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PTAB Update: Patent Office Issues Final Pilot Program for Motions to Amend

Patent owners seeking amendments in PTAB proceedings will have two new options: asking for preliminary feedback, and revising their motions to amend.

Key Points:

- The [Final Pilot Program](#) adds options to the amendment process that may increase a patent owner's chance of success.
- Unless a patent owner exercises its options, the amendment process will remain essentially the same.
- The Final Pilot Program will apply to all PTAB proceedings *instituted* after March 15, 2019.

Overview

The United States Patent and Trademark Office (USPTO) recently issued its final rules governing motions to amend before the Patent Trial and Appeal Board (PTAB) in *Inter Partes* Review (IPR), Post-Grant Review, and Covered Business Method Review proceedings (collectively, PTAB proceedings). The Final Pilot Program is a substantial revision from last October's proposal. In the interim, the USPTO modified the pilot program and responded to dozens of comments from the public, including patent owners and petitioners. The USPTO also gave patent owners the option to effectively opt out of the pilot program and follow the existing process.

The Final Pilot Program applies to all PTAB proceedings instituted after March 15, 2019, which includes petitions already filed but not yet instituted by that date. The Final Pilot Program is aimed at encouraging more patent owners to file motions to amend and to improve their chances of success by giving patent owners two independent options:

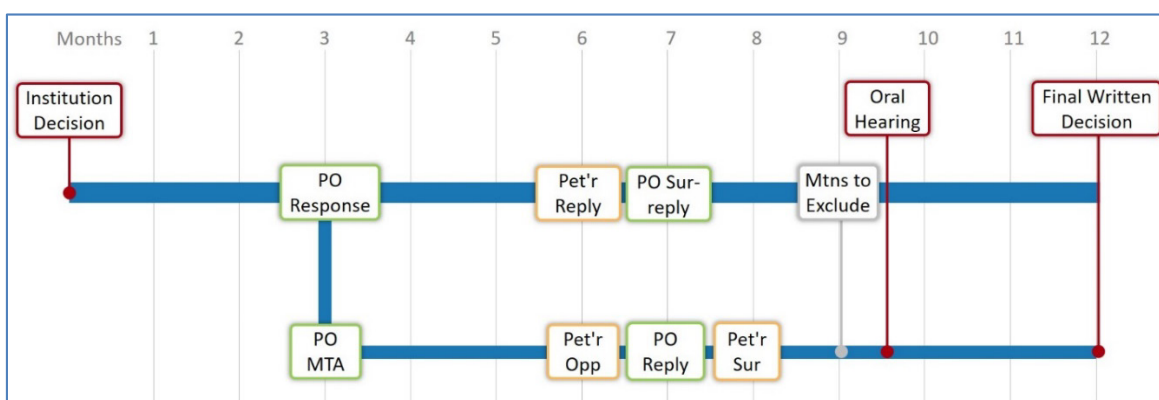
- The opportunity to obtain feedback called Preliminary Guidance, which will typically be in the form of a short paper but may be given during a teleconference
- The option to revise amended claims in view of a petitioner's opposition and any Preliminary Guidance.

Whether patent owners file more motions to amend (or whether petitioners decide to file fewer petitions rather than undergo the new process) remains to be seen. One conclusion can be safely drawn, however: having the ability to exercise these options is more valuable to patent owners than not having them. On the margin, more patent owners may choose to file motions to amend.

Background

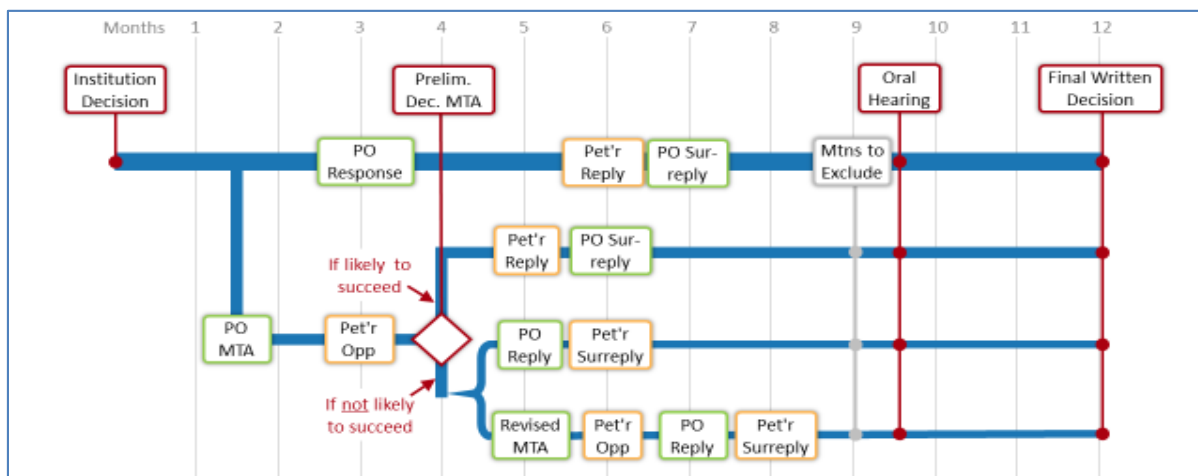
Under the existing motion to amend process (shown below), less than 10% of all PTAB trials have included a motion to amend. Of all motions decided, only 4% of the motions have been fully successful, another 6% were granted in part, and 90% were denied in full.¹ Patent owners have been discouraged by their poor success rate.

Existing Motion to Amend Timeline



In view of the low participation and success rates, the USPTO sought to “enhance the effectiveness and fairness” of its motion to amend procedures, particularly for patent owners.² It reviewed five years’ worth of data and comments solicited in 2014 and 2015, and in October 2018, it proposed a pilot program and requested public comments.³ Latham & Watkins discussed this program in the *Client Alert* [PTAB Update: New Motion to Amend Procedures Proposed](#). The Proposed Pilot Program revamped the amendment process by providing two separate tracks based on whether the PTAB thought an existing motion was likely to succeed, as shown below:

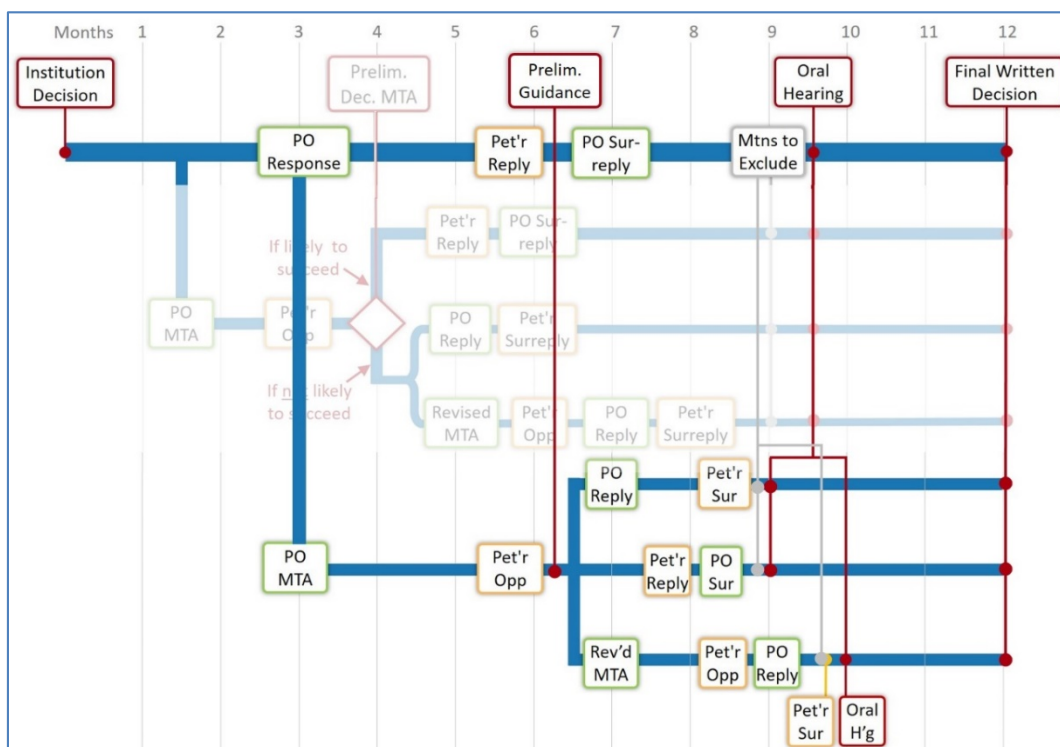
Original Proposed Pilot Program Timeline



Note that the Proposed Pilot Program required a patent owner to file its motion to amend just six weeks after institution and gave the petitioner only six weeks to oppose. Depending on the PTAB's preliminary decision on the merits of the motion, the motion to amend procedure would follow separate tracks from that point forward, with the second track having two options, adding substantial complexity, compressing timelines, and burdening both parties.

After taking into account almost fifty responses⁴ from stakeholders — including bar and trade associations, major corporations, and interested individuals — the USPTO substantially modified the Pilot Program, as shown in the figure below:

Final (and Proposed) Pilot Program Timelines Compared

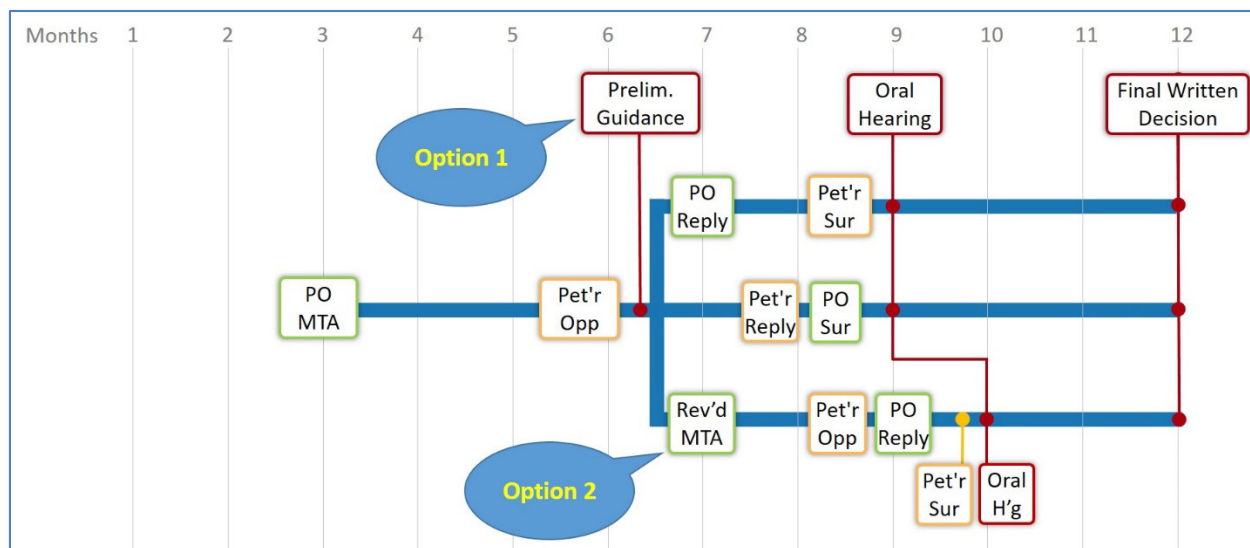


The Final Pilot Program looks more like the existing process, aligns due dates for the parties, and gives a patent owner the options of receiving feedback and/or revising its motion to amend.⁵ The authors discuss these options further and their potential impact in the next sections.

Final Pilot Program's New Options

Under the Final Pilot Program, a patent owner may elect to proceed as it had before (top path - opt out), or it may take advantage of either or both of the new options (labeled Options 1 & 2):

Final Pilot Program Timeline



If a patent owner forgoes the new options, it will stay on the top path, which is identical to the current procedure albeit with a slightly different timeline. The patent owner may file its motion to amend at the twelve-week point, the petitioner will have 12 weeks to oppose, the patent owner will reply to the opposition, and the petitioner (who bears the ultimate burden of demonstrating unpatentability) will file its sur-reply.

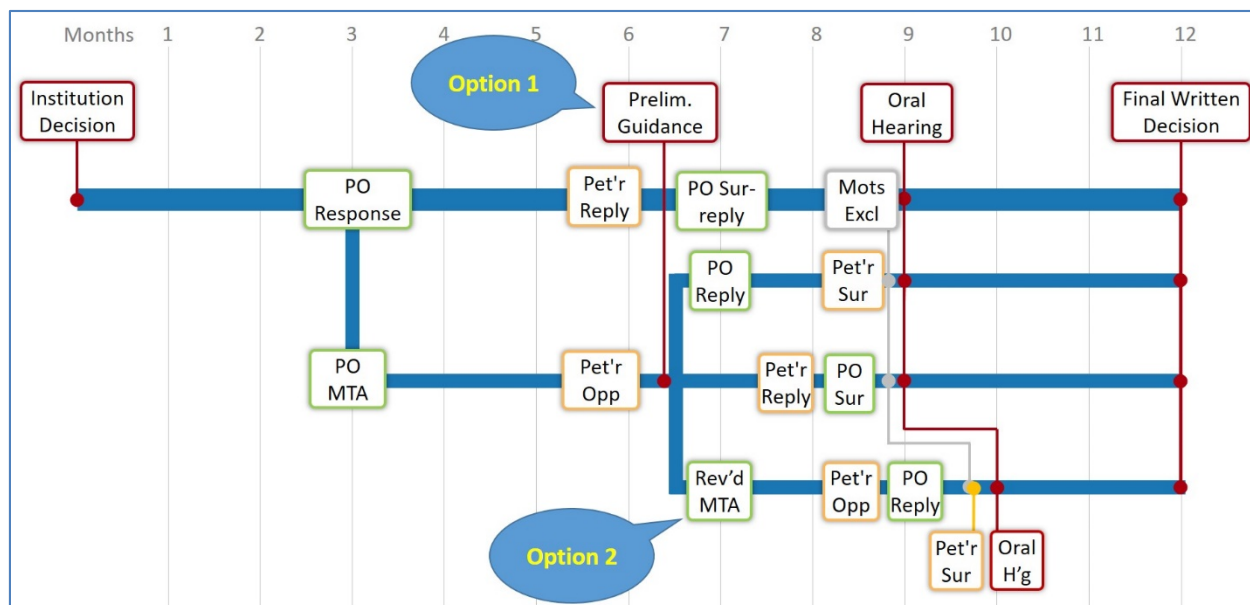
Alternatively, a patent owner may exercise either of its two options: (1) in its motion to amend, it may ask the PTAB for Preliminary Guidance regarding its motion to amend and the petitioner's opposition, and/or (2) it may elect to further amend its substitute claims in a revised motion to amend, which would kick off a new round of briefing with expert declarations and depositions.

Preliminary Guidance will be limited to the newly added claim features and "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)."⁶ Patent owners may appreciate the feedback, but given the time constraints, they should not expect Preliminary Guidance to come with the level of detail and analysis of an Institution Decision. If a patent owner receives Preliminary Guidance but forgoes filing either a reply or revised motion to amend, the petitioner may reply to the Preliminary Guidance and the patent owner may file a surreply. Neither may include any new evidence.

Revising a motion to amend will trigger a new scheduling order that will push the oral hearing out by an additional month to make time for additional briefing. The patent owner's revised motion will be limited to addressing issues raised in the petitioner's opposition and the PTAB's Preliminary Guidance. What this means in practice will likely be hotly contested — meaning that the petitioner will have just six weeks to prepare its supplemental opposition on the merits, find additional prior art, and decide whether and how to address any revisions it perceives exceed the permissible scope. After that, the parties' reply and sur-reply (including any expert declarations and depositions) are due in rapid succession right before oral argument.

Viewed in the context of the PTAB proceeding as a whole, both parties will be very busy in the period leading into oral argument, even with the additional month, if the patent owner revises its motion to amend:

Final Pilot Program Timeline (Entire Proceeding)



Because the petitioner may submit an expert declaration in support of its opposition to the revised motion to amend, the patent owner will have just three weeks to depose the petitioner's expert and draft its reply. Likewise, if the patent owner submits expert testimony in support of its reply, the petitioner will have just three weeks to depose the patent owner's expert and draft its reply.⁷ All of this activity will take place while the parties are preparing for the oral hearing.

Strategic Considerations for Patent Owners and Petitioners

While the Final Pilot Program provides patent owners with two valuable options, whether patent owners file more motions to amend (even under the narrower *Phillips* claim-construction standard) remains to be seen. Similarly, whether a significant number of prospective petitioners will be dissuaded by the prospect of increased risk and cost from pursuing PTAB proceedings in the first place is also unclear.

Patent owners will still need to carefully weigh the risks and rewards of filing a motion to amend, just as they always have under the status quo process. Unless and until there is a significant shift in the success rate for motions to amend, patent owners will likely apply the same calculus as before.

That is, patent owners may continue to perceive that obtaining the same coverage is much easier by pursuing a continuation (if one is still pending), an *ex parte* reexamination, or a reissue. Even though a broader claim-construction standard applies during prosecution, prosecution is not opposed by a motivated petitioner with the time and resources to mount an effective attack against the amended claims. And while IPR of the *issued* claims addresses invalidity only over prior-art printed publications, patent owners will face a motivated petitioner that may attack the *amended* claims under all statutory grounds, including patentable subject matter, enablement, and written description. Whether the petitioner will be estopped from raising all of these statutory grounds against successfully amended claims in district court is not yet clear.⁸

In addition, a motion to amend a claim is typically contingent on the issued claim being found unpatentable. Such a contingent motion is not a legally binding admission that the issued claims are

weak. Patent owners will always be concerned, however, that the PTAB judges hearing the case (and district court judges weighing, for example, a stay motion) will — even if only subconsciously — view the motion as a tacit admission that the issued claims are vulnerable.

Patent owners will also need to consider possible side effects arising from the amendment process. For example, how might the PTAB's Preliminary Guidance be used against the patent owner in parallel district court or ITC litigation? A defendant might use the potential amendment and the Preliminary Guidance to bolster its motion to stay the litigation, in claim construction, or for another purpose. On the other hand, a patent owner may be able to use the Preliminary Guidance in settlement negotiations. Every case is different, and time will tell how patent owners value their new options and how often they take advantage of them.

As before, patent owners also need to remember that successfully amended claims will not issue for some time: the USPTO will not issue a certificate with the new claims until after the PTAB issues its final written decision and the Federal Circuit affirms (or the petitioner's time to appeal runs out). The total time from IPR filing to obtaining new claims via a motion to amend could be as long as three years or more — significantly reducing potential damages because less patent term remains and defendants will have intervening rights until the new or amended claims issue. Depending on the case, these concerns may rule out a motion to amend regardless.

For all of these reasons, a patent owner that has a pending continuation application may instead seek the desired claim scope in *ex parte* prosecution by amending its pending claims or filing a new continuation application. Under an accelerated prosecution program, such as Track One, the patent owner might even obtain allowance of its new claims less than one year after filing, and have issued claims in hand a few months after that.⁹

Prospective petitioners, for their part, will continue to evaluate the patent owner's position before seeking PTAB review just as they did before, but will also take into account the possibility of a costlier proceeding with increased risk given the patent owner's options to seek feedback and further amend its substitute claims. A petitioner's risk is likely higher if the patent owner does *not* have a pending continuation, the patent has additional disclosure to support amended claims, plenty of patent term remains, and future infringement (as opposed to past damages) is a concern. If those factors exist, a PTAB proceeding might give the patent owner a viable mechanism that it previously lacked for obtaining narrower but still enforceable patent claims. Further, amended claims will have the PTAB's stamp of approval and may be protected by very broad IPR estoppels, as mentioned earlier.

These same concerns also apply to third parties considering a copycat petition accompanied by a motion for joinder, with an important caveat. The follow-on petitioner will know whether the patent owner moves to amend, and may be able to terminate its pending copycat petition, before the PTAB decides whether to institute and grant joinder.¹⁰ In addition, defendants and potential defendants that might later seek PTAB review of the amended claims should also take into account the PTAB's statutory discretion to deny institution even if its later-filed petition is otherwise meritorious.¹¹

Conclusion

The USPTO's Final Pilot Program may provide patent owners with a better opportunity to amend their claims. Its marginal effect on the number of petitions seeking PTAB review and the number (and ultimate success) of motions to amend is hard to predict, so the same general considerations apply as before. Latham will continue to closely monitor the PTAB and provide analysis of any new relevant trends, including how often patent owners exercise the new options and how often they are successful.

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Endnotes

¹ [PTAB Motion to Amend Study, Installment 5: Update through September 30, 2018.](#)

² [Request for Comments](#)

³ *Id.*

⁴ <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/comments-motion-amend-practice-and>

⁵ [Notice Regarding a New Pilot Program Concerning Motion to Amend Practice and Procedures in Trial Proceedings under the America Invents Act before the Patent Trial and Appeal Board.](#)

⁶ *Id.*

⁷ Evidence filed too late to be subject to the concurrently filed motions to exclude may be challenged in an oral motion to exclude or a post-hearing written motion to exclude.

⁸ Whether amended claims are subject to the estoppels of 35 U.S.C. § 315(e) and the scope of any such estoppels, have not yet been litigated.

⁹ See MPEP § 708.02(b) and consult your patent prosecution counsel for more details.

¹⁰ The patent owner will file any motion to amend three months after institution. The PTAB typically decides such joinder petitions six months or more after the original institution decision: the joinder petition is usually filed just under a month after institution, and the Board usually takes six months to decide it.

¹¹ Under 35 U.S.C. § 325(d), the PTAB has the authority to deny petitions that present the same or substantially the same art and arguments. Also, under 35 U.S.C. § 314(d), the PTAB has the statutory discretion to deny institution for any reason, and it typically exercises that discretion against petitioners that unfairly use previous proceedings as a roadmap to improve their own petitions.