

AMENDING CLAIMS AT THE PTAB – A FOOL’S ERRAND?

24 February 2017

Patent owners have found it tough to meet the requirements for motions to amend claims in PTAB post issuance review proceedings. Binal J Patel, J Pieter van Es and Kimberly S Devine examine the eight decisions where such motions have been granted

Among the changes brought about by the America Invents Act (AIA) was the creation of new post-issuance review proceedings – inter partes review (IPR), post-grant review (PGR) and covered business method review (CBM) – and the expansion of the Patent Trial and Appeal Board (PTAB) to administer these proceedings. Since these post-issuance review proceedings became available in 2012, thousands have been filed challenging the patentability of issued patent claims.

Commentary has noted the relatively high success rate of challenges to patents in these post issuance review proceedings. The patent owner is not without its options. One such option is moving to amend the claims to preserve the patentability of those claims. Amended claims that emerge from a PTAB trial could prove to be powerful in enforcement and litigation efforts. The PTAB, however, rarely grants motions to amend claims. As of the writing of this article, the authors are aware of only eight successful motions to amend to substitute claims. This article will discuss the requirements of a motion to amend, review the eight cases where the patent owner successfully amended claims, and then provide takeaways for practitioners considering filing a motion to amend in a PTAB proceeding.

Requirements of motion to amend to substitute claims

IPR, PGR and CBM practice allow for one motion to amend by cancelling any challenged claim and/or proposing a reasonable number of substitute claims. 35 USC § 316(d) (IPR); 35 USC § 326(d) (PGR and CBM). The moving party has the burden to establish that it is entitled to the requested relief. 37 CFR § 42.20(c).

Before determining whether proposed substitute claims are patentable over the prior art, the PTAB considers whether the patent owner has met the several requirements of 37 CFR § 42.121 (IPR) or 37 CFR § 42.221 (PGR and CBM). These requirements include, for example, that the proposed amendment must respond to a ground of unpatentability involved in the trial and must not seek to enlarge the scope of the claims or introduce new matter. The motion must also include a claim listing that shows the changes and sets forth support in the application disclosure for the amendments. Finally, the patent owner is limited to 25 pages to meet these requirements and also establish patentability over the prior art (discussed below). 37 CFR § 42.24. Historically, the PTAB has denied many proposed claim amendments for failure to meet these requirements.

With respect to establishing patentability over the prior art, pending the Federal Circuit's *In re Aqua Products* decision (discussed below), the burden is "on the patent owner to show patentable distinction over the prior art of record and also prior art known to the patent owner." *Idle Free Systems v Bergstrom*, Case IPR2012-00027 (PTAB June 11 2013)

1 MINUTE READ

Only eight motions to amend to substitute claims have been successful in PTAB post issuance review proceedings. The patent owner has the burden to show patentable distinction over the prior art of record and also prior art known to the patent owner. The Federal Circuit has on a few occasions addressed the PTAB's stringent requirements for motions to amend. The appeal court's impending ruling in *Aqua Products* gives hope to patent owners regarding the burden of proof but the decision may be somewhat limited. While all of the eight PTAB cases in which claims have been amended involve narrowing claim language, they vary to some extent in the types of amendments proposed by the patent owner. Overall, it remains difficult to convince the PTAB to allow claim amendments. Patent owners should follow the requirements, know the scope of prior art to be addressed and provide constructions for new claims terms.

(setting forth the PTAB's requirements regarding establishing patentability, including identifying the added claim features, construing the new claim terms, and showing patentable distinction over the prior art); see *Microsoft v Proxyconn*, 789 F.3d 1292, 1307 (Fed Cir 2015) (upholding *Idle Free* approach of allocating to patent owner burden of showing patentability of proposed amendments).

Amended claims that emerge from a PTAB trial could prove to be powerful in enforcement and litigation efforts. The PTAB, however, rarely grants motions to amend claims

The PTAB has clarified that the *Idle Free* reference to "prior art of record" includes (a) any material art in the prosecution history of the patent, (b) any material art of record in the current proceeding, including art asserted in grounds on which the PTAB did not institute review, and (c) material art of record in any other proceeding before the Office involving the patent. *MasterImage 3D v RealD*, IPR2015-00040, 2015 WL 4383224 (PTAB July 15 2015). The PTAB has also explained that "prior art known to the patent owner . . . should be understood as no more than the material prior art that Patent Owner makes of record in the current proceeding pursuant to its duty of candour and good faith to the Office . . ." *Id.*; see also *Google and Apple v Contentguard Holdings* (CBM2015-00040) (PTAB June 21 2016).

The PTAB most recently explained the scope of prior art to be considered in a motion to amend in *Global Tel*Lin v Securus Technologies* (IPR2015-01255) (PTAB December 14 2016). There, the PTAB explained that "[a]lthough not required to prove that the claims are patentable over every piece of prior art known to a skilled artisan, a patent owner is required to explain why the claims are patentable over the prior art of record." *Id.* at p16 (citing *Microsoft*). The PTAB continued that "[i]n addition to addressing prior art of record, Patent Owner's 'duty of candour and good faith to the Office' ... requires that it identify any material prior art known to it." *Id.* (citing *Nike v Adidas* (discussed below)

and *MasterImage 3D*).

The Federal Circuit has on a few occasions addressed the PTAB's stringent requirements for motions to amend. In *Nike v Adidas*, the Court noted that it "cannot not see how the [patent owner's] statement [that the proposed claims were patentable over prior art not of record but known to the patent owner] would be inadequate absent an allegation of conduct violating the duty of candour," which was not present in that case. 812 F.3d 1326, 1331, 1351 (Fed Cir 2016) (concluding that this was an improper ground on which to deny Nike's motion to amend). In *Veritas Techs v Veeam Software*, the Federal Circuit, remanded where the PTAB "denied [a] motion to amend based on its insistence that the patent owner discuss whether each newly added feature was separately known in the prior art." 835 F.3d 1406, 1414 (Fed Cir 2016) (arbitrary and capricious for PTAB to deny motion based on conclusion that patent owner did not discuss features separately but only discussed the newly added feature in combination with other known features).

Anticipated Aqua Products decision regarding burdens – may be limited

In a closely-followed case, the Federal Circuit is in the midst of rehearing *en banc* its decision in *In re Aqua Products*, which may provide further clarity regarding motions to amend. 823 F.3d 1369, 1374 (Fed Cir) (PTAB did not abuse its discretion in denying the motion to amend) *reh'g en banc granted, opinion vacated*, 833 F.3d 1335 (Fed Cir 2016).

The decision, however, may be somewhat limited. The Federal Circuit only asked the parties to address limited issues primarily directed to the burdens of proof and persuasion:

- Whether the PTO can require the patent owner to bear the burden regarding patentability of the amended claims? Which burdens are permitted under 35 USC § 316(e)?
- When the petitioner does not challenge the patentability of a proposed amended claim, or the [PTAB] thinks the challenge is inadequate, may the [PTAB] *sua sponte* raise patentability challenges to such a claim? If so, where would the burden lie?

A decision is expected sometime this summer.

Successful motions to amend at the PTAB

The eight decisions where the PTAB granted motions to amend are discussed below. While all of the cases involve narrowing claim language, they vary to some extent in the types of amendments proposed by the patent owner.

- **Limitations added based on a district court construction. Google and Apple v Contentguard Holdings** (CBM2015-00040) (PTAB June 21 2016). In this CBM proceeding, the patent owner filed a conditional motion to cancel claim 1 and replace it with a substitute claim if the PTAB found the claim unpatentable. The proposed amended claim included the language of the original claim and added a "wherein" clause that defined a claim term consistent with a district court construction. The PTAB evaluated the *Idle Free* and *MasterImage 3D* requirements and found that the amendment responded to a ground of unpatentability and was supported by the specification. The patent owner argued that the new claim distinguished over several references of record or identified in another IPR and related litigation. The petitioner argued unpatentability only with respect to one reference. As to that reference, the PTAB sided with the patent owner and, as to the remaining references that the petition did not address, the PTAB concluded the patent owner's position was un rebutted. Notably, the PTAB determined that the petitioner had not "presented or developed [its arguments] adequately in the Opposition itself" because the petitioner had improperly attempted to incorporate its expert declaration by reference. *Id.* at p68. The

patent owner also sought and received a finding that the scope of the amended claim was substantially identical to the original claim, which presumably was relevant to intervening rights issues.

- **Additional steps added to method claims.** *Global Tel*Lin v Securus Technologies* (IPR2015-01255) (PTAB December 14 2016). In this IPR proceeding, the patent owner proposed to amend several method claims to add steps. For the first substitute claim, the additional steps incorporated the patent owner's proposed claim construction of the original claims, which the PTAB did not adopt in its construction of the original claims. The petitioner opposed arguing in part that (i) the patent owner's position that certain claim terms should be given their "plain and ordinary meaning" was inadequate; and (ii) the patent owner failed to consider all the prior art of record in its patentability analysis. The PTAB disagreed with both positions because (i) the terms petitioner argued should be construed were either common terms such as "adult" or "child" or were adequately discussed in the specification; and (ii) the patent owner met its burden based on the patent owner's representations under the duty of candour and good faith along with a detailed analysis of multiple prior art references.
- **Numerical range narrowed.** *Reg Synthetic Fuels v Neste Oil Oyj* (IPR2014-00192) (PTAB June 5 2015). In this IPR proceeding, the patent owner sought a substitute claim that reduced the numerical range of a compound from "100-10,000" to "5,000-8,000." The petitioner did not dispute that the patent owner satisfied the requirements of 37 CFR § 42.121 (for example, the amendment was responsive to a ground of patentability and was supported in the original disclosure). Rather, the dispute focused on patentability of the claims. The petitioner argued that the patent owner failed to discuss all of the prior art known to the patent owner. The PTAB disagreed and focused on the prior art of record and held that the record "does not establish persuasively that there was any art-recognised benefit to using a concentration of sulfur over 4431 w-ppm. Absent any indication of a benefit to be obtained from adding even greater amounts of sulfa, the skilled artisan would have no reason to make the modifications . . . necessary to result in the claimed invention." *Id.* at p29.
- **Markush group listing narrowed.** *Int'l Flavors & Fragrances v United States* (IPR2013-00124) (PTAB May 20 2014). This IPR proceeding is the first case where the PTAB granted a motion to amend. The patent owner narrowed its claim by reducing the number of compounds in a Markush group from six to five. The PTAB agreed that the prior art reference excluded the narrower limitation. The patent owner submitted several publications and an expert declaration to support its non-obviousness position that small changes to the known materials could result in compounds having very different properties. The PTAB, however, denied the motion as to another substitute claim finding that the patent owner failed to meet its burden. It should be noted that the instructive value of this decision may be limited because the petitioner did not oppose the patent owner's motion.
- **Multiple limitations added.** *Riverbed Technology v Silver Peak Systems* (IPR2013-00402, IPR2013-00403) (PTAB December 30 2014). In these two IPR proceedings, the patent owner successfully amended its claims with multiple additional limitations. These cases are somewhat unusual because the petitioner did not argue that any reference taught or suggested one of the added limitations, nor did it contend that any specific combination of references would have rendered obvious the proposed substitute claims as a whole. These cases are also atypical in that the patent owner did not include an expert declaration.
- **Method steps narrowed.** *Shin Fu Co of America v The Tire Hanger Corp* (IPR2015-00208) (PTAB April 22 2016). In this IPR proceeding, the patent owner sought to amend the claims to add additional details to the method steps. The PTAB acknowledged the "simplicity of the claimed invention," *id.* at p21, but found that the prior art did not anticipate or render obvious the claimed method. Notably, the patent owner did not rely on an expert declaration (although the petitioner did). This case supports the proposition that a patent owner can group references according to their teachings without having to necessarily address each reference individually.
- **Claim amended to overcome an indefiniteness issue.** *Chicago Mercantile Exchange v 5th Market* (CBM2013-00027) (PTAB March 23 2015). In this CBM proceeding, a claim was found to be not unpatentable over the prior art but indefinite under § 112. The patent owner proposed a substitute claim that eliminated some language to overcome the indefiniteness issue. Notably, the patent owner did not provide further arguments for patentability because the original claim had previously been challenged and found not-unpatentable over the prior art. On rehearing, the PTAB permitted the amendment and explained that, in this instance (where the claim was already found to be not-unpatentable over the prior art), the patent owner did not have the burden of demonstrating that the proposed, substitute claim is patentable over the prior art of record.

Takeaways for amending claims

It remains difficult to convince the PTAB to allow claim amendments. The impending ruling by the Federal Circuit in *Aqua Products* gives hope to patent owners regarding the burden of proof. Until then, there are several takeaways for practitioners and patent owners if they choose to amend their claims.

First, patent owners should know and follow the requirements of 37 CFR § 42.121 (IPR) or 37 CFR § 42.221 (PGR and CBM), which include that the proposed amendment must (i) respond to a ground of unpatentability involved in the trial, (ii) not seek to enlarge the scope of the claims or introduce new matter, and (iii) propose a reasonable number of proposed substitute claims. The motion must also set forth written description support in the application disclosure for the amendments. The PTAB generally requires strict compliance with its rules.

Second, know the scope of prior art to be addressed and the requirements of *Idle Free* and its progeny as explained, for example, in *Microsoft v Proxyconn* and *Global Tel*Lin v Securus Technologies*. Address the prior art of record and relevant prior art known to the patent owner sufficient to satisfy the duty of candour and good faith to the Patent Office. One way to address the prior art may be to address the prior art in groups as in *Shin Fu*. Similarly, provide detailed explanations, with expert support, of why the amended claims are patentable over the prior art, discussing particular features and the combination as a whole. Consider the *Veritas* decision. Finally, do not improperly incorporate by

reference as in *Google v Contentguard*. At least for now, until the Federal Circuit issues its *Aqua Products* decision, patent owners should assume they will have a high hurdle to overcome.

Third, provide constructions for new claim terms as required by the rules. Consider following the guidance of *Global Tel*Lin* where the construction sought is plain and ordinary meaning.

Finally, if the PTAB declines to adopt the patent owner's proposed claim construction in its decision to institute, consider amending the claim to explicitly recite that construction as express claim limitations.



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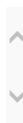
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