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December 13, 2018

Mail Stop Comments – Patents

Commissioner for Patents

P.O. Box 1450

Alexandria, Virginia 22313-1450

Attention: Acting Deputy Chief Administrative Patent Judge Jacqueline Wright
Bonilla or Vice Chief Administrative Patent Judge Michael Tierney

Via email: TrialRFC2018Amendments@uspto.gov

**Re: 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**

Dear Director Iancu:

I write on behalf of the American Bar Association Section of Intellectual Property Law (“Section”) to provide comments on the “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” (“Pilot Program”) in response to the request of the United States Patent and Trademark Office (the “Office” or the “USPTO”). 83 FR 54319 (October 29, 2018). The views expressed herein are those of the Section, not the American Bar Association as a whole, its House of Delegates, or its Board of Governors.

The Section appreciates the Patent Trial and Appeal Board’s (the “Board”) continuous efforts to improve AIA trial proceedings and the opportunity to comment on proposed improvements. While the Section believes that the Board has made helpful improvements to AIA trial proceedings, there remain opportunities for further improvements.

The Section generally supports the proposed motion to amend procedure and Pilot Program, and looks forward to its implementation after due consideration of the comments the Office receives from stakeholders.

While the Section has a few concerns discussed in more detail below, the Section Summarizes its high-level comments as follows. First, the Section agrees with the general idea of establishing a clear procedure for patent owners to have a second chance to amend their claims. Second, the Section believes motion to amend practice would work best if the Office gave patent owners the option of using either (i) the current practice for motions to amend as set forth in 37 C.F.R. § 42.121, *or* (ii) the pilot program during the pilot period. Third, the Section is concerned that implementing the pilot program “shortly after” the comment deadline will not give the Office sufficient time to address all of the comments it receives.

1. Should the Office modify its current practice to implement the proposal summarized above and presented in part in Appendix A1? Why or why not?

The Section believes that giving patent owners the option to use either (i) the current practice defined in 37 C.F.R. § 42.121 (i.e., filing a motion to amend no later than the date on which a patent owner’s response is due), or (ii) the Pilot Program is best for the overall system. Both options present benefits and challenges and therefore having both gives patent owners more than one option with little cost to the Board and the public. Stakeholders are generally familiar with the current practice and therefore may be more comfortable using it. Eliminating the current procedures for motions to amend may result in patent owners deciding not to file motions given the uncertainties, increased costs, and short timelines proposed for the Pilot Program. Better funded patent owners, however, may use the new pilot program given its potential benefits and higher likelihood of success. Therefore, the Section encourages the Office to maintain both options during the pilot period. In addition, the Section encourages the Board to give complete consideration to all claims and grounds in decisions to institute to help patent owners to better evaluate motion to amend opportunities.

The Section is concerned with the Office’s plan to implement the pilot program shortly after the comment period because there might not be enough time to make adjustments. The Section understands the Office’s desire to make improvements quickly; but, these issues are complicated and there are good reasons for following established procedures under the Administrative Procedure Act (APA) and Executive Orders. The short implementation timeline, weigh toward allowing patent owners to use either the current practice or the Pilot Program. If after some time the public grows comfortable with the Pilot Program, the Office could then consider discontinuing the current amendment practice. The Section believes now is not the time to limit options for patent owners.

2. Please provide comments on any aspect of the proposed amendment process, including, but not limited to, the content of the papers provided by the parties and the Office and the timing of those papers during an AIA trial.

The short timelines of the proposed pilot program will cause significant burdens on both parties and the Board. Due to an expected increase in costs caused by an extra round of briefing under the Pilot Program, the Section does not believe that the Board should require patent owners to use the new procedure if patent owners pursue claim amendments under 35 U.S.C. § 316(d) in an AIA trial proceeding. The Section suggests giving patent owners the option of using either the new pilot program or the current procedure. Patent owners should understand that using the current procedure means they will be unlikely to receive a second motion to amend absent a showing of good cause, and the new pilot program should not mean that patent owners will have second opportunities if they forgo the pilot program.

3. How does the timeline in Appendix A1 impact the parties' abilities to present their respective cases? If changes to the timeline are warranted, what specific changes are needed and why?

As the Office is undoubtedly aware, the schedule is quite aggressive immediately following institution. The main difficulty will be securing cross-examination of the petitioner's declarant at a time when supplemental information, objections, joinder, and supplemental evidence are being disputed. At the same time, a patent owner will need to prepare its own motion to amend declaration testimony in a very short time frame (within six weeks from the institution decision).

For this reason, the parties should be able to move the dates without prior Board authorization. But, given the tight schedule, difficulties in scheduling depositions, and expert availability, the schedule will remain unduly onerous for parties no matter how it is organized. As such, the Office should strongly consider extending the trial schedule where a motion to amend is pursued but where scheduling difficulties prevent adherence to the default schedule. Under such circumstances, good cause exists to extend the one-year deadline for issuing a final written decision. 35 U.S.C. § 316(a)(11).

4. If the Office implements this proposal, should the Board prepare a preliminary decision in every proceeding where a patent owner files a motion to amend that proposes substitute claims?

In cases in which this proposal is used for a motion to amend, the Section believes that a preliminary decision should be provided by the Board. A preliminary decision should help both the patent owner and petitioner refine any further responses, and should give the patent owner guidance in preparing any revisions to its motion to amend. One of the main purposes of this proposal is to provide a viable mechanism for patent owners to

amend claims as part of the AIA trial proceeding process. A key part of this proposal provides patent owners with a second opportunity to amend their claims. Providing a non-binding preliminary decision following a motion to amend should aid patent owners in this process, and also help petitioners with a guide to the Board's initial thoughts, similar to the guidance provided to parties in a decision to institute.

However, as noted above, the Section believes that parties should be allowed to use either (i) the current process or (ii) the new proposal for motions to amend. In cases in which the current process is followed, the Board would not have to issue preliminary decisions in response to a motion to amend, but rather follow its current practice of ruling on the patentability of proposed substitute claims in a final written decision in the event that the original patent claims are found to be unpatentable.

5. What information should a preliminary decision include to provide the most assistance to the parties in presenting their case? For example, is there certain information that may be particularly useful as the parties consider arguments and evidence to present in their papers, how issues may be narrowed for presentation to the Board, and/or whether to discuss a settlement?

The Section believes that preliminary decisions, at a minimum, should respond to all arguments presented by a petitioner responding to a patent owner's motion to amend, and provide an initial indication whether the amended claims would be patentable. In addition, helpful information may include an indication whether the patent owner has met all procedural requirements set forth in 37 C.F.R. § 42.121, whether the proposed substitute claims meet the requirements of 35 U.S.C. §§ 101 and 112, whether the amendments sufficiently respond to grounds of unpatentability involved in the trial proceeding, and whether the amendments would be considered to broaden the scope of the claims. Further, the preliminary decision, where feasible, may identify potential modifications to claim language that may overcome unpatentability concerns, such as addressing definiteness or written description requirements.

6. If the Office implements this proposal, should there be any limits on the substance of the claims that may be proposed in the revised motion to amend? For example, should patent owners be permitted only to add limitations to, or otherwise narrow the scope of, the claims proposed in the originally-filed motion to amend?

The Section believes that if the Office implements the proposal, the Office should limit the substance of the claims that may be proposed in the revised motion to amend to that which addresses or responds to issues raised by the Office in its preliminary decision on the Motion to Amend and by the petitioner in its opposition to the motion to amend. In addition, the Office should continue to subject any proposed claims to 35 U.S.C. §

316(d)(3), which already requires that an amendment “may not enlarge the scope of the claims of the patent or introduce new matter.”

Pursuant to the Office’s current proposal, after the patent owner files an initial motion to amend and the petitioner responds with its opposition, the Board will issue a preliminary, nonbinding decision, which will report on whether the amended claims meet statutory and regulatory requirements, as well as whether the proposed substitute claims meet patentability requirements in light of the prior art of record. Limiting the substance of the claims that may be proposed in the revised motion to amend to that which addresses or responds to issues raised by the Office in its preliminary decision and by the petitioner in its opposition to the motion to amend conserves the limited resources of the Board and focuses the revised motion on only the issues most likely to determine the outcome of the initial motion to amend.

Practically speaking, limiting the substance of the claims that may be proposed in the revised motion to amend achieves a productive balance between the interests of patent owners and the interests of the public. Under the Office’s current proposal, patent owners will have a second opportunity to amend their claims in response. This will address the issues with the current procedure, through which, as the Office acknowledges in its Request for Comments, few motions to amend are granted. In addition, limiting the substance of the claims that may be proposed in the revised motion to amend will advance the interests of the public in ensuring an efficiently-operating post grant proceeding.

While the primary focus of any motion to amend is to overcome the prior art presented by the petitioner, the Office should permit patent owners to present additional, incidental amendments that are directed to issues of compliance with 35 U.S.C. §§ 101 or 112.

7. What is the most effective way for parties and the Office to use declaration testimony during the procedure discussed above? For example, how and when should parties rely on declaration testimony? When should cross-examination of declaration witnesses take place, if at all, in the process? At what stage of briefing should a party be able to rely on cross-examination (deposition transcripts) testimony of a witness?

5 U.S.C. § 556(d) mandates that “[a] party is entitled to present his case or defense by oral or documentary evidence, to submit rebuttal evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts.” With this in mind, the question becomes what cross-examination is necessary for a “full and true disclosure of facts”? At a minimum, patent owners must be able to support their new claim constructions, specification support, and like issues unique to their motion to amend with direct testimonial evidence because it is likely the best form of evidence

(therefore required for a full and true disclosure of facts) – otherwise the preliminary decision on the motion to amend will be of little value. Likewise, petitioners must be able to respond in kind, and cross-examine the patent owner’s declarant. Prior to the preliminary decision on the motion to amend, the patent owner should be allowed observations on cross-examination (rebuttal evidence), but no further declaration evidence. Cross-examination would need to be scheduled within the periods between milestones, but as noted above in response to question 3, this may not be practical in most circumstances.

Any later (second) motion to amend would follow the same process, namely, opening declarations only. The second iteration of declarations would be limited in scope to newly presented issues relative to the first motion to amend.

8. If a petitioner ceases to participate in an AIA trial and the Board solicits patent examiner assistance regarding a motion to amend, how should the Board weigh an examiner advisory report relative to arguments and evidence provided by a patent owner? What type of assistance or information should a patent examiner provide? Should prior art searches by examiners be limited to those relevant to new limitations added to proposed substitute claims and reasons to combine related to such limitations?

If the petitioner chooses not to oppose a motion to amend, the Section believes that the Board may request an examiner to enter a non-binding advisory report assessing the patentability of the proposed substitute claim(s). If the petitioner and patent owner settle after the examiner’s advisory report is entered, the Section suggests that the Board terminate the proceeding in most instances, especially if settlement occurs early in the proceeding.

The Board should treat an examiner advisory report in the same manner as it would have treated further argument from the petitioner, had the petitioner not ceased to participate in the trial. A good analogy would be an appeal from an examiner’s rejections in *ex parte* prosecution. The key difference would be that the Board would also have the benefit of the petitioner’s arguments and the evidence that the petitioner presented prior to ceasing its participation.

The Board should request the examiner to evaluate whether the proposed substitute claims are patentable over the prior art considered by the Board in its institution decision. For instance, if claim limitations are being proposed to address challenges based on novelty or obviousness grounds, the examiner should evaluate the impact of the amended limitations on those challenges. The examiner should only conduct prior art searching that will provide insight into the patentable weight to be afforded to the proposed limitations. In this regard, it should be assumed that the original limitations were properly

searched in the course of the initial examination that lead to the grant of the patent now subject to the trial and that the petitioner has adequately identified relevant prior art that should have been considered in the initial examination of the original claims.

The examiner should also be asked to evaluate whether the proposed claims satisfy the requirements of 35 U.S.C. § 112. In particular, the examiner should evaluate whether the proposed new features are definite and whether they have adequate written description support in the application as filed that led to the patent at issue, or any priority application relied on by the patent owner to antedate an asserted reference, to ascertain compliance with 35 U.S.C. § 316(d)(3) and 37 C.F.R. 42.121(a)(2)(ii).

The Examiner should also evaluate whether the proposed substitute claims comply with the eligibility requirements of 35 U.S.C. § 101. The Board, however, should make its own determination whether the proposed claims would enlarge the scope of protection.

The Board should take into consideration the examiner's advisory report in view of the evidence and arguments provided by the petitioner and patent owner, and make its own independent determination on the patentability of the proposed substitute claims. The Board should assign appropriate weight to the examiner's advisory report and the arguments and evidence presented by the petitioner and patent owner in making its determination.

9. Should the Board solicit patent examiner assistance in other circumstances, and if so, what circumstances? For example, should the Board solicit patent examiner assistance when the petitioner remains in the AIA trial but chooses not to oppose the motion to amend?

If the petitioner chooses not to oppose a motion to amend but remains in the AIA trial, the Section believes that the Board may request an examiner to enter a non-binding advisory report assessing the patentability of the proposed substitute claims. Nevertheless, the Board should not involve itself in any investigation into the patentability of proposed substitute claims on prior art grounds not presented in the AIA trial proceeding, including any prior art presented by an examiner in the non-binding advisory report. If the Board feels strongly that there are other grounds which should be investigated, it could make a recommendation that the Director exercise his authority under 37 CFR § 1.520 to order an *ex parte* reexamination.

10. Should a motion to amend filed under the proposed new process be contingent or non-contingent? For purposes of this question, “contingent” means that the Board will provide a final decision on the patentability of a proposed substitute claim only if it determines that a corresponding original claim is unpatentable (as in the current proposal); and “non-contingent” means that the Board will provide a

final decision on the patentability of substitute claims in place of determining the patentability of corresponding original claims.

The Board should maintain the practice of making consideration of proposed amended claims contingent on the originally issued claims being determined to be unpatentable, under both the current procedure and the proposed new procedure. Congress provided for motions to amend to either cancel claims or pursue “substitute claims.” 35 U.S.C. § 316(d)(1)(B). Therefore, based on the language of the statute, proposed substitute claims submitted with a motion to amend should only be entered as “substitute claims” for original claims that are determined to be unpatentable.

11. If the Office implements the proposal in which the Board issues a preliminary decision on a motion to amend, as discussed above, should any additional changes be made to the current default trial schedule to accommodate the new practice?

The Section believes that no additional changes should be made to the default trial schedule if the Board issues a preliminary decision on a motion to amend under the proposed new procedure.

12. What impact would implementing the proposals above have on small or micro entities who participate as parties in AIA trial proceedings?

While the new proposal may provide a viable option for patent owners to amend claims as part of an AIA trial proceeding, the Section notes that the additional steps and briefing involved with a motion to amend under the new proposal may be expensive. This added expense may be an impediment to small or micro entities – either as patent owner or petitioner. The Section believes it would be helpful for those smaller entities to be able to opt out of the new proposal. Petitioners that are small or micro entities may face a significant cost increase of perhaps tens-of-thousands of dollars to oppose significant motions to amend. Of course, the Section notes that small and micro entity patent owners may still avail themselves of reexamination and reissue procedures, although those procedures may be stayed during the course of parallel AIA trial proceedings.

13. Should the Office consider additional options for changing the timing and/or the Board’s procedures for handling motions to amend that are not covered by the proposals above? If so, please provide additional options or proposals for the Office to consider, and discuss the advantages or disadvantages of implementation.

The Section understands that the Office has given much thought to the Pilot Program’s timelines and agrees they are reasonable given the one-year requirements to complete AIA trials. The Section, however, has commented previously that the public would benefit from more certainty in how the Board will handle parallel proceedings.

The Office has stated on prior occasions that patent owners can use reexamination or reissue to amend claims. *See e.g., Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012-00027, Paper 26 (June 11, 2013). In practice, the Board has not given patent owners clear guidance on how to do so and has often handled these proceedings inconsistently. Patent owners have a statutory right to file a reissue or reexamination at any time. 35 U.S.C. §§ 251 and 302. The Director, however, has the right to stay, transfer, consolidate, or terminate any such reexamination and frequently exercises that right. 35 U.S.C. §§ 315(d) and 325(d). The Section therefore would like to see the Board provide a more consistent and reliable approach for how patent owners may use reexamination and reissue to amend claims.

The Office should also balance a patent owner's ability to amend via reexamination and reissue with an accused infringer's needs to use patent office proceedings to challenge patents. Thus, the Office should consider how to bring new or amended claims into IPRs for petitioners to challenge because time bars apply equally to originally issued claims and new and amended claims included in reexamination certificates.

The means for addressing these complex related proceedings is largely outside the scope of these comments, but the Section welcomes opportunities to continue discussing how to handle such scenarios to provide more certainty for stakeholders and reduced workload and complexity for the Board.

The Board should consider the fact that the AIA trial before it is only one of multiple routes to presenting alternative claims to the same subject matter, only some of which are subject to formal procedures of coordination. As noted above, there is statutory authority for coordinating reexaminations and reissues involving the same patent. However, patent owners are free to pursue related patent applications claiming overlapping subject matter and to pursue reexaminations and reissues of patents with claims to overlapping subject matter.

While a patent owner cannot shield its claims from being challenged in an AIA trial, a patent owner has the tools for obtaining alternative patent claims if the motion practice in AIA trials is unduly burdensome. The real-world concern of stakeholders in the patent system is the patent protection of subject matter, regardless of whether it is obtained via a single patent or multiple patents. Thus, the motion to amend practice should be designed to encourage patent owners to resolve the scope of patentable subject matter in a single proceeding.

14. Should the Office consider not proceeding with the pilot program in AIA trials where both parties agree to opt-out of the program?

The Section believes that patent owners should have the option of using either (i) the current practice defined in 37 C.F.R. § 42.121 (i.e., filing a motion to amend no later than

the date on which a patent owner's response is due), or (ii) the Pilot Program. The decision of which option to pursue should be solely the patent owner's. The petitioner's preference is irrelevant, as it should be patent owner's decision on whether to pursue a motion to amend, and if so, whether to pursue a motion to amend under the current practice or the Pilot Program. If the patent owner opts out of the pilot program, the Board should not provide a preliminary report on the patentability of the proposed substitute claims, or permit the patent owner to submit a second motion to amend, in the absence of a showing of good cause.

If the patent owner does not file an initial motion to amend within six weeks of the institution decision, the Board should presume that the patent owner has opted out of the Pilot Program. The Board's scheduling order that is entered upon institution should make clear that if the patent owner does not file a motion to amend within six weeks of the institution decision, the patent owner has presumptively elected to opt out of the Pilot Program. In such cases, the patent owner should still be able to pursue a motion to amend under current practice (i.e., filing a motion to amend no later than the date on which a patent owner's response is due).

15. Should the Office engage in rulemaking to allocate the burden of persuasion regarding the patentability of proposed substitute claims in a motion to amend as set forth in the Western Digital order? What are the advantages or disadvantages of doing so?

The Office should engage in rulemaking to allocate (1) the initial burden of production of patent owners in a motion to amend, and (2) the burden of persuasion regarding the patentability of proposed substitute claims in a motion to amend. In general, the Office should engage in rulemaking to achieve greater clarity and predictability on how the Office will address particular issues before it. The Federal Circuit's decision in *Aqua Products* illustrates the importance for the Office to engage in rulemaking on issues where the underlying statutory authority may be ambiguous.

The majority opinion of the Federal Circuit in *Aqua Products* is limited to the following:

The only legal conclusions that support and define the judgment of the court are: (1) the PTO has not adopted a rule placing the burden of persuasion with respect to the patentability of amended claims on the patent owner that is entitled to deference; and (2) in the absence of anything that might be entitled to deference, the PTO may not place that burden on the patentee.

Aqua Products, Inc. v. Matal, 872 F.3d 1290, 1327 (Fed. Cir. 2017) (en banc). In *Aqua Products*, six of the eleven judges (Reyna, Dyk, Prost, Taranto, Chen, and Hughes) determined that 35 U.S.C. § 316(e) is ambiguous as to whether the burden of persuasion

for motions to amend should be placed on the petitioner in an IPR proceeding, and that 35 U.S.C. § 316(a)(9) authorizes the Office to promulgate a regulation on the burden of persuasion regarding the patentability of proposed substitute claims in a motion to amend. Thus, a majority of the eleven judges (6-5) determined that § 316(e) is ambiguous as to which party should carry the burden of persuasion for motions to amend.

However, despite this noted ambiguity, the Office has not engaged in rulemaking to allocate the burden of persuasion in motions to amend. If the Office engaged in rulemaking on the burden of persuasion in motions to amend, the Office would be entitled to *Chevron* deference due to the ambiguity of § 316(e) on the burden of persuasion for motions to amend. *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984). The Office’s decision not to engage in rulemaking to allocate the burden of persuasion in motions to amend is particularly concerning given the majority of the Federal Circuit declined to give deference to the Office’s previous allocation of the burden of persuasion in motions to amend because the Office had not engaged in rulemaking.

Instead, the Office has sought to establish policy for the burden of persuasion in motions to amend by issuing memorandum guidance,¹ and issuing guidance by orders of the Board. *See Western Digital Corp. v. SPEX Techs., Inc.*, IPR2018-00082, Paper 13 (PTAB Apr. 25, 2018) (informative). The Office’s current guidance is not, however, entitled to deference, because the Office did not engage in the process of notice-and-comment rulemaking when issuing its guidance, as required by 5 U.S.C. § 553. *See Encion Motorcars, LLC v. Navarro*, 136 S. Ct. 2117, 2120 (“*Chevron* deference is not warranted where the regulation is ‘procedurally defective’—that is, where the agency errs by failing to follow the correct procedures in issuing the regulation.”). Moreover, on important issues such as the burden of persuasion in motions to amend, the Office should engage in the rulemaking process to solicit comments from the public.

Accordingly, the Section recommends that the Office engage in rulemaking to establish (1) that patent owner has an initial burden of production to comply with the requirements of 37 C.F.R. § 42.121(a)-(b), and that once the patent owner satisfies its initial burden of production, the petitioner has the burden of persuasion on the patentability of proposed substitute claims submitted with a motion to amend. The main advantages of engaging in rulemaking are to obtain input from the public in the notice and comment phase of the rulemaking process, and to obtain *Chevron* deference on the burdens of production and persuasion due to the noted ambiguity of § 316(e) for motions to amend. In addition, codifying the above burden shifting framework in motions to amend would also provide greater clarity to the public on the shifting burdens in motion to amend practice. The

¹ “Guidance on Motions to Amend in view of Aqua Products,” U.S. Patent and Trademark Office, November 21, 2017.

Section believes that engaging in rulemaking on the burdens of production and persuasion in motions to amend, thereby obtaining *Chevron* deference and providing greater clarity to the public, outweighs any disadvantage of the rulemaking process.

16. If the Office continues to allocate the burden as set forth in the Western Digital order, under what circumstances should the Board itself be able to justify findings of unpatentability? Only if the petitioner withdraws from the proceeding? Or are there situations where the Board itself should be able to justify findings of unpatentability when the petitioner remains in the proceeding? What are the advantages or disadvantages?

The Section believes that the Board should not go beyond the issues raised by the patent owner and the petitioner, or the examiner in the case the petitioner does not oppose the motion to amend. The Board may deny a motion to amend because the claims are not patentable over the prior art of record in the proceeding, the proposed substitute claims do not recite patent-eligible subject matter under 35 U.S.C. § 101, the proposed substitute claims do not comply with the requirements of 35 U.S.C. § 112, or the patent owner did not meet its initial burden of production of complying with the requirements of 37 C.F.R. § 42.121(a)-(b). The Board should not, however, justify findings of unpatentability on the basis of prior art that is not of record in the proceeding, including any prior art introduced by the examiner in a non-binding advisory report when the petitioner does not participate in the motion to amend phase of an AIA trial. If the Board believes that there are other grounds of unpatentability that should be investigated further, the Board could recommend that the Director exercise his authority under 37 CFR § 1.520 to order an *ex parte* reexamination of the patent.

17. If the Office adopts the current proposal including a preliminary decision by the Board on a motion to amend, do the answers to questions 15 and 16 change?

The Section believes that the answers to questions 15 and 16 do not change if the Office adopts the current proposal including a preliminary decision to the motion to amend.

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

Very truly yours,



Mark K. Dickson
Chair, ABA Section of Intellectual Property Law