

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 IPR2018-00600
Patent 9,581,422 B2

BRIEF OF ASKELADDEN L.L.C. AS *AMICUS CURIAE*

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I. INTRODUCTION

Pursuant to the Board’s Order of November 7, 2019 (Paper 46),¹ *Amicus Curiae* Askeladden LLC (“Amicus” or “Askeladden”) submits this amicus brief to address the issues to be reviewed by the Precedential Opinion Panel (“POP”).

DynaEnergetics GmbH & Co. KG (“Patent Owner”) submitted a request for rehearing and POP review of the Patent Trial and Appeal Board (“Board”) Decision denying its Motion to Amend. *See* Paper 44. Patent Owner argues that the Board impermissibly raised new arguments in support of a denial of a motion to amend and deprived the Patent Owner the opportunity to respond. *See id.*

The Precedential Opinion Panel determined that the following issues warrant review:

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

¹ All paper numbers cited herein refer to filings in IPR2018-00600.

to the ground of unpatentability before the Board makes a final determination.

Quality patents and a strong patent system are important to incentivize investment in technology development and drive innovation. *Inter partes* review (“IPR”) was established to provide a more efficient vehicle to test the validity of issued patents in the United States Patent and Trademark Office (“USPTO”) and to invalidate the patents that should not have issued in the first place. During an IPR, the patent owner may not amend the claims of the patent as a matter of right. Instead, under 35 U.S.C. § 316(d), the patent owner must file a motion to amend the patent claims, and cancel a challenged claim and/or propose substitute claims.

Unlike in the initial prosecution process, however, in an IPR there is no examination of substitute patent claims that issue as a result of motions to amend other than the Board’s decision on the motion. This procedure invites abuse and compromises the effectiveness of IPR, as it allows patent owners to sidestep the probable invalidation of a weak patent in an IPR by substituting new claims without ever establishing their patentability. In addition, petitioners cannot be relied on to perform the role of examiner, as they may have varying amounts of incentive, resources, or sophistication. Thus, in order to prevent the grant of invalid patent claims, the Board must be able to not only address grounds of unpatentability raised by the parties, but also raise new grounds of unpatentability

that the Board members themselves may identify, regardless of whether the ground was advanced or insufficiently developed by the petitioner. Any other procedure would undermine the whole purpose of IPR proceedings to be efficient alternatives to district court litigation for addressing improperly issued patents.

However, Amicus recognizes, that if the Board does in fact raise a new ground of unpatentability, principles of balance and fairness and procedural protections of the Administrative Procedure Act (“APA”) call upon the Board to provide both parties with notice and an opportunity to respond before a final determination is made.

II. INTERESTS OF *AMICUS CURIAE*

Amicus Curiae Askeladden is a wholly owned subsidiary of The Clearing House Payments Company L.L.C. Askeladden, through its Patent Quality Initiative (“PQI”), is dedicated to improving the understanding, use, reliability, and quality of patents in the financial services industry and elsewhere. Through its PQI, Askeladden strives to improve patent quality by submitting amicus briefs that highlight critical issues to patent quality. The issues presented for POP review are such important issues that Askeladden seeks to address.

Askeladden believes that innovation in the United States will only continue if there is a strong patent system in place. The health of the patent system depends on, among other things, implementing the reforms contemplated by the America

Invents Act (“AIA”) to check patent abuse, most notably IPR and other post-grant review proceedings designed to allow interested parties to efficiently challenge and invalidate patents that should never have issued. Allowing patent owners to amend and substitute claims in their patents during an IPR, without the Board being able to raise a ground of unpatentability not advanced or sufficiently developed by the petitioner, would invite abuse of the patent system, or at least undermine the patent system by increasing the risk of issuance of invalid claims. Thus, Askeladden submits this amicus brief to present its position that, in order to ensure quality review of patents, the Board must be able to raise any new grounds of unpatentability in an IPR that it determines are applicable, and that the parties must be given notice and an opportunity to respond to the new ground.

III. ARGUMENT

A. The Board Must Be Able to Raise a New Ground of Unpatentability at Any Time During an *Inter Partes* Review Proceeding

In order to prevent the grant of invalid patent claims, the Board must be able to not only address grounds of unpatentability raised by the parties, but also raise new grounds of unpatentability that the Board members themselves may identify, regardless of whether the ground was advanced or insufficiently developed by the petitioner.

In its request for POP Review, Patent Owner argues that the Board impermissibly raised its own arguments in support of denial of a motion to amend. Paper 44, at 11. Amicus respectfully disagrees.

1. There is No Rationale for the Presumption of Validity of Substitute Claims if the Burden in an IPR Rests Solely With the Petitioner

Under Section 282 of the Patent Act of 1952, “[a] patent shall be presumed valid” and “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such validity.” 35 U.S.C. § 282 (2018). The rationale for this presumption is based on the proposition that “a government agency such as the [USPTO] was presumed to do its job.” *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984).

However, substitute claims that issue as a result of motions to amend during post-issuance proceedings do not undergo the initial prosecution process where the USPTO engages in fact-finding and makes factual determinations to determine patentability. *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2242 (2011). Thus, the rationale for the presumption of validity is lost with respect to amended claims in an IPR proceeding, as the burden of persuasion on the patentability of these amended claims is on the petitioner, and there is no such government agency performing the inquisitorial examination. *See Aqua Prods. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017). In order to avoid issuance of unexamined patents (with a

misplaced presumption of validity), the Board must be allowed to do its job and raise as part of an orderly procedure any new unpatentability ground (even if not proffered by the petitioner). In no event, should the Board be put in the untenable position of allowing an unexamined amended claim to issue, which the Board knows is otherwise unpatentable, simply because a petitioner failed to recognize (and raise) one or more problems with such claim. That is the USPTO's job, and the Board must be allowed to perform that job.

2. If the Board is Prevented From Raising Its Own Grounds for Unpatentability, IPRs Will Result in Substitute Claims That Are Untested

The enactment of the AIA created *inter partes* review to provide “quick and cost effective alternatives to litigation.” *Aqua Prods.*, 872 F.3d at 1298 (quoting H.R. REP. NO. 112-98, pt. 1, at 48 (2011)). In accordance with the AIA, if an IPR is instituted, 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...” 35 U.S.C. § 318(a) (2018) (emphasis added). “Patentability” includes whether a claim is directed to eligible subject matter (35 U.S.C. § 101), whether a claim is novel and not anticipated (35 U.S.C. § 102), whether a claim is non-obvious (35 U.S.C. § 103), and whether the claimed invention is sufficiently disclosed (35 U.S.C. § 112). There is no dispute that the Board can consider any of these grounds when raised by a party challenging a proposed substitute claim.

There is no reason that the Board, observing a potential issue, should be unable to raise the issue *sua sponte* and have the parties address such issue.

During an IPR, the patent owner cannot amend the challenged claims as a matter of right, and instead must file a motion to amend the patent claims. *See* 35 U.S.C. § 316(d). In its motion, the patent owner may cancel a challenged claim and/or propose a reasonable amount of substitute claims. *Id.*

“During IPRs, once the PTO grants a patentee’s motion to amend, the substituted claims are not subject to further examination.” *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1307 (Fed. Cir. 2015). The Court held in *Aqua Products v. Matal* that, in the absence of any required deference, the burden of persuasion with respect to the patentability of amended claims is placed on the petitioner. 872 F.3d at 1290. However, the petitioner, for whatever reason (e.g., lack of time, error, lack of skill, lack of motivation, etc.) may choose not to challenge the patentability of substitute claims, or do it poorly or insufficiently.

When presented with a proposed amendment during an IPR proceeding, the Board is essentially reviewing a new claim, without the benefit of an independent search or an Examiner’s report. Thus, in essence, the Board is not only adjudicating the IPR dispute before it, but is also functioning as a patent examiner, with its hands tied behind its back. However, if the patentee is not required to establish the patentability of the substitute claims, and the Board is required to

solely rely upon unpatentability grounds raised by the petitioner (if any), the amended patent could surely issue with new invalid claims in many instances. While motions to amend were part of Congress' vision of IPR as an efficient and cost-effective tool for invalidating low-quality patents, no one can reasonably conclude that Congress intended to allow patent owners to obtain new patent claims through an IPR that they could never have obtained through an initial examination.

Acting as an "examiner," the Board should be permitted to raise its own potential objections to the patentability of any new claim, which the parties may address. It is not fair to the public at large to allow new claims to issue where a petitioner failed to raise, or insufficiently raised, viable grounds of unpatentability. Accordingly, the Board should not be precluded from presenting new and different grounds (from those presented by the Petitioner) as part of the amendment process, and have the parties address those grounds before deciding the motion to amend.

Therefore, to advance its duty to properly examine patents, the Board should have the ability to find claims unpatentable for reasons beyond those presented by petitioners.

B. If the Board Raises a New Ground of Unpatentability, the Parties Should Be Provided an Opportunity to Respond

In its request for rehearing and POP review, Patent Owner argued that the Board's reliance on its own theory not advanced by petitioner, articulated for the

first time in the Final Written Decision, “deprived [Patent Owner] of any opportunity to respond, in violation of the APA.” Paper 44, at 11.

“For a formal adjudication like the inter partes review considered here, the APA imposes particular requirements on the PTO.” *Dell Inc. v. Accelaron, LLC*, 818 F.3d 1293, 1301 (Fed. Cir. 2016). In accordance with the APA, patent owners must be timely informed of the facts and law asserted in the IPR, and all interested parties must be given an opportunity for “the submission and consideration of facts [and] arguments.” 5 U.S.C. §§ 554(b)(3), 554(c). Section § 554(b)(3) has been applied to mean that “an agency may not change theories midstream without giving respondents reasonable notice of the change” and the “opportunity to present argument under the new theory.” *See Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015). Thus, all parties to a proceeding at the Patent Trial and Appeal Board are entitled to notice of and a fair opportunity to meet new grounds of rejection raised by the Board during IPR. *See EmeraChem Holdings, LLC v. Volkswagen Group of Am., Inc.*, 859 F.3d 1341, 1348-52 (Fed. Cir. 2017); *see also In re NuVasive, Inc.*, 841 F.3d 966, 971 (Fed. Cir. 2016) (citing *Belden Inc.*, 805 F.3d at 1080).

While not only in accordance with the APA and notions of balance and fairness, requiring the Board to provide the parties notice and an opportunity to respond will help to ensure all arguments in support of, and against patentability,

are considered. This will provide the Board with the best opportunity to properly, and thoroughly, examine patents.

IV. CONCLUSION

Amicus respectfully submits that, for the foregoing reasons, the Precedential Opinion Panel should hold that the Board may raise a new ground of unpatentability regardless of whether the ground was advanced by the Petitioner. Further, if the Board does raise such a ground of unpatentability, the principles of balance and fairness and the APA require that the parties are given notice and an opportunity to respond before the Board makes a final determination.

Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), I hereby certify that on this 20th day of December, 2019, a true copy of the foregoing **BRIEF OF ASKELADDEN LLC AS *AMICUS CURIAE*** was served via electronic mail on the following counsel of record for Petitioners and Patent Owner in this proceeding:

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