technology, and telecommunications industries. Together, CCIA’s members employ nearly half a million workers and generate approximately a quarter of a trillion dollars in annual revenue. CCIA promotes open markets, open systems, open networks, and full, fair, and open competition in the computer, telecommunications, and Internet industries. A complete list of CCIA members is available at <http://www.ccianet.org/members>.

<sup>2</sup> See *Bosch Auto. Serv. Solutions, LLC v. Matal*, 878 F.3d 1027 (Fed. Cir. 2017) (“[w]here the challenger ceases to participate in the IPR and the Board proceeds to final judgment, *it is the Board* that must justify any finding of unpatentability”) (emphasis in original).

<sup>3</sup> NPRM at 56404.

<sup>4</sup> *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1307-08 (Fed. Cir. 2015); cf. *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1333 (Fed. Cir. 2016) (“placing the burden on the patent owner ensures that proposed substitute claims are critically analyzed before they are entered as claims that are part of the issued patent.”)

an untested amended claim being issued if the burden lies on petitioner—broadest reasonable interpretation—has subsequently been eliminated via rulemaking.<sup>5</sup>

The proposed rules also abandon the Office’s previous positions as articulated in representations made by the Office to the Federal Circuit in *Aqua Products* without providing a reasoned explanation for why the justifications previously offered have been discarded. Absent any reasoned explanation for discarding the facts and circumstances underlying the previous policy, it is arbitrary and capricious to adopt such a policy.<sup>6</sup>

To address these concerns, CCIA suggests allocating the burden of persuasion to the patent owner on all aspects of motions to amend. In the alternative, and at a minimum, the patent owner should bear the burden of persuasion on those portions of an amended claim that are new, while the petitioner bears the burden on those portions of the amended claim that are identical to the originally challenged claim. Finally, CCIA suggests that, when a petitioner is no longer involved with a case but the case is to continue, the burden of persuasion is allocated to the Board.

## **II. Placing the burden of persuasion on petitioner, rather than patent owner, contradicts general legal principles, agency practice, and prior Office practice**

In general, the party requesting action bears the burden of persuasion.<sup>7</sup> The moving party is the party seeking a change to the current situation and as a result should be the one to justify such a change. This basic principle is reflected in both district court practice and in general agency practice as embedded in Administrative Procedure Act (APA) § 556.

### *A. District court practice places the burden of persuasion on the movant*

In district court proceedings, it is a general rule that the movant bears the burden of persuasion. In fact, evidence treatises have characterized the principle that “the burdens of pleading and proof with regard to most facts have been and should be assigned to the [party] who generally seeks to change the present state of affairs” as “the broadest and most accepted idea.”<sup>8</sup>

As the movant with respect to a motion to amend, the patent owner would thus ordinarily bear the burden of persuasion on the issue of the motion—patentability of the amended claim. The Office proposes to instead place the burden onto the non-moving party. As an example of the inappropriateness of the petitioner bearing the burden, placing the burden of persuasion on the petitioner to show invalidity of a proposed amendment is analogous to placing the burden of persuasion in district court on the patent owner in response to a defendant’s Rule 50 motion for judgment as a matter of law finding the patent invalid. No court would allocate the burden to the non-moving party in such a situation.

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<sup>5</sup> *Aqua Products, Inc. v. Matal*, 872 F.3d 1290, 1315 (Fed. Cir. 2017) (“we see little potential for harm from ‘untested’ claims ... the PTO will have been unable to conclude that any issued amended claims are unpatentable under very relaxed standards—[] and broadest reasonable interpretation.”)

<sup>6</sup> See *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 513 (2009).

<sup>7</sup> See, e.g., C. Mueller & L. Kirkpatrick, *Evidence* § 3.1, p. 104 (3d ed. 2003) (“Perhaps the broadest and most accepted idea is that the person who seeks [] action should justify the request[.]”).

<sup>8</sup> See McCormick on *Evidence* § 337, p. 433 (5<sup>th</sup> ed. 1999); Mueller & Kirkpatrick, *Evidence* § 3.1, p. 104 (3d ed. 2003); cf. *Schaffer v. Weast*, 546 U.S. 49, 56 (2005).

Further, the statutory provision that permits patent owners to propose to amend their claims gives them the right to file a “motion to amend”, not the right to amend their claim. Congress is presumed to “legislate against a background of common-law adjudicatory principles”<sup>9</sup> and the principle that the moving party bears the burden of persuasion is one such principle. By structuring amendments as the result of a motion, Congress is presumed to have intended the ordinary legal consequences of such a structure, including the ordinary assignment of burdens that would place the burden on the patent owner. Placing the burden on petitioner contradicts this background assumption.

CCIA has been unable to identify any ordinary proceeding in which the non-moving party bears the burden of proof and thus the current rule is unjustifiable on the grounds of consistency.<sup>10</sup> In addition, the Office has previously expressed a desire to improve consistency between Office proceedings and the courts. As other *inter partes* proceedings at the Office and contested motions in the courts place the burden on the moving party, placing the burden of persuasion in motions to amend on the patent owner would be consistent with these other venues. The Office’s proposed rule is inconsistent with courts, rendering it questionable under a principle the Office has used to guide decision-making in recent rulemakings.<sup>11</sup>

*B. APA § 556 and general agency practice place the burden of persuasion on the party proposing a rule, order, or any other change in the status quo*

Similarly, the APA default rule is that, unless otherwise provided by statute,<sup>12</sup> the proponent of a rule or order bears the burden of proof.<sup>13</sup> The Federal Circuit determined that the America Invents Act is ambiguous with respect to the placement of the burden of persuasion for amended claims in AIA trials and thus there is no provision in the AIA statute that would justify a change to the default rule. Adopting a rule placing the burden on the petitioner would contradict the APA default rule, rendering the USPTO potentially susceptible to legal challenges to the rule as lacking statutory support and contradicting APA § 556.

A rule which places the burden on the patent owner would not face this issue and would be favorable for that reason alone.

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<sup>9</sup> See, e.g., *Bond v. United States*, 134 S. Ct. 2077, 2088 (2014); *Astoria Fed. Sav. & Loan Assn. v. Solimino*, 501 U.S. 104, 108 (1991).

<sup>10</sup> While amendments in patent examination effectively place the burden on the Office to show non-patentability, the Office has made explicit that amendments in AIA proceedings are “substantially different than amendments during examination.” See Final Claim Construction Rule at 51350. The Office has also effectively ignored inconsistency between examination and AIA trials by employing a different claim construction standard in the two. See generally Final Claim Construction Rule. Accordingly, the Office cannot justify the inconsistency by reference to examination practice.

<sup>11</sup> See Request for Comments on Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board, 83 Fed. Reg. 54319 (Oct. 29, 2018) (the “October 2018 NPRM”); Notice of Proposed Rulemaking on Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 21221 (May 9, 2018).

<sup>12</sup> A majority of the Federal Circuit has determined that the AIA does not expressly place the burden of persuasion on the petitioner with respect to motions to amend. Thus, the burden is not otherwise provided for by statute.

<sup>13</sup> 5 U.S.C. § 556(d).

*C. Placing the burden of persuasion on petitioner, rather than patent owner, contradicts prior Office practice and positions*

The Office has placed the burden of persuasion in post-grant trials on the proponent of the amendment. For example, the Office has previously used such a rule in interference practice. Derivation proceedings, the successor to interference practice under the AIA and themselves defined as an AIA trial, allow parties to file motions to amend. Those motions are made under 37 C.F.R. § 42.22.<sup>14</sup> And under § 42.20, the “moving party has the burden of proof to establish that it is entitled to the requested relief” in a § 42.22 motion. Accordingly, placing the burden on the patent owner would also be consistent with Office practice. This placement of the burden was confirmed as permissible by the Federal Circuit.<sup>15</sup>

Analogously, in *ex parte* reexamination, the examiner bears the burden of production to set forth a case of unpatentability of an amended claim, but the patent owner effectively bears the burden of persuasion, being required to show the examiner that their amended claim was patentable over the art of record once the examiner has set forth the *prima facie* case of invalidity.<sup>16</sup> The burden of persuasion on a newly presented claim belongs to the patent owner once evidence showing a *prima facie* case of invalidity has been produced.

In these circumstances, the petitioner has brought produced evidence sufficient to establish a *prima facie* case of invalidity—specifically, the petition. The patent owner, under the ordinary principles of both district court litigation and Office procedure, would be required to bear not just the burden of producing evidence showing that the amended claim overcomes that produced evidence but also the burden of persuasion establishing that it has done so. Such a rule would be permissible for the Office to put forward and would be significantly better than the proposed rule, being consistent with practice in other areas of law and the Office’s prior practice.

### **III. The proposed rule risks creating situations in which no one bears the burden of persuasion, allowing patent claims to be issued that lack any examination**

The proposed rules require that the petitioner bear the burden of persuasion. They make no allowance for shifting that burden in the event that the petitioner is no longer a part of the case. This risk has already been a matter of concern for the Federal Circuit in the post-*Aqua Products* era.<sup>17</sup> The rules do permit the Board to intervene in the interest of justice, but do not place an obligation to persuade on any party that would remain in the trial.

For example, a petitioner could file a petition. The patent owner might file a motion to amend that is sufficient to provide a non-infringement argument to the petitioner. Even if this amended claim would still be likely to be unpatentable, the petitioner might choose to settle the case as they no longer face an infringement concern. The Board might choose to proceed to a

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<sup>14</sup> See Changes to Implement Derivation Proceedings, 77 Fed. Reg. 56068, 56078 (Sept. 11, 2012).

<sup>15</sup> See, e.g., *Kubota v. Shibuya*, 999 F.2d 517, 521 (Fed. Cir. 1993).

<sup>16</sup> See, e.g., *Application of Best*, 562 F.2d 1252, 1254-55 (C.C.P.A. 1977) (applicant bears burden of persuasion in overcoming *prima facie* obviousness rejection); *in re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984) (“once an inference of fact is established the burden of persuasion shifts to the applicant”); *in re Brana*, 51 F.3d 1560, 1566 (Fed. Cir. 1995) (applicant bears burden of persuasion when proving utility); *in re Swinehart*, 439 F.2d 210, 212-13 (C.C.P.A. 1971) (applicant bears burden of persuasion when proving non-inherency).

<sup>17</sup> See *Bosch Auto. Serv. Solutions, LLC v. Matal*, 878 F.3d 1027 (Fed. Cir. 2017) (“[w]here the challenger ceases to participate in the IPR and the Board proceeds to final judgment, *it is the Board* that must justify any finding of unpatentability”) (emphasis in original).

final written decision due to clear unpatentability of the original claims. In this situation, while the Board would be permitted to reject the proposed amended claims “only in rare circumstances” where the interest of justice requires it, no party would bear the burden to persuade the Board of the patentability of the proposed claims. Absent any party bearing that burden, the Board would effectively be required to default to granting the motion to amend without any substantive argument or examination. The Federal Circuit worried about precisely this situation where a “amended patent could issue despite the PTO having before it prior art that undermines patentability”<sup>18</sup> in its reviews of the rule placing the burden on patent owners. Similarly, even if a petitioner remains in the case, they might choose not to argue against the amended claims if the amended claims do not pose an infringement risk. In that circumstance, while the petitioner formally bears the burden of persuasion, in practice no party would actively be seeking to meet that burden, creating the same risk of an amended patent issuing despite prior art existing that undermines patentability.

In *Aqua Products*, the Federal Circuit identified in *dicta* several safeguards against this situation. One of those safeguards was the use of the broadest reasonable interpretation standard, which would help prevent untested claims from issuing by applying a more stringent standard for unpatentability to those claims.

However, subsequent to *Aqua Products*, the Office has reversed course and no longer applies the broadest reasonable interpretation standard for claim construction in AIA trials. Because of this, amended claims now issue from AIA trials that were not examined under the broadest reasonable interpretation of the claim language—a situation unique in the modern history of the patent system. Adding to this by creating a system in which no party bears a burden of persuasion on the question of patentability of amended claims creates a serious risk that the Office will issue invalid claims from the very AIA proceedings intended to revoke invalid claims.

Placing the burden of persuasion on the patent owner helps to minimize the risk of ‘default’ issuance of claims, especially after the removal of the broadest reasonable interpretation safeguard.

#### **IV. The Office’s reversal of its prior position violates the APA’s strictures against arbitrary and capricious rulemaking**

In addition to the abandonment of one of the safeguards identified in one of the *Aqua Products* opinions, the proposed rules also abandon the Office’s consistently enforced previous position and the position the USPTO articulated in representations made by the Office to the Federal Circuit in *Aqua Products*.<sup>19</sup> The proposed rules do not provide a reasoned explanation for why the justifications previously offered have been discarded.

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<sup>18</sup> *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1307-08 (Fed. Cir. 2015); *cf. Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1333 (Fed. Cir. 2016) (“placing the burden on the patent owner ensures that proposed substitute claims are critically analyzed before they are entered as claims that are part of the issued patent.”)

<sup>19</sup> *Id.* at 1363-64 (Hughes, J., dissenting from the remand) (“the PTO has consistently, since 2012, maintained that the burden of proof for motions to amend falls on the movant”).

The Federal Circuit opinions in *Aqua Products* confirm that the Office is permitted—indeed, even expected<sup>20</sup>—to engage in rulemaking to allocate the burden of persuasion to the patent owner. While a court decision reversing the Office might justify a change in position if the Court had questioned the ability of the Office to statutorily issue a regulation, a majority of the Federal Circuit upheld the Office’s power to place the burden of persuasion on the patent owner via rulemaking.<sup>21</sup> As a result, *Aqua Products* does not itself provide a reason for a change in position. The proposed rule does not address this second majority in *Aqua Products*, nor does it explain why it ignores the open invitation from the Federal Circuit to maintain its position.

While the Office identifies public support for the proposed allocation of burdens, the Office fails to provide any reasoned underpinning extracted from that support sufficient to justify its reversal. The Office’s sole explained rationale is “clarity, certainty, and predictability” of AIA trial proceedings, but those interests are served equally well by adoption of a rule placing the burden of persuasion on the patent owner, which would be equally clear, certain, and predictable, and would avoid creating situations where no party bears the burden of persuasion. Such a rule would also be consistent with general legal practice as well as practice elsewhere in the Office. The Office has not provided any rationale that is specific to the chosen rule that would justify selecting it over its previous position of placing the burden on the patent owner. Where, as here, the agency makes no findings that illuminate why it chose one of two different alternatives with vastly different consequences to stakeholders and does not articulate a rational connection between the facts found and the choice made, the agency has failed to meet its obligation to “make findings that support its decision” and to support those findings by substantial evidence.<sup>22</sup>

Absent any reasoned explanation for discarding the facts and circumstances underlying the previous policy, it is arbitrary and capricious to adopt a different policy.<sup>23</sup>

## **V. CCIA proposes allocating the burden of persuasion to the patent owner or, in the alternative, placing the burden of persuasion on the patent owner for all new aspects of amended claims**

For the reasons set forth above and in CCIA’s comments submitted in response to the October 2018 NPRM, CCIA suggests that the burden of persuasion be allocated to the patent owner. Such an allocation would be consistent with general legal practice in the courts and the agencies, as well as Office practice, and has already been confirmed to be within the power of the Office to do. It also ensures that an interested party bears the burden even when the petitioner has dropped out of a case. When an amended claim no longer presents a risk of infringement to a petitioner, the petitioner has no incentive to expend additional resources to invalidate that claim, even if the claim is clearly invalid. A petitioner with no infringement concerns over the amended claim might fail to pursue such a claim with full vigor, or even

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<sup>20</sup> *Id.* at 1362 (Hughes, J., dissenting from the remand) (“a remand is unnecessary because there is no ‘real and genuine doubt concerning what interpretation the agency would choose’”).

<sup>21</sup> *See Aqua Products* at 1342 (Taranto, J., dissenting from the judgment) (“two legal conclusions that are joined by a majority of the court ... 35 U.S.C. § 316(e) does not unambiguously bar assigning that burden to the patent owner”). While Judges Dyk and Reyna held that the Office had not assigned the burden in a way that warranted deference, they also joined the dissent that held that it would be permissible for the Office to do so.

<sup>22</sup> *See Burlington Truck Lines, Inc. v. United States*, 371 U.S. 156, 168 (1962).

<sup>23</sup> *See FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 513 (2009).

choose not to challenge the claim at all. In *Aqua Products*, Judge Taranto noted exactly this problem, stating that “[n]o guarantee of such a petitioner challenge applies to a patent owner’s proposed substitute claims.”<sup>24</sup> The Office has also noted this problem, stating “a petitioner may not have an interest in challenging patentability of any substitute claims.”<sup>25</sup> If the burden is placed on the petitioner, an amended claim might well issue that has not received the benefit of the scrutiny brought to bear by an engaged petitioner, acting to protect the public interest. Absent this scrutiny, AIA trials no longer serve their purpose of “help[ing] protect the public’s ‘paramount interest in seeing that patent monopolies ... are kept within their legitimate scope.’”<sup>26</sup>

In the alternative to placing the burden on the patent owner on all aspects of the amended claim, the patent owner should at a minimum bear the burden on any aspects of the amended claim that are different from the originally challenged claim. A petitioner may reliably be expected to have presented a full case with respect to the original claims and bears the burden of persuasion with respect to the original claims even after amended claims are introduced. However, the petitioner may or may not have a full interest in the amended claim and cannot always be expected to pursue a vigorous case against those claims, resulting in the burden of persuasion being placed on an uninterested party. In order to protect the public, even if the petitioner retains the burden with respect to elements present in the original claim, the burden of persuasion on any newly added components of an amended claim should be placed on the most interested party—the patent owner.

Finally, in the event that a petitioner is no longer involved with a case but the case continues, if the burden of persuasion does not fall on the patent owner, it must fall on the Board. Otherwise, an amended claim might well issue that has not received the benefit of the scrutiny brought to bear by an engaged petitioner, acting to protect the public interest. Absent this scrutiny, AIA trials no longer serve to protect the public interest against overly broad patent monopolies.<sup>27</sup> The Office, however, could be expected to vigorously scrutinize patentability in order to serve that public interest, just as examiners do every day in the course of examination.

Accordingly, to the extent the Office does not wish to place the burden on the patent owner, the Office is the only appropriate place on which the burden may be placed in order to protect the public. At a minimum, the Office should require the Office to bear the burden of persuasion in any situation in which the petitioner is no longer present in the case.

## **VI. Conclusion**

CCIA strongly opposes the proposed rule, which is inconsistent with general legal principles, Office practice, and public policy. It is also unclear whether the NPRM contains a sufficient articulation of factual findings and rationale to avoid the rule being considered arbitrary and capricious if challenged. If the Office nevertheless chooses to continue with this rulemaking, CCIA suggests the modifications described in Section V above—placing the burden

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<sup>24</sup> *Aqua Products*, 872 F.3d at 1351 (Taranto, J., dissenting).

<sup>25</sup> USPTO, Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50720, 50723 (Aug. 20, 2015).

<sup>26</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 44 (2016).

<sup>27</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 44 (2016).

for newly proposed claim elements on the patent owner and placing the burden of persuasion on the Board if the petitioner has exited the proceeding.

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