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Mail Stop Patent Board

Acting Deputy Chief APJ Judge Jacqueline Wright Bonilla or  
Vice Chief APJ Michael Tierney; PTAB Request for Comments 2018.

P.O. Box 1450

Alexandria, VA 22313-1450

Via email: [TrialRFC2018Amendments@uspto.gov](mailto:TrialRFC2018Amendments@uspto.gov)

**Re: Comments on Claim Amendment Practice and Procedures Before the Patent Trial and Appeal Board. Docket No. PTO-P-2018-0062.**

IEEE-USA is pleased to submit these comments on the above-captioned Request for Comments published in [83 Fed. Reg. 54319](#) (October 29, 2018), (“RFC”). IEEE-USA represents 180,000 engineers, scientists, and allied professionals whose livelihoods depend on American technology companies and their domestic research and development operations. Our members work for large and small companies, and as individual inventors or entrepreneurs, and depend on a strong American patent system.

The America Invents Act enacted on September 16, 2011 (“AIA”) established new proceedings at the U.S. Patent and Trademark Office (“PTO” or the “Office”) for challenging the validity of issued patent claims. These post-issuance challenges are held before the PTO’s Patent Trial and Appeal Board (“PTAB”) in proceedings for *inter partes* reviews (“IPR”), post grant reviews (“PGR”), and covered business method (“CBM”) patent reviews.

The RFC seeks input on a proposed claim amendment process initiated by the patent owner after the institution of a PTAB proceeding. The proposed amendment procedure is interleaved in the PTAB trial from institution to the oral hearing. The RFC also seeks input regarding whether the Office should continue to allocate the burden of persuasion regarding patentability of substitute (amended) claims to the petitioner and whether specific rules should be promulgated for that purpose.

IEEE-USA commends the PTO for revisiting, and now considering amendments to, its current PTAB rules on motions to amend (“MTA”). The historical inability of patent owners to effectively amend their patent claims in AIA PTAB proceedings has been a major blow to patent owners who face an “all or nothing” proposition when newly-discovered prior art is cited against the patent. The Federal Circuit recently noted that “[d]espite repeated recognition of the importance of the patent owner’s right to amend during IPR proceedings—by Congress, courts, and the PTO alike—patent owners largely have been prevented from amending claims in the

context of IPRs.”<sup>1</sup> Director Andre Iancu recently observed: “Of the already small number of cases where the Board decided a motion to amend, the Board granted or granted in part only 10 percent of such motions. Some have suggested that parties have simply stopped even trying to amend the claims because they see the effort as largely futile. ... It is not in the interest of the patent system as a whole to invalidate a patent entirely if it actually describes patentable subject matter, and appropriately-scoped claims can be drafted. Therefore, the amendment process should allow the patent owner a *meaningful* opportunity to draft narrower claims.”<sup>2</sup> Fair opportunity to amend challenged claims to avoid such prior art will restore fairness to patent owners as it would allow them to avoid undue dedication of their invention to the public by retaining protection for subject matter that remains patentable. This has been a basic premise of the patent system since Section 13 of the 1836 Patent Act, when Congress authorized the reissuance of patents to permit their prospective revision when the patentee claimed more “than he had a right to claim in the patent.”<sup>3</sup>

Most importantly, proceedings that afford patent owners a substantial opportunity to amend challenged claims ensure a fair and equitable resolution of patent disputes, resulting in claims covering inventions developed using significant investment of financial and other resources. IEEE-USA has previously urged a policy that restores fairness to claim amendment procedures in PTAB proceedings.<sup>4</sup>

Finally, robust opportunity for patent owners to amend the claims, thereby retaining justly-deserved exclusive rights, will make settlement with the petitioner more likely. This will save costs both for the parties and the PTAB.

Although the PTO propounded specific questions in the RFC related to its proposed revised procedure for the MTA, we do not address these directly in our comments but instead focus on the basic elements of MTAs such as their content, the allocation of the burden of proof, and the proper PTAB decision process in considering them. Our specific comments follow.

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<sup>1</sup> *Aqua Products, Inc. v. Matal*, 872 F.3d 1290, 1299 (Fed. Cir. 2017).

<sup>2</sup> Remarks by Director Iancu at the American Intellectual Property Law Association Annual Meeting (October 25, 2018). At [www.uspto.gov/about-us/news-updates/remarks-director-iancu-american-intellectual-property-law-association-annual](http://www.uspto.gov/about-us/news-updates/remarks-director-iancu-american-intellectual-property-law-association-annual). (Emphasis added).

<sup>3</sup> See 35 U.S.C. § 251.

<sup>4</sup> See “*Balance in U.S. Patent Law*,” IEEE-USA Position Statement (November 18, 2016), pp. 3-4. Available at <http://ieeusa.org/wp-content/uploads/2017/08/PatentBalance1116.pdf>. (Urging “balance in *inter partes* reviews” by endowing patent holders “with a right to freely amend claims.”)

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### **1. The PTO should remove PTAB procedural bias against patent owners by promulgating fair regulations for motions to amend**

“Congress deemed the patent owner’s right to amend so important that, in § 316(d), it mandated the patent owner be permitted to amend the patent *as of right* at least once during the course of an IPR, provided certain specific statutory conditions were met.”<sup>5</sup> This RFC is an important step in the direction of fulfilling this congressional mandate by revisiting and hopefully revising its PTAB regulations for the MTA process. Many of the shortcomings and infirmities of the current PTAB rules are

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<sup>5</sup> *Aqua Products, Inc. v. Matal*, 972 F.3d 1290, 1299 (Fed. Cir. 2017).

attributable to the PTO's focus on the speed of AIA PTAB proceedings for meeting the statutory requirement to reach final determination not later than 1 year after institution.<sup>6</sup> We believe that the PTO apparently meets this statutory deadline by shortcutting the process at the expense of clarity and procedural fairness. This unfairly prejudices PTAB proceedings predominantly against patent owners, as discussed below.

Adequate procedural protections are particularly important, because these proceedings are only appealable, and on appeal, the Federal Circuit is required to review PTAB findings of fact "on the record" under the highly defferential substantial evidence standard. In contrast, parties dissatisfied with a PTAB decision in examined application on appeal or derivation decision may bring a civil action under 35 U.S.C. §§ 145 or 146 in a district court to obtain judicial review *de novo*, including supplementing the record with additional evidence and witness testimony. Further underscoring the need for due process is the preclusive effect that may result from PTAB final written decisions.<sup>7</sup>

The PTO's regulatory discretion is informed by 35 U.S.C. §§ 316(b) and 326(b), which require the PTO to "consider the effect of any such regulation under this section on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter." The PTO must fairly resolve any tensions between these factors. Procedures for entering claim amendments that unfairly deprive patent owners of residual patent protection have an adverse effect on the economy by making investments in new patentable inventions more risky. Nonetheless, the scope of "any such regulation" includes the PTO's fee-setting regulations, which permit the Office to recover the incremental costs needed for conducting PTAB proceedings in a fair manner.

The one-year statutory deadline should not continue to be an excuse for shortcuts

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<sup>6</sup> 35 U.S.C. §§ 316(a)(11) and 326(a)(11).

<sup>7</sup> Preclusion of PTAB decisions can adversely affect both parties in PTAB proceedings. 35 U.S.C. § 315(e)(2) provides that the petitioner in an IPR may not assert in civil action that the patent claim is invalid on any ground that the petitioner raised or reasonably could have raised during the IPR. It thus mandates that PTAB decisions have preclusive effect on Article III courts. As to patent owners, *see, e.g.*, 37 C.F.R. § 42.73(d)(3) ("A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent: (i) A claim that is not patentably distinct from a finally refused or canceled claim; or (ii) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description."); *Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions*, 77 Fed. Reg. 48,612, 48,647, 48,649 (Aug. 14, 2012) ("The Office will examine a claim presented in a subsequent proceeding on the merits and apply the [patent owner] estoppel if the claim is not patentably distinct from the finally refused or cancelled claim, similar to a ground of rejection based on *res judicata* (*see, e.g.*, MPEP § 706.03(w)).").

that prejudice patent owners or petitioners. Our comments below often call for more fairly handling MTAs in a manner that may indeed increase PTAB workload per case. We believe, however, that the PTO should raise the resources for adequate staffing *and* additional training to provide fairer and more accurate decision-making, rather than limit its decision-making based on resource constraints (which are exacerbated by the statutory timing considerations). In particular, the PTO should revise its PTAB regulations by allocating the burden of persuasion away from the patent owner where appropriate, and by augmenting its PTAB human resources for fairly handling and timely processing MTAs under revised and fairer regulations. These regulations should permit more than one round of amendments, but do so with sufficient time to assure fair consideration of the patentability of those amendments. The Office should recover the incremental costs for doing so under its fee-setting authority pursuant to Section 10 of the AIA by increasing the fees charged for AIA PTAB proceedings. This would not be dissimilar to the PTO's cost-recovery mechanism for completing a large workload in a short period when expediting prosecution of prioritized patent applications to disposal within one year.<sup>8</sup> The PTO explained that its \$4,000 additional fee for prioritized examination was “set at a level to recover the full cost of the resources necessary to increase the work output of the Office so that the non-prioritized applications would not be delayed due to resources being diverted to process the prioritized applications.”<sup>9</sup>

This principle is applicable here as well. Because AIA trials are instituted at the request of a petitioner to presumptively *correct an “error”* made by the PTO (not by the patent owner), it is the petitioner – not the patent owner – that must bear the costs for fair proceedings. Current PTO base fee charged for instituted IPR is \$35,500.<sup>10</sup> The recent American Intellectual Property Law Association Economic Survey estimates \$451,000 as the average attorney fees cost per party of a post-grant proceeding through appeal.<sup>11</sup> This amount dwarfs any required increases in fees charged to the petitioner for ensuring AIA trials are fair and unbiased.

In order to ensure that AIA PTAB proceedings are fair and satisfy due process requirements, IEEE-USA urges the PTO to modify its regulations and procedures to include the basic elements as described below.

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<sup>8</sup> 37 C.F.R. §1.102(e); See PTO blog entry, “Track One Prioritized Examination Puts Your Innovation in the Fast Lane,” *Inventors Eye*, (November 2013) (“Track One expedites the examination process of nonprovisional utility or plant applications for an additional fee.”)

<sup>9</sup> 76 Fed. Reg. 6369, 6370 (Feb. 4, 2011); See also 82 Fed. Reg. 52780, 52790 (November 14, 2017) (Increasing fees for PTAB proceedings, explaining that “[i]n order to keep up with demand and continue to provide high quality decisions within the statutory time limits, the Office needs to close the gap between the cost and the fees for performing these services.”)

<sup>10</sup> See also 82 Fed. Reg. 52780, 52790 (November 14, 2017)

<sup>11</sup> AIPLA, *2017 Report of the Economic Survey*, I-163 (August, 2017).

## **2. The PTO PTAB regulations for motions to amend should not shift the burden of persuasion onto patent owners when proposing claim amendments**

The AIA statute states that during IPRs and PGRs, “the patent owner may *file* 1 motion to amend the patent in 1 or more of the following ways: (A) Cancel any challenged patent claim. (B) For *each* challenged claim, *propose a reasonable number* of substitute claims.” 35 U.S.C. §§ 316(d)(1) and 326(d)(1) (emphasis added). A *proposed* amendment “may not enlarge the scope of *the claims of the patent* or introduce new matter.” 35 U.S.C. §§ 316(d)(3) and 326(d)(3) (emphasis added). Furthermore, the statute provides *without exception for amendments*, that “the *petitioner shall have the burden of proving a proposition of unpatentability* by a preponderance of the evidence.” 35 U.S.C. §§ 316(e) and 326(e) (emphasis added).

The current AIA PTAB rules and procedures, however, render illusory the patent owners’ right to amend, in effect, vitiating these portions of the statute. Even after the Federal Circuit’s decision in *Aqua Products*, cautioning the PTO that it cannot circumvent administrative law to shift burdens onto patent owners, the PTO expressly stated that it will continue to allocate the burden of persuasion with respect to amended claims on the patent owner to show written description support, and to rebut the presumption that more than one substitute claim is “needed.”<sup>12</sup>

### **2.1 The PTO should revise its PTAB regulations to avoid open-ended requirements for filing motions to amend**

Current PTAB regulations provide that a “patent owner may file one motion to amend a patent, *but only after conferring with the Board.*”<sup>13</sup> The regulations provide no indication as to what the patent owner should “confer” about with the Board. The PTAB trial guidance describes it as a scheduling conference.<sup>14</sup> It appears, however, that the PTAB makes up unwritten requirements on the fly beyond the scope of scheduling when dismissing motions to amend for failing to confer “about the specific amendments contemplated” prior to filing.<sup>15</sup> The PTAB mandates that when a patent owner “desires to rebut the presumption that only one

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<sup>12</sup> Memorandum of Chief APJ, “[Guidance on Motions to Amend in view of Aqua Products,](#)” (November 21, 2017) at 2-3; *Western Digital Corp. v. SPEX Techs., Inc.*, IPR2018–00082, Paper 13, at \*2, (PTAB April 25, 2018).

<sup>13</sup> 37 C.F.R. §§ 42.121(a) and 42.221(a) (emphasis added).

<sup>14</sup> *Patent Office Trial Practice Guide*, 77 Fed. Reg. 48756, 48766 (August 14, 2012) (“During this conference call, it is envisioned that the judge would provide guidance to the patent owner and petitioner regarding the motion including how the filing of the motion will impact the schedule. For example, if a patent holder files a motion to amend the claims, adjustment to the schedule and authorization to conduct additional discovery may be appropriate.”)

<sup>15</sup> See e.g., *Idle Free Sys., Inc. v. Bergstrom, Inc.*, IPR2012-00027, Paper 26, at \*2 (PTAB June 11, 2013) (Patent owner filed MTA, “without having conferred with the Board about the specific amendments contemplated, in violation of 37 C.F.R. § 42.121(a). Because the Motion to Amend was not filed in compliance with 37 C.F.R. § 42.121(a), it is *dismissed.*”)

substitute claim would be needed to replace each challenged claim,” it “must be discussed with the Board prior to filing of the motion to amend.”<sup>16</sup> This begs the question where the PTAB derived this imperative on the subject matter that “*must* be discussed” in order to obtain authorization to file a MTA.

Implementing 35 U.S.C. §§ 316(d)(1)(A)–(B) and 316(d)(3), the regulation in 37 C.F.R. § 42.121(a)(2) provides only two circumstances in which a motion to amend may be *denied* (but not *dismissed*): (i) where “[t]he amendment does not respond to a ground of unpatentability involved in the trial,” and (ii) where “[t]he amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.” While the PTAB is required to consider the *scope* of the amendment and whether it *responds* to a ground of unpatentability, neither the statute nor the regulations requires the PTAB to consider the *patentability* of substitute claims presented as part of the MTA Process. Rather, that consideration is to be made during the trial in view of the full record of proffered evidence and arguments. Moreover, under 37 C.F.R. §42.121(a)(3), a patent owner is permitted to propose presumptively only one substitute claim for each challenged claim, a presumption that may be rebutted by demonstration of need. Therefore, beyond ministerial requirements of form, no deficiency in such motions can be determined when filed, without addressing factual and legal issues in the parties’ proffered evidence and argument.

The PTAB’s current practice, however, apparently requires the movant to argue in a telephone conference the merits of its motion in requesting authorization to file, without the ability to brief or support the request with any evidence. Under this §42.121(a) regulation, the PTAB appears to create arbitrary and on-th-fly conditions for filing MTAs. It prematurely shifts the burden onto the patent owner without any regulatory criteria for meeting this burden. The regulation does not require the movant to argue and in essence win its motion in seeking authorization in the first instance. There is no basis for the PTAB to prejudge and *dismiss* a MTA prior to consideration of the full evidentiary record, only after which the Board may *deny* the motion—that is the purpose of the proceeding.

While the current PTAB regulation in 37 C.F.R. § 42.20(c) places the burden of persuasion on the moving party, this general procedural rule does not mean that on an extraregulatory whim the PTAB can raise *substantive* burden-shifting conditions for allowing a party to file its motion. The inventory of elements that must be proved is exhausted by §§ 42.121(a) and 42.221(a), § 42.20(c) only says who must prove the elements. Rule 42.20 is not an open-ended grant of authority to the PTAB to define new elements that must be proved at motion stage. The PTO raised this procedural rule in justifying the PTAB allocating to the patent owner the burden of showing patentability, a proposition it lost in the Federal Circuit.<sup>17</sup>

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<sup>16</sup> *Id.*, at \*6 (emphasis added).

<sup>17</sup> *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1324–25 (Fed. Cir. 2017) (*en banc*, plurality opinion) (The petitioner in IPR bears the burden of proving that proposed amended claims

Therefore, the PTO should revise the requirement in 37 C.F.R. § 42.121(a) for “conferring with the Board” prior to filing a MTA to specifically confine the scope of such authorization conference only to ministerial scheduling matters. These limited contours should be prescribed by a specific regulation subject to notice and comment rulemaking.

## **2.2 The patent owner should not be limited to substituting only one claim for each challenged claim**

The PTO created by regulation a rebuttable presumption that patent owners are permitted to propose only one substitute claim for each challenged claim, wherein the presumption “may be rebutted by a demonstration of need.”<sup>18</sup> There is no statutory antecedent for a finding of “need” for more than one substitute claim, and the regulation neither defines “need,” nor specifies factors that the PTAB should consider in evaluating the patent owner’s rebuttal to demonstrate that “need”. As shown below, the PTAB made up its own *arbitrary* factors with no basis in law or customary patent protection practices, to deny entry of claims that met the statutory requirements.

The statute provides only that for “*each* challenged claim,” the patent owner may “propose a *reasonable number* of substitute claims.”<sup>19</sup> Thus, the patent owner has a *statutory right* to propose *multiple* claims (so long as their number is reasonable) for *each* single challenged claim. The only limitation is that an “*amendment ... may not enlarge the scope of the claims of the patent or introduce new matter.*”<sup>20</sup> Note that neither the statute nor the regulations prescribe the content, scope, or type of *individual* substitute claims of the amendment in relation to any challenged claim—there is no requirement for claim-by-claim substitution. Rather, the statutory (as the regulatory) requirement circumscribes the *amendment as a whole* such that, when all substitute claims are considered, their inclusion does “not enlarge the scope of the claims of the patent.”

The PTAB *adjudications*, however, truncate this right by treating the “one substitute-claim-per-challenged-claim” regulation not as rebuttable, but effectively as a hard rule, with mere illusory exceptions for “special circumstances.”<sup>21</sup> The

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are unpatentable).

<sup>18</sup> 37 C.F.R. §§ 42.121(a)(3) and 42.221(a)(3)

<sup>19</sup> 35 U.S.C. §§ 316(d)(1) and 326(d)(1) (emphasis added).

<sup>20</sup> 35 U.S.C. §§ 316(d)(3) and 326(d)(3) (emphasis added); 37 C.F.R. §§ 42.121(a)(2)(ii) and 42.221(a)(2)(ii) (MTA may be denied where “[t]he amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.”)

<sup>21</sup> *Idle Free Sys., Inc. v. Bergstrom, Inc.*, [IPR2012-00027](#), [Paper 26](#), at \*5 (PTAB June 11, 2013) (“[I]n the absence of special circumstance, a challenged claim can be replaced by only one claim.”); *Avaya Inc. v. Network-1 Security Solutions, Inc.*, [IPR2013-00071](#), [paper 38](#) at \*2 (PTAB, July 22, 2013) (“[A]s discussed during the call, Patent Owner would need to demonstrate a special circumstance for replacing challenged claim 6 with more than one claim.”); *Bloomberg, Inc., et al v. Markets-Alert PTY Ltd.*, [CBM2013-00005](#), [Paper 71](#) at \*20

PTAB apparently considers the patent owner’s “need” as arising only in “special circumstances,” shifting onto the patent owner the burden of establishing such “special circumstances.”

The PTAB has not definitively quantified what constitutes “special circumstances,” but some of its rulings contain negative determinations that paint a bleak picture for patent owners with a “need” to salvage patentable subject matter in their challenged claims. For example, according to the PTAB, special circumstances cannot be established when the patent owner is unable to show a “patentable distinction” between the multiple substitute claims.<sup>22</sup> Additionally, “[a] desire to obtain a new set of claims having a hierarchy of different scope typically does not constitute a *sufficient* special circumstance.”<sup>23</sup> Apparently, the PTAB has an unspecified graduated scale with a threshold of *sufficiency* for identifying “special circumstances.” Remarkably, the PTAB never explained why it does not consider a “need” the requirement to adapt the claim scope to avoid newly-discovered prior art by “obtain[ing] claims having a hierarchy of different scope,” or by obtaining two patentably indistinct substitute claims rather than a single substitute claim with lesser coverage.

### *2.2.1 Denying entry of multiple claims as substitute for a single challenged claim because they are patentably indistinct is arbitrary and capricious*

The PTAB never explained the basis, in law nor in customary patent protection practices, for its arbitrary determination that patent owners do not “need” multiple patentably indistinct claims as substitute to a challenged claim. Nor did the PTAB consider the burden on a patent owner and the number of pages it must expend to show patentable distinctness of proposed substitute claims to permit their entry.

A first patent claim is patentably indistinct from a second claim if it is obvious over, or anticipated by the second claim.<sup>24</sup> Determining whether the first claim is obvious over the second claim requires not only a comparison of the claimed subject matter

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(PTAB March 26, 2014) (“Absent special circumstances, a challenged claim can be replaced by only one claim.”); *Riverbed Technology, Inc., v. Silver Peak Systems, Inc.*, IPR2013-00403, paper 33 at \*29 (PTAB December 30, 2014) (“[T]he issue is whether Patent Owner has shown a special circumstance for making the additional changes in proposed substitute claims 29 and 31, such as a patentable distinction over the parent proposed substitute claims. We conclude that it has not.”)

<sup>22</sup> *Idle Free Sys.*, at \*8 (“[T]he patent owner needs to show patentable distinction of the additional substitute claim over all other substitute claims for the same challenged claim.”); *Avaya*, at \* 2 (“Patent Owner also would need to show a patentable distinction of additional claim 11 over claim 10, otherwise a special circumstance justifying more than one additional claim likely does not exist.”); *Riverbed*, note 21 *supra*.

<sup>23</sup> *Bloomberg*, note 21 *supra* (emphasis added); *Idle Free Sys.*, at \*6 (same).

<sup>24</sup> *Eli Lilly & Co. v. Barr Labs., Inc.*, 251 F.3d 955, 968 (Fed.Cir.2001) (“A later patent claim is not patentably distinct from an earlier patent claim if the later claim is obvious over, or anticipated by, the earlier claim.”) *But see Id.* at 973 (Newman, J., pointing out the deficiencies in the majority’s reasoning).

but also consideration of relevant prior art and the level of ordinary skill in the art pertaining to the invention as claimed in the two claims.<sup>25</sup> Because proposed multiple substitute claims are to be entered in the same patent and are each presumed to have the priority date of the patent, only a “one-way” determination of patentable distinctness is needed, i.e., determining whether the invention claimed in the first claim would have been anticipated by, or an obvious variation of, the invention claimed in the second claim.<sup>26</sup> Therefore, this patentable distinction analysis is necessarily a composite multistep process:

- (1) The first step requires claim construction of the claims in question to determine the differences.<sup>27</sup> The PTO requires that such analysis “make clear” ... [t]he differences between the inventions defined by the conflicting claims.”<sup>28</sup>
- (2) The second step involves an analysis of whether the focal claim is anticipated by the reference claim(s).<sup>29</sup> This is akin to a 35 U.S.C. § 102 analysis.
- (3) The third step is the obviousness analysis. The PTO instructs that such patentable distinctness analysis follow the procedure in MPEP § 2141 for determining obviousness: “These factual inquiries are summarized as follows:  
(A) Determine the scope and content of a patent claim relative to a claim in the application at issue;  
(B) Determine the differences between the scope and content of the patent claim as determined in (A) and the claim in the application at issue;  
(C) Determine the level of ordinary skill in the pertinent art; and  
(D) Evaluate any objective indicia of nonobviousness.”<sup>30</sup>

The PTO guidance further explains that any showing made under the obviousness analysis should make clear: (A) The differences between the inventions defined by the conflicting claims; and (B) The reasons why a person of ordinary skill in the art would conclude that the invention defined in the claim at issue would have been an obvious variation of the invention defined in the reference claim.<sup>31</sup>

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<sup>25</sup> *In re Longi*, 759 F.2d 887, 893 (Fed.Cir.1985) (A determination of patentable distinctions requires an “inquiry to whether the claimed invention in the [second claim] would have been obvious from the subject matter of the [first claim], *in light of the prior art.*”) (Emphasis added).

<sup>26</sup> See, e.g., *In re Berg*, 140 F.3d 1438 (Fed. Cir. 1998) (the court applied a one-way test where both applications were filed the same day);

<sup>27</sup> *Eli Lilly*, 251 F.3d at 968 (“[A]s a matter of law, a court construes the claim in the earlier patent and the claim in the later patent and determines the differences.”); *Georgia-Pacific Corp.*, 195 F.3d at 1326; *In re Emert*, 124 F.3d 1458, 1461–62 (Fed. Cir. 1997); *In re Goodman*, 11 F.3d 1046, 1052 (Fed. Cir. 1993).

<sup>28</sup> MPEP § 804 II(B)(2).

<sup>29</sup> See, e.g., *In re Berg*, note 26 *supra*; *In re Goodman*, note 27 *supra*; MPEP § 804 II(B)(1).

<sup>30</sup> MPEP § 804 II(B)(2).

<sup>31</sup> *Id.*

To overcome the burden imposed by the PTAB for establishing patentable distinctness of proposed substitute claims, the patent owner must expend a substantial portion of the 25-page limit in a MTA to go through all three steps described above, in effect, having to establish propositions of patentability of the proposed substitute claims in view of the prior art. Thus, without any statutory or regulatory bases, without public notice, without giving any reasons for the patentable distinctness requirement, the PTAB established by adjudications a burden-shifting rule in the very manner condemned and held unlawful by the Federal Circuit in *Aqua Products*.<sup>32</sup> Under the Administrative Procedure Act, this PTAB rule is therefore contrary to 35 U.S.C. § 316(a)(9)—which should be interpreted to require *reasonable* regulations for amendments—and is also arbitrary, capricious, and not in accordance with law, within the meaning of 5 U.S.C. § 706.

### *2.2.2 Multiple patentably indistinct claims are often necessary for substituting a single challenged claim in order to retain deserved protection for patentable inventions*

The PTAB's unexplained rule denying entry of multiple patentably indistinct claims also lacks public policy rationale – not even under policy grounds that normally give rise to doctrines such as double patenting proscribing issuance of patentably indistinct claims to a single entity. Such doctrine “ensures that a particular invention (and obvious variants thereof) does not receive an undue patent term extension”<sup>33</sup> by “prohibiting the issuance of the claims in a second patent not patentably distinct from the claims of the first patent.”<sup>34</sup> But in this instance, the patent owner seeks to include the multiple patentably indistinct claims in *one* patent so that *no* claim receives a longer patent term. Clearly, the PTAB requirement has no rational basis in patent law.

More importantly, blocking patent owners from using multiple patentably indistinct claims to substitute a challenged claim may deprive them of patent protection where only patentably indistinct claims can cover “clearly distinct inventions.”<sup>35</sup> In such instances, patentably indistinct claims are directed to separate inventions, each claim is considered patentable over the prior art absent the other.<sup>36</sup>

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<sup>32</sup> *Aqua Products*, 872 F.3d at 1339 (“The Patent Office cannot effect an end-run around its congressionally delegated authority by conducting rulemaking through adjudication without undertaking the process of promulgating a regulation.”)

<sup>33</sup> *Abbvie Inc. v. Mathilda & Terence Kennedy Inst. of Rheumatology Tr.*, 764 F.3d 1366, 1373 (Fed. Cir. 2014).

<sup>34</sup> *Boehringer Ingelheim Int'l GmbH v. Barr Labs., Inc.*, 592 F.3d 1340, 1346 (Fed. Cir. 2010).

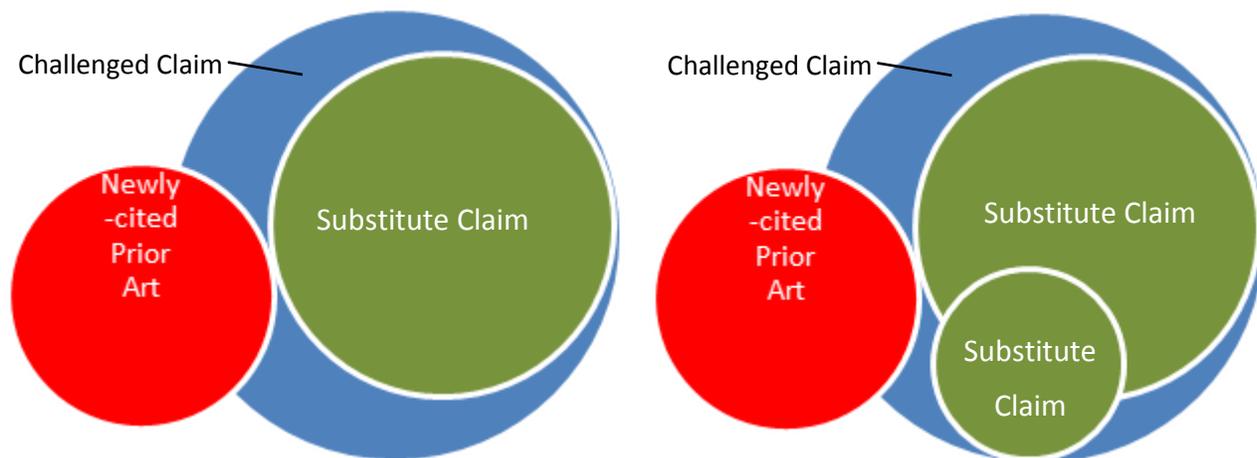
<sup>35</sup> *In re Longi*, 759 F.2d 887, 893 (Fed. Cir. 1985) (describing instances where obviousness type double patenting analysis successfully applies to “clearly distinct inventions.” Citing *In re Jentoft*, 392 F.2d 633, 640 (C.C.P.A. 1968); *In re Siu*, 222 F.2d 267 (C.C.P.A. 1955); and *In re Bowers*, 359 F.2d 886 (C.C.P.A. 1966).

<sup>36</sup> *In re Bowers*, note 35 *supra*.

Inability to use multiple patentably indistinct claims can also have devastating effects on protecting certain species invention when a related genus claim is challenged in IPR and requires narrowing. This is because “not every species of a patented genus is separately patentable.”<sup>37</sup> For example, “species are unpatentable when prior art disclosures describe the genus containing those species such that a person of ordinary skill in the art would be able to envision every member of the class.”<sup>38</sup> The opposite is often not true—a genus may be patentable even if prior art discloses one of its species. So in such circumstances, when a challenged genus claim must be narrowed in IPR to exclude one prior art species, protection of the narrower genus and its patentable species may require two patentably indistinct substitute claims, one directed to the narrower genus and the other to the patentable species.

Finally, relief is illusory under the PTAB rule that rigidly prescribes that only patentably distinct claims are allowed to substitute a challenged claim because typically, patentably distinct subject matter is already divided out of the patent under 35 U.S.C. § 121 by examiner restriction during original examination. This is because PTO guidance provides that “the claims of an application may properly be required to be restricted to one of two or more claimed inventions only if they are able to support separate patents and they are either independent *or distinct*.”<sup>39</sup> As of the writing of these comments, IEEE-USA is aware of no PTAB case in which multiple patentably distinct claims were allowed to substitute a single challenged claim.

These are but some examples where the PTAB rule summarily forecloses on legitimate claim amendments authorized by statute *as of right*. The figure below is a general graphical depiction of the loss of patent coverage when entry of only one substitute claim per challenged claim is allowed.



<sup>37</sup> *Abbvie*, 764 F.3d at 1379.

<sup>38</sup> *Id.*

<sup>39</sup> MPEP § 803 (emphasis added).

The colored areas represent the scope of subject matter, wherein the left side shows that newly-cited prior art elements encroach the challenged claim, requiring that it be narrowed. A single substitute claim that steers clear of the prior art while also not enlarging “the scope of the claims of the patent or introduce new matter” is shown as fully contained within the scope of a challenged claim. By the nature of words and claim drafting constraints, the single substitute claim does not cover all residual patentable subject matter claimed in the challenged claim, meaning such unclaimed but patentable subject matter would be dedicated to the public at the patent owner’s expense. However, if an additional substitute claim can be proposed as depicted on the right side, the patent owner can reclaim patent coverage on at least some patentable subject matter that would have been lost.

As in all patents, limitations on claim structure and claim drafting require multiple claims to adequately protect an applicant’s invention. This need is not unique to PTAB proceedings. It is especially so in light of contraction of the doctrine of equivalents, decisions by the Federal Circuit on unclaimed subject matter, and because the complexity of some inventions requires more claims to protect the subject matter appropriately. Moreover, the effects of prosecution history estoppel doctrine demand a large range of claims. The limit of one-substitute-claim-per-challenged-claim is an arbitrary numerical cut-off that frustrates the congressional purpose and unfairly prejudices patent owners.<sup>40</sup>

Although in 35 U.S.C. §§ 316(a)(9) and 326(a)(9) Congress delegated broad rulemaking authority to the Director of the PTO for “setting forth standards and procedures for allowing the patent owner to move to amend the patent,” that authority does not extend to the adjudicative arm of the PTO, the PTAB.<sup>41</sup> Thus, beyond applying the PTO regulations as promulgated under notice and comment, the PTAB cannot by self-help create precedential rules binding on the public by adjudications. The Federal Circuit said as much in *Aqua Products*.<sup>42</sup> The PTO cannot create an alternative rulemaking procedure by substituting a poll of administrative patent judges (APJs) for public notice and comment.<sup>43</sup>

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<sup>40</sup> *Levine v. Apker*, 455 F.3d 71, 85–86 (2d Cir. 2006) (agency may not set an arbitrary numerical cut-off without considering all the factors set forth by Congress).

<sup>41</sup> David Boundy and Andrew B. Freistein, “The PTAB Is Not an Article III Court, Part 2: *Aqua Products v. Matal* as a Case Study in Administrative Law, *ABA Landslide* 10:5, pp. 44-51, 47 (May-Jun. 2018) (Explaining why “the PTAB is not the rulemaking component of the USPTO, and its decisions are ineligible for *Chevron* deference.”)

<sup>42</sup> *Aqua Products*, 872 F.3d at 1339 (“The Patent Office cannot effect an end-run around its congressionally delegated authority by conducting rulemaking through adjudication without undertaking the process of promulgating a regulation.”)

<sup>43</sup> Should the PTO impose by regulation any restrictions on the number of claims because of resource or timing constraints, it must justify those constraints *with evidence* to show why the PTO could not provide the resources to meaningfully evaluate such amendments by raising fees and providing additional APJs and/or law clerks to perform the required work. Patent holders should not be forced to lose subject matter protection to which they are

2.2.3 *Denying entry of a “hierarchy” including dependent claims as substitutes for a single challenged claim is inconsistent with law and an unreasonable interpretation of “need.”*

Neither the statute nor the regulation permit the PTAB to deny entry of a “hierarchy” of substitute claims. The PTAB explanation in adjudication that “[a] desire to obtain a new set of claims having a hierarchy of different scope typically does not constitute a sufficient”<sup>44</sup> demonstration of “need” writes out of the regulation the word “need.” The PTAB explains that an “*inter partes* review is more adjudicatory than examinational, in nature” and that introducing a new hierarchy of claim dependency may be done “in another type of proceeding before the Office” such as a request for *ex parte* reexamination or a reissue proceeding.<sup>45</sup> Under this rationale, no claim amendments of *any kind* can be allowed because IPR review is “more adjudicatory than examinational.” But Congress specifically provided that patent owners have a statutory right to amend claims not with only one, but with a “reasonable number” of substitute claims so as to meet the “need” to salvage a challenged claim. The use of hierarchy of substitute claims is common practice for meeting that “need.” And the fact that Congress has required the PTO to consider amended claims in the PTAB contradicts the express rationale on which the PTO relies; Congress chose the PTAB and not other proceedings at the PTO and specifically authorized “a reasonable number of substitute claims” without prohibiting dependency of any of those substitute claims in the statute.

First, when a challenged claim requires narrowing in a way that tightly delineates the prior art, it is often the case that an additional narrower dependent claim is “needed.” In fact, a major purpose of drafting dependent claims is to provide a “second line of defense” from unknown prior art.

Second, dependent claims are often “needed” for applying the doctrine of claim differentiation, which will generally help maintain the breadth of an independent claim against attempts by an infringer to obtain a narrower claim construction. In *RF Delaware v. Pacific Keystone*, the Federal Circuit explains the doctrine of claim differentiation as follows:<sup>46</sup>

Under the doctrine of claim differentiation, each claim in a patent is presumptively different in scope. Although claim differentiation is not a “hard and fast rule of construction,” it is applicable where “there is a dispute over whether a limitation found in a dependent claim should be read into an independent claim, and that limitation is the only meaningful difference between the two claims.”

*RF Delaware* declines to adopt a construction of an independent claim that would

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entitled because the Office is unwilling to devote adequate resources to the task, and should not promulgate any rule to that effect.

<sup>44</sup> *Bloomberg*, note 21 *supra* (emphasis added); *Idle Free Sys.*, at \*6 (same).

<sup>45</sup> *Idle Free Sys.* at \*6.

<sup>46</sup> *RF Delaware, Inc. v. Pacific Keystone Technologies, Inc.*, 326 F.3d 1255, 1263-64 (Fed. Cir. 2003) (citations omitted).

incorporate limitations from two dependent claims. Courts routinely apply the doctrine of claim differentiation.<sup>47</sup>

Finally, MTAs often include amendments other than those required to address petitioner's patentability challenges under 35 U.S.C. § 102 or § 103. For example, in *Western Digital*, the PTAB specifically explained: "Additional modifications that address potential 35 U.S.C. § 101 or § 112 issues, for example, are not precluded by rule or statute. Thus, once a proposed claim includes amendments to address a prior art ground in the trial, a patent owner also may include *additional limitations* to address potential § 101 or § 112 issues, if necessary. Allowing an amendment to address such issues, when a given claim is being amended already in view of a 35 U.S.C. § 102 or § 103 ground, serves the public interest by helping to ensure the patentability of amended claims."<sup>48</sup> As such, the amendment that requires such "additional limitations" alter the claim structure and may require drafting an additional substitute claim in dependent form.

The current PTAB rule that blocks entry of claim(s) dependent from a substitute claim is an unreasonable interpretation of "need" that thwarts the statutory right to obtain entry of a "reasonable number of substitute claims." The PTAB explanation that sends the patent owner on a 'wild goose chase' into other PTO proceedings that may take years, contravenes Congress' intent that AIA trials *resolve* patent disputes with dispatch.<sup>49</sup> And there is nothing to prevent a patent challenger from hauling the patent owner back into IPR to challenge the claims in the "hierarchy" obtained in reexamination or reissue proceedings. Any further delays in the patent owners'

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<sup>47</sup> *Honeywell Int'l Inc. v. Universal Avionics Systems Corp.*, 488 F.3d 982, 994, (Fed. Cir. 2007) (declining to adopt a construction of an independent claim that would have imported the limitations of a dependent claim); *Nystrom v. TREX Co., Inc.*, 424 F.3d 1136, 1147-48 (Fed. Cir. 2005) (refusing to read a limitation from a prosecution history argument directed to independent claim 16 into independent claim 1, in view of the different claim language); *Xerox Corp. v. 3Com Corp.*, 267 F.3d 1361, 1366 (Fed. Cir. 2001) (declining to give a narrow construction to two independent claims because it would render dependent claims superfluous); *Ferguson Beauregard/Logic Controls v. Mega Systems LLC*, 350 F.3d 1327, 1339 (Fed. Cir. 2003) (contrasting "normal plunger performance" in one set of claims to "predetermined plunger performance," so that the latter covers something absent from the former); *see also De George v. Bernier*, 768 F.2d 1318, 1322-23 (Fed. Cir. 1985) (even in the context of determining "broadest reasonable interpretation," other claims may be considered to determine the scope of the claim at issue).

<sup>48</sup> *Western Digital*, note 12 *supra*, at \*6 (emphasis added); *see also Veeam Software Corp. v. Veritas Techs., LLC*, IPR2014-00090, paper 48, at \*26–29 (PTAB July 17, 2017) ("Once a proposed claim includes amendments to address the prior art grounds in the trial, a patent owner can also include additional limitations to address potential § 101 or § 112 issues. Allowing an amendment to address potential 35 U.S.C. § 101 or § 112 issues in a motion to amend under 37 C.F.R. § 42.121, when a given claim is being amended already in view of a 35 U.S.C. § 102 or § 103 ground, serves the public interest by ensuring issuance of valid and clear patents.")

<sup>49</sup> 35 U.S.C. §§ 316(a)(11) and 326(a)(11).

quiet title are prejudicial to them, particularly as it comes at the expense of the patent term.

The PTAB proceedings should be dispositive and conclusive as to the challenged or amended claims and the prior art pertaining to those claims raised by petitioner. The PTAB-proposed bifurcation to other proceedings promotes inefficiency, delay, and creates confusion inherent to multiple proceedings. It thus prevents a “just, speedy, and inexpensive resolution” of the controversy and fairness to all parties.<sup>50</sup>

In summary, the PTAB unwritten “special circumstances” rule and the regulation setting a one-for-one claim substitution limit appear to have neither reasonable basis in the statute, nor a legitimate, statute-aligned purpose. Rather, these rules and the justification that IPR “is more adjudicatory than examinational, in nature” are better seen as a rhetorical crutch in the PTAB attempt to reduce its workload by diverting legitimate claim amendments arising under its jurisdiction to different PTO proceedings. But administrative convenience must not vitiate statutory rights.<sup>51</sup> The PTAB resources should be augmented and its regulations should be modified to be consistent with the statute in words and spirit. Specifically, *by regulation*, the patent owner should be permitted to propose a reasonable number of substitute claims with hierarchy including dependent claims, whether or not they are patentably distinct.

The rebuttable presumption of one-for-one claim substitution should be removed, as patent owners have sufficient incentives to limit the number of substitute claims only to the “reasonable number” “needed,” given the constraints on page limits in briefs to argue and support the entry of each claim and the related legal briefing costs.

### **2.3 The patent owner’s burden of showing written description support should be limited only to new limitations added in the amendment**

IEEE-USA believes that a proper allocation of the burden of production calls for the patent owner to demonstrate in the MTA that the *new* additional or substituted limitations introduced in the proposed substitute claims have adequate written description support to ascertain compliance with 35 U.S.C. §§ 316(d)(3) and 326(d)(3)—that the substitute claims do not “introduce *new* matter.” This includes identifying support for the *new* claim limitations 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.

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<sup>50</sup> 37 C.F.R. § 42.1(b).

<sup>51</sup> *In re Weber*, 580 F.2d 455, 458 (C.C.P.A. 1978) (“[I]n drawing priorities between the Commissioner as administrator and the applicant as beneficiary of his statutory rights, we conclude that the statutory rights are paramount.”); *see also Patlex Corp. v. Mossinghoff*, 771 F.2d 480, 483 (Fed. Cir. 1985) (“administrative convenience or even necessity cannot override the constitutional requirements of due process”) (citations omitted).

New matter is any *addition* to the claims without support in the original disclosure.<sup>52</sup> Because all claim limitations and terms found in the original challenged claims are by definition not “new matter,” the statute does *not* require that an amendment proposed in the MTA have written description support for *all* “matter” claimed in the substitute claims. Therefore the statute does *not* authorize denial of a MTA if the *new* claim limitations therein *do* have written description support in the specification because it does not “introduce new matter.” Whether the substitute claim *as a whole* (with *all* its limitations), is *adequately* supported by the written description is entirely a different question—a question of its *patentability* under § 112.

Whether an application’s written description *adequately* supports the claimed invention is a question of fact.<sup>53</sup> And “the test for *sufficiency* [of written description] is whether the disclosure of the application relied upon *reasonably conveys to those skilled in the art* that the inventor had possession of the claimed subject matter as of the filing date.”<sup>54</sup> Hence, as part of this factual determination, the level of skill in the relevant art and whether it is “predictable” must be established.<sup>55</sup> Moreover, “[t]he written description requirement does not require the applicant ‘to describe exactly the subject matter claimed, [instead] the description must clearly allow persons of ordinary skill in the art to recognize that [he or she] invented what is claimed.’”<sup>56</sup> All of these factual determinations must be made prior to a determination that an amended claim in the MTA does not meet the written description requirement under § 112. *That* question must be left to the trial after considering all proffered evidence and arguments; and the patent owner does not bear the burden of persuasion that a proposed substitute claim is patentable under

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<sup>52</sup> *TurboCare Div. of Demag Delaval Turbomach. v. Gen. Elec. Co.*, 264 F.3d 1111, 1118 (Fed. Cir. 2001); *See also, In re Rasmussen*, 650 F.2d 1212, 1214 (CCPA 1981) (“The proper basis for rejection of a claim amended to recite elements thought to be without support in the original disclosure, therefore, is § 112, first paragraph ...”).

<sup>53</sup> *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc); *see also Energy Transp. Grp., Inc. v. William Demant Holding A/S*, 697 F.3d 1342, 1350 (Fed. Cir. 2012) (alterations in original; internal quotation marks omitted).

<sup>54</sup> *Ariad*, 598 F.3d at 1351 (emphasis added).

<sup>55</sup> *In re Hayes Microcomputer Products, Inc. Patent Litigation*, 982 F.2d 1527, 1534 (Fed. Cir. 1992) (“[A]n inventor is not required to describe every detail of his invention. An applicant’s disclosure obligation varies according to the art to which the invention pertains.”) (footnote omitted); *see also Fonar Corp. v. General Electric Co.*, 107 F.3d 1543, 1549 (Fed. Cir. 1997); *In re Vaeck*, 947 F.2d 488, 496 (Fed. Cir. 1991) (“Where as here, a claimed genus represents a diverse and relatively poorly understood group of microorganisms, the required level of disclosure will be greater than, for example, the disclosure of an invention involving a “predictable” factor such as a mechanical or electrical element.”) (quoting *In re Fisher*, 427 F.2d 833, 839 (CCPA 1970)).

<sup>56</sup> *Union Oil Co. v. Atlantic Richfield Co.*, 208 F.3d 989, 997 (Fed. Cir. 2000) (citation omitted).

35 U.S.C. § 112. Thus, the PTAB can never deny an MTA *under § 112*.<sup>57</sup>

The PTO regulations in 37 C.F.R. §§ 42.121(b)(1) and 42.221(b)(1) state that the MTA “must ... set forth [t]he support in the original disclosure of the patent for each claim that is added or amended.” The PTAB *Western Digital* decision (at \*8) explains that the MTA “must set forth written description support for each proposed substitute claim as a whole, and *not just the features added by the amendment*.” (Emphasis added). This mandate exceeds the statutory requirement for the content of the MTA and improperly shifts burdens onto the patent owner to establish patentability propositions that cannot be relevant to the decision to grant the MTA.

All claim elements and limitations that are in the *original* claims of the patent are *presumed* to have sufficient written description support as required by 35 U.S.C. § 112 because under 35 U.S.C. § 282, the patent is presumed valid. It is important to recognize that no challenge in IPR under 35 U.S.C. § 102 or § 103 removes this presumption with respect to § 112. If the petitioner asserts unpatentability under 35 U.S.C. § 112, the matter should be considered at trial wherein the patent owner can reply.

As it does in other parts of its PTAB rules discussed above, the PTO improperly collapses the issue of whether a motion to amend should be granted with the issue of whether the proposed amended claim is patentable. These issues must be decided separately, in different phases of the proceeding, and under different underlying record of evidence, testimony, cross-examination, and briefing. Because no proposed claims can issue until the PTAB’s final written decision and a certification under 35 USC § 318 or § 328 is issued, granting an MTA does nothing other than finalize which claims will be subject to a patentability determination at trial. Denial *entry* of amended claims in a MTA for unpatentability under 35 U.S.C. § 112 *without* consideration of the full record—a record that is only developed at trial on their patentability—violates the patent owner’s due process rights.

Therefore, current regulations in 37 C.F.R. §§ 42.121(b)(1) and 42.221(b)(1) as the PTAB explains them in *Western Digital*, place unjustified obligations on the patent owner. Only 8% of all denied MTAs are denied for lack of written description.<sup>58</sup> The regulations compel *every* movant to provide exhaustive information on *every* feature and limitation in the substitute claims—“not just the features added by the amendment”—and require that movant do so by using substantial portion of the 25-page limit of the MTA, whether or not written description support is challenged. Such a requirement is burdensome and unreasonable. It forces the patent owner to address Section 112 concerns that would never have occurred during prosecution and to unnecessarily make binding characterization of claim limitations in the original claims that create prosecution history estoppel not only for the challenged

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<sup>57</sup> The PTO, nevertheless, reports (at RFC, [83 Fed. Reg. 54319](#), 54321) that the PTAB’s “reasons for denial or denial in part the motions to amend” in 8% of all such denials was “Lack of written description (112).”

<sup>58</sup> RFC, [83 Fed. Reg. 54319](#), 54321.

patent but potentially for other members of a family of patents or applications claiming priority from a common parent specification.

Instead, the patent owner should be required to identify support for only *new* claim limitations and respond during trial to specific deficiencies in written description support that the petitioner or the PTAB properly identifies first. The regulations in 37 C.F.R. §§ 42.121(b)(1) and 42.221(b)(1) should therefore be revised in notice and comment rulemaking to specifically limit the patent owner's obligations to identify written description support only for "the features added by the amendment."

That said, IEEE-USA believes that the PTAB should not certify substitute claims that have not been properly vetted for written description support. We therefore support a process whereby the PTAB details subject-matter-expert examiners to review claims and provide non-binding advisory reports to assist the PTAB and the parties in determining compliance with 35 U.S.C. § 112, and with any other patentability criteria as requested by the PTAB.

### **3. The PTAB's claim construction should be ascertained upon institution**

The PTO regulations in 37 C.F.R. §§ 42.104(b)(3), 42.204(b)(3), and 42.304(b)(3) require the petitioner to describe in the petition "[h]ow the challenged claim is to be construed." The PTO explained that "the petitioner's claim construction requirement is not burdensome and will improve the efficiency of the proceeding. In particular, the petitioner's claim construction will help to provide sufficient notice to the patent owner on the proposed grounds of unpatentability, and assist the Board in analyzing how a cited prior art reference meets the claim limitation(s)."<sup>59</sup> In addition, "[a] patent owner may file a preliminary response to set forth reasons why no review should be instituted, including a response to any claim construction issues."<sup>60</sup> Therefore, in its deliberation on the petition's merit, the PTAB forms its own view of the construction of the challenged claims—as it must in order to render an institution decision under 35 U.S.C. § 314(a) that there is "a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." IEEE-USA believes that the PTAB should be required *by regulation* to publish its construction of the challenged claims, even if nonbinding, *on or before* the institution decision. This will dramatically improve the clarity and efficiency of PTAB proceedings.

The PTO has already stated that "the Office prefers to resolve the applicable claim construction standard before institution, and ideally, before the patent owner preliminary response deadline has passed. The earlier that the appropriate standard for claim construction may be determined, the more guidance the Office may provide in its institution decision for the parties to conduct the trial, including discovery, appropriately and efficiently, and in some cases, the Office may decide to

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<sup>59</sup> *Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions*, 77 Fed. Reg. 48,612, 48699 (Aug. 14, 2012).

<sup>60</sup> *Id.* at 48,700.

deny institution when applying the appropriate standard.”<sup>61</sup>

The PTO’s reasoning above is particularly applicable to MTAs because claim terms common to challenged claims and substitute claims must be construed the same way. Under its new claim construction regulation, the Office now applies the claim construction standard used in federal courts,<sup>62</sup> in other words, the standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), which is articulated in *Phillips*. That standard should, and could, be applied as early as possible even before a new substitute claim is presented in a MTA because the standard essentially applies to claim *terms*—not necessarily to the claim as a whole: the “*words* of a claim are generally given their ordinary and customary meaning,” which is “the meaning that the *term* would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application.”<sup>63</sup> The specification is “the single best guide to the meaning of a disputed *term* and . . . acts as a dictionary when it expressly defines *terms* used in the claims or when it defines *terms* by implication.”<sup>64</sup> Therefore, there is no reason for the PTAB to delay issuing its claim terms construction past the institution decision. And if the PTAB subsequently revises its claim construction in regard to an MTA, it should then publish that revised construction when accepting (or denying) the MTA.

The imperative for issuance of claim construction on or before institution is particularly reinforced because about 80% of IPRs involve patents that are in district court litigation, in which *Markman* claim construction may have already been adopted. The current regulations provide that the PTAB will only *consider* such construction under *Markman* in district court.<sup>65</sup> The PTAB should not merely “consider” those but should *adopt* them because the PTAB is now required to construe claim terms under the same *Phillips* standard.

Finally, the importance for issuing the PTAB decision on claim construction on or before institution is underscored by its dramatic contribution to settlement by removal of uncertainty in the dispute. Experience in district court litigation shows that of all cases reaching the pretrial *Markman* claim construction stage, as much

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<sup>61</sup> *Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board*, 81 Fed. Reg. 18750, 18753 (April 1, 2016).

<sup>62</sup> See 37 C.F.R. §§ 42.100, 42.200, and 42.300; *Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board*, 83 Fed. Reg. 51340, 51343 (October 11, 2018).

<sup>63</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-1313 (Fed. Cir. 2005) (*en banc*) (emphasis added).

<sup>64</sup> *Id.* at 1321 (internal quotation marks omitted).

<sup>65</sup> 37 C.F.R. §§ 42.100(b), 42.200(b), and 42.300(b) (“Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the . . . proceeding will be *considered*.”) (Emphasis added).

as 70% are settled after claim construction uncertainties are removed.<sup>66</sup> Similarly, PTAB claim construction decision issued on or before institution could induce a settlement in a substantial number of cases, saving much needed PTAB resources and costs to the parties.

#### **4. Substantial efficiencies and savings are expected when the PTO adopts these recommendations by notice and comment rulemaking**

In addition to subjecting petitioners and patent owners to inconsistencies between PTAB panels, the use of adjudicatory rulemaking also hampers the parties' right to meaningful appellate review. The implementation of the statutory right to amend claims implicates matters of policy that should be addressed in a consistent and predictable way through notice and comment rulemaking. This view obviously pertains also to establishing by notice and comment regulations the allocation of the burden of persuasion of unpatentability onto the petitioner, per *Aqua Products*. Similarly, all of the revisions we recommend should be adopted under such inclusive rulemaking procedures.

In particular, IEEE-USA believes that if the PTO adopts the requirement for PTAB claim construction decision by regulation as explained in Section 3. *and* permit by regulation submission in MTAs of a "reasonable number" of multiple substitute claims in all manners described in Section 2.2, the addition of only one more cycle of substitute claim amendments would suffice rather than the two proposed by the Office. This will relax the extremely tight schedule proposed by the Office and reduce costs to the parties and the PTAB.

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<sup>66</sup> According to the Judicial Conference data for termination of patent lawsuits, about 50% of cases settle before pretrial and 14% of cases settle during or right after pretrial. Because the *Markman* hearing dominates case disposition at pretrial, up to 50-14 = 36% of cases settle at the *Markman* phase. In other words, of the 50% that may reach the *Markman* hearing,  $36/50 \approx 7/10$  of those are settled during or right after the claim construction decision. See Administrative Office of the U.S. Courts, Statistical Tables For The Federal Judiciary, [Table C-4.](#), *U.S. District Courts—Civil Cases Terminated, by Nature of Suit and Action Taken—During the 12-Month Period Ending June 30, 2018*.

## 5. Conclusion

For the forgoing reasons, IEEE-USA supports the PTO's efforts to revise the PTAB motion to amend regulations as described above.

IEEE-USA thanks the PTO for considering these comments in crafting its regulations. We would welcome any further discussions with the Office on these matters.

Respectfully submitted,

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