

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

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

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Docket No. PTO-P-2019-0011

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**COMMENTS OF INTERNET ASSOCIATION**

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## I. Interest And Prior Comments Of Internet Association

Internet Association thanks the PTO for the opportunity to comment on the proposed rules and amendment practice before the Patent Trial and Appeal Board.

Internet Association is the unified voice of the internet economy, representing the interests of America's leading internet companies and their global community of users.<sup>1</sup> Internet Association is dedicated to advancing public policy solutions to strengthen and protect internet freedom, foster innovation and economic growth, and empower users. The members of Internet Association have extensive trial experience before the Board, including inter partes review and post-grant review proceedings.

Based on this experience, Internet Association commented on amendment practice in response to the PTO's 2018 Request for Comments.<sup>2</sup> Internet Association's 2018 Comments explained that the burden of persuasion regarding amended claims should rest on the patent owner, and the Board should always have the authority to reject unpatentable claims.<sup>3</sup> Internet Association's analysis relied on the PTO's duty to review all new claims before it, regardless of procedural context.

Unfortunately, the PTO's proposed rule does not adopt Internet Association's view.<sup>4</sup> The proposed rule for inter partes review reads:

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

(1) A patent owner bears the burden of persuasion to show, by a preponderance of the evidence, that the motion to amend complies with the requirements of paragraphs (1) and (3) of

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<sup>1</sup> Internet Association's members include Airbnb, Amazon, Ancestry, DoorDash, Dropbox, eBay, Etsy, Eventbrite, Expedia, Facebook, fiverr, Google, Groupon, Grubhub, Handy, HomeAway, IAC, Indeed, Intuit, LinkedIn, Lyft, Match Group, Microsoft, PayPal, Pinterest, Postmates, Quicken Loans, Rackspace, Rakuten, Reddit, Snap Inc., Spotify, Stripe, SurveyMonkey, Thumbtack, TripAdvisor, Turo, Twilio, Twitter, Uber, Upwork, Vivid Seats, Yelp, Zillow, and ZipRecruiter.

<sup>2</sup> 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) ("2018 Request for Comments").

<sup>3</sup> See Comments of Internet Association, *available at* [https://www.uspto.gov/sites/default/files/documents/comment\\_internet\\_association\\_mta.pdf](https://www.uspto.gov/sites/default/files/documents/comment_internet_association_mta.pdf) (Dec. 14, 2018) ("2018 Comments").

<sup>4</sup> 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. 56401 (Oct. 22, 2019) ("Proposed Rules Notice").

35 U.S.C. 316(d), as well as paragraphs (a)(2), (3), (b)(1), and (2) of this section;

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

(3) Irrespective of paragraphs (d)(1) and (2) of this section, the Board may, in the interests of justice, exercise its discretion to grant or deny a motion to amend for any reason supported by the evidence of record.<sup>5</sup>

An equivalent rule would apply in post-grant reviews.<sup>6</sup>

Internet Association supports the requirement in subsection 42.121 (d)(1) that the patent owner must show that any new or amended claim meets the recited statutory conditions. The patent owner drafts the claim to comply with these requirements. Therefore, it is best positioned to understand and explain its underlying rationale for each requirement.

The remainder of new Section 42.121 (d), however, is inconsistent with the PTO's duty of examination.<sup>7</sup> Subsection (d)(2) places the burden of proving unpatentability on petitioners, who often have no interest in opposing the amended claims. In those cases, the PTO may fail in its duty to protect the public from unpatentable claims. Subsection (d)(3) limits the Board's ability to act even when it knows an amended claim is unpatentable. Thus, the proposed rule makes it more likely the PTO will issue unpatentable claims.

## **II. The PTO Should Assess The Patentability Of All New And Amended Claims**

The Supreme Court has long recognized that "primary responsibility for sifting out unpatentable material lies in the Patent Office."<sup>8</sup> The en banc Federal Circuit went further: "The Commissioner [now Director] has an obligation to refuse to grant a patent if he believes that doing so would be contrary to law."<sup>9</sup> Section 131 of the patent statute similarly requires the Director to ensure that any "alleged new invention" is "entitled to a patent under the law" before issuing a patent.<sup>10</sup> While the courts have not explicitly extended the PTO's duty of examination

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<sup>5</sup> Proposed Rules Notice at 56406, col.1-2.

<sup>6</sup> Proposed Rules Notice at 56406, col.2.

<sup>7</sup> See 2018 Comments at 7-8.

<sup>8</sup> *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 18 (1966).

<sup>9</sup> *In re Alappat*, 33 F.3d 1526, 1535 (Fed. Cir. 1994) (en banc), *abrogated on other grounds by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc).

<sup>10</sup> 35 U.S.C. § 131.

to post-issuance amendments, the underlying policy rationales and reasons for examination unquestionably dictate that a thorough patentability assessment must be made in these cases.

In AIA trials, the statute makes clear that the Board’s obligation is heightened for amended and new claims. The Board is required to “issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).”<sup>11</sup> Thus, the Board must address the patentability of original claims—if challenged by the petitioner—and of any new claims—regardless of whether the new claims are challenged by the petitioner.

**A. The Burden Should Rest On The Patent Owner—The More Motivated And Knowledgeable Party—If The PTO Does Not Fully Examine The Claim**

In AIA proceedings, there are two ways the PTO can fulfill its responsibility for amended claims: (1) It can perform an independent examination; or (2) it can place the burden on patent owners to demonstrate patentability. Internet Association’s prior comments set forth the reasons the PTO should perform an independent examination.<sup>12</sup> Failing that, the PTO should place the burden on the patent owner.

Initially, the Board recognized this and required patent owners to bear the patentability burden on motions to amend.<sup>13</sup> This approach was effective and reasonable because patent owners are unquestionably best positioned to explain how their substitute claims are patentable over the prior art. Patent owners are motivated to receive the amendments and will provide their best arguments toward patentability under Sections 102 and 103 when the burden is on them. Moreover, amended claims are drafted specifically to “respond to a ground of unpatentability involved in the trial.”<sup>14</sup> Thus, patent owners are well aware of the prior art in issue and should be crafting amendments that are patentable over that art. It is not unduly burdensome, therefore, for patent owners to explain their reasoning.

Patent owners should likewise bear the burden on Section 112 issues. Amended claims are—and must be—reviewed for their compliance with the requirements of Section 112, including definiteness, written description, and enablement.<sup>15</sup> The patent owner that drafted the new claims is better positioned to carry the burden on all three requirements.

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<sup>11</sup> 35 U.S.C. § 318(a).

<sup>12</sup> 2018 Comments at 7-8.

<sup>13</sup> See, e.g., *MasterImage 3D, Inc. v. RealD Inc.*, IPR2015–00040 Paper No. 42 (PTAB July 15, 2015) (explaining extent of burden on patent owner) *abrogated by Aqua Prod., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017).

<sup>14</sup> 37 C.F.R. § 42.121(a)(2).

<sup>15</sup> See *Amazon.com, Inc. v. Uniloc Luxembourg S.A.*, IPR2017-00948 Paper No. 34 at 7 (PTAB Jan. 18, 2019) (designated precedential: Mar. 18, 2019).

How a new claim satisfies the Section 112 requirements is within the knowledge of the patent owner. For example, patent owners know where the written description and enabling support for amended claims may be found in the specification because they drafted both the specification and the amended claim. Moreover, they presumably consulted the specification while drafting the amended claims.

Therefore, patent owners can readily explain how a particular part or parts of the specification describes and enables the amended claims, whereas a petitioner must review the entire specification and determine whether each amended claim has Section 112 support. Likewise, patent owners presumptively understand their intended definite meaning of the amended claim. It should be no additional burden for a patent owner to explain how it reads its newly amended claim.

The Board also allows patent owners to use motions to amend to address deficiencies under Section 112 in challenged claims—even though these deficiencies cannot be the basis of an inter partes review challenge to original claims.<sup>16</sup> Given that patent owners have the ability to revise claims to “fix” Section 112 issues, they should have the responsibility to explain their compliance with Section 112.

Finally, placing the burden on the patent owner also assists the public by establishing a record demonstrating the patent owner’s understanding of its new claim in light of the art of record, the specification, and the ordinary skill in the art.

## **B. The PTO Cannot Fulfill Its Duty By Placing The Burden On The Petitioner**

For original claims, there is no dispute that petitioners bear the burden to prove unpatentability. This is reasonable because the original claims have undergone a complete PTO examination. Thus, the adjudicatory model placing the burden on the petitioner sufficiently safeguards the public’s interest in testing the validity of issued patented claims.<sup>17</sup> Further, the expense of filing an inter partes review petition and the statutory estoppel provisions ensure that petitioners act in earnest.

But petitioners cannot be relied upon to safeguard the public interest in challenging new or amended—*i.e.*, unexamined—claims. Often, petitioners may not have the resources to challenge (or may deem irrelevant) a claim amendment neutral to their chances in district court. Indeed, the rule may have the perverse effect of incentivizing litigation against smaller

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<sup>16</sup> *Lectrosomics, Inc. v. Zaxcom, Inc.*, IPR2018-01129, 01130 Paper No. 15 at 5-6 (PTAB Feb. 25, 2019) (“Additional modifications that address potential 35 U.S.C. § 101 or § 112 issues, for example, are not precluded by rule or statute.”) (designated precedential Mar. 7, 2019).

<sup>17</sup> *See, e.g., Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969).

companies, start-ups, and researchers, who are less likely to spend additional resources challenging marginally relevant amendments.

In some cases, petitioner may even support an amendment that strengthens the petitioner’s non-infringement case, with no regard for the patentability of the amended claim. This was an issue Congress recognized in the statute, which states that an amendment may “materially advance the settlement” of AIA proceedings.<sup>18</sup> The PTO should likewise recognize these potentially divergent petitioner interests and limitations and agree that petitioners cannot substitute for the PTO performing its duty.

Relying on petitioners circumvents the normal evaluation of new claims during examination. Under the proposed rule, if the petitioner fails to oppose the motion to amend, the Board may do nothing, and the new claims will issue. These unexamined new claims will likely enjoy the statutory presumption of validity.<sup>19</sup> And the corresponding heightened burdens of proof would still apply against the public in any subsequent suit.<sup>20</sup> Indeed, it is likely that such claims—with the Board’s imprimatur—will command greater respect from judges and juries than claims that were fully examined but never before the Board.

Consequently, the PTO should recognize that the Board must meet its statutory duty regardless of petitioner’s involvement. The proposed language of § 42.121 (d) fails to do so.

### **C. The PTO Should Revise Its Proposed Rule**

Internet Association renews its request that the Office promulgate a rule that properly allocates the patentability burden to the patent owner. Such a revised rule would be similar to the Board’s practice before *Aqua Products*. For example, subsections (d)(1) and (2) should be revised and consolidated to read:

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

(1) A patent owner bears the burden of persuasion to show, by a preponderance of the evidence:

(i) that the motion to amend complies with the requirements of paragraphs (1) and (3) of 35 U.S.C. 316(d), and paragraphs (a)(2), (3), (b)(1), and (2) of this section; and

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<sup>18</sup> 35 U.S.C. § 316(d)(2).

<sup>19</sup> See 35 U.S.C. § 282.

<sup>20</sup> See, e.g., *Sciele Pharma Inc. v. Lupin Ltd.*, 684 F.3d 1253, 1259 (Fed. Cir. 2012) (applying the presumption and the heightened standard despite the “erroneous issuance of the cancelled claims”).

(ii) that any proposed substitute claims are patentable

Revising this section of the rule ensures that the patent owner—the party most interested in the amended claims—bears the patentability burden for those claims.

### **III. When A Claim Is Unpatentable, The Rule Should Compel—Not Deter—Board Action**

Under proposed (d)(3), the PTO would allow—but not require—the Board to act only “in the interests of justice” when it knows the claims to be unpatentable. The proposed rule grants the Board too much discretion regarding whether to act and applies an improperly high standard when the Board wishes to exercise that discretion. Because the PTO has a duty to determine the patentability of all new claims, whether to act cannot be left to the discretion of the Board. Instead, the Board’s analysis is required in all cases involving new or amended claims to satisfy the public interest.

Congress did not intend for the PTO to apply such a high standard—the interests of justice—before allowing the Board to use its discretion to address amended claims it knows to be unpatentable. The statute governing AIA trials invokes the interests-of-justice standard in only one situation—to limit additional discovery in inter partes review.<sup>21</sup> This ensures that the proceedings will be inexpensive and streamlined.<sup>22</sup> As the PTO acknowledges: The “interests-of-justice standard is a slightly higher standard than good cause.”<sup>23</sup> And, “good cause” is the statutory standard for the exceedingly rare extensions of the statutory time limit on AIA proceedings.<sup>24</sup>

Instead, Congress allowed issued claims to be challenged under a lower standard. For example, in inter partes review, the Director determines whether “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”<sup>25</sup> If so, a review is instituted on all challenged claims.<sup>26</sup> Applying an interests-of-justice standard before reviewing newly amended—unexamined—claims is, therefore, inappropriate.

When an unpatentable amended claim is before the Board, Internet Association believes that the Board should have no discretion. Instead, the Board has a duty to deny the motion to amend if it knows of evidence that renders the claim unpatentable. A petitioner’s withdrawal

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<sup>21</sup> See 35 U.S.C. § 316(a)(5)(B).

<sup>22</sup> See Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents; Final Rule, 77 Fed. Reg. 48680, 48680, col. 2 (Aug. 14, 2012).

<sup>23</sup> See *id.* at 48693, col. 2.

<sup>24</sup> See 35 U.S.C. § 316 (a)(11).

<sup>25</sup> 35 U.S.C. § 314(a).

<sup>26</sup> *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1353 (2018).

from a proceeding or a petitioner's failure to adequately dispute an amendment due to their differing motives or incentives should not prevent the Board from denying a motion for substitute claims that are unpatentable.

Furthermore, one goal of the AIA was to "improve patent quality."<sup>27</sup> And the Supreme Court has recognized that inter partes review "helps protect the public's paramount interest" in limiting patent rights to "their legitimate scope."<sup>28</sup> The PTO does neither when it allows the Board to issue amended claims that it knows are unpatentable. Patent quality can only be eroded by the issuance of unexamined claims whose scope has not been tested.

A new claim does not only interest the parties to the proceeding. The public interest is at its apex when the Board considers whether to issue a new or amended claim. In these instances, the relative equities between the parties should not be considered. The public can only be subjected to a patent claim if it is shown to be patentable under all the requirements of the Patent Act. Ensuring only patentable claims are issued—regardless of the nature of the proceeding—is the PTO's duty.

To unfetter the Board when a claim is unpatentable, Internet Association suggests that the last subsection of proposed 37 C.F.R. § 42.121 be revised to read:

(3) Irrespective of paragraphs (d)(1) and (2) of this section, the Board will deny a motion to amend for any reason supported by the evidence of record.

However, if the Director insists on proceeding with the rule as written, he should clarify that the "interests of justice" are always and inherently satisfied when the Board denies an unpatentable claim. Requiring the Board to identify separate "interests of justice" to justify rejecting an amended claim it understands to be unpatentable is unreasonable. If the Board knows the claim is unpatentable, the PTO has a duty to deny it.

Finally, the PTO and Internet Association's rules would both allow the Board to rely on "evidence of record." The Director should explicitly recognize that the Board has the power to supplement the record through administrative notice of patents and printed publications and to take official notice of commonly known facts. Every PTO examiner has this power.<sup>29</sup> Likewise, judges of the Board of Patent Appeals and Interferences, the PTAB's predecessor, long had the

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<sup>27</sup> H.R. Rep. No. 112-98 at 40 (2011); *see also id.* at 47-48.

<sup>28</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016) (internal marks omitted).

<sup>29</sup> *See, e.g.*, MPEP § 2144.

power to raise sua sponte patentability issues in interference practice.<sup>30</sup> There is no reason to deny the same analytic tools to the Board when considering new or amended claims.

#### **IV. Conclusion**

Internet Association again thanks the PTO for its consideration of stakeholder comments on the proposed rules.

In their present form, the PTO's proposed rules harm the public and stifle innovation by placing the burden of challenging new claims on petitioner—the party who may be least suited to take up that burden. It compounds that harm by not requiring the Board to act on unpatentable claims. For both these reasons, the proposed rules undermine the PTO's duty to the public. These defects could be cured by adopting the revised rules suggested by Internet Association.

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<sup>30</sup> See, e.g., *Rowe v. Dror*, 112 F.3d 473, 477 n.1 (Fed. Cir. 1997).