

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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HUNTING TITAN, INC.,  
Petitioner,

v.

DYNAENERGETICS GMBH & CO. KG,  
Patent Owner.

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Case IPR2018-00600  
Patent 9,581,422 B2

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**BRIEF OF *AMICUS CURIAE* HIGH TECH INVENTORS ALLIANCE IN  
SUPPORT OF NEITHER PARTY**

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**I. INTERESTS OF *AMICUS CURIAE***

Under the Director’s Order dated November 7, 2019 in IPR2018-00600, Paper No. 46 (“Order”), High Tech Inventors Alliance (“HTIA”) respectfully submits this *amicus curiae* brief in support of neither party.

The HTIA is a coalition of high technology companies created to advocate on legal and policy issues relating to innovation and patents. HTIA’s members—including Adobe, Cisco, Dell, Google, Intel, Microsoft, Oracle, Samsung, and Salesforce—are among the most innovative technology companies in the world, creating computer hardware, software, semiconductor, and communications products and services that support growth in every sector of the economy. HTIA’s members collectively invest approximately \$116 billion in research and development each year, have more than 1.7 million employees globally, and generate technological advances protected by more than 305,000 patents. Each member regards innovation as core to its businesses, and each has a strong interest in ensuring that patents are used to promote innovation, not to impede it.

HTIA members have litigated patent validity before the PTAB in numerous cases, appearing as both petitioner and patent owner. HTIA members have asserted their own patents in court and been sued by other innovative companies. HTIA members have also been forced to defend numerous suits by nonpracticing entities asserting low-quality patents and seeking sub-defense-cost settlements. As

such HTIA is uniquely well-situated to provide this Amicus brief and discuss the questions presented in the broader context of the patent system.

## **II. ISSUES PRESENTED**

The Order presents two issues:

1. Under what circumstances and at what time during an inter partes review 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.

## **III. INTRODUCTION AND SUMMARY OF ARGUMENT**

The America Invents Act (“AIA” or “Act”) was Congress’s response to the escalating problem posed by “questionable patents [that] are too easily obtained and are too difficult to challenge.” H.R. Rep. No. 112-98, pt. 1, at 39 (2011). Poor-quality patents pose a major problem for American innovators, and HTIA agrees that statutory tools to improve patent quality were (and are) urgently needed. The AIA created several such tools that Congress hoped would “establish a more efficient and streamlined patent system.” *Id.* at 40.

Inter partes review represents an important part of Congress’s effort to combat poor-quality patents. It provides a relatively quick and cost-effective

mechanism through which interested parties can challenge and eliminate claims “that should not have issued.” *Id.* at 39-40. Congress left many of the details surrounding that mechanism to the PTO, which it tasked with promulgating rules “establishing and governing inter partes review.” 35 U.S.C. § 316(a)(4). In doing so, Congress directed the PTO to consider the effect of its rules on “the economy” and “the integrity of the patent system.” *Id.* § 316(b).

The questions posed in the Order concern the Board’s ability to fulfill its mandate in post grant proceedings to improve patent quality and combat the economic harms wrought by poor-quality claims. In the context of a motion to amend, the Board has, and must have, the ability to identify grounds of unpatentability that the petitioner has either insufficiently advanced or overlooked. A substitute claim proposed during inter partes review should not automatically be incorporated into a patent simply because the petitioner might decline to oppose it or fail to identify fundamental defects in the claim.

The Board’s authority in this area fulfills its mandate to protect “the integrity of the patent system.” *Id.* Recognizing that the Board has authority to exercise independent judgment in evaluating the patentability of proposed amended claims makes good sense. It reflects the reality that the Board only institutes inter partes review after finding a “reasonable likelihood” that a challenged claim is unpatentable, *id.* § 314(a); it creates incentives for patent owners to draft their

claims carefully in the first instance; and it prohibits allowing untested amended claims to issue without receiving critical examination: “[The] Board *shall* issue a final written decision [on] . . . *any new claim added*” by amendment. *Id.* § 318(a) (emphases added).

At the same time, the Board’s authority *sua sponte* to identify grounds of unpatentability should impose no undue hardship on patent owners. The Board has robust experience in providing due process for parties in the context of motions to amend. Recently, and notably, the Office has promulgated a pilot program to provide parties an opportunity to obtain from the Board an early evaluation of whether a substitute claim satisfies the statutory requirements for patentability.

The Precedential Order Panel (“POP”) should hold that the Board may *sua sponte* raise patentability challenges to a proposed substitute claim and that parties should have sufficient opportunity to brief the issue to satisfy due process.

#### **IV. ARGUMENT**

Without taking any position on the particular facts in this case, HTIA answers the Board’s questions supporting the Board’s ability to raise new grounds of unpatentability (Sections A and B) and the importance of establishing a process

to ensure that both parties are afforded due process in the inter partes review (“IPR”) process (Section C).<sup>1</sup>

**A. THE STATUTE IS BOTH MANDATORY AND COMPREHENSIVE THAT THE BOARD SHALL RAISE PATENTABILITY CHALLENGES TO A PROPOSED AMENDED CLAIM AND THAT REQUIREMENT SERVES IMPORTANT FUNCTIONS WITHIN THE IPR PROCESS**

The enabling statute provides the Board sufficient authority to raise patentability challenges that the patent owner must overcome to prevail on an amendment. 35 U.S.C. § 316(a)(9) (empowering the Director to prescribe regulations “setting forth standards and procedures for allowing the patent owner to move to amend the patent”). Section 318(a) also mandates that the Board “shall issue a final written decision [on] . . . any new claim added” by amendment. And as the Supreme Court recently noted in *SAS Institute, Inc. v. Iancu*, “[t]his directive [in Section 318(a)] is both mandatory and comprehensive.” 138 S. Ct. 1348, 1354 (2018). The ability of the Board to raise challenges is even more critical should the Office implement the proposed rule that petitioner, not the patent owner, bears

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<sup>1</sup>While the question presented is limited to inter partes review procedures, this amicus submission would apply equally to an amendment proposed in a post grant review.

the burden of persuasion in demonstrating the patentability of a proposed amended claim. *See* Notice of Proposed Rulemaking, 84 Fed. Reg. 56401 (Oct. 22, 2019).

**1. Allowing The Board To Raise Challenges Furthers The Board's Important Role In Implementing The AIA**

The AIA was Congress's response to a "growing sense that questionable patents are too easily obtained and are too difficult to challenge." H.R. Rep. No. 112-98, pt. 1, at 39. Congress therefore created inter partes review "to ensure that the poor-quality patents can be weeded out through administrative review," 157 Cong. Rec. S5409 (daily ed. Sept. 8, 2011) (Sen. Schumer).

By providing an "efficient and streamlined" way for parties to challenge questionable claims, Congress hoped that inter partes review would "improve patent quality" and cheaply weed out patent claims "that should not have issued." H.R. Rep. No. 112-98, pt. 1, at 39-40. In HTIA's experience, inter partes review is currently working as intended to help eliminate invalid patent claims. When a patent owner seeks substituted claims in an IPR, not allowing the Board to identify grounds of unpatentability would substantially weaken that process and frustrate Congress's goal of "improving patent quality." *Id.* at 39. Indeed, by the time inter partes review begins, the challenger has already established a "reasonable likelihood" that the Board will cancel at least one of the challenged claims as unpatentable. 35 U.S.C. § 314(a).

Once the challenger has met that initial burden and the patent owner responds by seeking to amend, the process necessarily must focus on the whether the proposed substitute claims meet the statutory requirements. The Board “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner *and any new claim added under section 316(d).*” 35 U.S.C. § 318(a) (emphasis added). This provision clearly defines the Board’s charter as including an evaluation of the patentability of any new or substitute claim when they issue a final written decision. The duty is not optional, and for good reason, it ensures that any claims issue have been considered by the Board. While the Board’s function is important to a strong patent system during any proceeding with proposed amended claims, it becomes even more vital when a petitioner does not oppose a motion to amend or has otherwise ceased participating in the proceeding.<sup>2</sup> That is true because “substituted claims” adopted during inter partes review “are not subject to further examination” by a patent examiner. *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1307 (Fed. Cir. 2015),

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<sup>2</sup> The charter for issuing a determination of the patentability of amended claims would almost certainly include some examinational-type activity. Otherwise, it’s impossible for the Board consider patentability in any meaningful way. It is beyond the scope of this brief to outline the nature of the examinational activity.

*overruled on other grounds by Aqua Prod., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017). It is therefore vital that the Board be able to step in to “ensure[] that proposed substitute claims are critically analyzed before they are entered” in an “issued patent.” *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1333 (Fed. Cir. 2016), *overruled on other grounds by Aqua Prod., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017). Indeed, once an amended claim issues, it attains a presumption of validity in future district-court proceedings. *See* 35 U.S.C. § 282(a). It would be anomalous for a claim to receive that presumption without being subjected to full scrutiny, and would be contrary to the Supreme Court’s interpretation of section 318(a)’s directive as being both mandatory and comprehensive. *SAS Inst.*, 138 S. Ct. at 1354.

**2. Permitting The Board To Identify Grounds Of Unpatentability For Substitute Claims Reduces The Prospect Of Gamesmanship By Patent Owners**

Confirming that the Board has authority to identify new grounds of unpatentability for substitute claims also encourages patent owners to engage in “precise claim drafting” in the first instance. *In re Morris*, 127 F.3d 1048, 1056 (Fed. Cir. 1997). As the Supreme Court has recognized, those drafting patents “face powerful incentives to inject ambiguity into their claims,” and the patent system needs rules to “[e]liminat[e] that temptation.” *Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. 898, 910 (2014). An unduly permissive amendment

process would feed that temptation: patent owners could draft vague or overbroad claims in the first instance, wait to see if they are challenged, and then (if necessary) fall back on a narrower amended claim that the challenger would retain the burden of invalidating. Under that system, patent owners would reap a windfall by obtaining claims that do pass statutory muster.

Permitting the Board to raise *sua sponte* grounds of unpatentability discourages patent owners from engaging in such tactics and obtaining a windfall by mis-using the amendment process. If patent owners decide to keep a better-drafted claim in reserve for a future amendment, they do so knowing that the Board will be able to weigh in on the grounds of unpatentability on that amended claim even if the petitioner does not. Such a practice thus helps to ensure that the AIA continues to “protect the public’s paramount interest in seeing that patent monopolies are kept within their legitimate scope.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016) (citation and punctuation omitted).

**B. THE PUBLIC INTEREST IS SERVED BY REDUCING THE  
LIKELIHOOD THAT UNTESTED SUBSTITUTE CLAIMS  
ARE ISSUED FROM A MOTION TO AMEND**

The Board’s authority to identify new grounds also serves the public interest by preventing unexamined claims from issuing. *See* 35 U.S.C. § 316(b) (requiring PTO to consider effect on “the integrity of the patent system”). A challenger

typically seeks inter partes review to protect its own business interests—for instance, by seeking to cancel claims it has been alleged to infringe.

Once the Board decides to institute a review, the patent owner may decide to “narrow[] the claims such that the petitioner no longer faces a risk of infringement.” *Proxycorn*, 789 F.3d at 1307. In that scenario, the challenger loses any incentive to continue challenging the narrowed substitute claims and likely will decline to oppose the amendment. Without the Board having the ability to evaluate and, when appropriate, identify on its own initiative a ground for declaring the claim amendment unpatentable, such substitute claims would sail through automatically and be incorporated into the issued patent—even if the “patentee” were unable “to establish patentability of [the] substitute claims over the prior art of record.” *Id.*

That risk can also materialize when the challenger has settled and the IPR proceeds. Without authority to identify grounds of unpatentability, the Board would be forced to approve a patentee’s then-unopposed amended claims “despite the PTO having before it prior art that undermines patentability.” *Id.* at 1307-08. This cannot be an acceptable result in any context, even for stakeholders who would point to the “litigation-like contested” nature of inter partes review proceedings. Inter partes review “is less like a judicial proceeding and more like a specialized agency proceeding.” *Cuozzo*, 136 S. Ct. at 2143. Unlike in most

litigation, challengers in an inter partes review “need not have a concrete stake in the outcome”; the Board “may continue to conduct an inter partes review even after the adverse party has settled”; and the Board may “intervene in a later judicial proceeding to defend its decision—even if the private challengers drop out.” *Id.* at 2143-44 (emphasis omitted). Moreover, new claims cannot issue at all in district-court litigation, which is limited to adjudicating the validity of existing claims. Those distinctions reveal a fundamental difference between inter partes review and the district-court proceedings to which some stakeholders try to analogize it.

Unlike civil litigation, one key purpose of inter partes review is “to reexamine an earlier agency decision.” *Id.* at 2144. In that way, inter partes review not only “help[s] resolve concrete patent-related disputes,” but also serves the distinctly public function of eliminating “patents that should not have issued.” *Id.* Allowing untested substitute claims to issue once the challenger stops litigating may comport with the first purpose, but it would significantly damage the second.

It makes no sense to allow an untested claim to issue in an IPR, even if other parties would be free to challenge untested substitute claims in future proceedings. To begin with, allowing an unpatentable amended claim to issue disserves the public interest even if the claim is later canceled in a subsequent inter partes review. Patent owners should not be afforded a temporary monopoly on the basis of an amended claim that never should have issued.

Placing the onus on a third party to initiate a new challenge to substitute claims also imposes unnecessary costs on the parties and the PTO. By the time a motion to amend is entered in an ongoing inter partes review, the challenger has already prepared a petition and paid a fee to file it, *see* 35 U.S.C. § 312(a); the Board has evaluated the evidence and found a “reasonable likelihood” that a challenged claim is unpatentable, *id.* § 314(a); and the Board has “conferr[ed]” with the patent owner about the amendment, 37 C.F.R. § 42.121(a). Forcing a new petitioner to bring a new challenge to an amended claim would let those steps go to waste. The far more efficient course would be for the Board to identify grounds of unpatentability for the substituted claims in the existing proceeding, in which the administrative patent judges are already familiar with the claims and the prior art. Indeed, Congress intended that inter partes review be completed within “1 year” of institution, with the possible extension of another 6 months for good cause. 35 U.S.C. § 316(a)(11). An inevitable and ultimately inefficient cycle of amendments-followed-by-new-challenges would contravene that intent. Further, an existing review proceeding may often provide the only opportunity to scrutinize the amended claim. The AIA requires challengers to file any inter partes review petition within “1 year” of being “served with a complaint alleging infringement of the patent,” *id.* § 315(b), and the Board has held that the amendment of a patent

does not restart that clock, *see BioDelivery Sciences Int'l, Inc. v. MonoSol Rx, LLC*, Case IPR2013-00315, 2013 WL 8563948, at \*3 (PTAB Nov. 13, 2013).

One of the “basic purposes” of IPRs is to help keep patents “within their legitimate scope.” *Cuozzo*, 136 S. Ct. at 2144. Permitting the Board to raise *sua sponte* patentability challenges to amended claims furthers that purpose. *See Proxyconn*, 789 F.3d at 1307-08 (describing the need for scrutiny of “substitute claims” that a “petitioner may choose not to challenge”). Were it otherwise, patent owners could evade meaningful scrutiny of their substituted claims by settling with the challenger (or by narrowing the claim to eliminate the challenger’s motivation to continue litigating the amendment). Such a result would pervert the statutory scheme and allow unexamined claims—even ones that differ only trivially from an invalidated claim—to issue based merely on the private decisions of one petitioner.

*In re Magnum Oil Tools International, Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016), does not diminish the Board’s authority to raise grounds of unpatentability in the context of substitute claims. *Magnum* held that “the Board must base its decision on arguments that were advanced by a party” in the context of reviewing issued claims that were the subject of a petition. *Id.* at 1381. *Magnum* does not apply in the context of proposed substitute claims. In that context, allowing the Board to raise patentability challenges is not the Board inventing new arguments “on behalf of petitioners,” *id.*; it is the Board discharging its duty to ensure that untested

amended claims do not issue without critical examination. The Board should not be required to allow a proposed amended claim to issue in the face of known prior art, merely because the petitioner is no longer litigating the issue.

Indeed, allowing the Board independently to scrutinize amended claims conforms to the broader statutory scheme, which provides the PTO broad powers to examine the patentability of claims over prior art. *See, e.g.*, 35 U.S.C. § 303(a) (granting the Director plenary authority, on her “own initiative, and [at] any time,” to “determine whether a substantial new question of patentability is raised by” prior patents and printed publications). The POP should not misapply *Magnum* and extend it to forbid the Board from exercising such authority here.

**C. WHEN IDENTIFYING GROUNDS OF UNPATENTABILITY  
SUA SPONTE THE BOARD SHOULD ENSURE PARTIES  
HAVE A SUFFICIENT CHANCE TO RESPOND**

The POP can and should allow *sua sponte* patentability challenges to amended claims while also addressing *Magnum*'s concern that the patent owner be afforded “a chance to respond.” 829 F.3d at 1381. The requirement that the Board give fair notice of patentability challenges, which flows from the APA's procedural protections, *see* 5 U.S.C. § 554(b)(3), is sufficient to safeguard patent owners' interests. And, thus far, there is every indication that the Board is providing patent owners with sufficient notice in cases involving motions to amend. *See, e.g., Proxycorn*, 789 F.3d at 1308 (“[t]his is not a case in which the

patentee was taken by surprise”); *Prolitec, Inc. v. Scentair Techs., Inc.*, 807 F.3d 1353, 1365 (Fed. Cir. 2015), *overruled on other grounds by Aqua Prod., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) (“[W]e also cannot find a denial of procedural rights . . . based on an insufficient notice or opportunity to respond.”).

If the Board in some future case denies a motion to amend without adequate notice, the courts can address the issue at the appropriate time. *Cf. Veritas Techs. LLC v. Veeam Software Corp.*, 835 F.3d 1406, 1413-14 (Fed. Cir. 2016). But that hypothetical possibility should not foreclose the Board from raising proper challenges to amended claims that it believes will threaten Congress’s aim of “improv[ing] patent quality.” *Proxyconn*, 789 F.3d at 1308.

## V. CONCLUSION

In the context of a motion to amend in a post grant proceeding, the AIA has a mandatory and comprehensive directive for the Board to evaluate the patentability of the proposed substitute claim. The Board should be allowed to identify grounds of unpatentability that the petitioner has either not raised or insufficiently raised. Additionally, the Administrative Procedure Act requires that the parties have an opportunity to respond to the proposed ground of unpatentability prior to the final written decision.

December 20, 2019

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "D. Jones", with a long horizontal flourish extending to the right.

David W. Jones  
Executive Director  
High Tech Inventors Alliance

**CERTIFICATE OF SERVICE**

I hereby certify that on December 20, 2019, I caused a true and correct copy of the foregoing material:

**BRIEF OF *AMICUS CURIAE* HTIA IN SUPPORT OF NEITHER PARTY**

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