

No. 2015-1177

---

---

**United States Court of Appeals  
for the Federal Circuit**

---

IN RE AQUA PRODUCTS, INC.,  
*Appellant.*

---

---

*Appeal from the United States Patent and Trademark Office,  
Patent Trial and Appeal Board in No. IPR2013-00159*

---

---

**EN BANC BRIEF OF INTELLECTUAL PROPERTY OWNERS  
ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY**

KEVIN H. RHODES, *President*  
STEVEN W. MILLER, *Chair, Amicus Brief  
Committee*  
INTELLECTUAL PROPERTY  
OWNERS ASSOCIATION  
1501 M Street, N.W., Ste. 1150  
Washington, D.C. 20005  
(202) 507-4500

JOHN A. MARLOTT  
JONES DAY  
77 West Wacker Drive  
Chicago, IL 60601  
(312) 782-3939

GREGORY A. CASTANIAS  
JONES DAY  
51 Louisiana Avenue, N.W.  
Washington, D.C. 20001  
(202) 879-3939

JACLYN B. STAHL  
JONES DAY  
3161 Michelson Drive, # 800  
Irvine, CA 92612  
(949) 851-3939

DAVID B. COCHRAN  
JONES DAY  
North Point, 901 Lakeside Ave.  
Cleveland, OH 44114  
(216) 586-3939

*Counsel for Amicus Curiae Intellectual Property Owners Association*

**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

IN RE AQUA PRODUCTS, INC.

No. 2015-1177

**CERTIFICATE OF INTEREST**

Counsel for the Amicus Curiae, Intellectual Property Owners Association certifies the following:

1. The full name of every party or amicus represented by me is:

Intellectual Property Owners Association

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

None

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:

None

October 4, 2016

Date

/s/ Gregory A. Castanias

Gregory A. Castanias

## TABLE OF CONTENTS

	<b>Page</b>
CERTIFICATE OF INTEREST .....	i
INTEREST OF AMICUS CURIAE .....	1
SUMMARY OF THE ARGUMENT .....	3
ARGUMENT .....	4
I. THE USPTO MAY NOT REQUIRE A PATENT OWNER TO BEAR THE BURDEN OF PERSUASION, OR A BURDEN OF PRODUCTION, REGARDING PATENTABILITY OF AN AMENDED CLAIM IN VIEW OF 35 U.S.C. § 316(e)'S CLEAR AND MANDATORY COMMAND TO THE CONTRARY.....	4
A. Section 316(e) Unmistakably Places “The Burden of Proving a Proposition of Unpatentability” upon “the Petitioner,” Not the Respondent Patent Owner. ....	4
1. Section 316(e) is clear and mandatory.....	5
2. Placing the burden on the petitioner is consistent with the ordinary rule that the party seeking relief bears the burden.....	7
3. Section 316(e) is complete and all-inclusive, as Congress intended. ....	7
4. Placing the burden on the petitioner does not lead to “untested claims.” .....	10
B. Because § 316(e) Is Clear and Leaves No Gap to Fill, the USPTO Is Not Empowered to Alter the Statute’s Command by Rule or Regulation.....	12
C. Placing the Burden upon Petitioners Serves Important Interests of the Patent System. ....	15
CONCLUSION .....	19
APPENDIX	
CERTIFICATE OF SERVICE	
CERTIFICATE OF COMPLIANCE	

**TABLE OF AUTHORITIES**

	<b>Page</b>
<b>CASES</b>	
<i>Anderson v. Yungkau</i> , 329 U.S. 482 (1947).....	5
<i>Bates v. United States</i> , 522 U.S. 23 (1997).....	8
<i>Chevron U.S.A., Inc. v. Nat. Res. Def. Council</i> , 467 U.S. 837 (1984).....	passim
<i>Cuozzo Speed Techs., LLC v. Lee</i> , 136 S. Ct. 2131 (2016).....	3, 4, 14
<i>Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.</i> , 800 F.3d 1375 (Fed. Cir. 2015) .....	6, 7
<i>Ernst &amp; Ernst v. Hochfelder</i> , 425 U.S. 185 (1976).....	17
<i>Fed. Election Comm’n v. Democratic Senatorial Campaign Comm.</i> , 454 U.S. 27 (1981).....	17
<i>Gutierrez-Brizuela v. Lynch</i> , No. 14-9585, 2016 WL 4436309 (10th Cir. Aug. 23, 2016).....	14
<i>In re Aqua Prods., Inc.</i> , No. 15-1177, slip op. (Fed. Cir. May 25, 2016) .....	14
<i>In re Magnum Oil Tools Int’l, Ltd.</i> , No. 2015-1300, 2016 WL 3974202 (Fed. Cir. July 25, 2016) .....	6
<i>Kingdomware Techs., Inc. v. United States</i> , 136 S. Ct. 1969 (2016).....	5

*Medtronic, Inc. v. Mirowski Family Ventures, LLC*,  
134 S. Ct. 843 (2014).....16

*Merck & Cie v. Gnosis S.P.A.*,  
808 F.3d 829 (Fed. Cir. 2015) .....5

*Merck & Cie v. Gnosis S.P.A.*,  
820 F.3d 432 (Fed. Cir. 2016) .....16

*Merck & Co. v. Hi-Tech Pharmacal Co.*,  
482 F.3d 1317 (Fed. Cir. 2007) .....5

*Michigan v. E.P.A.*,  
135 S. Ct. 2699 (2015).....14

*Prolitec, Inc. v. ScentAir Techs., Inc.*,  
807 F.3d 1353 (Fed. Cir. 2015) .....7, 8, 17

*Schaffer v. Weast*,  
546 U.S. 49 (2006).....7

*Synopsys, Inc. v. Mentor Graphics Corp.*,  
814 F.3d 1309 (Fed. Cir. 2016) .....10, 16

*Utility Air Regulatory Grp. v. E.P.A.*,  
134 S. Ct. 2427 (2014).....13

**STATUTES**

35 U.S.C. § 282.....15

35 U.S.C. § 316.....passim

35 U.S.C. § 318.....9, 10

**OTHER AUTHORITIES**

37 C.F.R. § 42.121 .....13, 14, 15  
157 Cong. Rec. S1360 (daily ed. Mar. 8, 2011) .....7  
Fed. Cir. R. 29.....1  
Fed. R. App. 29 .....1

The Intellectual Property Owners Association (IPO) submits this brief as an *amicus curiae* pursuant to Fed. R. App. 29, Fed. Cir. R. 29, and the Court's Order dated August 12, 2016, authorizing *amicus* briefs in this case. IPO submits this brief in support of the clear and mandatory meaning of 35 U.S.C. § 316(e) that the petitioner, or the United States Patent and Trademark Office (USPTO) as an intervenor, in an *inter partes* review "shall have the burden of proving a proposition of unpatentability" for all claims, original and amended. It takes no position on the underlying merits of the parties' appeal.

### **INTEREST OF AMICUS CURIAE**

*Amicus curiae* IPO is a trade association representing companies and individuals in all industries and fields of technology that own or are interested in intellectual property rights.<sup>1</sup> IPO's membership includes roughly 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as an inventor, author, executive, law firm, or attorney member. Founded in 1972, IPO represents the interests of all owners of intellectual property. IPO regularly represents the interests of its members before

---

<sup>1</sup> No counsel for a party authored this brief in whole or in part, and no such counsel of party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the *amicus curiae* or its counsel made a monetary contribution to its preparation or submission. IPO files this brief in accordance with the Order issued on August 12, 2016, which states that briefs may be filed without consent or leave of the court.

Congress and the USPTO and has filed *amicus curiae* briefs in this Court and other courts on significant issues of intellectual property law. The members of IPO's Board of Directors, which approved the filing of this brief, are listed in the Appendix.<sup>2</sup>

---

<sup>2</sup> IPO procedures require approval of positions in briefs by a two-thirds majority of directors present and voting.



## SUMMARY OF THE ARGUMENT

IPO's *amicus* brief addresses the first of the two questions posed by the Court's August 12, 2016, Order, as follows:

When a patent owner moves to amend claims pursuant to 35 U.S.C. § 316(d), the USPTO may not require the patent owner to bear the burden of persuasion, or the burden of production, regarding patentability of the amended claims during *inter partes* review (IPR). Section 316(e) mandates that during IPR “the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.” This statutory language is unambiguous, all-inclusive, and leaves no gaps. Therefore, any contrary interpretation by the USPTO is *ultra vires* under *Chevron U.S.A., Inc. v. Nat. Res. Def. Council*, 467 U.S. 837 (1984).<sup>3</sup>

---

<sup>3</sup> With respect to the second question presented (“When the petitioner in an IPR does not challenge the patentability of proposed amended claims or the Board finds the challenge inadequate, may the Board raise a patentability challenge on its own, and if so, where would the burdens lie?”), this issue does not appear to be presented by this case. Nonetheless, should the Board raise positions of unpatentability *sua sponte*, the outcome must be consistent with the plain language of the statute, which locates the burden of proving any “proposition of unpatentability” upon the petitioner, and places no burdens of proof (or production) upon the respondent. Indeed, even if the petitioner has removed itself from the case by settlement or otherwise, the burden then belongs to the USPTO. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016) (“[T]he burden of proof in inter partes review is different than in the district courts: In inter partes review, the challenger (or the Patent Office) must establish unpatentability ‘by a preponderance of the evidence.’”).

## ARGUMENT

### **I. THE USPTO MAY NOT REQUIRE A PATENT OWNER TO BEAR THE BURDEN OF PERSUASION, OR A BURDEN OF PRODUCTION, REGARDING PATENTABILITY OF AN AMENDED CLAIM IN VIEW OF 35 U.S.C. § 316(e)'S CLEAR AND MANDATORY COMMAND TO THE CONTRARY.**

Section 316(e) clearly mandates that the burden of proving unpatentability in IPR proceedings rests with the petitioner, not the patent owner. Given this clear mandate, the USPTO is not entitled to *Chevron* deference and may not alter the statutory language by rule or regulation. Section 316(e)'s allocation of the burden to the petitioner is, moreover, consistent with all discernible policies underlying the patent system generally and the Leahy-Smith America Invents Act in particular.

#### **A. Section 316(e) Unmistakably Places “The Burden of Proving a Proposition of Unpatentability” upon “the Petitioner,” Not the Respondent Patent Owner.**

The language of 35 U.S.C. § 316(e) is clear and unambiguous. It states:

Evidentiary standards.--In an inter partes review instituted under this chapter, the *petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.*

*Id.* (emphasis added). *See also Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016) (“In inter partes review, the challenger (or the Patent Office) must establish unpatentability”). This statutory language is mandatory, it is consistent with the ordinary rule that a party seeking relief bears the burden of proof, and it is not limited in any fashion—it applies to all claims, original and amended.

Therefore, the petitioner, *not* the patent owner, bears the burden of proving the unpatentability of amended claims in IPR proceedings.

**1. Section 316(e) is clear and mandatory.**

As its language demonstrates, § 316(e) is simple, straightforward, and mandatory. In a single sentence, Congress mandated that the petitioner bears the burden of proof regarding patentability during IPR proceedings: The “petitioner *shall* have the burden of proving a proposition of unpatentability” in an IPR. 35 U.S.C. § 316(e) (emphasis added). *See Merck & Cie v. Gnosis S.P.A.*, 808 F.3d 829, 840 (Fed. Cir. 2015) (Newman, J., dissenting) (petition for *certiorari* pending) (“The America Invents Act requires that the burden of proving invalidity of an issued patent is on the petitioner for post-grant review.”). This language is mandatory—“shall” means “shall”—and the statute contains no exception to this mandatory charge. *See Kingdomware Techs., Inc. v. United States*, 136 S. Ct. 1969, 1979 (2016) (agency has no discretion and receives no *Chevron* deference where unambiguous statute is phrased in mandatory terms). *See also Anderson v. Yungkau*, 329 U.S. 482, 485 (1947), *superseded on other grounds* (“[W]hen the same Rule uses both ‘may’ and ‘shall’, the normal inference is that each is used in its usual sense—the one act being permissive, the other mandatory.”) (citation omitted); *Merck & Co. v. Hi-Tech Pharmacal Co.*, 482 F.3d 1317, 1322 (Fed. Cir. 2007) (“Use of the word ‘shall’ in a statute generally denotes the imperative.”).

“[T]here are two distinct burdens of proof: a burden of persuasion and a burden of production.” *Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015). Accordingly, the statute’s command that “petitioner shall have the burden of proving a proposition of unpatentability” applies equally to both. Indeed, as to the first, this Court has already made clear that “[i]n *inter partes* review, the burden of persuasion is on the petitioner to prove unpatentability by a preponderance of the evidence, and that burden never shifts to the patentee.” *In re Magnum Oil Tools Int’l, Ltd.*, No. 2015-1300, 2016 WL 3974202, at \*6 (Fed. Cir. July 25, 2016) (internal quotation marks and citations omitted). As for the second, the burden of production, this Court recognized that the burden may shift, for example, in cases where the patentee is effectively asserting an affirmative defense, such as entitlement to an earlier priority date. *Id.* Even so, the Court in *Magnum Oil Tools* declined to shift the burden of production in that case, explaining: “Applying a burden-shifting framework here would introduce unnecessary confusion because the ultimate burden of persuasion of obviousness must remain on the patent challenger.” *Id.* This same reasoning applies to amended claims. Applying a burden-shifting framework as to amended claims would contradict the statutory mandate, and would likewise cause unnecessary confusion.

2. **Placing the burden on the petitioner is consistent with the ordinary rule that the party seeking relief bears the burden.**

This reading of the statute is consistent with the ordinary rule that the party seeking relief (here, the petitioner who seeks a ruling that an existing patent is unpatentable) bears the burden of proving that proposition. *See, e.g., Schaffer v. Weast*, 546 U.S. 49, 51 (2006) (“[T]he burden lies, as it typically does, on the party seeking relief.”). *See also Dynamic Drinkware*, 800 F.3d at 1378 (“In an inter partes review, the burden of persuasion is on the petitioner to prove ‘unpatentability by a preponderance of the evidence,’ 35 U.S.C. § 316(e), and that burden never shifts to the patentee.”); *Prolitec, Inc. v. ScentAir Techs., Inc.*, 807 F.3d 1353, 1366–67 (Fed. Cir. 2015) (Newman, J., dissenting) (explaining that the America Invents Act does not authorize a shift in burden to the patent owner for issues of patentability during IPR); 157 Cong. Rec. S1360, S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“[S]ection 316(e) . . . assigns to the petitioner the burden of proving a proposition of unpatentability by a preponderance of the evidence.”).

3. **Section 316(e) is complete and all-inclusive, as Congress intended.**

Section 316 governs “[c]onduct of inter partes review,” and there are no subsections other than subsection (e) that address the burden of proof regarding unpatentability. In fact, there are no other statutes allocating burdens of proof

regarding questions of unpatentability during an IPR under any other circumstance. This is because § 316(e) is complete and all-inclusive; it allocates the burden of proof to the petitioner in all circumstances.

Congress might have chosen to mandate a different burden for amended claims during IPR proceedings, but it did not. *See Prolitec*, 807 F.3d at 1367 (The statutory burden in § 316(e) “applies whether the ‘proposition of unpatentability’ is for amended or unamended claims.”) (Newman, J., dissenting). Section 316(d) discusses “[a]mendment of the patent” and § 316(e) discusses “[e]videntiary standards.” By including subsection (d), Congress provided different rules for amendments of the patent; but it specifically did not include a separate burden of proof for amendments. If Congress intended that a different burden of proof would apply to amendments, it would have so specified in either § 316(d) or § 316(e). *See Bates v. United States*, 522 U.S. 23, 29 (1997) (“[W]e ordinarily resist reading words or elements into a statute that do not appear on its face.”). The proximity of the subsections makes this all the more clear. Subsection (e) appears immediately after subsection (d), so it would strain credulity to think that Congress failed to appreciate the applicability of subsection (e)’s allocation of the burden to cases involving amendments under subsection (d).<sup>4</sup>

---

<sup>4</sup> Section 6(a) of the Leahy–Smith America Invents Act, P.L. No. 112-29, 125 Stat. 284, § 6(a) (2012), amended Chapter 31 of Title 35 of the United States Code by adding current sections 311 through 319. Accordingly, subsections (d)

Reading the statute in its entirety confirms that § 316(e) dictates the evidentiary burden of proving a “proposition of unpatentability” in an IPR regardless of the type of claim, whether a challenged claim or an amended claim. In placing the burden on the petitioner in § 316(e), Congress made no distinction between a challenged claim and a substitute or amended claim. Elsewhere in the statute, however, Congress did just that. Section 316(a)(9), for example, refers separately to “a challenged claim” and “substitute claims.” Likewise, in § 316(d)(1)(B), Congress separately called out a “challenged claim” and “substitute claims.” In a third example, in § 318(a), Congress referred separately to “any patent claim challenged” and “any new claim added under section 316(d).” In the USPTO’s own words, “the statutory provisions governing IPRs make a consistent distinction between claims ‘challenged by petitioners’ and those added by amendment.” *See* USPTO Response to Petition for Rehearing En Banc at 5. The statute makes no such distinction in § 316(e), meaning that Congress intended for the petitioner to bear the burden of proving “any proposition of unpatentability” regardless of the type of claim.

The USPTO makes the textual argument that the introductory phrase in § 316(e) referring to “an inter partes review instituted under this chapter” means

---

and (e) of section 316 appear in the Statutes at Large and in the codified version *in haec verba*, in the same proximity to one another as in the United States Code.

that § 316(e) necessarily “relates to claims for which inter partes review was initiated, *i.e.*, the original claims of the patent that a party has challenged in a petition for review and not the proposed claims.” USPTO Response to Petition for Rehearing En Banc at 9–10 (citing *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1323–24 (Fed. Cir. 2016)). But Congress used essentially the same introductory language in other provisions in the statute where it refers to both challenged claims and substitute claims, *see, e.g.*, § 316(d)(1) (“During an inter partes review instituted under this chapter, the patent owner may . . . [f]or each challenged claim, propose a reasonable number of substitute claims.”); § 318(a) (“If an inter partes review is instituted and not dismissed under this chapter . . . [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.”). The introductory language in § 316(e) therefore cannot be read as necessarily excluding amended claims from this subsection, as the USPTO urges.

**4. Placing the burden on the petitioner does not lead to “untested claims.”**

This allocation of the burden does not lead to “untested claims.” Section 316(d) severely constrains the permissible scope of amended claims during IPR. The statute allows for amendments during IPR only where the amended claim neither “[1] enlarge[s] the scope of the claims of the patent [n]or [2] introduce[s] new matter.” 35 U.S.C. § 316(d)(3). These limitations thus require that amended



claims hew very closely to the original claims. Accordingly, there is no meaningful risk that keeping the burden of proof regarding unpatentability on the petitioner with respect to amended claims—as subsection (e) plainly requires—will lead to patent owners obtaining entirely new claims without examination.

The USPTO further argues that the burden of proof for amended claims should be placed on the patent owner because the petitioner may “not necessarily be motivated to oppose the amendment vigorously,” if, for example, “the patent owner’s proposed amendment might provide a clear non-infringement position for the petitioner.” USPTO Response to Petition for Rehearing En Banc at 8. But the USPTO’s concern about the petitioner’s motivation to challenge amended claims is misplaced, and is inconsistent with the statute as a whole. Indeed, Congress specifically anticipated and provided for situations where the patent owner is willing to make claim amendments during an IPR that lead to a settlement with the petitioner, with § 316(d)(2) providing: “Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the settlement of a proceeding under section 317.” Congress therefore recognized and endorsed that a particular petitioner might not always be motivated to challenge a substitute claim, and, to the contrary, the patent owner’s submission of substitute claims might sometimes lead to a settlement of the IPR. In that scenario, if an amended claim is incorporated in an IPR certificate issued under

§ 318(b), then another party would still be free to challenge that amended claim in an IPR, ex parte reexamination, or district court litigation. The USPTO therefore cannot justify shifting the burden of proof for amended claims contrary to § 316(e) based on a particular petitioner's potential motivation (or lack thereof) to challenge those amended claims.

In sum: Section 316(e) clearly and unambiguously allocates the burden of proving unpatentability to the petitioner in IPR proceedings. The language is mandatory, all-inclusive, and comports with the ordinary rule that the party seeking relief bears the burden of proof. Section 316(d)'s limitations on amended claims serve to prevent completely new, untested claims from prevailing without the need to reallocate the burden of proof.

**B. Because § 316(e) Is Clear and Leaves No Gap to Fill, the USPTO Is Not Empowered to Alter the Statute's Command by Rule or Regulation.**

The consequence of § 316(e)'s clarity and completeness is that it leaves no room for the agency to supplement it via interpretation or gap-filling. Under *Chevron*, an agency is empowered to make rules *only* where the statute is unclear or leaves a gap for the agency to fill. *Chevron U.S.A., Inc. v. Nat. Res. Def. Council*, 467 U.S. 837, 842–43 (1984). Where “the intent of Congress is clear, that is the end of the matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress.” *Id.*; *see also Cuozzo*, 136 S. Ct. at

2142 (“Where a statute is clear, the agency must follow the statute.”); *Utility Air Regulatory Grp. v. E.P.A.*, 134 S. Ct. 2427, 2446 (2014) (agency rulemaking authority “does not include a power to revise clear statutory terms”). Section 316(e) is clear and leaves no gap to fill regarding the burden of proving unpatentability during IPR proceedings. *See* Section I.A *supra*. Therefore, any reliance on a regulation that purports to reallocate the burden is *ultra vires* under *Chevron* and cannot stand.

The courts must vigorously police the line between Congress and the agency—the Article I legislature and the Article II executive—to protect the constitutional order of separate powers. *Chevron* is not a blank check to executive agencies—even expert ones such as the USPTO—to rewrite or add to a congressionally designed statutory scheme. *Utility Air Regulatory Grp.*, 134 S. Ct. at 2446 (“[A]n agency may not rewrite clear statutory terms to suit its own sense of how the statute should operate.”). Accordingly, the courts should be rigorous in determining, under *Chevron*, whether a statute is ambiguous such that any deference to agency interpretation, or agency gap-filling, is warranted. The failure to do so would “permit executive bureaucracies to swallow huge amounts of core judicial and legislative power and concentrate federal power in a way that seems more than a little difficult to square with the Constitution of the framers’ design.”

*Gutierrez-Brizuela v. Lynch*, No. 14-9585, 2016 WL 4436309, at \*5 (10th Cir. Aug. 23, 2016) (Gorsuch, J., concurring).

Here, that line was crossed because the USPTO has promulgated and interpreted its own rules (37 C.F.R. §§ 42.121(a)(2)(i) and 42.20(c)) in a manner that is directly contrary to the congressional design, as reflected in the explicit language of 35 U.S.C. § 316(e). And the panel incorrectly allowed the executive agency to supplant the legislative scheme. In the words of the panel, “the Board has interpreted § 42.121 as placing the burden on the patentee to show that the proposed amendments would make the claims patentable over the known prior art.” *In re Aqua Prods., Inc.*, No. 15-1177, slip op. at 6 (Fed. Cir. May 25, 2016). This is in direct conflict with § 316(e), which states clearly—in mandatory terms, and without exception—that “the petitioner,” not the patent owner (i.e. the patentee), “shall have the burden of proving a proposition of unpatentability.” As the Supreme Court has held, “*Chevron* allows agencies to choose among competing reasonable interpretations of a statute; it does not license interpretive gerrymanders under which an agency keeps parts of statutory context it likes while throwing away parts it does not.” *Michigan v. E.P.A.*, 135 S. Ct. 2699, 2708 (2015).

Similarly, there is no plausible argument that Congress left a “gap” for the agency to fill. Section 316(e) is complete and all-inclusive; moreover, it does not

differentiate between original and amended claims. Indeed, as noted above, Congress inserted an entire subsection on amended claims immediately prior. *See* 35 U.S.C. § 316(d). If Congress had intended to differentiate the burden of proof for amended versus non-amended claims, it would have done so. It did not. *See* Section I.A.3 *supra*.

“[T]he intent of Congress is clear” in § 316(e); therefore, “*that is the end of the matter.*” *See Chevron*, 467 U.S. at 842–43 (emphasis added). *Chevron* does not permit the USPTO to circumvent the explicit language of the statute and the intent of Congress. Had Congress wished to implement a different burden for amended claims, it would have written a different statute, and if it wishes to do so in the future it can amend the statute. But the agency cannot do so by itself, by regulation. Therefore, the USPTO’s 37 C.F.R. § 42.121 cannot be used to reallocate the burden of patentability to the patent owner. To do so is *ultra vires* under *Chevron*.

**C. Placing the Burden upon Petitioners Serves Important Interests of the Patent System.**

Placing the burden of proving unpatentability on the petitioner is consistent with every relevant legal principle. To start, it coheres with the presumption that a patent is valid. *See* 35 U.S.C. § 282(a). Although this presumption may be challenged, and in appropriate cases overcome, it is important not to tilt the playing field against patent owners in the first instance. The USPTO here, however, has

done just that by reallocating the burden of proving unpatentability. This reallocation not only inverts the statutory presumption of patentability; as a procedural matter it departs from the natural order of things by requiring patent owners to prove a host of negatives. *Cf. Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 850 (2014) (“A patent holder is in a better position than an alleged infringer to know, and to be able to point out, just where, how, and why a product (or process) infringes a claim of that patent. Until he does so, however, the alleged infringer may have to work in the dark, seeking, in his declaratory judgment complaint, to negate every conceivable infringement theory.”). Just as a patent holder is in a better position to prove infringement, a petitioner challenging a patent in an IPR is in a better position to point out the grounds for unpatentability.

Congress enacted the America Invents Act (AIA) and created the PTAB, giving the agency—the USPTO—a well-defined role. A “foundational principle” in enacting the AIA was that “a tribunal within the [US]PTO [the PTAB] would be empowered to conduct post-grant review of major patent validity issues, with the intent to provide an expert adjudicatory alternative to litigation.” *Synopsys*, 814 F.3d at 1333 (Newman, J., dissenting). “The purpose [of the AIA] is to reinforce reliability of the patent-based incentive to technological innovation, whereby valid patents are recognized and invalid patents are eliminated.” *Merck & Cie v. Gnosis*

*S.P.A.*, 820 F.3d 432, 438–39 (Fed. Cir. 2016) (Newman, J., dissenting from denial of rehearing *en banc*).

In the AIA, Congress created new and more robust post-grant review procedures for challenging patents, with the preponderance of the evidence standard to be applied by the USPTO, rather than the clear and convincing evidence standard applicable in district court. But Congress struck a crucial balance by squarely placing the burden of proving “any proposition of unpatentability” on the petitioner via § 316(e), with no distinction between original or amended claims. “[T]he purpose of post-grant review is not to stack the deck against the patentee, but to achieve a correct and reliable result—for innovative enterprise is founded on the support of a system of patents.” *Prolitec*, 807 F.3d at 1371 (Newman, J., dissenting). The Court should not usurp Congressional intent by permitting the USPTO to legislate a shift in the burden of proof in direct conflict with the statutory scheme created by Congress. *Fed. Election Comm’n v. Democratic Senatorial Campaign Comm.*, 454 U.S. 27, 32 (1981) (“[T]he courts are the final authorities on issues of statutory construction. They must reject administrative constructions of the statute, whether reached by adjudication or by rulemaking, that are inconsistent with the statutory mandate or that frustrate the policy that Congress sought to implement.”); *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 213–14 (1976) (“The rulemaking power granted to an administrative

agency charged with the administration of a federal statute is not the power to make law. Rather, it is the power to adopt regulations to carry into effect the will of Congress as expressed by the statute.”).

In sum: Section 316(e) clearly and unambiguously places the burden of proving unpatentability on the petitioner in IPR proceedings such that no agency interpretation is warranted or permitted under *Chevron*.



**CONCLUSION**

For these reasons, the *en banc* court should hold that § 316(e) clearly allocates the burden of proving unpatentability to the petitioner for all claims—original and amended—in IPR proceedings. Accordingly, no contrary rule or regulation by the USPTO is permissible.

Dated: October 4, 2016

Respectfully submitted,

KEVIN H. RHODES, *President*  
STEVEN W. MILLER, *Chair, Amicus Brief*  
*Committee*  
INTELLECTUAL PROPERTY  
OWNERS ASSOCIATION  
1501 M Street, N.W., Ste. 1150  
Washington, D.C. 20005  
(202) 507-4500

JOHN A. MARLOTT  
JONES DAY  
77 West Wacker Drive  
Chicago, IL 60601  
(312) 782-3939

/s/ Gregory A. Castanias  
GREGORY A. CASTANIAS  
JONES DAY  
51 Louisiana Avenue, N.W.  
Washington, D.C. 20001  
(202) 879-3939

JACLYN B. STAHL  
JONES DAY  
3161 Michelson Drive, # 800  
Irvine, CA 92612  
(949) 851-3939

DAVID B. COCHRAN  
JONES DAY  
North Point, 901 Lakeside Ave.  
Cleveland, OH 44114  
(216) 586-3939

*Counsel for Amicus Curiae*  
*Intellectual Property Owners*  
*Association*

**APPENDIX**

## APPENDIX<sup>1</sup>

### Members of the Board of Directors Intellectual Property Owners Association

---

Scott Barker  
Micron Technology, Inc.

Scott M. Frank  
AT&T

Stephen W. Bauer  
Medtronic, Inc.

Darryl P. Frickey  
Dow Chemical Co.

Edward Blocker  
Koninklijke Philips N.V.

Gary C. Ganzi  
Evoqua Water Technologies,  
LLC

Amelia Buharin  
Intellectual Ventures, LLC

Henry Hadad  
Bristol-Myers Squibb Co.

Tina M. Chappell  
Intel Corp.

Heath Hoglund  
Dolby Laboratories

Karen Cochran  
Shell International B.V.

Carl B. Horton  
General Electric Co.

John D. Conway  
Sanofi

Philip S. Johnson  
Johnson & Johnson

William J. Coughlin  
Ford Global Technologies LLC

Thomas R. Kingsbury  
Bridgestone Americas, Inc.

Anthony DiBartolomeo  
SAP AG

Charles M. Kinzig  
GlaxoSmithKline

Daniel Enebo  
Cargill, Inc.

William Krovatin  
Merck & Co., Inc.

Barbara A. Fisher  
Lockheed Martin

Dan Lang  
Cisco Systems, Inc.

Louis Foreman  
Enventys

<sup>1</sup>IPO procedures require approval of positions in briefs by a two-thirds majority of directors present and voting.

Mark W. Lauroesch  
Intellectual Property Owners  
Association

Peter Lee  
Thermo Fisher Scientific Inc.

Allen Lo  
Google Inc.

Timothy Loomis  
Qualcomm, Inc.

Thomas P. McBride  
Monsanto Co.

Elizabeth McCarthy  
Avaya, Inc.

Todd Messal  
Boston Scientific Co.

Steven W. Miller  
Procter & Gamble Co.

Micky Minhas  
Microsoft Corp.

Rimma Mitelman  
Unilever

Douglas K. Norman  
Eli Lilly and Co.

Richard F. Phillips  
Exxon Mobil Corp.

Dana Rao  
Adobe Systems Inc.

Kevin H. Rhodes  
3M Innovative Properties Co.

Curtis Rose  
Hewlett-Packard Enterprise

Matthew Sarboraria  
Oracle USA Inc.

Manny Schecter  
IBM Corp.

Steven J. Shapiro  
Pitney Bowes Inc.

Jessica Sinnott  
DuPont

Dennis C. Skarvan  
Caterpillar Inc.

Daniel J. Staudt  
Siemens Corp.

Brian Suffredini  
United Technologies Corp.

James J. Trussell  
BP America, Inc.

Roy Waldron  
Pfizer, Inc.

BJ Watrous  
Apple Inc.

Stuart L. Watt  
Amgen, Inc.

Steven Wildfeuer  
RELX Group

Michael Young  
Roche, Inc.

**United States Court of Appeals  
for the Federal Circuit**  
*In re: Aqua Products, Inc., 2015-1177*

**CERTIFICATE OF SERVICE**

I, Robyn Cocho, being duly sworn according to law and being over the age of 18, upon my oath depose and say that:

Counsel Press was retained by INTELLECTUAL PROPERTY OWNERS ASSOCIATION, counsel for Amicus Curiae to print this document. I am an employee of Counsel Press.

On **October 4, 2016** counsel has authorized me to electronically file the foregoing **EN BANC BRIEF OF INTELLECTUAL PROPERTY OWNERS ASSOCIATION AS AMICUS CURIAE IN SUPPORT OF NEITHER PARTY** with the Clerk of Court using the CM/ECF System, which will serve via e-mail notice of such filing to all counsel registered as CM/ECF users.

Additionally on this date, the following principal counsel for each party will be served with 2 paper copies:

James R. Barney  
Finnegan, Henderson, Farabow,  
Garrett & Dunner, LLP  
901 New York Avenue, NW  
Washington, DC 20001  
202-408-4000  
james.barney@finnegan.com  
Counsel for Appellant

Nathan K. Kelley, Solicitor  
United States Patent and  
Trademark Office  
Office of the Solicitor  
PO Box 1450 -- Mail Stop 8  
Alexandria, VA 22313  
571-272-9035  
nathan.kelley@uspto.gov  
Counsel for Intervenor

**via Express Mail.**

Thirty paper copies will be filed with the Court.

October 4, 2016

/s/ Robyn Cocho  
Counsel Press

**CERTIFICATE OF COMPLIANCE**

1. This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B), because it contains 3,795 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Federal Circuit Rule 32(b).
2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6), because it has been prepared in a proportionally spaced typeface using Microsoft Word 2007 in Times New Roman 14 point font.

Dated: October 4, 2016

/s/Gregory A. Castanias  
Gregory A. Castanias  
*Attorney for Amicus Curiae*  
*Intellectual Property Owners*  
*Association*