



## American Intellectual Property Law Association

December 23, 2019

Lead Administrative Judge Christopher L. Crumbley  
Lead Administrative Patent Judge Susan L. C. Mitchell,  
PTAB Notice of Proposed Rulemaking 2019  
Mail Stop Patent Board  
Director of the United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

*Via email: MTABurden2019@uspto.gov*

**Re: Proposed Rules of Practice To Allocate the Burden of Persuasion on Motions To Amend in Trial Proceedings Before the Patent Trial and Appeal Board  
[Docket No. PTO-P-2019-0011]**

Dear Judges Crumbley and Mitchell:

The American Intellectual Property Law Association (“AIPLA”) is pleased to have the opportunity to present its views to the United States Patent and Trademark Office (“Office”) on the proposed Rules of Practice To Allocate the Burden of Persuasion on Motions To Amend in Trial Proceedings Before the Patent Trial and Appeal Board published in 84 Fed. Reg. 204 (October 22, 2019) (“October 2019 Notice”).

AIPLA is a national bar association of approximately 12,000 members engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

AIPLA appreciates the Office’s efforts to improve AIA trial proceedings, which have become pervasive since their initial implementation in September 2012. On several prior occasions, AIPLA has expressed its concerns with the existing motions to amend practice and procedure,<sup>1</sup> and especially appreciates the Office’s attempt to improve this practice and make

---

<sup>1</sup> October 16, 2014 Response to the Request for Comments on “Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board,” available at <http://admin.aipla.org/advocacy/executive/Documents/AIPLA%20Comments%20to%20USPTO%20on%20AIA%20Trial%20Proceedings%20before%20PTAB-10.16.14.pdf>; October 21, 2015 Comments on Proposed PTAB

motions to amend, as contemplated by the statute, a viable option as part of a trial proceeding. AIPLA generally supports the proposed rulemaking that is subject of this comment. Consistent with December 20, 2018 comments, AIPLA is pleased that the Office has followed notice and comment rulemaking to allocate the burden of persuasion regarding the patentability of proposed substitute claims in a motion to amend.<sup>2</sup> We address some issues with the proposed rules in the comments that follow.

### **Burden of Persuasion Placed on Petitioner**

AIPLA supports placing the burden of persuasion on the petitioner to show that any proposed substitute claims are unpatentable. As AIPLA has noted previously, placing the burden of persuasion on the petitioner is consistent with Section 282(a), the longstanding provision that governs burdens of proof in patent infringement actions in federal court and for which there is a wealth of precedent. *Compare* 35 U.S.C. § 316(e) *with* 35 U.S.C. § 282(a). Section 316(e) provides that “the petitioner shall have the burden of proving a proposition of unpatentability,” and section 282(a) similarly provides that “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.”

Although a “clear and convincing evidence” standard of proof is used in federal court actions and a “preponderance of the evidence” standard of proof is used in AIA trial proceedings, these are references to a different degree of proof rather than a different allocation of the burden of proof to one party or the other. This difference provides no basis for otherwise assigning the burden of persuasion differently in an AIA trial proceeding. Under section 282(a), the challenger to the validity of an issued claim always bears the burden of persuasion and bears a corresponding burden of producing evidence demonstrating that the claim is invalid.<sup>3</sup> Likewise, under section 316(e), the petitioner bears the burden of proving unpatentability of the challenged claims.<sup>4</sup> Given that both section 282(a) and section 316(e) place the ultimate burden of persuasion on the party challenging patentability, the burdens of

---

Rules, available at

<http://admin.aipla.org/advocacy/executive/Documents/AIPLA%20Comments%20on%20Proposed%20PTAB%20Rules.pdf>; July 14, 2017, Response to the Request for Comments on “PTAB Procedural Reform Initiative,” available at

<http://admin.aipla.org/advocacy/executive/Documents/AIPLA%20letter%20on%20PTAB%20Procedures%207-14-2017.pdf>; AIPLA Amicus Brief in *In re Aqua Products*, available at [https://www.aipla.org/docs/default-source/uploadedfiles/documents/advocacy/judicial/2016/documents/aqua-filed.pdf?sfvrsn=ef3c94eb\\_1](https://www.aipla.org/docs/default-source/uploadedfiles/documents/advocacy/judicial/2016/documents/aqua-filed.pdf?sfvrsn=ef3c94eb_1); December 20, 2018 Comments on Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board, available at [https://www.aipla.org/docs/default-source/advocacy/documents/aipla\\_ptab\\_trial\\_committee\\_motion\\_to\\_amend\\_comments-2018dec20final.pdf?sfvrsn=b5bb902f\\_0](https://www.aipla.org/docs/default-source/advocacy/documents/aipla_ptab_trial_committee_motion_to_amend_comments-2018dec20final.pdf?sfvrsn=b5bb902f_0).

<sup>2</sup> December 20, 2018 Comments on Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board, available at [https://www.aipla.org/docs/default-source/advocacy/documents/aipla\\_ptab\\_trial\\_committee\\_motion\\_to\\_amend\\_comments-2018dec20final.pdf?sfvrsn=b5bb902f\\_0](https://www.aipla.org/docs/default-source/advocacy/documents/aipla_ptab_trial_committee_motion_to_amend_comments-2018dec20final.pdf?sfvrsn=b5bb902f_0).

<sup>3</sup> *Technology Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1326–29 (Fed. Cir. 2008).

<sup>4</sup> *Dynamic Drinkware LLC v. National Graphics, Inc.*, 800 F.3d 1375, 1378–79 (Fed. Cir. 2015), citing *Technology Licensing Corp.*, 545 F.3d 1327.

persuasion and of producing evidence in AIA trial proceedings should be the same as when adjudicating the validity of claims in federal court. Indeed, the Supreme Court’s decision in *Cuozzo* confirmed that the burden of proof in an IPR is among the “adjudicatory characteristics” of an IPR that “make these agency proceedings similar to court proceedings” even if “in other significant respects, *inter partes* review is less like a judicial proceeding and more like a specialized agency proceeding.”<sup>5</sup> Consistent with the foregoing analysis, the Federal Circuit has concluded that the “shifting burdens...in district court litigation parallel the shifting burdens...in *inter partes* reviews.”<sup>6</sup>

### **Patent Owner’s Burden Under The Proposed Rules**

AIPLA notes, however, that the proposed rules state that a “patent owner bears the burden of persuasion to show, by a preponderance of the evidence, that the motion to amend complies” with certain threshold statutory and regulatory requirements.<sup>7</sup> Placing a burden of persuasion on the patent owner is unduly limiting and the notice does not identify any basis for such a requirement. Given that the proposed rules require the petitioner to satisfy the overall burden of persuasion of showing unpatentability, the burden on the patent owner regarding the threshold statutory and regulatory requirements should merely be a burden of production. The “burden of production,” i.e., the burden of going forward with evidence, is distinct and separate from the “burden of persuasion.”<sup>8</sup>

Here, public policy is served by shifting the burden of production to the petitioner after the patent owner has satisfied the same burden. The statute places the ultimate burden of persuasion regarding unpatentability on the petitioner, and the proposed regulation further places the burden of persuasion on the petitioner for unpatentability of substitute claims. Nothing in the threshold statutory or regulatory requirements for motions to amend suggest the patent owner must satisfy a burden of persuasion before the motion can be heard. To the contrary, the notice of proposed rulemaking notes that “the Board may, in the interests of justice, exercise its discretion to grant or deny a motion to amend for any reason supported by the evidence of record.”<sup>9</sup> This discretionary analysis belies the need for fixed burdens of persuasion regarding whether the motion satisfies threshold requirements in the statute and the regulations.

The existing regulations emphasize the Board’s discretionary analysis. For example, 37 CFR § 42.121(a)(2) states that “[a] motion to amend *may* be denied where: (i) The amendment does not respond to a ground of unpatentability involved in the trial; or (ii) The amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.” (Emphasis added.) Similarly, the Board’s assessment of the “reasonable number of

---

<sup>5</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143 (2016).

<sup>6</sup> *Dynamic Drinkware*, 800 F.3d at 1378–81.

<sup>7</sup> 84 Fed. Reg. 56401, 56406 (e.g., proposed 37 C.F.R. 42.121(d)(1)).

<sup>8</sup> *Dynamic Drinkware LLC*, 800 F.3d at 1378–79 (Fed. Cir. 2015); *Director, Office of Workers’ Compensation Programs, Dept. of Labor v. Greenwich Collieries*, 512 U.S. 267, 272–76 (1994) (interpreting “burden of proof” in the APA to correspond to “burden of persuasion”).

<sup>9</sup> 84 Fed. Reg. 56401, 56406 (e.g., proposed 37 C.F.R. 42.121(d)(3)).

substitute claims” under 35 U.S.C. § 316(d)(1) and the corresponding 37 CFR § 42.121(a)(3) is discretionary given that reasonableness lies in the eye of the beholder.

The statutory and regulatory requirements do not require the Board to assess whether either party has satisfied a burden of persuasion. As noted above, 37 C.F.R. §42.121(a)(2) lists only two circumstances in which a motion to amend may be denied:

(1) where “[t]he amendment does not respond to a ground of unpatentability involved in the trial,” and

(2) where “[t]he amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.”

The regulation suggests a burden of production—the motion must set forth certain information. The burden of production then naturally shifts to the petitioner to identify contrary information. In contrast, placing a burden of persuasion on the patent owner unduly limits the patent owner’s ability to amend the claims. Characterizing the patent owner’s burden as a burden of production makes sense since the purpose of permitting amendments in an AIA trial proceeding is to allow the patent owner to address arguments raised by the petitioner, disallowing claim amendments for other reasons. In general, so long as a proposed amendment is narrowing, responds to the grounds of unpatentability raised in the petition, and is supported by the written description, then the patent owner has met its burden of production with respect to patentability.

A shifting burden of production fits within the existing statutory and regulatory procedural framework. In order for an IPR trial to be instituted, the Board must necessarily conclude that there is a “reasonable likelihood” that one or more of the claims are unpatentable.<sup>10</sup> This means that the petitioner has already satisfied a burden to come forward with evidence of unpatentability of the claims for which IPR was instituted. Rewriting the proposed rule to require the patent owner to satisfy a limited initial burden of production would then shift the burden of production, along with the ultimate burden of persuasion, to the petitioner to show that the proposed substitute claim is unpatentable.

### **Challenges Raised by the Board**

AIPLA also has reservations regarding the meaning of the proposed language allowing that “the Board may, in the interests of justice, exercise its discretion to grant or deny a motion to amend for any reason supported by the evidence of record.”<sup>11</sup> As discussed in AIPLA’s December 20, 2018 comments, the circumstances in which the Board should be able to justify findings of unpatentability should be limited. As discussed above, the ultimate burden of persuasion to prove unpatentability of the proposed amended claim properly remains with the petitioner. If a patent owner meets the limited initial burden of production imposed by 37 C.F.R. § 42.121, then the Board should not *sua sponte* raise new patentability challenges to that claim. This conclusion flows from the statutory and regulatory framework upon which

---

<sup>10</sup> 35 U.S.C. § 314(a).

<sup>11</sup> 84 Fed. Reg. 56401, 56406 (*e.g.*, proposed 37 C.F.R. 42.121(d)(3)).

AIA trials are based, including the requirement in 5 U.S.C. § 706(2)(E) of the Administrative Procedure Act that the Board’s decisions be supported by “substantial evidence” as well as the requirement in 35 U.S.C. § 316(e) imposing the burden of proving unpatentability on the petitioner.

The requirement in the Administrative Procedure Act that the Board’s decisions be based on “substantial evidence” means that “[w]ith respect to core factual findings in a determination of patentability, ...the Board cannot simply reach conclusions based on its own understanding or experience—or on its assessment of what would be basic knowledge or common sense.”<sup>12</sup> “Rather, the Board must point to some concrete evidence in the record in support of these findings.”<sup>13</sup> And the essence of a burden of persuasion for a particular proposition is that in the absence of sufficient evidence demonstrating that proposition, the proposition must be found not to be true.

Because the burden of proving unpatentability lies with the petitioner, this means that, in the absence of sufficient evidence from the petitioner that an amended claim is unpatentable, the Board should find the claim to be patentable on the record before it, provided that the patent owner meets its initial burden of production.<sup>14</sup> If the Board were to supply its own evidence that a claim is unpatentable, then it would effectively relieve the petitioner from its burden of proving unpatentability.

The Federal Circuit recognized the role of the Board in *In re Magnum Oil Tools International Ltd.*, albeit in the context of addressing a non-amended claim.<sup>15</sup> In that case, the petitioner provided only a conclusory analysis for combining features of the prior art references on which the IPR trial was instituted. In its final written decision, the Board supplied an obviousness argument that had not been made by the petitioner. The Federal Circuit observed:

[*Inter partes* review] is ... a system that is predicated on a petition followed by a trial in which the petitioner bears the burden of proof. Given that framework, we find no support for the PTO’s position that the Board is free to adopt arguments on behalf of petitioners that could have been, but were not, raised by the petitioner during an IPR. Instead, the Board must base its decision on arguments that were advanced by a party, and to which the opposing party was given a chance to respond.... Thus, while the PTO has broad authority to establish procedures for revisiting earlier-granted patents in IPRs, that authority is not so broad that it allows the PTO to raise, address, and decide unpatentability theories never presented by the petitioner and not supported by record evidence.<sup>16</sup>

---

<sup>12</sup> *In re Zurko*, 258 F.3d 1379, 1386 (Fed. Cir. 2001).

<sup>13</sup> *Id.*

<sup>14</sup> *E.g.*, *Technology Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1327 (Fed. Cir. 2008) (“Failure to prove the matter as required by the applicable standard means that the party with the burden of persuasion loses on that point.”).

<sup>15</sup> *In re Magnum Oil Tools International Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016)

<sup>16</sup> *Id.* at 1381.

Because the burden of proof applies equally to proposed amended claims as it does to originally challenged claims, the reasoning in *Magnum Oil Tools* applies equally to proposed amended claims. Although 35 U.S.C. § 318(a) requires the Board to issue a decision “with respect to the patentability ... of any new claim added under section 316(d),” that statute does not authorize the Board to base its decision on its own theories of unpatentability.

The Board’s role in AIA trial proceedings should be to decide the dispute before it based on the arguments and evidence of record, not to raise new patentability challenges. Although the Supreme Court clarified in *Cuozzo* that the “basic purpose[]” of an IPR is “to reexamine an earlier agency decision” and is therefore “not quite the same as the purpose of district court litigation,” the Court confirmed that the burden of proof is one aspect of an IPR that is “adjudicatory,” and that it is one aspect that does “make these agency proceedings similar to court proceedings.”<sup>17</sup> And “[i]t is beyond cavil that a district court does not have authority to invalidate a patent at its own initiative if validity is not challenged by a party.”<sup>18</sup> Just as district courts must make a determination of validity based on the evidence of record, the Board should assess patentability of both issued and proposed amended claims based on the evidence of record.

We also note that the Board’s role in AIA trial proceedings is different from the Board’s role in other contexts in which it may permissibly raise patentability challenges *sua sponte*. Those contexts involve a different burden of proof and additional procedural safeguards that are not in place in AIA trial proceedings. For example, in an *ex parte* appeal from an examiner’s decision that a claim is unpatentable, the Board may *sua sponte* raise “new grounds of rejection.” However, in that context there is no statute that imposes a burden of proof on the examiner (as opposed to the Office generally), and there are regulations in place that allow the patent applicant to respond to the new ground of rejection or to reopen prosecution (where additional rebuttal evidence may be marshalled or additional amendments may freely be made).<sup>19</sup>

In contrast, in an AIA trial proceeding, the burden of proof is imposed on the petitioner by statute, and the corresponding regulations do not provide procedural safeguards and ensure fairness for the patent owner if the Board raises a new theory of unpatentability in response to a motion to amend. Indeed, the current state of the regulation does not define an opportunity for response to new Board’s theories of unpatentability raised by the board, which is required by the Administrative Procedure Act.<sup>20</sup> In *EmeraChem Holdings, LLC v. Volkswagen Group of America, Inc.*, the Federal Circuit held that an APA violation occurred when the Board relied on a prior art reference that was included in the initial petition for an IPR, but only in general statements concerning obviousness.<sup>21</sup> By raising new grounds against substitute claims, the Board would impose an entire new round of briefing and delay the proceedings.

---

<sup>17</sup> 136 S. Ct. at 2143–44.

<sup>18</sup> *Lannom Mfg. Co. v. U.S. Int’l Trade Comm’n*, 799 F.2d 1572, 1579 (Fed. Cir. 1986).

<sup>19</sup> 37 C.F.R. § 41.50(b).

<sup>20</sup> *EmeraChem Holdings, LLC v. Volkswagen Group of Am., Inc.*, 859 F.3d 1341, 1348 (Fed. Cir. 2017).

<sup>21</sup> *Id.* (citing 5 U.S.C. §§ 554(b)–(c), 556(d)).

Limiting patentability challenges to those raised by the petitioner is also sound public policy. The claims involved in an AIA trial proceeding are claims from issued patents. All of the claims were previously examined by the Office and carry with them a statutory presumption of validity.<sup>22</sup> Moreover, any amended claim must necessarily be narrower than the claim that originally issued and may give rise to “intervening rights” under the statute.<sup>23</sup> In addition, the patent owner must demonstrate that the proposed amendment “respond[s] to a ground of unpatentability involved in the trial.”<sup>24</sup> And in presenting proposed amended claims and complying with these provisions, the patent owner has “a duty of candor and good faith” to the Board to guard against overreaching.<sup>25</sup>

Although the statute does permit the Board to proceed to a final written decision even when a petitioner has withdrawn, e.g., 35 U.S.C. § 317(a), such a decision would still need to be based on the evidence and arguments presented by a petitioner.<sup>26</sup> The statute does not provide a basis for the Board to *sua sponte* oppose an amendment if the petitioner does not. To the contrary, the AIA encourages the use of amendments as a means to resolve disputes, not as a reason for the Board to create new ones.<sup>27</sup> For the same reason that the Board does not use its resources to reach out and address the patentability of issued claims unless a petitioner files a post grant petition, the Board should not use its resources to reach out and address the patentability of amended claims when the petitioner has not bothered to challenge them during the IPR itself.

Moreover, additional avenues exist to challenge an amended claim resulting from an AIA trial proceeding. The amended claim is not insulated from challenge by another member of the public, either in court or at the Office by way of an *ex parte* reexamination or in a further AIA trial proceeding.<sup>28</sup> There is nothing that would prevent a court or the Board from taking up a challenge to the patentability of an amended claim in a subsequent trial proceeding, even based on art previously considered by the Board.

Furthermore, the statutes governing *ex parte* reexamination (in contrast to the statutes governing *inter partes* review) expressly state that “[o]n his own initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 or 302.”<sup>29</sup> Thus, the Board is free to bring any ground for unpatentability of an amended claim to the Director, who may then institute an *ex parte* reexamination of that claim. Significantly, *ex parte* reexamination has procedural safeguards allowing a patent owner to respond to an

---

<sup>22</sup> 35 U.S.C. § 282.

<sup>23</sup> 35 U.S.C. §§ 316(d)(3), 318(c).

<sup>24</sup> 37 C.F.R. § 42.121(a)(2)(i).

<sup>25</sup> 37 C.F.R. § 42.11.

<sup>26</sup> See *Magnum Oil Tools*, 829 F.3d at 1381.

<sup>27</sup> See 35 U.S.C. § 316(d)(2) (“Additional motions to amend may be permitted...to materially advance the settlement of a proceeding....”).

<sup>28</sup> See 35 U.S.C. § 315(e)(1), (e)(2) (estoppel only applies to “[t]he petitioner”).

<sup>29</sup> 35 U.S.C. § 303(a).

examiner's rejections and to freely propose multiple amendments to its claims, safeguards which are not present in connection with a motion to amend in an IPR.

AIPLA appreciates the opportunity to provide feedback to the Office on the Request. AIPLA looks forward to further dialogue with the Office with regard to the issues raised above.

Sincerely,

A handwritten signature in blue ink that reads "Barbara A. Fiocco". The signature is written in a cursive, flowing style.

Barbara A. Fiocco  
President  
American Intellectual Property Law Association