

Appeal No. 2015-1177

United States Court of Appeals
For The Federal Circuit

IN RE AQUA PRODUCTS, INC.,

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in No. IPR 2013-00159.

**BRIEF FOR INTERVENOR - DIRECTOR OF
THE UNITED STATES PATENT AND TRADEMARK OFFICE**

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STATEMENT OF RELATED CASES

The Director is not aware of any other appeal to this Court, or any other appellate court, resulting from the underlying inter partes review of U.S. Patent No. 8,273,183 on appeal in this case. *Synopsys, Inc. v. Mentor Graphics Corp.*, Fed. Cir. Nos. 2014-1516, -1530, *Microsoft Corp. v. Proxyconn, Inc.*, Fed. Cir. Nos. 2014-1542, -1543, *Helperich Patent Licensing, LLC v. CBS Corp. et al.*, Fed. Cir. No. 2014-1556 (*aff'd without opinion*, April 8, 2015), *Nike, Inc. v. Adidas AG*, Fed. Cir. 2014-1719, *ConvaTec Technologies, Inc. v. Smith & Nephew, Inc.*, Fed. Cir. Nos. 2014-1822, -1833, *In re Encap, LLC*, Fed. Cir. No. 2015-1008 and *Prolitec, Inc. v. ScentAir Tech., Inc.*, Fed. Cir. No. 2015-1017, -1020, like this appeal, all involve challenges to the USPTO's regulations and practices regarding motions to amend in post-grant proceedings. This Court's decisions in those appeals may directly affect, or be directly affected by, this Court's decision in this appeal.

The patent at issue in this appeal, U.S. Patent No 8,273,183 was the subject of an infringement litigation titled *Aqua Products, Inc. v. Zodiac Pool Systems*, Case No. 1:12-cv-09342 (TPG) in the Southern District of New York, which was dismissed on April 8, 2015, based on a settlement reached by the parties.

I. STATEMENT OF THE ISSUE

The Board denied Aqua Products' motion to amend because Aqua Products failed to demonstrate the patentability of its proposed claims over the prior art. After concluding that original claims 1-9, 13, 14, 16, and 19-21 were obvious—a conclusion that Aqua Products does not challenge—the Board found that although the proposed substitute claims require a narrower range of acute angles for the discharge conduit, they are still obvious over the cited prior art that discloses that the angle of the discharge conduit is adjustable. Thus, the issue in this appeal is whether the Board properly exercised its discretion in denying Aqua Products' motion in accordance with its authority provided under 35 U.S.C. §§ 316(a)(9) and 316(d), 37 C.F.R. §§ 42.20(c) and 42.121(a).

II. STATEMENT OF THE CASE

A. Procedural Background

This appeal arises from a final written decision of the Patent Trial and Appeal Board issued on August 22, 2014, in inter partes review no. IPR2013-00159 conducted under 35 U.S.C. § 311. A1.¹ Aqua Products owns U.S. Patent No. 8,273,183 (the '183 patent). A59. Zodiac Pool Systems, Inc. filed a petition with the U.S. Patent and Trademark Office to institute an inter partes review of

¹ Citations to "A__" refer to the Joint Appendix. Citations to "Br. at __" refer to Aqua Products' brief.

claims 1-14, 16, and 19-21 of the '183 patent. A2001-63. The USPTO granted Zodiac's petition in part, determining that there was a reasonable likelihood that Zodiac would prevail on showing unpatentability of claims 1-9, 13, 14, 16 and 19-21 of the '183 patent as either anticipated by Myers,² obvious over Henkin³ and Myers or obvious over Pansini⁴ and Myers. A103- 119. After institution, Aqua Products moved to amend claims 1, 8, and 20, substituting them with claims 22, 23, and 24. A2276-95.

The Board ultimately issued a final written decision concluding that Zodiac established by a preponderance of the evidence that claims 1-9, 13, 14, 16 and 19-21 of the '183 patent are either anticipated by Myers under 35 U.S.C. § 102 or unpatentable under 35 U.S.C. § 103 because they would have been obvious over Henkin and Myers or obvious over Pansini and Myers. A21-39. Aqua Products is not disputing that decision on appeal.

The Board also denied Aqua Products' motion to amend the '183 patent, concluding that Aqua Products failed to meet its burden of showing that the substitute claims 22-24 were patentable. A39-52. On October 23, 2014, Aqua Products appealed, challenging the final written decision. A2911-16. The Director of the USPTO intervened to defend the Board's final written decision.

² U.S. Patent No. 3,321,787 (A2508-13).

³ U.S. Patent No. 3,936,899 (A2515-25).

⁴ U.S. Patent No. 4,100,641 (A2527-42).

See 35 U.S.C. § 143. Zodiac settled its litigation with Aqua Products and has stepped out of the dispute now before this Court. This Court has jurisdiction under 28 U.S.C. § 1295(a)(4)(A).

B. Statutory and Regulatory Background

1. Administrative Review of Issued Patents

Congress has long provided administrative mechanisms for third parties to ask the USPTO to reconsider the patentability of claims in an issued patent. In 1980, Congress enacted the first statute authorizing *ex parte* reexamination. *See* Pub. L. No. 96-517, 94 Stat. 3015 (1980) (codified at 35 U.S.C. ch. 30 (1980)). In 1999, Congress added an option for “*inter partes*” reexamination, which allowed the third-party requester to participate in the reexamination and, after 2002, any subsequent appeal. *See Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008); American Inventors Protection Act, Pub. L. No. 106-113, 113 Stat. 1501, Sec. 4601-04 (1999) (codified as amended at 35 U.S.C. §§ 311-318 (2000)).

2. Inter Partes Review Procedures under the AIA

In the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011), Congress substantially expanded the USPTO’s procedures for reconsidering the patentability of claims in issued patents. Chapter 31, of title 35, United States Code, sets forth a framework for *inter partes* review

proceedings, *see* 35 U.S.C. §§ 311-319, and contains several express delegations of authority to the USPTO Director to promulgate regulations “establishing and governing inter partes review under this chapter.” 35 U.S.C. § 316(a)(4); *see also* 35 U.S.C. §§ 316(a)(1)-(13).

The AIA replaced inter partes reexamination with inter partes review, an adversarial proceeding before the renamed Patent Trial and Appeal Board. *See* 35 U.S.C. § 311; *Abbott Labs v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013) (quoting H.R. Rep. No. 112-98, pt. 1, at 46-47 (2011) (noting that the AIA “convert[ed] inter partes reexamination from an examinational to an adjudicative proceeding” conducted before the Board rather than before an examiner)).

Any person other than the patent owner may petition to institute an inter partes review, and the petitioner may participate in the proceedings and any ensuing appeal. *See* 35 U.S.C. §§ 311, 316, 319. The petition must meet several statutory and regulatory requirements. 35 U.S.C. § 312. After an inter partes review is instituted, the “trial” phase begins. *See* 35 U.S.C. § 316. The patent owner must file its “patent owner response” along with evidence or affidavits, and both parties may depose the other’s affiants, and participate in an oral hearing before the Board. 35 U.S.C. § 316(a)(8); 35 U.S.C. § 316(a)(10). By statute, the petitioner “shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.” 35 U.S.C. § 316(e).

A patent owner may file one motion to amend its patent. 35 U.S.C. § 316(d). The Director is further authorized to “set[] forth standards and procedures for allowing the patent owner to move to amend the patent under subsection (d).” 35 U.S.C. § 316(a)(9). After motion practice, the PTAB “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).” 35 U.S.C. § 318(a). There is never a separate examination of any proposed amendment in accordance with the otherwise-usual examination procedures of 35 U.S.C. §§ 131-33. The final written decision with respect to patentability is reviewable by this Court. 35 U.S.C. § 319.

3. USPTO Rules for Inter Partes Review

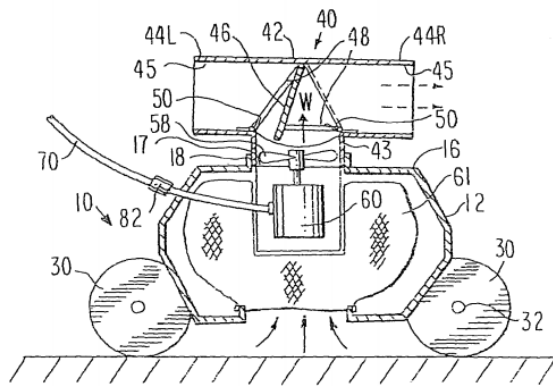
To implement the AIA’s new administrative review schemes, Congress provided the USPTO with expanded rulemaking authority. *See generally* 35 U.S.C. § 316(a); *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271, 1281-82 (Fed. Cir. 2015) (“[T]he AIA granted new rulemaking authority to the PTO.”). The AIA authorizes the USPTO to “prescribe regulations . . . establishing and governing” inter partes review proceedings and to specify “the relationship of such review to other proceedings under this title,” among other matters. 35 U.S.C. § 316(a)(4).

Pursuant to those express statutory grants of rulemaking authority, the USPTO has prescribed regulations governing inter partes, post-grant, and CBM review proceedings, as well as general rules of practice before the Board. *See generally* 37 C.F.R. § 42 (Trial Practice Before The Patent Trial And Appeal Board). Among other matters, those rules provide that parties must file motions if they seek relief of any form (other than what was sought in the initial petition). 37 C.F.R. § 42.20(a). As is universally typical in court proceedings, for all motions, “[t]he moving party has the burden of proof to establish that is entitled to the requested relief.” 37 C.F.R. § 42.20(c). Subpart B of Part 42 addresses procedures specific to inter partes review proceedings and contains an additional rule directed specifically to amendments. 37 C.F.R. § 42.121. In relevant part, this section specifies that amendments shall be sought by “motion.” *E.g.*, 37 C.F.R. § 42.121(a) (titled “motion to amend”); 37 C.F.R. § 42.121(b) (describing the content of such motions).

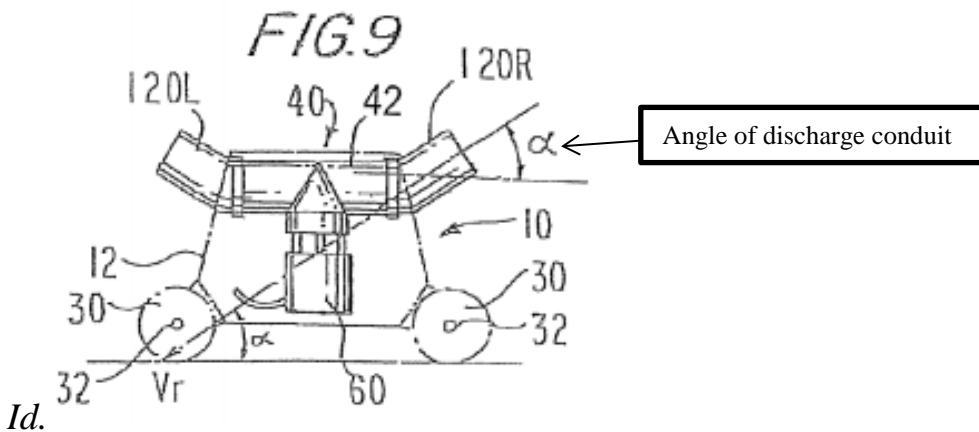
C. Factual Background

1. The ’183 Patent

The ’183 patent discloses a self-propelled pool cleaner that uses a water jet for propulsion. A59, Abstract. As shown in Figure 1, the pool cleaner includes a housing (12), a water inlet disposed in a baseplate of the housing (shown via arrows), and rotationally-mounted supports (wheels) (30). A60.



A water pump (60) is disposed within the housing and draws water through the inlet for filtering. A78, col. 8, ll. 59-61. The water drawn through the inlet is discharged through at least one discharge conduit (44R and 44L) in the form of a pressurized stream of water – forming a water jet. A79, col. 9, ll. 6-12. As shown in Figure 9, in the preferred embodiment the discharge conduit is disposed at an acute angle (α) with respect to the surface over which the cleaner moves. A63; A79, col. 10, ll. 60-68. This angle for the discharge conduit causes a resultant force that is directed downward, at an angle, toward the pool surface.



Id.

The water jet propels the cleaner to provide controlled random movement on the bottom surface of the pool. A82, col. 16, ll. 61-68. The wheels may be placed in a number of different arrangements. A84, col. 19, ll. 59-67.

Proposed claim 22, shown with the proposed changes below, claims a cleaning apparatus having supports to control the movement of the apparatus and a water jet, which is discharged at a predetermined angle.

22. (Proposed substitute for original claim 1) A self-propelled cleaning apparatus for cleaning a submerged surface of a pool or tank, comprising:

a housing having a front portion as defined by the direction of movement of the apparatus when propelled by a water jet, an opposing rear portion and adjoining side portions defining the periphery of the apparatus, and a baseplate with at least one water inlet;

rotationally-mounted supports axially mounted transverse to a longitudinal axis of said apparatus and coupled proximate the front and rear portions of the housing to ~~enable~~ control the directional movement of said apparatus over the submerged surface;

a water pump mounted in the interior of said housing, said water pump being configured to draw water and debris from the pool or tank through the at least one water inlet for filtering; and

a stationary directional discharge conduit in fluid communication with the water pump and having at least one discharge opening through which a pressurized stream of water forming the water jet is directionally discharged at a predetermined angle that is acute with respect the surface over which the apparatus is moving,

wherein said predetermined angle is inclined upwardly with respect to the surface beneath the apparatus to produce a resultant force vector that is directed to a position that is proximate to and rearwardly displaced from a line passing through the transverse axial mountings of the front rotationally-mounted supports.

A2280-81; A8.

Proposed claim 23 depends from claim 22 and claims that the rotational supports are wheels. A2281. Proposed claim 24 is similar to proposed claim 22

and 23 in scope except that it specifies that the water is filtered. A2282-83; Br. at 7.

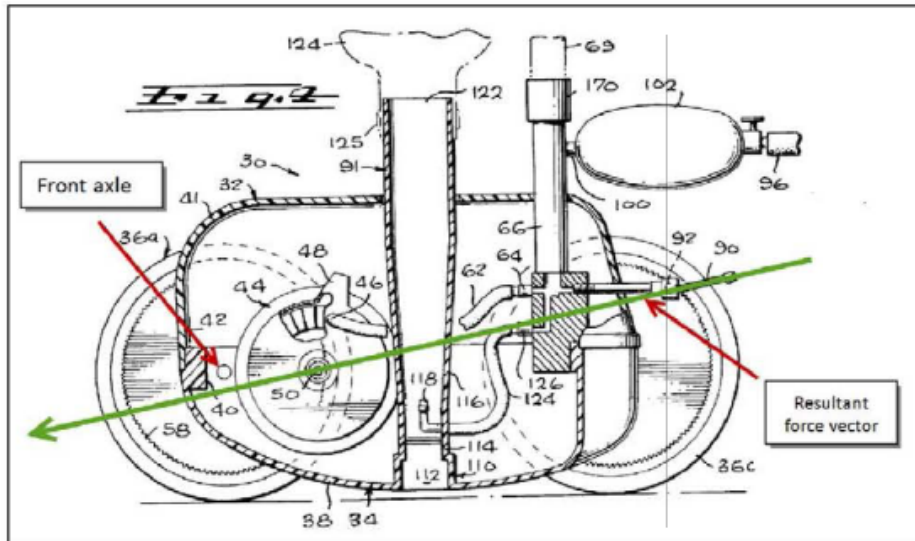
2. The Prior Art

a. Henkin

Henkin also discloses a self-propelled pool cleaner. Henkin describes rotationally-mounted supports which “are driven by a water powered turbine to propel the [cleaner] in a forward direction, along the vessel surface.” A2515, Abstract. Henkin discloses that an external pump (70) provides high-pressure flow to the cleaner via a supply hose (69). A2521, col. 4, ll. 35-41. The pressurized water is discharged from the orifice (118) to produce a corresponding suction at the entrance of the water inlet (112), which causes water and debris to be drawn from the pool into the water inlet (112) and through a filter (124). A2522, col. 6, ll. 20- 34. To prevent entanglement of the pool cleaner with the supply hose (69), the hose includes floats and swivel couplings (164, 170). A2522, col. 6, ll. 37-52. Henkin discloses that “thrust is produced by a water jet discharged from a directionally adjustable nozzle 90.” A2522, col. 5, ll. 6-10. Additionally, as seen in Figure 4, “[t]he angle of the nozzle 90 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 and

facilitates the car climbing vertical surfaces and working itself out of corners.”

Id. at col. 5, ll. 19-24; A2496 (Marked up version of Figure 4 (A2517)).



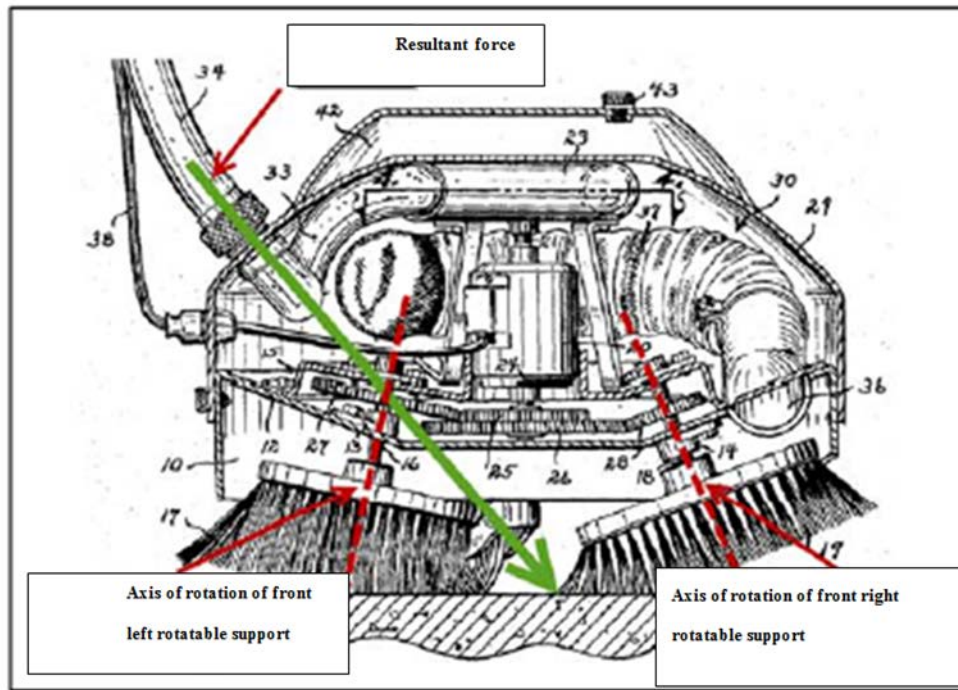
b. Myers

Myers also discloses a self-propelled pool cleaner. A2510, col. 1, ll. 8-11.

Myers discloses an internal water pump (23) “having the usual inlet opening 31 and outlet opening 32. The inlet opening 31 communicates with the inside of the compartment 30.” *Id.*, col. 2, ll. 8-11. Water is drawn through the “passageway [36] in the bottom of the compartment.” *Id.*, col. 2, ll. 22-28. Myers discloses that through the discharge conduit (33), a pressurized stream of water is directionally discharged. For example, Myers describes that when the cleaner is configured to use the motor (20) as a pump, then conduit (34) is disconnected from the cleaner and “the water exiting from the unit and into the pool will provide a jet force to move the unit.” A2511, col. 3, ll. 6-9. The pressurized

stream of water is discharged at a predetermined angle that is acute with respect to the surface over which the apparatus is moving, as depicted in Figure 2.

A2491(Marked up version of Figure 2 (A2508)(modified to clarify text)).



D. The Board’s Final Written Decision

After its decision to institute the inter partes review, the Board conducted a full trial proceeding in accordance with its rules. *See generally* 37 C.F.R. §§ 42.120-42.123. At the close of that proceeding, the Board issued its final written decision in the inter partes review determining that Zodiac had established by a preponderance of the evidence that claims 1, 2, 13, 14, 16, and 19-21 of the ’183 patent are unpatentable as anticipated by Myers under 35 U.S.C. § 102, and that claims 1-5 and 19-21 are also unpatentable under 35

U.S.C. § 103 because they would have been obvious to a person of ordinary skill in the art over Henkin in view of Myers and that claims 1-9 and 19-21 are also unpatentable under 35 U.S.C. § 103 because they would have been obvious to a person of ordinary skill in the art over Pansini in view of Myers. A1-39.

Regarding the combination of Henkin and Myers, the Board agreed with Zodaic that Henkin discloses all of the limitation of the challenged claims, except that Henkin discloses an external, rather than an internal pump. A27. However, the Board found that it would have been obvious to modify Henkin to replace the external pump with the internal pump of Myers in order to (1) eliminate the need for an external source of pressurized water and supply hose and (2) to prevent entanglement of the supply hose. A27.

During the trial, Aqua Products argued that Henkin fails to teach the limitation: “said discharged filtered water forming a water jet having a resultant force vector acutely angled towards the surface beneath the apparatus.” *Id.* Although the Board agreed that Henkin’s Figure 2 shows the force vector angled ahead of, rather than beneath Henkin’s apparatus, the Board found that this limitation is still met by Henkin. A28. The Board explained that Henkin discloses an adjustable nozzle, which provides both a downward thrust component (similar to the claim limitation) and a forward component. *Id.* The Board also reasoned Henkin, when combined with Myers, would have taught a

resultant force vector directed beneath Henkin's apparatus because Myers clearly depicts a resultant force vector produced by a water jet directed beneath Myer's apparatus. A28. On appeal before this Court, Aqua Products does not dispute those conclusions.

After determining that the Henkin and Myers combination rendered the challenged claims obvious, the Board then considered the submitted evidence of nonobviousness. A34. First, the Board considered the declaration by the inventor alleging a long-felt need for "efficient, automated cleaning devices." A35. However, Aqua Products failed to show a nexus between that need and the limitations recited in the challenged claims. A35-36. Second, the Board found that no evidence was proffered to support the claim of an increase in sales based on the claimed invention. A36-37. Further, Aqua Products made no showing of the significance of the alleged sales figures. A37. Last, Aqua Products did not describe any other company's failure to develop the subject matter of the challenged claims or offer sufficient evidence of copying. A38-39. Ultimately, the Board concluded that the evidence of nonobviousness was weak and insufficient to overcome the strong evidence of obviousness. A39. Again, Aqua Products does not dispute those conclusions with respect to the original claims.

1. Board's Denial of Aqua Products' Motion to Amend

During the review of the '183, patent, Aqua Products filed a Replacement Corrected Motion to Amend seeking to substitute proposed claims 22-24 for claims 1, 8, and 20. A2276-95. The Board agreed with Aqua Products that the proposed substitute claims are definite and narrow the scope of the original claims, and do not introduce new subject matter. A40. Ultimately, the Board denied Aqua Products' motion to amend because the Board concluded that Aqua Products did not adequately respond to the grounds of unpatentability, and therefore did not carry its burden of establishing that it is entitled to an amended patent under 37 C.F.R. § 42.20(c). *Id.* Aqua Products argued that neither Henkin nor Myers suggest an apparatus with the “resultant force vector that is directed to a position that is proximate to and rearwardly displaced from a line passing through the transverse axial mountings of the front rotationally-mounted supports.” A2289-91. Aqua Products relied on the statement of the inventor of the '183 patent to argue that Henkin and Myers did not recognize the problem of a lack of stable movement and therefore did not try to solve it. A2805, ¶ 80.

In opposition to the motion to amend, Zodiac reiterated that Henkin discloses the same purpose for the resultant force vector: a vertical component to keep the cleaner from lifting off the surface being cleaned and a horizontal component to propel the cleaner in a forward direction. A2335. Zodiac relied on

expert testimony to bolster the assertion that the “resultant force vector would tend to keep the Henkin cleaner in a stable, upright position during operation.” A2574-75.

The Board found that although the proposed amendment narrows claims 22-24 by requiring a discharge conduit with a narrower range of acute angles (A41), this limitation is still met by Henkin, which describes using the downward resultant force for substantially the same purpose as the claimed invention. A51 (comparing A79, col. 10, ll. 60-64 with A2522, col. 5, ll. 19-23). Consequently, the Board found that with respect to the additional limitations recited in the substitute claims, “there are a finite number of predictable solutions and that the subject matter of the substitute claims is not the product of innovation, but of ordinary skill and common sense,” citing to *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 421(2007). A51-52.

III. SUMMARY OF THE ARGUMENT

Aqua Products challenges the Board’s decision placing the burden of proof on Aqua Products (as movant) to show the patentability of its proposed substitute claims over the prior art before the Board can grant its motion to amend. The Board’s decision to place the burden of proof on Aqua Products, however, is a straightforward application of a rule governing who bears the burden of proof in all motions (§ 42.20) to a particular motion (a motion to amend). The Board’s

interpretation is also a sensible one for ensuring that, if a patent owner's motion to amend its claim is granted and the proposed amendment is added directly to the patent without examination, it meets the standard patentability requirements under 35 U.S.C. §§ 102, 103, and 112.

Far from any abuse of discretion, the Board's decision denying Aqua Products' motion to amend explained that Aqua Products' motion failed to establish that its substitute claims 22-24, which are similar in scope to challenged claims 1, 8, and 20, are patentable over Henkin in view of Myers. The fundamental flaw in Aqua Products' argument is that it relies on obviousness jurisprudence applied during patent examination under the faulty presumption that a "motion to amend" a patent during an inter partes review proceeding should be treated the same as an amendment submitted during examination. The Board responded to Aqua Products' arguments regarding the patentability of the proposed claims and ultimately found those arguments unpersuasive. The Board concluded that the claimed angle of the discharge conduit was rendered obvious by prior art showing that the angle of the discharge conduit is adjustable. That is the extent of what is required by the Board. Additional arguments raised to this Court for the first time regarding the patentability of the proposed claims are untimely and therefore waived.

IV. ARGUMENT

A. Standard of Review

Regulations issued by the USPTO under a statutory grant of rulemaking authority are entitled to deference unless based on an unreasonable construction of the statute. *See Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837 (1984); *Cuozzo*, 778 F.3d at 1282. The USPTO’s interpretation of its own regulations is “controlling unless plainly erroneous or inconsistent with the regulation,” *Auer v. Robbins*, 519 U.S. 452, 461 (1997) (internal quotation marks omitted).

Generally, the Board’s actions may not be set aside unless “arbitrary, capricious, an abuse of discretion, unsupported by substantial evidence, or otherwise not in accordance with law.” *In re Sullivan*, 362 F.3d 1324, 1327 (Fed. Cir. 2004); 5 U.S.C. § 706(2)(A). Inter partes review is a trial-like proceeding. The Board’s decision to deny Aqua Products’ motion to amend, like other discretionary decisions on motions in such a proceeding, is reviewed for an abuse of discretion. *Sullivan*, 362 F.3d at 1326. In the case of a motion to amend, the patent owner bears the burden of proof “to demonstrate patentability of the proposed claims over the prior art in general, and thus entitlement to the proposed claims.” *Int’l. Flavors & Fragrances, Inc. v. U.S. Dept. of Agric.*, IPR2013-00124, 2014 WL 2120542 at *5 (PTAB May 20, 2014); *Idle Free Sys.*,

Inc. v. Bergstrom, Inc., IPR2012-00027, 109 U.S.P.Q.2d 1443, 2014 WL 824156 at *19 (PTAB January 7, 2014).⁵

B. The Board Did Not Abuse Its Discretion in Denying Aqua Products’ Motion to Amend the ’683 Patent

The Board did not abuse its discretion in denying Aqua Products’ motion to amend the ’183 patent. An abuse of discretion can only occur “if the decision (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact findings; or (4) involves a record that contains no evidence on which the Board could rationally base its decision.” *Eli Lilly & Co. v. Board of Regents of University of Washington*, 334 F.3d 1264, 1267 (Fed. Cir. 2003). Far from any abuse of discretion, the Board’s denial of Aqua Products’ motion appropriately applied the USPTO’s procedures that were expressly authorized by the AIA.

The Board denied Aqua Products’ motion because Aqua Products failed to establish that it was entitled to the relief it requested under 37 C.F.R. § 42.20(c),

⁵ Aqua Products citation to cases regarding the prima facie case of obviousness (Br. at 40-43) are not applicable because in the context of a motion to amend, the patent owner is required to demonstrate the patentability of the claims by a preponderance of the evidence. The Board is not rejecting the substitute claim for obviousness. *Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2012-00022, 2014 WL 4381564 at *31 (PTAB Sept. 2, 2104) (“[W]hen considering a motion to amend, we do not *examine* and *allow* or *reject* the substitute claims, but determine whether the patent owner has met its burden of establishing that it is entitled to the substitute claims that it seeks in its motion to amend.” (emphasis in original)).

i.e., Aqua Products failed to make a sufficient showing that its proposed substitute claims were patentable over Henkin in view of Myers. A50-52. Rule 42.20(c) expressly requires that “[t]he moving party has the burden of proof to establish that it is entitled to the requested relief.” Under that standard, the Board required Aqua Products to make a showing that its proposed substitute claim was patentable over a ground of unpatentability involving Henkin and Myers. A46-47. This basis is sufficient to deny Aqua Products’ motion and the Board did not abuse its discretion in doing so.

1. Placing the Burden on Aqua Products to Demonstrate Patentability Does Not Conflict With Statute

Aqua Products contends that the Board acted contrary to 35 U.S.C. § 316(e) when it held that Aqua Products bore the burden to prove that the substitute claims are patentable over the prior art. Br. at 37-38, 58. According to Aqua Products, the statute establishing inter partes review mandates that the petitioner shall have the burden of proving unpatentability, and the Board cannot shift that burden to the patent owner. *Id.* Contrary to Aqua Products’ argument, the statute providing for motions to amend in inter partes review proceedings places the burden of showing patentability on the patent owner when it states, “the patent owner may file one motion to amend the patent,” as the movant bears the burden on a motion. 35 U.S.C. § 316(d). Aqua Products is correct that the

AIA places a burden on petitioners: the burden of proving the unpatentability of claims upon which review has been instituted. Aqua Products cannot stretch that burden to embrace its proposed amended claims, which are not claims in a patent and were never subject to examination by the agency.

Moreover, the Board followed the agency's procedural rules governing inter partes review proceedings. As authorized by the AIA, the agency promulgated rules governing inter partes review proceedings, including rules governing a motion to amend a patent. Importantly, the AIA states that the "Director shall prescribe regulations" for "establishing and governing inter partes review" proceedings (§ 316(a)(4) and shall prescribe regulations "setting forth standards and procedures for allowing the patent owner to move to amend the patent." 35 U.S.C. § 316(a)(9) (emphasis added). In accordance with that express authority, the USPTO promulgated rules 42.20 and 42.121 setting forth standards and procedures that govern a patent owner's motion to amend. *Accord* Br. at 37.

Rule 42.20 generally governs motion practice before the Board and requires that any "[r]elief, other than a petition requesting the institution of a trial, must be requested in the form of a motion" and further that "[t]he moving party has the burden of proof to establish that it is entitled to the requested relief." 37 C.F.R. § 42.20(c). The rule expressly requires that, when any motion is filed

before the Board, including a motion to amend a patent, “[t]he moving party has the burden of proof.” *Id.* Consistent with this regulation, the Board required Aqua Products, as movant, to make a showing that the proposed substitute claims were patentable over the prior art.

Contrary to Aqua Product’s argument, the Board’s application of the agency’s regulations does not conflict with 35 U.S.C. § 316(e). That statute provides that “[i]n 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.” 35 U.S.C. § 316(e). Section 316(e) speaks to claims that are part of an issued patent that have been challenged in an inter partes review proceeding. In contrast, Aqua Products’ motion to amend included proposed claims that are not part of its patent, nor part of petitioner’s validity challenge submitted in its petition. In other words, § 316(e) speaks only to the petitioner’s burden in proving unpatentability of existing claims; it does not specify who has the burden of proving patentability of new, never-before-examined claims.

In any event, Aqua Products’ motion to amend its patent is governed by more specific statutory subsections provided by Congress. *See National Cable and Telecomm. Ass’n v. Gulf Power Co.*, 534 U.S. 327, 335 (2002) (“[S]pecific statutory language should control more general language when there is a conflict

between the two.”); *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 228-29 (1957) (“Specific terms prevail over the general in the same or another statute which otherwise might be controlling.”) (citation omitted). As already explained, those specific statutory provisions allow for a patent owner to file a motion to amend during an inter partes review and give the USPTO the authority to set the “standards and procedures for allowing the patent owner to move to amend the patent.” 35 U.S.C. §§ 316(d), 316(a)(9). And, those standards and procedures, applied by the Board, are set forth in rules 42.20 and 42.121.

Rule 42.121 sets forth two bases on which a “motion to amend may be denied.” 37 C.F.R. § 42.121(a)(2). It expressly states that a patent owner’s motion to amend may be denied where “[t]he amendment does not respond to a ground of unpatentability involved in the trial” or it “seeks to enlarge the scope of the claims of the patent or introduce new subject matter.” *Id.* The policy underlying this rule makes sense considering Aqua Products is seeking entitlement to add the proposed substitute claim to its patent without examination. An inter partes review is neither a patent examination proceeding nor a patent reexamination proceeding. *See Abbott Labs.*, 710 F.3d at 1326. “The proposed substitute claims are not entered automatically and then subjected to examination. Rather, the proposed substitute claims will be added directly to the patent, without examination, if the patent owner’s motion to amend its claims is

granted.” *Idle Free*, 2014 WL 824156 at *19. Aqua Products argument that it need only “respond” to a ground of unpatentability, but is not required to “prevail” over that ground (Br. at 38-39) misses this distinction. If a patent owner were not required to prove patentability, an amended patent could be put in place with untested claims. Following such a practice would defeat Congress’s purpose behind creating inter partes review proceedings, which was to help eliminate claims that should never have issued.

Placing the burden on the movant to make a showing that its proposed claims are patentable makes sense for the additional reason that a petitioner might not be motivated to prove unpatentability of the new claims. A petitioner may only be motivated to disprove patentability of claims that are broad enough to cover the infringement for which the petitioner is accused. For example, a new claim could be narrowed such that the petitioner does not infringe it and is not concerned with it, and yet the claim could still be unpatentable over prior art. Indeed, a petitioner might drop out of the proceeding entirely after the amendment, or even before it, as a result of settlement. *See* 35 U.S.C. § 317(a) (stating that the Board may issue a final written decision even after the parties have settled). That problem is not purely hypothetical. Here, Aqua Products has settled with Zodiac and as a result, Zodiac no longer has a stake in this case.

Finally, as this Court explained, “[a]n agency’s interpretation of its own regulations is normally entitled to considerable deference and that interpretation ordinarily will be accepted unless it is plainly erroneous or inconsistent with the regulation.” *In re McDaniel*, 293 F.3d 1379, 1382 (Fed. Cir. 2002). The USPTO promulgated rules setting forth standards and procedures for allowing the patent owner to move to amend its patent as expressly authorized by the AIA. The Board’s interpretation of those rules to require Aqua Products to demonstrate the patentability of the substitute claims is neither plainly erroneous nor inconsistent with the regulations.

2. Aqua Products Failed to Show That Its Proposed Substitute Claims Were Patentable Over Henkin and Myers

Aqua Products’ argument that the Board erred by failing to address all the claim limitations is equally flawed. Br. at 44-46. Aqua Products contends that the Board was required to establish a prima facie case of obviousness. Br. at 45. This argument is without merit. As discussed above, the Board is not required to make a prima facie showing of unpatentability of a substitute claim, as is required by the examiner under an examination or reexamination. Instead the burden is on the patent owner to show patentability over the prior art of record. Again, requiring Aqua Products to make a sufficient showing of patentability makes

sense because it helps to ensure that any amended patent that is re-injected into the marketplace has been adequately vetted.

a. The Board Correctly Found That the Proposed Claims Were Obvious

The Board's decision in *Idle Free* sets forth the framework for motions to amend. *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2014-00027, 2013 WL 5947697 (PTAB June 11, 2013). In *Idle Free*, the Board held that as the moving party, the patent owner bears the burden of demonstrating by a preponderance of the evidence that the substitute claims are patentable. *Id.* at *4. To carry this burden, the Board held the patent owner must demonstrate why the substitute claims are patentable over not only the prior art at issue in the inter partes review proceeding, but the closest prior art known to the patent owner. *Id.* To establish a patentable distinction over the prior art, the Board held that a patent owner must (a) specifically identify features added to the substitute claims and (b) present "technical facts and reasoning about those feature(s), including construction of new claim terms" sufficient to demonstrate patentability. *Id.* The Board further cautioned that "[a] mere conclusory statement by counsel, in the motion to amend, to the effect that one or more added features are not described in any prior art, and would not have been suggested or rendered obvious by prior art, is on its face inadequate." *Id.* at *5.

In attempting to meet this burden, Aqua Products added the limitation “wherein said predetermined angle is inclined upwardly with respect to the surface beneath the apparatus to produce a resultant force vector that is directed to a position that is proximate to and rearwardly displaced from a line passing through the transverse axial mountings of the front rotationally-mounted supports” to proposed claims 22 and 24. A2281-82. The Board found that this limitation means that the angle for the discharge conduit is directed to a specific area of the surface beneath the apparatus. A41. However, this narrower range of angles still does not render the claim patentable. This is because in Henkin, the water jet is “discharged from a directionally adjustable nozzle 90” and can be adjusted manually by the user. A2522, col. 5, ll.7-8. Because the selected angle of nozzle 90 “facilitates the car climbing vertical surfaces and working itself out of corners” (A51, citing A2522, col. 5, ll. 22-24) it is serving the same purpose as the claimed invention: to control the motion of the cleaner around the pool. In order to achieve the traction desired, a user could manually adjust the angle to the proposed narrower range. Therefore, the added limitation does not change the obviousness analysis.

Contrary to Aqua Products’ argument (Br. at 54-55) the “rearwardly-displaced-vector” limitation is not mutually exclusive with random motion. In fact, the claimed invention is not limited solely to movement in a forward

direction. A77, col. 5, ll. 4–9 (“The invention comprehends methods and apparatus for controlling the movement of robotic tank and swimming pool cleaners that can be characterized as systematic scanning patterns, scalloped or curvilinear patterns and controlled random motions with respect to the bottom surface of the pool or tank.”).

Additionally, Aqua Products argues that the Board failed to separately address the secondary considerations of nonobviousness for claims 22-24. Br. at 56. Secondary considerations evidence must be considered, but does not necessarily control the obviousness conclusion. *Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1372 (Fed. Cir. 2007). Indeed, “secondary considerations of nonobviousness . . . simply cannot overcome a strong prima facie case of obviousness.” *Wyers v. Master Lock Co.*, 616 F.3d 1231, 1246 (Fed. Cir. 2010) (citations omitted). First, as noted by the Board, no secondary considerations were asserted with respect to substitute claims 22-24, so the Board did not fail to address any such evidence. A52, n. 9.⁶ Second, with respect to long-felt need the Board indicated that “to the extent that Patent Owner **may have shown**” long-felt need, there was no nexus between that need and the limitations of the challenged

⁶ The evidence of secondary considerations was advanced by Aqua Products during the trial in support of the original claims. Aqua Products is no longer arguing for the patentability of the original claims before this Court.

claims. A36 (emphasis added). The evidence that Aqua Products points to (Br. at 57, referring to A2790-91, A2780) does not remedy this problem. Aqua Products broadly asserts that there was a long-felt need to provide efficient automated cleaning devices without providing specific evidence. Statements from the inventor of the patent, which generally discuss the benefits of the invention, without pointing to specific claim limitations, do not amount to actual evidence of long-felt need. *In re Kahn*, 441 F.3d 977, 990 (Fed. Cir. 2006) (requiring evidence as opposed to argument). Nor do these blanket statements show that the asserted secondary considerations are the “direct result of the unique characteristics of the claimed invention.” *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996).

b. Aqua Products Waived Its Arguments Regarding the Additional Limitations

Aqua Products’ argument that the Board failed to meaningfully address three distinct limitations (Br. at 45) ignores the fact that these limitations were never argued as a basis for patentability of substitute claims 22-24. The only asserted basis for the patentability of claims 22-24 over Henkin and Myers in Aqua Products’ Replacement Corrected Motion to Amend (or in the Reply in Support of the Motion to Amend) was the so-called “rearwardly-displaced-vector limitation.” Br. at 7; A2289-91; A2371-72; *see also* A2335 (Zodiac’s response).

Aqua Products' argument thus fails due to waiver and lack of support in the record. *In re Watts*, 354 F.3d 1362, 1367-68 (Fed. Cir. 2004) (Similarly, "our review of the Board's decision is confined to the 'four corners' of that record" because for anything outside that record, "we do not have the benefit of the Board's informed judgment on [that] issue for our review.") (quoting *In re Gartside*, 203 F.3d 1305, 1314 (Fed.Cir.2000)). "Absent exceptional circumstances," this Court "generally do[es] not consider arguments that the applicant failed to present to the Board." *In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1362 (Fed. Cir. 2012). Despite this well-established rule, Aqua Products' appellate brief contains extensive arguments regarding three limitations that were not argued to the Board. Br. at 47-49 (arguing the "controlled-directional-movement" limitation), Br. at 49-50 (arguing the "four-wheels" limitation), Br. at 50-52 (arguing "the filtered-water-jet" limitation). These arguments were never presented to the Board and cannot be raised for the first time on appeal. Aqua Products argues that the Board erred by failing to address these limitations (Br. at 46), but it did so because Aqua Products never raised them. *See* A50. In any event, Aqua Products has not demonstrated the patentability of these additional limitations.

V. CONCLUSION

Because the Board properly applied agency regulations governing inter partes review proceedings, and did not abuse its discretion in denying Aqua Products' motion to amend the '183 patent, its decision should not be disturbed.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on May 27, 2015, I electronically filed the foregoing BRIEF FOR INTERVENOR – DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE using the Court’s CM/ECF filing system. Counsel for Appellant was electronically served via e-mail through the Court’s CM/ECF system per Fed. R. App. P. 25 and Fed. Cir. R. 25.

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