

2015-1177

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

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IN RE: AQUA PRODUCTS, INC.

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

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**APPELLANT'S PETITION FOR REHEARING EN BANC**

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June 6, 2016

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## CERTIFICATE OF INTEREST

Counsel for Appellant Aqua Products, Inc. certify the following:

1. The full name of every party represented by us is:

Aqua Products, Inc.

2. The name of the real party in interest represented by us is:

Fluidra, S.A.

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

Fluidra, S.A.

4. The names of all law firms and the partners or associates that appeared for the party now represented by us in the trial court or agency or are expected to appear in this Court are:

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## STATEMENT OF COUNSEL

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance:

1. Whether the Panel correctly adopted the Patent Trial and Appeal Board's ("PTAB" or "Board") burden-of-proof standard for motions to amend in *inter partes* review proceedings, which places the burden on the patentee to prove patentability of the proposed substitute claims, despite 35 U.S.C. § 316(e) stating that "the petitioner shall have the burden of proving a proposition of unpatentability" "[i]n an *inter partes* review."<sup>2</sup>

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<sup>2</sup> This same issue is currently before the Court in a pending petition for en banc review in *Prolitec, Inc. v. ScentAir Technologies, Inc.*, No. 15-1020.

## PRELIMINARY STATEMENT

This case is ripe for en banc review because it involves how the burden of proof in 35 U.S.C. § 316(e) applies to motions to amend filed during *inter partes* review. In this case, the PTAB found that the substitute claims did not add new matter and did not broaden the scope of the original claims. Thus, Aqua satisfied the *only* burden placed on patentees by 35 U.S.C. § 316(d) for a motion to amend. The PTAB denied the motion to amend, however, after concluding that Aqua also bore the burden of proving that the substitute claims were patentable (as opposed to the petitioner having to prove that the claims were unpatentable). On appeal, the Panel, like the PTAB, assigned the burden of proof on patentability to the patentee and affirmed the denial of the motion to amend.

Aqua petitions for en banc review because the *inter partes* review statute clearly tasks the petitioner, not the patentee, with proving *any* “proposition of unpatentability.” 35 U.S.C. § 316(e). The statute does not distinguish between original claims and substitute/amended claims with respect to this burden. As explained below, by assigning the burden of proof on the patentability of substitute claims to the patentee, the PTAB and the Panel have violated the express burden-of-proof framework that Congress prescribed for *inter partes* review, which is an important issue given that *inter partes* reviews are litigation-type proceedings where the burden of proof often dictates the PTAB’s decision.

## STATEMENT OF RELEVANT FACTS

### I. Aqua's Patented Pool-Cleaning Technology

U.S. Patent No. 8,273,183 (the '183 patent) discloses a pioneering jet-propelled pool cleaner that achieves controlled directional movement without an electric drive motor. Blue Br. 12-15. Before the '183 patent, pool cleaners that used jet propulsion to move (as opposed to electric motors) could not create uniform cleaning patterns across the pool surface—these cleaners moved erratically and inefficiently, which increased the cost of cleaning a pool. *Id.* at 8-11. Motor-driven cleaners, in contrast, moved in a controlled directional manner, typically using a microprocessor and an electric drive motor to steer the device along a preprogrammed pattern. *Id.* at 11. But these devices consumed excessive power and were expensive to purchase and maintain. *Id.*

The '183 patent solved these problems by disclosing a pool cleaner with (1) a jet positioned to produce a force vector  $V_r$  directed to a point at or behind the axis of the cleaner's front wheels; (2) axially mounted wheels or supports positioned to allow for controlled directional movement of the cleaner across the bottom of the pool; and (3) a jet that only discharges filtered water. *Id.* at 12-15. These features resulted in a pool cleaner that has the controlled directional movement of the more expensive, maintenance-intensive, motor-driven robots,

while using the more cost-effective, energy-efficient, water-jet propulsion approach. *Id.* This was a significant advance in the art.

## **II. *Inter Partes* Review and Federal Circuit Appeal**

Zodiac petitioned for *inter partes* review of claims 1-14, 16, and 19-21 of the '183 patent based on U.S. Patent No. 3,321,787 to *Myers*; U.S. Patent No. 3,936,899 to *Henkin*; U.S. Patent No. 4,100,641 to *Pansini*; and U.S. Patent No. 4,429,429 to *Altschul*. A2005-07. The PTAB instituted on claims 1-9, 13, 14, 16, and 19-21, but not on claims 10-12. A121. Thereafter, Aqua moved under 35 U.S.C. § 316(d) to amend claims 1, 8, and 20 of the '183 patent, substituting them with claims 22, 23, and 24, respectively. A2276-95. These substitute claims added key features aimed at distinguishing the cited prior art, including features recited in claims 10-12, for which the PTAB denied institution. *Id.*

In its motion, Aqua explained that claims 22-24 complied with 35 U.S.C. § 316(d) because they did not enlarge the scope of the original claims or introduce new matter. A2283-85; A2395-99. Aqua also described why the substitute claims were patentable over the various obviousness combinations relied upon by the PTAB in its institution decision. A2285-93; A2400-02; A2803-06. The PTAB found that Aqua's amendments complied with 37 C.F.R. § 42.121(a)(2)(ii) because they were not broadening, did not introduce unsupported subject matter, and did not render the claims indefinite. A39-46. This reasoning meant that the substitute

claims also satisfied § 316(d). The PTAB then evaluated the patentability of the substitute claims, finding them unpatentable. In doing so, however, the PTAB placed the burden of proof on Aqua, concluding that Aqua “fail[ed] to demonstrate that the substitute claims [22-24] are patentable over Henkin and Myers.” A52.

On appeal, Aqua argued that it did not bear the burden of proving patentability for substitute claims because the statute expressly places this burden on the petitioner. Blue Br. 35-39, 58-59; Grey Br. 26-31. The Panel rejected Aqua’s argument, explaining that this Court’s “precedent has upheld the Board’s approach of allocating to the patentee the burden of showing that its proposed amendments would overcome the art of record.” *In re: Aqua Prods., Inc.*, No. 15-1177, \_\_ F.3d \_\_, 2016 WL 3007656, at \*3 (Fed. Cir. May 25, 2016). Because of this precedent, the Panel declined to revisit the burden-of-proof issue. *Id.*

## **ARGUMENT IN SUPPORT OF REHEARING EN BANC**

### **I. The Panel Incorrectly Approved the PTAB’s Denial of Claim Amendments that Complied with § 316(d)**

Aqua satisfied the statutory requirements governing amendments in *inter partes* review proceedings. Indeed, the PTAB found that Aqua’s amendments did not introduce unsupported subject matter and were not broadening, which is all that 35 U.S.C. § 316(d) requires. Amendments that meet the plain language of § 316(d) should be entered early in the proceedings, after which the petitioner can

attempt throughout the rest of the trial to prove unpatentability as required by § 316(e). This is the unmistakable intent of the statute.

**II. The Panel Contravened § 316(e) by Adopting the PTAB’s Burden-of-Proof Standard, Which Incorrectly Requires the Patentee to Prove Patentability for Substitute Claims**

**A. Section 316(e) Assigns the Burden of Proof to the Petitioner on All Issues Pertaining to Patentability, Without Distinguishing Between Original Claims and Substitute Claims**

In the same section of the *inter partes* review statute that allows claim amendments (i.e., § 316), the statute makes clear that, “[i]n an *inter partes* review . . . , the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.” 35 U.S.C. § 316(e). This statutory language is broad-sweeping; Congress did not selectively confine its burden-of-proof standard to any specific type of claim (e.g., original claims). Notably, in the subsection immediately before § 316(e), Congress prescribed its framework for amended claims. 35 U.S.C. § 316(d). Had it wanted to delineate a special burden of proof for the patentability of amended claims, it could have done so expressly in § 316(d). Instead, Congress established a single, *universal* burden of proof for any “proposition of unpatentability” and expressly assigned that burden to the petitioner.

Congress’s word choice, i.e., placing the burden on petitioners to prove “a proposition of *unpatentability*,” is significant. 35 U.S.C. § 316(e) (emphasis

added). The term “unpatentability” is a broad term that applies to both issued claims and pending or proposed claims (i.e., claims still under consideration). *See, e.g., Abbvie Inc. v. Mathilda & Terence Kennedy Inst. of Rheumatology Tr.*, 764 F.3d 1366, 1378-80 (Fed. Cir. 2014) (discussing whether claims in an issued patent were “patentable” or “unpatentable” under 35 U.S.C. § 103); *Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc.*, 322 F.3d 1335, 1355 (Fed. Cir. 2003) (referring to patent application claims that were “reject[ed] for unpatentability”).

In contrast, the narrower term “invalidity” generally refers to already-issued claims that a challenger seeks to invalidate. *See, e.g., 35 U.S.C. § 282(a)* (explaining that a “presumption of validity” attaches to issued patent claims). Instead of focusing on the narrower validity concept like it did years ago in § 282(a), Congress opted for the broader concept of “unpatentability” in § 316(e). It is difficult to imagine how Congress could have been any clearer in mandating that petitioners bear the burden of proof on *all* propositions of unpatentability that arise during *inter partes* review proceedings, regardless of whether they pertain to an original claim or a substitute claim. Thus, § 316(e) must be interpreted such that the burden of proof on patentability *always* remains with the petitioner, regardless of whether that issue arises in conjunction with an original claim or an

amended claim.<sup>3</sup> *See Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 100 (2011) (“Where Congress has prescribed the governing standard of proof, its choice controls absent ‘countervailing constitutional constraints.’” (quoting *Steadman v. SEC*, 450 U.S. 91, 95 (1981))).

**B. The United States Patent and Trademark Office’s (“PTO”) Regulation on Motions to Amend Cannot Be Interpreted to Assign the Burden of Proof to the Patentee; but It Can Be Interpreted to Comport with § 316(e)**

37 C.F.R. § 42.121 addresses the relationship between § 316(d)’s motion-to-amend standard and § 316(e)’s burden-of-proof standard. Among other things, the regulation permits denial of a motion to amend when “[t]he amendment does not respond to a ground of unpatentability involved in the trial.” 37 C.F.R. § 42.121(a)(2)(i). Notably, this standard does not appear anywhere in the statute; the PTO added it on its own. Thus, the standard can only carry statutory authority if it (1) “give[s] effect to the unambiguously expressed intent of Congress,” or (2) fills a gap left by Congress and “is based on a permissible construction of the statute.” *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842-43 (1984); *accord In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1279

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<sup>3</sup> Aqua therefore respectfully disagrees with this Court’s holding that the burden-of-proof standard in § 316(e) only applies to issued claims that were actually challenged in the petition for review and for which the Board instituted review. *See, e.g., Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1332-33 (Fed. Cir. 2016). Section 316(e) contains no such distinction.

(Fed. Cir. 2015) (applying *Chevron* to the PTO's rulemaking authority under the America Invents Act).

While it is not improper per se for the PTO to add extraneous requirements to statutes when issuing regulations, these extraneous requirements cannot conflict with the statute. *Chevron*, 467 U.S. at 843-44 (agency interpretations cannot be upheld if they are “manifestly contrary to the statute”). Here, the authorizing statute unambiguously states that “the *petitioner* shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.” 35 U.S.C. § 316(e) (emphasis added). Thus, any regulation that assigns a burden of proof on patentability/unpatentability to anyone besides the petitioner conflicts with the statute. Accordingly, interpreting 37 C.F.R. § 42.121(a)(2)(i) as shifting the burden to the patentee would render the regulation invalid.

37 C.F.R. § 42.121(a)(2)(i) can be interpreted, however, to square with § 316(e). Taking the regulatory language at face value, a patentee need only show that a proposed amendment “respond[s] to a ground of unpatentability involved in the trial.” 37 C.F.R. § 42.121(a)(2)(i). *Responding* to an argument is not the same as *prevailing* over an argument. Put differently, the requirement to respond aligns more with a burden of production, which is different than having to ultimately *prove patentability* (i.e., satisfy the burden of persuasion). For instance, if a proposed amendment adds limitations to a challenged claim, and the patentee

makes a good-faith argument as to how those added limitations distinguish the asserted prior art, then he has “*respond[ed]*” to a ground of unpatentability involved in the trial.” *Id.* (emphasis added). This would trigger the petitioner’s burden of persuasion to prove unpatentability under § 316(e). Thus, the regulation can be interpreted in a way that does not conflict with the statute, although that is not the interpretation the PTO is currently using.

**C. The Grant of Authority in § 316(a)(9), Tasking the PTO with Prescribing Regulations on Motions to Amend, Does Not Trump the Express Assignment of the Burden of Proof in § 316(e)**

35 U.S.C. § 316(a)(9) grants authority to the PTO to prescribe regulations “setting forth standards and procedures for allowing the patentee to move to amend the patent.” This Court has relied on this provision to conclude that Congress granted the PTO broad discretion in establishing the motion-to-amend framework, and that, because of this discretion, the PTO was within its rights to place the burden to prove patentability on the patentee in the motion-to-amend context. *See, e.g., Nike*, 812 F.3d at 1332-33. Nothing in § 316(a)(9), however, addresses a burden of proof, let alone the burden of proof on patentability. Instead, the *only* provision in the statute that specifically addresses the burden of proof on patentability is § 316(e).

The Supreme Court has long held that specific provisions in a statute trump more general provisions. *See Fourco Glass Co. v. Transmirra Prods. Corp.*,

353 U.S. 222, 228 (1957) (“However inclusive may be the general language of a statute, it ‘will not be held to apply to a matter specifically dealt with in another part of the same enactment. . . .’” (citations omitted)). The *inter partes* review statute has a specific provision dealing with the burden of proving unpatentability (§ 316(e)), a general provision on how patentees can amend claims (§ 316(d)), and a general provision allowing the PTO to set forth standards and procedures for motions to amend (§ 316(a)(9)). Of these provisions, when it comes to the question of who bears the burden of proving unpatentability, § 316(e) should control because it deals *specifically* with the concept, whereas the motion-to-amend provisions do not. Put differently, there is no need to hunt through § 316(a)(9) and (d) for inferences about who bears the burden of proving unpatentability or patentability when § 316(e) expressly addresses this topic.

Moreover, although § 316(a)(9) grants the PTO authority to prescribe regulations on motions to amend, this does not mean the PTO can issue regulations that conflict with the statute. *See 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.’” (citations omitted)). Because there is a specific statutory requirement that a “petitioner *shall* have the burden of proving a

proposition of unpatentability,” 35 U.S.C. § 316(e) (emphasis added), any implementing regulation that fails to reflect this congressional intent is entitled to no deference. *Chevron*, 467 U.S. at 842-43 (regulations “must give effect to the unambiguously expressed intent of Congress”).

**D. Placing the Burden on Petitioners to Show the Unpatentability of Substitute Claims Is Not Unfair to Petitioners and Will Not Result in Untested Claims**

The petitioner, not the patentee, invokes the burden-of-proof standard in § 316(e) by filing its petition for *inter partes* review. If *inter partes* review is instituted, the patentee can optionally respond by filing a motion to amend. Section 316(d) prescribes what the patentee must prove to successfully inject substitute claims into the proceeding—i.e., that the proposed amendment does not introduce new subject matter or expand the scope of the claims. If the patentee meets that burden, the *petitioner* must then prove unpatentability of the substitute claims under § 316(e). This is not an unfair result since the petitioner accepted § 316(e)’s burden to prove *any* “proposition of unpatentability” when it filed its petition for *inter partes* review.

This Court has reasoned that requiring petitioners to prove the unpatentability of substitute claims could result in untested claims issuing “despite the PTO having before it prior art that undermines patentability.” *Nike*, 812 F.3d at 1333 (citation omitted). The restrictive requirements of § 316(d), however,

minimize this concern. These requirements ensure that the substitute claims are no broader in scope than the claims that were considered *and allowed* during original prosecution. Because the issued claims were *already examined and allowed by the PTO*, and because § 316(d) requires substitute claims to be no broader in scope and supported by the written description, these substitute claims are not untested.

The fact that some substitute claims may never get examined in view of newly asserted prior art if the petitioner declines to challenge those claims is a perfectly acceptable result given that *inter partes* reviews are litigation-type proceedings. *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, 815 F.3d 747, 756 (Fed. Cir. 2016) (describing *inter partes* review proceedings as “litigation-like contested proceedings”). In a litigation, if a party drops an issue from the case, that party typically loses on that issue. Similarly, a substitute claim that issues during *inter partes* review without consideration of newly asserted prior art (e.g., because the petitioner dropped the issue) is not an unjust result—it is simply a byproduct of the litigation-based system that Congress created. Other parties will be free to challenge those substitute claims in future *inter partes* reviews or in district court litigations. In any event, this particular policy consideration cannot trump the clearly expressed will of Congress that petitioners “*shall* have the burden of proving a proposition of unpatentability.” 35 U.S.C. § 316(e) (emphasis added).

**E. The PTO’s Practice of Assigning the Burden of Proof on Patentability to the Patentee Has Significantly Undermined the Usefulness of § 316(d)**

In practice, shifting the burden to the patentee to prove patentability of substitute claims creates unjust results; it forces the patentee to address numerous prior art references and attempt to negate every conceivable invalidity theory—all within a relatively short page limit. The Supreme Court has cautioned against legal standards that create these types of “negative” burdens. *See Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 850 (2014) (refusing to place burden on accused infringer to show noninfringement after reasoning that doing so could result in the accused infringer having to “work in the dark . . . to negate every conceivable infringement theory”).

Likewise, placing a burden on the patentee to prove a negative, i.e., that an amended claim is *not* unpatentable, runs contrary to decades of this Court’s law. *Cf. Rambus Inc. v. Rea*, 731 F.3d 1248, 1255 (Fed. Cir. 2013) (“The Board erroneously placed the burden on [the patentee] to prove that its claims were not obvious. In reexamination proceedings, ‘a preponderance of the evidence must show nonpatentability before the PTO may reject the claims of a patent application.’” (quoting *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988))); *Velandar v. Garner*, 348 F.3d 1359, 1369-70 (Fed. Cir. 2003) (requiring the party challenging validity in an interference proceeding to “establish by a

preponderance of the evidence that the claims of the . . . application were unpatentable”).

The PTO’s requirement that a patentee must prove the patentability of substitute claims has unduly restricted the amendment option that Congress intentionally granted to patentees in § 316(d). As of April 30, 2016, the PTAB has granted only *six* of 118 motions to amend, representing a 95% failure rate.<sup>4</sup> Clearly, this was not Congress’s intent. Section 316(d) is an important part of the overall balance that Congress struck between the rights of petitioners and patentees. Under the procedure that Congress carefully crafted, an amendment that comports with § 316(d) by adding no new matter and being no broader in scope than the original claims should be entered. Then, throughout the rest of the proceedings, the petitioner can try to satisfy its burden under § 316(e) of proving that the substitute claims are unpatentable. This is the scheme that Congress created—and neither the PTO nor this Court has the power to modify that scheme for want of a different policy outcome.

### **III. CONCLUSION**

For these reasons, this case presents important statutory questions of first impression and should be considered en banc.

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<sup>4</sup> PTO, Patent Trial and Appeal Board Motion to Amend Study 4 (Apr. 30, 2016), <http://1.usa.gov/1Vxhtho>.

Date: June 6, 2016

Respectfully submitted,

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# **ADDENDUM**

# United States Court of Appeals for the Federal Circuit

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

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2015-1177

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

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Decided: May 25, 2016

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JAMES R. BARNEY, Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, Washington, DC, argued for appellant. Also represented by TIMOTHY P. MCANULTY, DAVID MROZ; ANTHONY A. COPPOLA, ANTHONY J. DIFILIPPI, JEFFREY A. SCHWAB, Abelman Frayne & Schwab, New York, NY.

MEREDITH HOPE SCHOENFELD, Office of the Solicitor, United States Patent and Trademark Office, Alexandria, VA, argued for intervenor Michelle K. Lee. Also represented by NATHAN K. KELLEY, FARHEENA YASMEEN RASHEED, SCOTT WEIDENFELLER.

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Before PROST, *Chief Judge*, REYNA, *Circuit Judge*, and STARK, *Chief District Judge*<sup>1</sup>.

REYNA, *Circuit Judge*.

Aqua Products, Inc. (“Aqua”) appeals from the final written decision of the Patent Trial and Appeal Board (“Board”) in an inter partes review (“IPR”) of U.S. Patent No. 8,273,183 (“’183 patent”). The Board denied Aqua’s motion to substitute claims 22–24. Aqua challenges the Board’s amendment procedures, which require the patentee to demonstrate that the amended claims would be patentable over the art of record. We affirm.

#### BACKGROUND

##### A. Patented Technology

The ’183 patent concerns automated swimming pool cleaners, which are devices used to filter water and scrub pool surfaces. Such cleaners typically propel themselves about a swimming pool using motor-driven wheels, water jets, suction, or some combination thereof. *See* ’183 patent col. 1 ll. 30–48. According to the ’183 specification, propelling a cleaner using motor-driven wheels enables the cleaner to move in a controlled pattern, but the technique can be expensive because it requires equipping the cleaner with a drive motor and integrated circuitry. *See id.* col. 2 ll. 47–56. Cleaners that use suction or water jets do not require a drive motor, but they traditionally move in erratic rather than controlled patterns. *Id.* col. 2 ll. 57–61.

The ’183 patent discloses an automated swimming pool cleaner that uses “an angled jet drive propulsion system” to move in a controlled pattern. *Id.* col. 1 ll. 1–4,

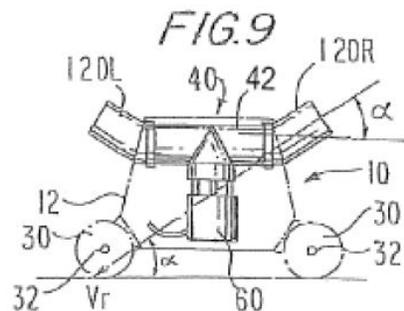
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<sup>1</sup> The Honorable Leonard P. Stark, Chief District Judge, United States District Court for the District of Delaware, sitting by designation.

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col. 3 ll. 15–20. Rather than using a motor to drive wheels, the disclosed cleaner shoots filtered water backwards at an angle to create both a forward force that propels the cleaner and a normal force that keeps the cleaner's wheels in contact with the pool floor. *Id.* col. 4 ll. 13–25, 46–49. As shown in Figure 9, the cleaner draws pool water through a bottom opening, filters the water, and shoots the filtered water backwards from elbow 120R or 120L at an angle  $\alpha$  so as to create the forward and normal forces. *Id.* col. 4 ll. 46–51, col. 10 ll. 47–51.



'183 Patent, Figure 9.

#### B. Board Proceedings

Zodiac Pool Systems ("Zodiac") petitioned the Board for IPR of claims 1–14, 16, and 19–21 of the '183 patent. Among the references Zodiac cited were U.S. Patent Nos. 3,936,899 ("Henkin") and 3,321,787 ("Myers"). Henkin discloses a pool cleaner that moves randomly, in part by shooting a water jet from an adjustable nozzle that can be angled "to yield both a downward thrust component (i.e., normal to the vessel surface) for providing traction and a forward component which aides in propelling the car." Henkin at col. 5 ll. 19–22. Unlike the cleaner of the '183 patent, Henkin's cleaner uses three wheels rather than four and moves along a "random" rather than controlled path. *Id.* at Abstract. Henkin's jet is also powered by an external rather than an internal pump, and it shoots unfiltered rather than filtered water. *Id.* col. 5 ll. 15–19.

Myers discloses a prior art cleaner that uses an internal pump to create a filtered water jet for erratic movement. Myers at col. 1 ll. 63–65 (“electric motor”), col. 2 ll. 22–33 (describing an internal filter), col. 3 ll. 6–12 (“water exiting from the unit and into the pool will provide a jet force to move the unit”).

The Board instituted trial on all the challenged claims except claims 10–12. Aqua moved to substitute new claims 22–24, which amended claims 1, 8, and 20 to additionally require that (1) the jet creates a downward vector force rear of the front wheels (the “vector limitation”), and (2) the wheels control the directional movement of the cleaner (the “directional movement limitation”). Substitute claim 23 also added that the cleaner has four wheels (the “four wheel limitation”), and substitute claim 24 added that the jet shoots filtered water (the “filtered water limitation”).

In its motion to amend, Aqua argued that the combination of Henkin and Myers does not render the substitute claims obvious because it does not suggest the vector limitation. J.A. 2289–91. Although Aqua referenced the other added limitations, it did not argue that those other limitations would have been non-obvious in light of Henkin and Myers. Regarding objective indicia, Aqua characterized its commercial embodiments as “successful” and it implied that Zodiac may have copied the design, but Aqua did not argue that these objective indicia were tied to the vector limitation or that they otherwise demonstrated that the vector limitation was non-obvious. J.A. 2288.

The Board denied Aqua’s motion to amend. It reasoned that the vector limitation would have been obvious because Henkin teaches positioning the jet at an angle that satisfies the vector limitation. J.A. 50–52. Regarding the other new limitations, the Board concluded without analysis or evidence that the limitations were within the ordinary skill. *Id.* In a footnote, the Board also held

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without analysis that Aqua's arguments regarding objective indicia of non-obviousness were unpersuasive. *Id.*

Aqua appeals the Board's denial of its motion to amend. Aqua argues that Board regulations requiring the patentee to demonstrate that an amended claim is patentable over the art of record are unsupported by statute, and that the Board's interpretation of those regulations impermissibly places the burden on the patentee to show non-obviousness. Moreover, Aqua argues that the Board abused its discretion by denying the motion to amend without considering all the new limitations and the objective indicia of non-obviousness, as would be required for invalidating an original claim.

#### DISCUSSION

We review the Board's decisions using the standard set forth in the Administrative Procedure Act (APA), 5 U.S.C. § 706. *Dickinson v. Zurko*, 527 U.S. 150, 154 (1999). Under that statute, we set aside actions that are arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law. *In re Sullivan*, 362 F.3d 1324, 1326 (Fed. Cir. 2004). "We accept the Board's interpretation of Patent and Trademark Office regulations unless that interpretation is plainly erroneous or inconsistent with the regulation." *Id.* (internal citations omitted).

The America Invents Act ("AIA") provides that a patent holder in an IPR "may file 1 motion to amend," by "propos[ing] a reasonable number of substitute claims." 35 U.S.C. § 316(d)(1). The only statutory requirement is that the amendment "may not enlarge the scope of the claims of the patent or introduce new matter." *Id.* § 316(d)(3). Section 318(b), however, provides that the final written decision may incorporate into the patent any new or amended claim "determined to be patentable."

Pursuant to the statutory framework, the Patent and Trademark Office ("PTO") promulgated 37 C.F.R. §

42.121, which allows the Board to deny a motion to amend if the amendment expands the claim scope or “does not respond to a ground of unpatentability involved in the trial.” Because PTO regulations place the burden for any motion on the movant, *see* 37 C.F.R. § 42.20(c), 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. *See Idle Free Sys., Inc. v. Bergstrom, Inc.*, IPR2012–00027, 2013 WL 5947697 (PTAB June 11, 2013).

Our precedent has upheld the Board’s approach of allocating to the patentee the burden of showing that its proposed amendments would overcome the art of record. In *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1307–08 (Fed. Cir. 2015), we upheld the Board’s interpretation of its regulations, requiring the patentee to establish that proposed amendments would overcome the art of record. *See also Prolitec, Inc. v. ScentAir Techs., Inc.*, 807 F.3d 1353, 1363 (Fed. Cir. 2015). In *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1333–34 (Fed. Cir. 2016), we further held that the Board’s regulations concerning motions to amend and its interpretation thereof are consistent with the AIA’s statutory framework, even though the framework generally places the burden of proving unpatentability on the IPR petitioner. Given our precedent, this panel cannot revisit the question of whether the Board may require the patentee to demonstrate the patentability of substitute claims over the art of record.

The only issue left open for our consideration is whether the Board abused its discretion by failing to evaluate objective indicia of non-obviousness and various new limitations in the proposed claims, even though Aqua did not argue that those indicia and limitations distinguish the proposed claims over the combination of Henkin and Myers. We find no abuse of discretion. The burden of showing that the substitute claims were patentable rested with Aqua. It therefore follows that the Board’s evalua-

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tion of Aqua's motion to amend was limited to considering only those arguments that Aqua actually raised. To hold otherwise would require the Board to fully reexamine the proposed claims in the first instance, effectively shifting the burden from the patentee to the Board. Denial of a motion to amend in compliance with the APA only requires that the Board show that it fully considered the particular arguments raised by the patentee and that it provided a reasoned explanation for why those arguments were unpersuasive. Those requirements were satisfied here.

Aqua contends that the Board was "on notice" of its arguments with respect to all four added limitations. Appellant's Reply Br. 5–12. In fact, in its motion, Aqua presented only one reason why the substitute claims might overcome the combination of Henkin and Myers. That reason was that the combination fails to teach the newly added vector limitation. To deny the motion, the Board needed to rebut only this argument.

To be sure, Aqua makes passing references in its motion to the additional limitations. Although Aqua identifies in the record where it described the new limitations and distinguished them from the prior art, none of the descriptions were made in the context of supporting the patentability of the amended claims in light of the combination of Henkin and Myers. Most of the arguments were made in the course of the main IPR proceedings; none of the arguments appeared in the portion of the motion to amend that sought to explain why the "Substitute Claims Are Not Obvious In View of Henkin and Myers." Accordingly, the Board was under no obligation to consider them in evaluating the motion to amend.<sup>2</sup>

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<sup>2</sup> Aqua excuses its failure to provide argument for its additional limitations by emphasizing the 15 page

The Board properly rebutted Aqua's argument. The Board explained that Henkin discloses the vector limitation by teaching a jet whose angle "is selected to yield both a downward thrust component (i.e., normal to the vessel surface) for providing traction and a forward component which aids in propelling the car." J.A. 51 (citing Henkin col. 5 ll. 19–22). The Board thus found that Henkin taught the vector limitation explicitly.

Aqua argues that the Board's analysis is unsupported because the purpose of the angled jet in the prior art was to promote random movement rather than stability, as in the '183 patent. That argument is unpersuasive because nothing about the vector limitation precludes random movement, and indeed, the '183 specification teaches that the invention encompasses both controlled and random movement. *See* '183 patent col. 5 ll. 4–9.

We conclude that the Board did not abuse its discretion by denying Aqua's motion to amend. The Board rebutted Aqua's sole argument that the vector limitation made the substitute claims patentable over the combination of Henkin and Myers. Because Aqua's arguments with respect to that combination rested exclusively on the vector limitation, the Board had no obligation to address the other amendments or to consider the issue of objective indicia of non-obviousness, which Aqua did not raise in connection with the Henkin/Myers combination. We affirm.

### **AFFIRMED**

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limit under which it operated. The problem here is that Aqua did not ask the Board for additional pages, or any similar relief. As such, we cannot say that the Board abused its discretion by holding Aqua to the then-applicable page limits.

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COSTS

No costs.

## CERTIFICATE OF SERVICE

I certify that on June 6, 2016, this APPELLANT'S PETITION FOR REHEARING EN BANC was filed electronically using the CM/ECF system and served via the CM/ECF system on counsel for the U.S. Patent and Trademark Office as follows:

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