

From: [Steven M. Hoffberg](#)
To: [TrialRFC2018Amendments](#)
Subject: [Docket No. PTO-P-2018-0062]
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DEPARTMENT OF COMMERCE
Patent and Trademark Office
[Docket No. PTO-P-2018-0062]

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

Attn: Acting Deputy Chief Administrative Patent Judge Jacqueline Wright Bonilla or Vice Chief Administrative Patent Judge Michael Tierney, PTAB Request for Comments 2018.

The below comments reflect the opinions of the author, and are not submitted on behalf of any law firm, client, or organization.

It is believed that an appropriate framework for treatment of a claim presented in the Motion To Amend is in the context of a new rejection made after Final Rejection by an Examiner. Pre-institution, the Petition should be viewed as a rejection, and the Motion to Amend as a portion of the response. As such, it is a normal burden on patentee to show written description support for the claims in the specification, claims and drawings. For consideration of the state of the specification, the status of the claims should be considered pre-grant, and therefore 37 C.F.R. 1.57 should be interpreted to permit incorporation by reference of material essential to the proposed amended claim(s). Similarly, a certificate of correction process should be made available to update the specification and drawings with respect to incorporated materials. No change to the limit on incorporation of new matter is proposed, as this derived from statutory constraints.

The proposed early Motion to Amend should expand options of the Patent Owner, and not foreclose them. Therefore, the submission of a Motion to Amend should not be seen as a non-contingent admission that the issued claims are unpatentable, and therefore the Institution Decision and Final Written Description should both be according to the prior protocols.

As proposed, Petitioner, its real parties in interest, and privies, should be provided with an opportunity to respond, before a decision to institute the proceeding. In the event that Petitioner agrees with the amendment, and admits that the amendment alleviates the need for the proceeding, the Petitioner should be afforded an opportunity to contingently withdraw its Petition, and receive a refund of fees, and assuming the Board does not nevertheless institute the proceeding, a certificate should be issued amending the claims as proposed. In the even that alternate claims are presented, each raising different issues, Petitioner should be afforded an ability to parse its contingent withdrawal of the Petition on a claim-by-claim basis.

At this stage, the Motion to Amend should not be presumed to permit only a single substitute claim per issued claim in the patent. Rather, Patent Owner should have a right to present **multiple alternates**. 35 U.S.C. 316(d)(1)(B) permits “For each challenged claim, propose a reasonable

number of substitute claims”, and interpreting “reasonable number” as one, especially prior to any claim interpretation, seems an abuse of discretion. 37 C.F.R. 42.121(a)(3) was promulgated at a time when the burden of persuasion was imposed on Patent Owner, and that context no longer applies. Given that the Patent Owner may have multiple acceptable options available to amend the claims, limiting the amendment to a single substitute claim seems imprudent.

The rules should permit addition of different claim forms which otherwise meet the statutory constraints. For example, if the original patent encompassed a new composition, a new claim directed to a method of use of the new composition should be permitted, whether or not written in a dependent form. Likewise, Motions to Amend whose purpose is to address 35 U.S.C. 101 issues, even in patents subject to IPRs, should be freely granted. It is noted that no doctrine of “IPR estoppel” has evolved, and a Patent Owner should be free to revisit issues raised during patent prosecution—after all, the post grant proceedings are predicated on a presumption of mistake by the USPTO, and it would be unfair to on one hand presume that the Examiner was in error during prosecution, but on the other afford a full presumption of correctness to his actions.

An issue not fully addressed by statute, regulation, or case law is whether the original patent examiner may be called as a witness in a post grant proceeding. In a proceeding where the Examiner is accused of error, the various reasons proffered why an Examiner should not testify are suspect and undermined. I recommend internal deliberation by the USPTO as to whether its longstanding prohibition on Examiner testimony necessarily applies to administrative proceedings within the USPTO, in which the presumption of administrative correctness is not accepted or in fact is actively rejected.

I agree with the proposed statement, which appears to balance the administrative discretionary standards with a predictable outcome, “To the extent it is necessary, the issuance of the Board’s preliminary decision addressing the initial motion to amend will be deemed “good cause” for further amendment under 37 C.F.R. 42.121(c) & 42.221(c).”

The burden of persuasion is properly imposed upon the Petitioner, with the caveat that the decision of the Board with respect to the patentability of the substitute claims should not be afforded any significant deference except as a collateral estoppel, i.e., involving the party to be charged, its real parties in interest, and its privies. Thus, in the case where a third party raises a subsequent IPR challenge to an amended claim, no res judicata effect should be applied to the Board’s predicate factual findings.

The Board should issue a preliminary but reasoned opinion regarding whether the proposed amended claims appear to comply with 35 U.S.C. 112.

Because post grant proceedings often occur in the context of a commercial or IP dispute between the parties, there is often a significant commercial impact of the claimed invention, and also the proposed amended claimed invention. To the extent that Patent Owner alleges secondary indicia of non-obviousness, which are supported by prima facie evidence, the Board should adopt that evidence unless rebutted by counter-evidence by Petitioner, its real parties in interest or privies. That evidence may be in the form of a declaration. Mandatory and additional discovery of the

parties should be available within the briefing schedule to ensure that this evidence is properly vetted for consideration by the Board. The final rule should make clear that the standard for grant of additional discovery would normally permit discovery requests including requests to admit, document requests, interrogatories, and depositions of party and non-party witnesses subject to jurisdiction of the USPTO on the issues of secondary indicia of non-obviousness, and the scope of this discovery should liberally include all information relevant to the nexus of the claimed invention to the asserted advantages. According to the *Aqua Products and Western Digital Corp. v. SPEX Techs., Inc.*, Case IPR2018-00082 standards, the burden of persuasion is (and should be) on the Petitioner. In many cases, Petitioner will face of an assertion of secondary indicia of non-obviousness, including commercial success, based on Petitioner's own allegedly infringing sales. Therefore, the Petitioner, in order to shoulder the burden, must affirmatively show a lack of nexus, in accordance with the then-current legal standards, of its own sales with the alleged infringement. This could be by way of lack of infringement, or various other defenses sanctioned by the Courts. However, if Petitioner does not meet the burden of persuasion on this issue, this could be dispositive of the Petition.

I thus disagree with the USPTO's proposed statement regarding availability of discovery:

Cross-examination Through Depositions: In the current proposal, all cross-examinations, i.e., depositions, of witnesses in relation to direct testimony (provided in declarations) pertaining to a motion to amend would occur after the Board issues the preliminary decision on a motion to amend.

While the AIA post grant proceedings are intended to be efficient, the PTAB is entrusted to make legally correct decisions, and these decisions may not properly be made without being fully informed on the critical issues. Especially in light of the adoption of the *Philips* claim construction standard, discovery regarding the interpretation of claims and references, and secondary indicia of non-obviousness must precede legal conclusions dependent on availability of this evidence.

The Request for Comments notes that "all parties still have a duty of candor under 37 C.F.R. 42.11". The PTAB Trial Guide should be amended to reflect that, in accordance with that obligation, a party may submit information in compliance with e.g., 37 C.F.R. 42.11 and 11.8, without prior consent of the Board or the opposing party, and without any page limit constraints. Further, the PTAB Trial Guide should be amended to make clear that PTAB judges are administrative agency officials entrusted to review the entire record, and not only those portions particularly raised by parties in their briefings. Where the materials presented by a party amount to admissions, and these admissions are accepted as true by the Board, the party making the admission should be permitted to rely on that admission. For example, information presented by a party may be directly material to claim interpretation. Independent of *Philips* claim interpretation issues, if a party makes an admission regarding claim scope, and that admission is accepted for any purpose in the proceeding, that same admission should be respected as binding on the Board in interpreting the claims. The Board, of course, would be free before Final Written Decision to withdraw its reliance on an admission found to be inconsistent with its proposed findings, but any such change in position should provide notice to the parties and an automatic, complete, and unfettered opportunity to brief the issue, and conduct additional discovery as may be appropriate.

“The Office seeks written public comments as to whether, and under what circumstances, a preliminary non-binding decision by the Board evaluating a motion to amend would be helpful in AIA trials.” It is believed that any preliminary Motion to Amend be fully considered and subject to a reasoned non-binding opinion, as this will facilitate all further action in the proceeding, and help familiarize the Board with the substance of the issues presented.

Under “Alternative 1”, “A revised motion to amend may not include amendments, arguments, and/or evidence that are unrelated to issues raised in the preliminary decision or the petitioner’s opposition to the motion to amend.” This constraint seems counterproductive to the statutory goal of a Motion to Amend, i.e., to facilitate rehabilitation of the patent with narrower claims. Assuming the predicates of Alternative 1, Patent Owner should be encouraged to seek alternate resolution to the likely denial of the Motion to Amend, rather than being forbidden to do so.

With respect to the use of an Examiner from CRU to participate in the trial, it is respectfully submitted that given the *Philips* claim construction standard, the normal examination process is not appropriate, and use of examiner discretion to accept or ignore evidence submitted by Patent Owner, or creeping broadest reasonable interpretation absent application of proper claim interpretation, seems inconsistent. As noted, the CRU Examiner would not interface with the Patent Owner, and therefore would not participate in meaningful discovery. In some cases, the Examiner holds himself out as an expert, and as such, is subject to deposition. In other cases, the status of a proffered document as a 102 reference publication may be in dispute. Therefore, if a CRU Examiner stands in the shoes of Petitioner, his obligations of participation should correspond to that of the Petitioner, or adverse presumptions applied.

The proposal states:

An examiner advisory report would not include a final determination on any ultimate legal conclusion. When preparing an advisory report, the examiner would consider relevant papers of record, as well as evidence cited therein, with certain exceptions. The examiner would take into account affidavits or declarations by witnesses cited by parties, but generally would not consider cross-examination testimony of such witnesses, engage in witness credibility determinations, or address admissibility of evidence. The examiner would conduct prior art searches as appropriate, and take into account search results that are relevant to the substitute claims when preparing an advisory report. The examiner will not, however, search on or address the original claims.

If neither the Examiner nor the Board takes cross examination of a witness, then, given the burden of persuasion, an un rebuttable presumption of credibility must be employed with respect to factual assertions presented by a witness. In particular, absent the evidentiary process to adduce cross examination testimony, there is simply no basis for making any adverse credibility determination, and the Board should be precluded from seeking to employ its discretion in such a manner. Credibility of a witness cannot properly be assessed absent an investigation, and unless the USPTO commits to permitting that investigation, the determination is well outside its purview.

However, this legal fiction (that the Board is somehow prohibited from finding lack of credibility of a declarant) seems untenable. The only available options appears to be making an attorney from the

Solicitor's Office available to fully participate in the proceedings. This, of course, will substantially increase costs to the USPTO, but on the balance, this does not seem unfair, given that the proceedings are predicated on an admission of likely USPTO mistake in granting the patent, and a grant of the Petition results in loss of a potentially valuable patent; these costs on the Petitioner (factored into the Petition fee) or government seem appropriate.

The RFC refers to MPEP 1701 "Office Personnel Not To Express Opinion on Validity, Patentability, or Enforceability of Patent". However, the entire AIA post grant review process appears to be an affront to this section, and the result of the process is very much an opinion on the "Validity, Patentability, or Enforceability of Patent". Therefore, since the AIA is statutory, MPEP 1701 should be deemed inapplicable to post grant reviews. Further, the presumption that a patent examiner is a "quasi-judicial employee", and "Patent examiners and other USPTO employees performing or assisting in the performance of quasi-judicial functions, are forbidden to testify as experts or to express opinions as to the validity of any patent", seems inconsistent with Article I, Section 2, Clause 2 of the U.S. Constitution, the Appointments Clause, which is typically interpreted to hold that quasi-judicial employees of the government are at least "inferior officers" (See, *Freytag v. U.S.*, *Lucia v. SEC*), and must be appointed accordingly. Since Primary Examiners are not appointed according to this constitutional mandate, they should not enjoy the privileges and immunities of an inferior officer. It is further noted that MPEP 1701 states, "Employees are prohibited from giving expert or opinion testimony. *Fischer & Porter Co. v. Corning Glass Works*, 61 F.R.D. 321, 181 USPQ 329 (E.D. Pa. 1974)." Further, it is believed that some of the cases cited in support of MPEP 1701 have been misinterpreted, and should be reviewed carefully. Therefore, as mentioned above, it appears that this issue is unresolved, and needs careful consideration.

In keeping with its gatekeeper function, and administrative role, I agree with the conclusion that "the Board is permitted, but not required, to find claims unpatentable for reasons other than those advanced by the petitioner as long as the patent owner has notice and an opportunity to be heard." This opportunity should be provided with a full range of discovery and briefing responses, and no adverse presumption against Patent Owner, including credibility, should be employed. Rather, any adverse determination must be supported by competent evidence sufficient to meet the burden of persuasion. Given that the USPTO may raise issues of patentability *sua sponte*, great care must be used to prevent bias.

Respectfully submitted,
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