

The Downsides Of PTAB's New Claim Amendment Program

By **Scott Hejny** (April 3, 2019, 2:29 PM EDT)

For several years the U.S. Patent and Trademark Office has been under pressure to make the post-grant proceedings under the America Invents Act more evenhanded toward patent owners. Initial institution rates and rates of patent claim cancellation were high, and many patent owners felt that the Patent Trial and Appeal Board post-grant review process, particularly inter partes review proceedings, were unfairly skewed in favor of petitioners. In response, the PTO has instituted changes, including the adoption of new procedures and new precedent governing IPR proceedings. Some of these changes seem to be having an effect since institution rates have dropped from about 87% in 2013 to roughly 60 percent at the close of 2018.[1]



Scott Hejny

Recent focus has been on motions to amend claims during PTAB proceedings. In the 2017 decision in *Aqua Products Inc. v. Matal*, the U.S. Court of Appeals for the Federal Circuit held that “the Board erred when it imposed the burden of proving the patentability of its proposed substitute claims on Aqua.”[2] Placing that burden on the patent owner caused a significant shift in PTAB policy because, the court decided, “Congress was clear that it wanted to place the burden of persuasion for all propositions of unpatentability on the petitioner.”[3]

Decisions in 2018 and 2019 have also had an impact, including the recent adoption of a pilot program targeting motions to amend. Patent owners need encouragement, because statistics show that, in the past, patent owners have rarely sought to amend patent claims. The PTAB instituted an ongoing study tracking motions to amend in post-grant proceedings, and through Sept. 30, 2018, patent owners filed motions to amend in only 326 of 3,599 (9%) completed trials.[4],[5] The board granted (or granted-in-part) motions to amend in only 21 of 205 (10%) trials.[6] Accordingly, less than 1% of all motions to amend have been granted.

The question remains: Will the new pilot program and recent PTAB decisions lead to an increase in the number, and success, of motions to amend? The answer is likely no, and new precedent could cause more harm for patent owners than benefit.

The PTAB Pilot Program for Claim Amendment in Trial Proceedings Under the AIA

On March 15, 2019, the PTO published a notice regarding a new pilot program related to motion-to-amend practice in trial proceedings before the PTAB.[7] The pilot program, which is optional, enables a

patent owner to first receive preliminary guidance from the board on an MTA and then file a revised MTA in view of that guidance. “The preliminary guidance typically will be in the form of a short paper (although it may be oral guidance provided in a conference call, at the Board’s discretion) that provides preliminary, non-binding guidance from the Board to the parties about the MTA.”[8]

The Board's preliminary guidance will focus on the limitations added in the Patent Owner's motion to amend, and will not address the patentability of the originally challenged claims. With that in mind, the preliminary guidance typically will take the form of a short paper that provides an initial discussion about whether there is a reasonable likelihood that the MTA meets statutory and regulatory requirements for an MTA, and also provides an initial discussion about whether petitioner (or the record before the Office) establishes a reasonable likelihood that the substitute claims are unpatentable, based on the existing record, including any opposition to the MTA and accompanying evidence.[9]

The timing of a proceeding under the pilot program is outlined in detail in the Federal Register, and the substance of the MTA process is defined very clearly in the recent precedential decision in Lectrosonics Inc. v. Zaxcom Inc.[10]

The benefits of PTAB guidance are obvious. Feedback from the board will enable the patent owner to get a sneak peek at the board’s current mindset toward the amended claims in view of the petitioner’s opposition to the MTA — and the petitioner’s arguments in view of the asserted prior art. Moreover, it should be relatively easy for the patent owner to read between the lines and evaluate the board’s current stance regarding the patentability of the original claims before being faced with a decision on whether to move forward with a revised MTA.

But what about the downside?

Analysis

While the receipt of preliminary guidance from the PTAB appears, on its face, to be helpful, the rules for amending claims during a PTAB trial are strict. Further, recent decisions make it clear that the board is in the position of the patent examiner when evaluating the patentability of substitute claims. That means that the board can base claim rejections on much more than simply 35 U.S.C. §§ 102 and 103. As discussed below, patent owners still face a significant mountain to climb when filing a MTA.

When assessing claim amendments, the board can take into account more than just Sections 102 and 103. The board in Lectrosonics highlights the standing rule that each substitute claim cannot introduce new matter and must be supported by the original disclosure.[11] Moreover, Lectrosonics emphasizes that “[a]dditional modifications [by the patent owner] that address potential 35 U.S.C. § 101 or § 112 issues, for example, are not precluded by rule or statute.”[12] The implication is, of course, that the Board will then be in the driver’s seat in determining whether proposed amendments encompass unpatentable subject matter under § 101, or lack written description support or are indefinite under § 112.

While this appears reasonable at first glance, can a patent owner open the door to, for example, indefiniteness arguments — which are traditionally outside the scope of an IPR proceeding — when amending claims? And can a petitioner then use those arguments against the original claims? The answer is likely yes.

The board can reject substitute claims under § 101 as noted in *Amazon.com Inc. et al. v. Uniloc Luxembourg SA*.^[13] In *Amazon*, the board rejected the patent owner’s argument “that, by overruling the Board’s practice of placing on the patent owner the burden of showing patentability of amended claims in *Aqua Products* ... the Federal Circuit also foreclosed review of proposed amended claims under § 101.”^[14] While by its plain language 35 U.S.C. § 311(b) limits a petitioner to challenges under §§ 102 and 103, the board held that § 316(b) “does not prevent [the Board] from considering unpatentability under sections other than § 102 and § 103 with respect to substitute claims.”^[15]

Importantly, the board in *Amazon* also held that the “Patent Owner does not point us to authority that § 311(b) precludes Petitioner from raising, or us from considering, other grounds of unpatentability, including § 101, as to substitute claims not yet part of the patent, in the context of” a MTA.^[16] Accordingly, it appears that all arguments are in play, both for the board and the petitioner, when it comes to challenging the patentability of substitute claims.

However, the question of whether issues of unpatentable subject matter (under § 101) and indefiniteness (under § 112) raised in the context of a MTA can infect the original challenged claims is open. Because *Amazon* expressly allows a petitioner to raise new arguments outside the scope of §§ 102 and 103 when it comes to challenging the substitute claims in a MTA, it is likely that petitioners will seek to inject arguments under other sections of 35 U.S.C., including indefiniteness of the original claims, in cases in which MTAs are filed. While the board should not consider those arguments in view of § 311(b), it will be almost impossible to ignore, particularly when amendments are closely tied to arguably vague claim terms.

The same may be true for § 101 arguments. It is difficult to imagine a circumstance in which a § 101 argument challenging the patentability of a substitute claim — which must be closely tied to the original claim and contain no new matter — would not translate directly into a challenge as to the patentability of the original claim. And while the board should be unable to address unpatentability of the original claims under § 101 in an IPR proceeding, will it color the board’s perception of the proceeding as a whole?

Takeaways

Amendments during IPR proceedings will likely never be popular because of the damages-related implications of amended claims. Nevertheless, the PTAB went out of its way to carefully consider feedback when adopting the new pilot program, and it is undeniable that early feedback from the board on substitute claims in a MTA will enable patent owners to have a second chance to submit amended claims and take the temperature of the board on the original claims as well.

However, recent decisions in cases like *Amazon* show that amending claims during a PTAB trial is still a difficult proposition, and a significant uptick in MTAs and favorable decisions on MTAs is unlikely. Moreover, if a patent owner chooses to file an MTA, it may be placing the original claims at risk if a petitioner can successfully turn the board’s attention to patentability issues outside the scope of §§ 102 and 103.

Scott Hejny is a principal at McKool Smith PC.

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[1] United States Patent and Trademark Office, Trial Statistics, IPR, PGR, CBM, February 2019, available at https://www.uspto.gov/sites/default/files/documents/trial_statistics_2019_february.pdf.

[2] Aqua Prods. v. Matal, 872 F.3d 1290, 1324 (Fed. Cir. 2017).

[3] Id. at 1315.

[4] United States Patent and Trademark Office, Patent Trial and Appeal Board Motion to Amend Study, Installment 5: Update through September 30, 2018, available at https://www.uspto.gov/sites/default/files/documents/ptab_%20mta_study_%28installment_5_-_%20update_through_fy2018%29.pdf.

[5] Id. at 2.

[6] Id. at 3.

[7] Federal Register Vol. 84, No. 51, Friday March 15, 2019, Notices, <https://www.govinfo.gov/content/pkg/FR-2019-03-15/pdf/2019-04897.pdf>.

[8] Id. at 9497.

[9] Id. at 9500.

[10] Lectrosionics, Inc. v. Zaxcom, Inc., Case IPR2018-01129 et al., Paper No. 15, PTAB Feb. 25, 2019.

[11] Id. at 6-7.

[12] Id. at 6.

[13] Amazon.com, et al. v. Uniloc Luxembourg, Case IPR2017-00948, Paper No. 34, PTAB Jan. 18, 2019.

[14] Id. at 4.

[15] Id. at 5.

[16] Id. at 7.