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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HUNTING TITAN, INC.,
Petitioner,

v.

DYNAENERGETICS GMBH & CO. KG,
Patent Owner.

Case No. IPR2018-00600
U.S. Patent No. 9,581,422

**BRIEF OF AMICUS CURIAE AMERICAN INTELLECTUAL PROPERTY
LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY**

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TABLE OF CONTENTS

I.	INTEREST OF AMICUS CURIAE.....	1
II.	INTRODUCTION	2
III.	THE BOARD SHOULD MAKE ITS ASSESSMENT OF UNPATENTABILITY BASED ON ITS REVIEW OF THE ARGUMENTS AND EVIDENCE OF RECORD.	3
A.	The Inter Partes Reexamination Framework Allowed For New Grounds Of Rejection And Provided Procedural Safeguards For Patent Owners If That Occurred.....	4
B.	IPR Reframed The Board’s Role In Inter Partes Proceedings from Examination To Adjudicative, Removing Due Process Protections Against New Propositions Of Unpatentability That, Presumably, Were No Longer Contemplated.	5
C.	Constraining The Board’s Role In IPR To One Of Review Is Sound Public Policy.....	11
IV.	THE BOARD MUST PROVIDE PARTIES WITH NOTICE AND AN OPPORTUNITY TO RESPOND TO A GROUND OF UNPATENTABILITY BEFORE THE BOARD MAKES A FINAL DETERMINATION.	13
V.	CONCLUSION.....	15

TABLE OF AUTHORITIES**Cases**

<i>Abbott Labs v. Cordis Corp.</i> , 710 F.3d 1318 (Fed. Cir. 2013)	5
<i>Aqua Prods., Inc. v. Matal</i> , 872 F.3d 1290 (Fed. Cir. 2017)	7
<i>Cuozzo Speed Techs., LLC v. Lee</i> , 136 S. Ct. 2131 (2016).....	12
<i>Dell Inc. v. Acceleron LLC</i> , 818 F.3d 1293 (Fed. Cir. 2016)	14
<i>EmeraChem Holdings LLC v. Volkswagen Group of Am., Inc.</i> , 859 F.3d 1341 (Fed. Cir. 2017)	15
<i>Garmin Intl., Inc. v. Cuozzo Speed Techs., LLC</i> , IPR2012-00001, Paper 59 (PTAB Nov. 13, 2013).....	8
<i>Idle Free Sys. Inc. v. Bergstrom Inc.</i> , IPR2012-00027, Paper 26 (PTAB June 11, 2013)	6
<i>In re IPR Licensing, Inc.</i> , No. 2018-1805, 2019 U.S. App. LEXIS 34864 (Fed. Cir. Nov. 22, 2019)...	14
<i>In re Magnum Oil Tools Int’l Ltd.</i> , 829 F.3d 1364 (Fed. Cir. 2016)	7
<i>In re Stepan</i> , 660 F. 3d 1341 (Fed. Cir. 2011)	5
<i>Novartis AG v. Torrent Pharms. Ltd.</i> , 853 F.3d 1316 (Fed. Cir. 2017)	14
<i>Rambus Inc. v. Rea</i> , 731 F.3d 1248 (Fed. Cir. 2013)	5, 6

<i>SAS Institute, Inc. v. Iancu</i> , 138 S. Ct. 1348 (2018).....	6
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Statutes

5 U.S.C. § 554(b)(3).....	14
5 U.S.C. § 554(c)(1).....	14
5 U.S.C. § 556(d)	14
35 U.S.C. § 132(a)	9
35 U.S.C. § 282.....	11
35 U.S.C. § 303(a)	12
35 U.S.C. § 305.....	12
35 U.S.C. § 312(a) (2011).....	4, 6
35 U.S.C. § 312(a)(3).....	6
35 U.S.C. § 314(a) (2011).....	4
35 U.S.C. § 314(a)	6
35 U.S.C. § 315(e)(1).....	11
35 U.S.C. § 315(e)(2).....	11
35 U.S.C. § 316(d)(2).....	4
35 U.S.C. § 316(d)(3).....	11
35 U.S.C. § 316(e)	7
35 U.S.C. § 317(a)	7
35 U.S.C. § 318(c)	11
35 U.S.C. § 325(d)	12

Rules

37 C.F.R. § 1.520	12
37 C.F.R. § 41.50(b)	12
37 C.F.R. § 41.77(b)	5
37 C.F.R. § 41.77(b)(1).....	5
37 C.F.R. § 42.11	11
37 C.F.R. § 42.121	10
37 C.F.R. § 42.121(a)(2)(i)	11
37 C.F.R. § 42.71(d)	8

Other Authorities

157 Cong. Rec. S1034 (daily ed. Mar. 8, 2011)	7
157 Cong. Rec. S1360 (daily ed. Mar 8, 2011)	6
84 Fed. Reg. 9497 (Mar. 15, 2019).....	8
H.R. Rep. No. 112-98, pt. 1 (2011).....	5
S. Rep. No. 110-259 (2008)	6

AIPLA appreciates the opportunity to present its views in response to the Order dated November 7, 2019, for Precedential Opinion Panel Review in this proceeding.

I. INTEREST OF AMICUS CURIAE¹

The American Intellectual Property Law Association (“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.

¹ This brief was not authored, in whole or in part, or paid for by counsel to a party.

AIPLA believes that (1) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to the proceeding in this matter; and (2) no representative of any party to this proceeding participated in the authorship of this brief.

II. INTRODUCTION

This Brief addresses the questions:

1. Under what circumstances and at what time during inter partes review (IPR) may the Board raise a ground of unpatentability that a petitioner did not advance or insufficiently developed against substitute claims proposed in a motion to amend?
2. If the Board raises such a ground of unpatentability, whether the Board must provide the parties notice and an opportunity to respond to the ground of unpatentability before the Board makes a final determination?

As explained below, the structure of IPR proceedings greatly limits how and when the Board may permissibly raise a ground of unpatentability against substitute claims that a petitioner did not advance or insufficiently developed without violating patent owner due process rights. Accordingly, the Board should make any determination of unpatentability based on the arguments and evidence of record. The answer to the second question assumes, for argument's sake, that the Board may, at least in some circumstances, permissibly raise such a ground. On that assumption, in order to comply with the Administrative Procedures Act (APA), the Board must provide the parties with notice and an opportunity to respond to the ground of unpatentability before the Board makes a final determination denying the motion to amend.

III. THE BOARD SHOULD MAKE ITS ASSESSMENT OF UNPATENTABILITY BASED ON ITS REVIEW OF THE ARGUMENTS AND EVIDENCE OF RECORD.

To better understand why the Board generally should not raise its own grounds of unpatentability in response to a motion to amend, it helps to appreciate differences between the legacy inter partes reexamination process and IPR. As noted below, the Board was permitted to raise new grounds for rejecting claims in inter partes reexaminations, and these reexaminations, while slow, included procedures ensuring patent owners' due process rights were protected, should that occur. *See* Section III.A, *infra*.

IPR replaced inter partes reexamination and changed the Board's role from examinational to adjudicative. *See* Section III.B, *infra*. The petitioner, by statute, now dictates the scope. And the IPR statute accordingly reallocates the burden of proving a proposition of unpatentability from the Office to the petitioner. This adjudicative framework generally does not account for the possibility of new propositions of unpatentability raised on reply or by the Board. Thus, the procedural safeguards expressly written into the inter partes reexamination framework no longer exist. Because of the differences between examination and adjudication, and the lack of procedural safeguards in IPR, the Board should base any finding of unpatentability on the arguments and evidence of record.

This conclusion aligns with public policy. *See* Section III.C, *infra*. Given the availability of alternative proceedings for third parties and the USPTO to address the patentability of any amended claim resulting from an IPR, there is little compelling reason for the Board to reach out and create a controversy if the petitioner has failed to create one. After all, the America Invents Act (AIA) encourages the use of amendments to resolve disputes, not as a reason for the Board to create new ones. 35 U.S.C. § 316(d)(2) (“Additional motions to amend may be permitted ... to materially advance the settlement of a proceeding”).

A. The Inter Partes Reexamination Framework Allowed For New Grounds Of Rejection And Provided Procedural Safeguards For Patent Owners If That Occurred.

Inter partes reexaminations involved up to two rounds of administrative review—one by an examiner and potentially a second by the Board. These reexaminations were not cabined to the rejections proposed in the request initiating the proceeding. On the contrary, by statute, the Office determined whether a request for reexamination satisfied the institution standard “*with or without* consideration of other patents or printed publications.” 35 U.S.C. § 312(a) (2011) (emphasis added). Similarly, after a request was granted, the examiner was free to raise new grounds of rejection, following the ordinary procedures for examination. *See* 35 U.S.C. § 314(a) (2011). In response to a new ground of rejection, the patent

owner could introduce new arguments, present rebuttal evidence, narrow the claims by amendment, or exercise some combination thereof.

USPTO rules contemplated that, on appeal from an examiner's final decision, the Board could permissibly raise "new grounds of rejection." 37 C.F.R. § 41.77(b). As a procedural safeguard, however, the rules dictated that "[a]ny decision which includes a new ground of rejection shall not be considered final for judicial review." *Id.* In response to a new ground, the patent owner could reopen prosecution, either immediately or after an unsuccessful request for rehearing. *Id.* When reopening prosecution, the patent owner could marshal additional rebuttal evidence, make additional narrowing amendments, or both. *Id.* § 41.77(b)(1).

This procedure, while slow, ensured that patent owners' due process rights were protected if an examiner or the Board raised new arguments during a proceeding. *See Rambus Inc. v. Rea*, 731 F.3d 1248, 1256 (Fed. Cir. 2013); *In re Stepan*, 660 F. 3d 1341, 1344–45 (Fed. Cir. 2011).

B. IPR Reframed The Board's Role In Inter Partes Proceedings from Examinational To Adjudicative, Removing Due Process Protections Against New Propositions Of Unpatentability That, Presumably, Were No Longer Contemplated.

Responding to concerns over the long pendency of reexaminations, the AIA converted "inter partes reexamination from an examination to an adjudicative proceeding" *Abbott Labs v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013) (quoting H.R. Rep. No. 112-98, pt. 1, at 46-47 (2011)); *see* S. Rep. No. 110-

259, at 19 (2008). This change from an examinational to an adjudicative model prompted the change of name from “inter partes reexamination” to “inter partes *review*.” 157 Cong. Rec. S1360, S1366 (daily ed. Mar 8, 2011) (floor comments of Sen. Kyl) (emphasis added). The Board itself has distinguished IPR proceedings from reexaminations based on the dichotomy between examination and adjudication. *Idle Free Sys. Inc. v. Bergstrom Inc.*, IPR2012-00027, Paper 26 at 6–7 (PTAB June 11, 2013) (noting that an IPR is “neither a patent examination nor a reexamination” but is “more adjudicatory than examinational, in nature”).

Unlike in inter partes reexaminations, in adjudicative IPR proceedings, the petitioner alone now defines the scope. See *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1355–56 (2018). As noted above, inter partes reexamination allowed the Office to consider whether to grant a request “with or without consideration of other patents or printed publications.” 35 U.S.C. § 312(a) (2011). In contrast, the institution of IPR must be based on the information the petitioner provided in the petition. 35 U.S.C. § 312(a)(3), 314(a).

And throughout an IPR proceeding, the burden of proving a proposition of unpatentability remains on the petitioner. In reexamination, the *Office* carried the burden to show unpatentability by a preponderance of the evidence. *Rambus*, 731 F.3d at 1255. In IPR, by statute, the “*petitioner* shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.” 35 U.S.C.

§ 316(e) (emphasis added); *see also* 157 Cong. Rec. S1034, S1041 (daily ed. Mar. 8, 2011) (floor comments of Sen. Kyl) (“[T]he burden of proof is on the challenger and the office simply decides whether the challenger has met his burden.”).

The IPR framework provides no exception shifting this statutory burden from the petitioner, even when the patent owner moves to amend the claims. *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1306 (Fed. Cir. 2017). Indeed, even when a petitioner stops participating in an IPR, the burden of persuasion does not shift. For example, the Board may, in limited circumstances, proceed to a final written decision, notwithstanding a joint request by the parties to terminate a review with respect to the petitioner. 35 U.S.C. § 317(a). In this situation, however, such a decision would still need to be based on the evidence and arguments presented by the petitioner. *See id.* (indicating that the Board can proceed only under the condition that it already decided the merits before the request to terminate); *see also In re Magnum Oil Tools Int’l Ltd.*, 829 F.3d 1364, 1376–77 (Fed. Cir. 2016).

The petitioner-driven IPR framework leaves little opportunity for the Board to provide adequate notice of its own additional grounds of unpatentability, apart from those identified by the petitioner. Since the earliest days of IPR trials, the Board typically rules on a motion to amend in the very same final written decision ending the proceeding. *E.g., Garmin Intl., Inc. v. Cuozzo Speed Techs., LLC*, IPR2012-00001, Paper 59 at 47-49 (PTAB Nov. 13, 2013). When the patent

owner first learns of a new ground in the final written decision, there is no opportunity to respond. For example, a patent owner may request rehearing to address matters the patent owner believes to have been misapprehended or overlooked, but only as to matters “previously addressed in a motion, an opposition, or a reply,” a list that does not include the Board’s own papers. 37 C.F.R. § 42.71(d). Furthermore, no rules allow the patent owner to file rebuttal evidence or to make additional amendments in response to new grounds in a final written decision denying a motion to amend.

The optional New Pilot Program Concerning Motion to Amend Practice and Procedures in Trial Proceedings also does not necessarily provide a framework that allows for adequate notice of new grounds of unpatentability raised by the Board either. The New Pilot Program includes a provision that permits a patent owner to receive preliminary guidance from the Board on its motion to amend, before the final written decision, if the patent owner elects. 84 Fed. Reg. 9497, 9497 (Mar. 15, 2019). The preliminary guidance “will provide an initial discussion about whether petitioner (or the record then before the Office, including any opposition ... and accompanying evidence) establishes a reasonable likelihood that the

substitute claims are unpatentable.”² *Id.* Even assuming the Board could discuss its own grounds of unpatentability at this stage, the preliminary guidance is not required, or contemplated, to satisfy the notice requirements of 35 U.S.C. § 132(a). Rather, the New Pilot Program rules provide that the preliminary guidance typically will be “relatively brief” and in the form of a short paper or, at the Board’s discretion, oral guidance provided in a conference call, focusing on the limitations added in the motion to amend. *Id.* at 9497, 9504.³ Thus, even under the Pilot Program, the IPR framework does not provide for adequate notice of new grounds.

² By employing the disjunctive term “or,” this language may contemplate allowing the preliminary guidance to discuss new grounds of unpatentability based on the “record then before the Office,” even if the petitioner did not “establish[] a reasonable likelihood that the substitute claims are unpatentable.”

³ The New Pilot Program rules do not indicate whether a patent owner can object to the conference call or, if the Board elects to provide preliminary guidance in a conference call, whether the USPTO must provide the patent owner with a written transcript or recording of the conference call. Absence of a framework for written notice of new grounds in a conference call is inconsistent with the statutory requirement for written identification of grounds in 35 U.S.C. § 312(a)(3).

To summarize, while the inter partes reexamination framework expressly permitted the Office to raise new grounds of rejection, and Office rules approbated new grounds of rejection on appeal from these proceedings, IPR lacks an analogous framework for allowing the Board to introduce new grounds that a petitioner did not advance or insufficiently developed on substitute claims presented in a motion to amend. And unlike the laws and rules for reexamination, the IPR framework also lacks adequate notice provisions and express safeguards for protecting patent owner due process rights if that occurs.

In some circumstances, the Board may deny a motion to amend without violating patent owner due process rights when there are manifest deficiencies in substitute claims, for example, involving the patent owner's burden of production under 37 C.F.R. § 42.121, which requires a patent owner to make a showing of written description support for each substitute claim. But given the lack of express procedural safeguards relating to issues involving new grounds, on which the petitioner carries the burden of persuasion, the Board should make any determination of unpatentability of a substitute claim based on the arguments and evidence of record. Unchecked, the Board's modification or supplantation of a petitioner's theories when denying a motion to amend may unfairly prejudice patent owners, adversely impacting their due process rights.

C. Constraining The Board's Role In IPR To One Of Review Is Sound Public Policy.

There is little policy reason for the Board to pursue its own arguments for unpatentability in response to a motion to amend. At the threshold, claims involved in an IPR are claims from issued patents. These claims were previously examined by the USPTO and carry with them a statutory presumption of validity. 35 U.S.C. § 282. Any substitute claim necessarily must be *even narrower* than the claim that originally issued and may well give rise to “intervening rights” under the statute, limiting the patent owner’s ability to collect past damages on the original claim. 35 U.S.C. §§ 316(d)(3), 318(c). The patent owner’s amendments must further address the petitioner’s concerns about patentability, because the patent owner has an initial burden of demonstrating that the proposed amendment “respond[s] to a ground of unpatentability involved in the trial.” 37 C.F.R. § 42.121(a)(2)(i). And in presenting proposed substitute claims and complying with these provisions, the patent owner has “a duty of candor and good faith” to the Board to guard against overreaching. 37 C.F.R. § 42.11. Therefore, a substitute claim should be less of a concern to the public than the original claim was when it issued. If the petitioner, who is in the best position to evaluate the impact of the amendment, is not motivated to oppose it, there is little reason to think that the amendment will create a risk for the public at large.

Importantly, when a substitute claim issues after an IPR, there are still additional avenues for the public to challenge that claim. The substitute claim is not insulated from challenge by another member of the public, either in court or at the USPTO. *See* 35 U.S.C. § 315(e)(1), (e)(2) (estoppel only applies to “[t]he petitioner”). Although the Board “may take into account” the grounds previously considered during the amendment process in deciding whether to institute a new trial, 35 U.S.C. § 325(d), that is a matter of discretion.

And additional avenues for challenge are available to the USPTO itself. If an exceptional circumstance arises in which a substitute claim is so fundamentally problematic in light of prior art that the Board believes it should not stand, *ex parte* reexamination provides yet another mechanism for resolving these problems outside the adjudicative IPR framework. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016). Notably, by statute, “[o]n his own initiative, and at any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications” 35 U.S.C. § 303(a); *see also* 37 C.F.R. § 1.520. *Ex parte* reexamination has established procedural safeguards, analogous to those of *inter partes* reexamination, allowing a patent owner to respond to rejections by an examiner or the Board and to propose multiple amendments—safeguards which are not present in connection with a motion to amend in IPR. *See* 35 U.S.C. § 305; 37 C.F.R. § 41.50(b).

If the Board has concerns about such fundamentally problematic claims, formally transitioning the proceeding ex parte under the Director's authority makes good sense. If the petitioner stopped participating, then the proceeding is already effectively ex parte. The Office, the patent owner, and the public at large would be better served by a proceeding, e.g., ex parte reexamination, that correctly allocates the burden of showing unpatentability to the USPTO, which actively participates in the proceeding, and that also has defined patent owner due process protections.

In sum, given that a substitute claim is generally less of a concern to the public than the original claim was when it issued, and in light of the availability of alternative proceedings for third parties and the USPTO to address the patentability of any amended claim resulting from an IPR proceeding, there is no compelling reason for the Board to reach out and create a controversy if the petitioner has failed to create one.

IV. THE BOARD MUST PROVIDE PARTIES WITH NOTICE AND AN OPPORTUNITY TO RESPOND TO A GROUND OF UNPATENTABILITY BEFORE THE BOARD MAKES A FINAL DETERMINATION.

AIPLA's answer to question 2 assumes that the Board may, at least in some circumstances, permissibly raise a ground of unpatentability that a petitioner did not advance or insufficiently developed against substitute claims proposed in a motion to amend. In such circumstances, to comply with the APA, the Board must

provide the parties with notice and an opportunity to respond to the ground of unpatentability before the Board makes a final determination.

The APA imparts constitutional safeguards ensuring that parties in administrative proceedings, including AIA trials, receive notice of the issues to be decided and an opportunity to submit facts and arguments relevant to agency adjudications. *E.g.*, 5 U.S.C. §§ 554(b)(3), 554(c)(1), 556(d); *Dell Inc. v. Acceleron LLC*, 818 F.3d 1293, 1301 (2016). “The notice and opportunity to be heard provisions of the APA have been applied to mean that an agency may not change theories in midstream without giving respondents reasonable notice of the change and the opportunity to present argument under the new theory.” *Novartis AG v. Torrent Pharms. Ltd.*, 853 F.3d 1316, 1324 (Fed. Cir. 2017) (internal quotation marks omitted). In this regard, “they also impose important limits on the Board’s authority during inter partes reviews. For example, ‘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.’” *In re IPR Licensing, Inc.*, No. 2018-1805, 2019 U.S. App. LEXIS 34864, at *11 (Fed. Cir. Nov. 22, 2019).

The Federal Circuit has acknowledged that due process issues under the APA arise when the Board cites new art or makes new arguments in a final written decision. *EmeraChem Holdings LLC v. Volkswagen Group of Am., Inc.*, 859 F.3d 1341, 1348 (Fed. Cir. 2017). These due process concerns that arise in the context

of finding claims unpatentable in a final written decision apply with equal force in the context of denying a motion to amend based on new art or arguments. In both cases, patent owners are not timely informed of the matters asserted and are denied the opportunity for submission and consideration of facts and arguments.

Accordingly, if the Board permissibly raises a ground of unpatentability that a petitioner did not advance or insufficiently developed against substitute claims proposed in a motion to amend, the Board must comply with the APA by providing the parties with notice and an opportunity to respond to the ground before the Board makes a final determination.

V. CONCLUSION

The structure of IPR proceedings greatly limits when the Board may permissibly raise a ground of unpatentability against substitute claims which a petitioner did not advance or insufficiently developed without violating patent owner due process rights. Accordingly, the Board should make any determination of unpatentability based on the arguments and evidence of record. Assuming the Board permissibly raises a new ground of unpatentability, the Board must provide the parties notice and an opportunity to respond to the ground before the Board makes a final determination.

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