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June 15, 2020

To: Michael Tierney, Vice Chief Administrative Patent Judge  
Via email to: PTABNPRM2020@uspto.gov

Re: Comments in Response to Request for Comments on “37 CFR Part 42  
[Docket No. PTO–P–2019–0024] RIN 0651–AD40 PTAB Rules of Practice for  
Instituting on All Challenged Patent Claims and All Grounds and Eliminating the  
Presumption at Institution Favoring Petitioner as to Testimonial Evidence”

Dear Vice Chief Administrative Patent Judge Tierney:

**I. Introduction**

I am pleased to have this opportunity to provide comments on these proposed changes to the rules of practice.

I am the founder of Neifeld IP Law, and a patent practitioner with a focus on matters before the PTAB (herein after referred to as the “Board”). I am a former Co-Chair of the FCBA’s PTAB and TTAB Committee, and former Chair of the AIPLA’ (former) Interference Committee. I have commented on many of the PTO’s former proposed changes to rules, practices, and policies.

**II. Proposed Changes to Rules in View of SAS**

First, the Executive Summary of the proposed rules states that:

In light of *SAS*, the Office provided guidance that, if the Board institutes a trial under 35 U.S.C. 314 or 324, the Board will institute on all claims and all grounds included in a petition of an IPR, PGR, or CBM. To implement this practice in the regulation, the first proposed change would amend the rules of practice for instituting an IPR, PGR, or CBM to require institution on all challenged claims (and all of the grounds) presented in a petition or on none. Under the amended rule, in all pending IPR, PGR, and CBM proceedings before the Office, the Board would either institute review on all of the challenged claims and grounds of unpatentability presented in the petition or deny the petition.

I favor the goal of updating the rules of practice to conform to the decision in *SAS*. I

specifically favor effecting a rule change institution in IPR, PGR, and CBM proceedings will be on all grounds in the petition. This lends regulatory clarity to judicial precedent.

Regarding the proposed changes to rules in view of *SAS*, I have the following comments and suggestions. Generally speaking, I find the proposed rules modeled after and parroting language of existing 42.108, without regard to the functional distinction *SAS* makes in law and practice. That is, the proposed rules have kept text and grammatical constructions that no longer make sense, in context. I list examples and suggested changes in the following paragraphs.

Proposed 42.108 retains the title of existing 42.108, which is “Institution of *inter partes* review.” That made sense when there were various ways in which you might institute (on some grounds and on some claims as stated in existing 42.108(a)). But that title makes no sense when there is only the binary choice, to institute or to not institute. That title also suggests a bias towards institution. I suggest you amend the title of 42.108 to “Decision whether to institute review” because amended rule 42.108(a) and (b) are intended to define the binary choice, and 42.108(c) refers to criteria for institution, and my proposed title avoids the apparent bias in favor of institution.

Parroting existing 42.108(a), proposed 42.108(a) begins with the phrase “*When* instituting inter partes review.” This indicates that institution will necessarily occur, again suggesting bias in favor of institution, and instead of indicating that institution is uncertain. “*When*” should be replaced by “*If*.” Only *if* institution occurs, are all grounds and claims reviewed.

Parroting existing 42.108(a), proposed 42.108(a) continues with the phrase “*the Board will authorize* the review to proceed on all of the challenged claims and on all grounds of unpatentability asserted for each claim.” That phrase made sense under the current rule, pre-*SAS*, because the current rule grants the Board the authority to limit the review, *if the Director* instituted. But it makes no sense now.

The phrase “the Board will authorize” is improper. The Board has no discretion in the matter. It makes no sense now because it is the Director’s decision, by statute, whether to institute, not the Boards. And if the Director does institute, then, under *SAS* (as interpretation by the Federal Circuit and the Director), there is nothing for the Board to authorize. The Board has no more authority to authorize as it does to not authorize review of some claim or some ground, if the Director decided to institute review. Instead, the Board merely conducts the review. So the phrase “the Board will authorize” is improper surplusage. I suggest you delete “the Board will authorize.”

Parroting existing 42.108(a), proposed 42.108(a) continues “the review to proceed on all of the *challenged* claims.” That phrase made sense under the current rule, pre-*SAS*, because the Board could have refused to authorize certain *challenges*, and because “challenges” in 42.104(b) refers to an identified challenge as including a claim (thereby implicitly defining a “challenged” claim).

However, even if “challenged” claim was an explicitly defined term in section 42, there is no reason to refer to “challenged” claims in proposed 42.108(a) because proposed 42.108(a) *necessarily applies to all claims identified in the petition*. And you have an expressly defined a term in section 42 for all claims identified in the petition. That term is “*involved claims*.”

42.1 defines “involved” claims to be claims present in the IPR, PGR, or CBM petition. Specifically, 42.1 defines a “proceeding” to include the time from filing for the petition (see your definitions of “proceeding” and “preliminary proceeding” in 42.1), and “involved” is defined to refer to a “claim that is the subject of the proceeding.”

Therefore, I suggest you replace “all of the *challenged* claims” in proposed 42.108(a) with “all involved claims.”

Parroting existing 42.108(b), proposed 42.108(b) begins “At any time prior to a decision on institution of inter partes review, the Board may deny...” and ends with the sentence “Denial of all grounds is a Board decision not to institute inter partes review.” These phrases were intended to address the situation when the Board partially instituted; but that practice was abolished by *SAS*. Neither phrase makes sense now. The first sentence of proposed 42.108(b) reads in full:

At any time prior to a decision on institution of inter partes review, the Board may deny all grounds for unpatentability for all of the challenged claims.

That makes no sense at all, post-*SAS*. If the Director denies the petition, then the Director has denied all grounds. That can only occur if and when the Director denies the petition. Thus, the phrase “At any time prior to a decision on institution of inter partes review,” is nonsense surplusage, arguably adding nothing. Arguably, the phrase “At any time prior to a decision on institution of inter partes review,” precludes the Board from denying institution after improvidently granting institution. That is, the apparent surplusage phrase might be construed as denying the Board authority to change its mind on institution, for example when considering whether the Board has discretion to not change its mind and institute based upon the discretion provided by 325(d) and 314(a), upon a remand from Federal Circuit.

Parroting existing 42.108(b), except for substituting “all grounds” for “a ground”, proposed 42.108(b) ends with the recitation “Denial of all grounds is a Board decision not to institute inter partes review.” But the Board does decide whether to institute; the Director does, as required by statute. The Board cannot deny any ground, if Director institutes, and the Board cannot deny any ground if the Director decides not to institute. This sentence makes no sense, post-*SAS*.

I have provided substantial detail explaining why proposed rule 42.108, sections (a) and (b) should be revised. These are exemplary. I suggest you review and revise all of the proposed rules relating to implementing regulations consistent with *SAS*, with these comments as guidance.

### **III. Proposed Changes to Rules Related to Replies and Sur-Replies**

Second, the Executive Summary of the proposed rules states that:

The second proposed change would amend the rules of practice to conform the rules to certain standard practices before the PTAB in IPR, PGR, and

CBM proceedings. Specifically, in this notice of proposed rulemaking, the Office proposes to amend the rules to set forth the briefing requirements of sur-replies to principal briefs and to provide that a reply may respond to a decision on institution.

And the Background of the proposed rules provides additional detail on this proposal, stating:

In addition, consistent with the Office Patent Trial Practice Guide, August 2018 Update, the Office is proposing to amend §§ 42.23, 42.24, 42.120, and 42.220 to permit (1) replies and patent owner responses to address issues discussed in the institution decision, and (2) sur-replies to principal briefs (i.e., to a reply to a patent owner response or to a reply to an opposition to a motion to amend). 83 FR 39989; the Office Patent Trial Practice Guide, August 2018 Update is available at [https://www.uspto.gov/sites/default/files/documents/2018\\_Revised\\_Trial\\_Practice\\_Guide.pdf](https://www.uspto.gov/sites/default/files/documents/2018_Revised_Trial_Practice_Guide.pdf); see id. at 14–15.

As noted in the August 2018 Practice Guide Update, in response to issues arising from *SAS*, the petitioner is permitted in its reply brief to address issues discussed in the institution decision. Similarly, the patent owner is permitted to address the institution decision in its response and sur-reply, if necessary, to respond to the petitioner’s reply. However, the sur-reply may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness. Sur-replies only respond to arguments made in reply briefs, comment on reply declaration testimony, or point to cross examination testimony. A sur-reply also may address the institution decision if necessary to respond to the petitioner’s reply. This sur-reply practice essentially replaces the previous practice of filing observations on cross-examination testimony.

I favor the proposal “to amend §§ 42.23, 42.24, 42.120, and 42.220 to permit (1) replies and patent owner responses to address issues discussed in the institution decision, and (2) sur-replies to principal briefs (i.e., to a reply to a patent owner response or to a reply to an opposition to a motion to amend).” This lends regulatory clarity to currently approved practice.

However, I have concerns about your expression of proposed rule 42.23. Proposed rule 42.23 states in relevant parts “if the paper to which the opposition, reply, or sur-reply is responding contains a statement of material fact, must include a listing of facts that are admitted, denied, or cannot be admitted or denied.” And proposed rule 42.23 also states that “[a]ny material fact not specifically denied may be considered admitted.”

First, since proposed rule 42.23 states that “Any material fact not specifically denied *may be considered admitted*,” what purpose is served by the rule also stating that the responsive document “*must* include a listing of facts that are admitted, denied, or cannot be admitted or denied.”? If a material fact is not addressed in a responsive paper, it is, by rule (or the Board may find that it is), admitted. So there is no purpose making it a requirement to respond to a statement

of material fact, which is what use of the word “*must*” effects.

Second, there is a disconnect between the recitations “a statement of material fact” and “a listing of facts” for two reasons.

A first reason is that there is a reference to a “statement of material fact” in the singular and then a recitation of “a listing of facts” in the plural, and there is no linguist connection those two sets of things. Does the rule intend to refer to the “Statement of material facts” set forth as the title of present rule 42.22(c)? Note in that case that the title of 42.22(c) does not refer to a “statement of material fact” but to a “Statement of material facts” in the plural. If you intend the proposed rule’s “statement of material fact” to be a reference to 42.22(c), then the proposed rule should say so.

A second reason is that there is a word and page limit burden to referring to material fact sentences, in by repeating those facts to identify them in order to respond. Yet the proposed rule does not refer or authorize response by reference to the number of the sentence stating the material fact. The proposed rule should also clarify that the responsive paper may refer, by number, to the number of the sentence to which it is responding (noting that 42.22(c) requires each sentence stating a material fact to be numbered).

#### **IV. Propose Rule Change Eliminating Presumption in favor of Petitioner**

Third, the Executive Summary of the proposed rules states that:

Finally, the Office proposes to amend the rules to eliminate the presumption in favor of the petitioner for a genuine issue of material fact created by testimonial evidence submitted with a patent owner’s preliminary response when deciding whether to institute an IPR, PGR, or CBM review. As with all other evidentiary questions at the institution phase, the Board will consider the evidence to determine whether the petitioner has met the applicable standard for institution of the proceeding.

And the Background of the proposed rules provides additional detail on this proposal, stating:

Stakeholder feedback received in party and amicus briefing as part of the Precedential Opinion Panel (POP) review in *Hulu, LLC v. Sound View Innovations, LLC*, Case IPR2018–01039, Paper 15 (PTAB Apr. 3, 2019) (granting POP review), indicated that the rule has caused some confusion at the institution stage for AIA proceedings. For example, certain stakeholders have indicated that the presumption in favor of the petitioner for genuine issues of material fact created by patent owner testimonial evidence also creates a presumption in favor of the petitioner for questions relating to whether a document is a printed publication. Additionally, the Office has concerns that the presumption in favor of the petitioner may be viewed as discouraging patent owners from filing

testimonial evidence with their preliminary responses, as some patent owners believe that such testimony will not be given any weight at the time of institution.

and stating that:

In this notice of proposed rulemaking, the Office proposes to amend the rules of practice to eliminate the presumption in favor of the petitioner for a genuine issue of material fact created by testimonial evidence submitted with a patent owner's preliminary response when deciding whether to institute an IPR, PGR, or CBM review. Thus, consistent with the statutory framework, any testimonial evidence submitted with a patent owner's preliminary response will be taken into account as part of the totality of the evidence. As part of the Office's continuing efforts to improve AIA proceedings, the Office requests input from the public on the proposed rule changes in this notice of proposed rulemaking and on how the Office should implement the changes if adopted. For example, as to the implementation, the Office may apply any rule changes, if adopted, to all pending IPR, PGR, and CBM proceedings in which a patent owner's preliminary response is filed on or after the effective date.

I favor the proposal "to eliminate the presumption in favor of the petitioner for a genuine issue of material fact created by testimonial evidence submitted with a patent owner's preliminary response when deciding whether to institute an IPR, PGR, or CBM review." This allows the Director to draw conclusions from the record evidence, whether to institute, without being constrained by an arbitrary presumption. The presumption is inequitable, tying the hands of Director to come to a conclusion that the standard for institution is met, when there is evidence meeting a burden of proof, undermines institution.

However, I have the following concern with proposed rule 42.108(c).

Proposed rule 42.108(c) does not go far enough, because the proposed rule removes the summary judgement standard, without specifying a new standard to decide a disputed genuine issue of material fact. That rule therefore makes any such decision arbitrary and capricious, because any such decision is baseless.

Compare the existing sentence in rule 42.108(c):

The Board's decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence, but a genuine issue of material fact created by such testimonial evidence will be *viewed in the light most favorable to the petitioner* solely for purposes of deciding whether to institute an inter partes review.

with the proposed replacement sentence in propose rule 42.108(c):

The Board's decision will take into account a patent owner preliminary response

where such a response is filed, including any testimonial evidence.

The existing rule provides a standard for weighing evidence, which is “in the light most favorable to the petitioner.” This means that no contrary evidence could result in a finding that the fact asserted by the petitioner is not true. *Cf. Realtime Data LLC v. Oracle International Corporation*, IPR2016-00695, paper 7 (PTAB 6/24/2016) (Decision by APJ Jivani, for a panel consisting of APJs Giannetti, DeFranco, and Jivani). (“Section 42.108(c) makes clear that at this stage, i.e., prior to institution of *inter partes* review, any genuine issues of material fact that may be created by Dr. Adabi’s testimony are viewed in the light most favorable to the Petitioner. Thus, any disputed issues of fact will still be resolved in Petitioner’s favor even if Petitioner’s allegations of inconsistencies in the testimony are true.”) This is a *de facto irrebuttable* burden of proof. But the important point is that the current rule specifies a standard for determining what weight of evidence is required to effectively gainsay a material fact.

In contrast, the proposed rule specifies no burden of proof for the Board to apply when make a finding of fact. For example, the proposed rule does not specify that the Board will make a finding, for purposes of deciding whether to institute an *inter partes* review, based upon a conclusion that the evidence shows that there is a reasonable likelihood that the asserted fact in the petition is true, or based upon a conclusion that the evidence shows by a preponderance the asserted fact in the petition is true. Accordingly, you should incorporate a burden of proof into your proposed rule 42.108(c).

I suggest that the appropriate burden be one of preponderance. This is the traditional burden applied in civil matters, and appears equitable to the parties because it facially favors neither petitioner nor patent owner.

Richard Neifeld,  
Owner, Neifeld IP Law

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