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PATENTS

Motions to amend have thus far rarely been successful before the Patent Trial and Appeal Board, but data suggests that success rates are improving and such motions may be worth reconsidering provided that procedural errors are avoided.

Motions To Amend: Are They Worth Reconsidering During PTAB Proceedings?

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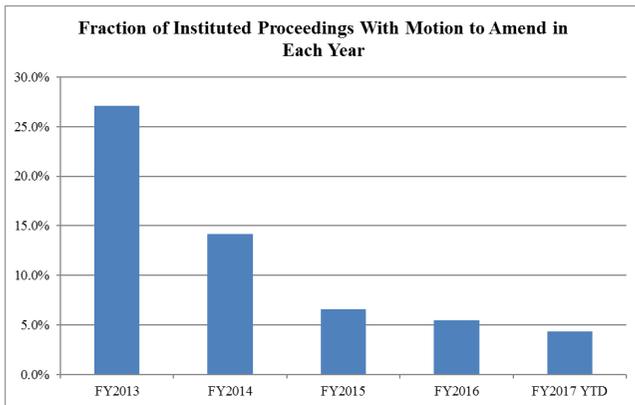
Patent owners rarely file motions to amend because they have been unlikely to succeed. But success rates have been improving, and if certain procedural errors can be avoided, the authors believe that the success rate for motions to amend will continue to substantially improve. This article investigates statistics, trends, and reviews many of the procedural hurdles that have cur-

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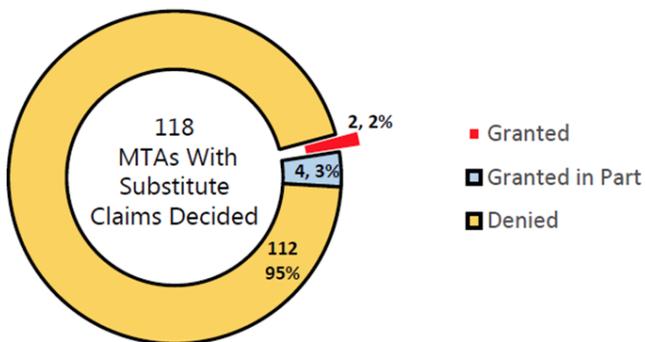
tailed past motions. Lastly, this article presents recommendations on how the PTAB may provide greater transparency and clarity on procedural requirements for filing motions to amend.

In PTAB proceedings, patent owners have an opportunity to move to amend their claims to overcome prior art and preserve validity. 35 U.S.C. § 316 (“the patent owner may file 1 motion to amend the patent”). When the American Invents Act first went into full effect in 2013, motions to amend (MTAs) were initially popular, and patent owners filed MTAs in 27 percent of instituted proceedings. Since then, however, the popularity of MTAs has dropped in each successive year, and practitioners now view MTAs as generally unhelpful. As a result, patent owners currently file MTAs in only 4.3 percent of instituted proceedings:

MTAs have dropped off, at least in part, because they have almost invariably failed—despite a rule change allowing the patent owner 25 pages (instead of just 15) to make its case. 80 Fed. Reg. 28,651 (May 19, 2015) A patent owner has no reason to incur the expense of filing a motion that is practically futile. In fact, the PTAB reported in April 2016 that merely 6.6 percent of all MTAs filed to date were granted in-whole or in-part. (See chart below, reproduced in part, from the PTAB report.)

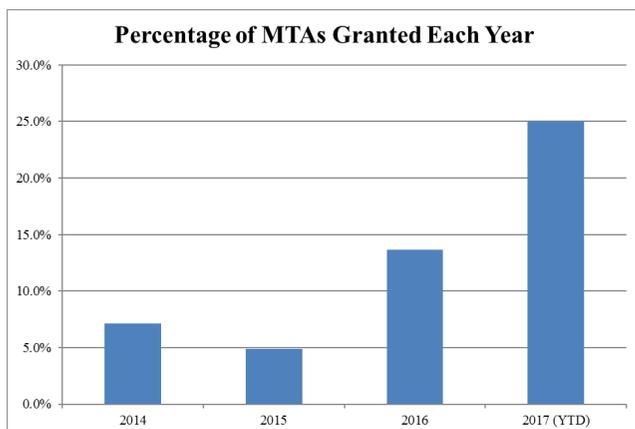


Despite these sobering statistics, MTAs may be worth a second look. First, even as patent owners have filed fewer and fewer MTAs, success rates have noticeably increased—in 2016, the success rate rose to 13.6 percent, and in 2017 (to date) it has further increased to 25 percent.



Second, many MTAs are denied solely for procedural reasons. If patent owners master the MTA procedural requirements, the chances of amending may be much better than what the low historical success rates suggest.

While the MTA procedural requirements are straightforward, they are numerous and scattered amongst the rules (37 CFR 42.121) and throughout various precedential, informative, representative, and routine PTAB decisions that may issue with little or no notice. In fact, nearly 40 percent of MTAs in 2016 were denied for procedural reasons or errors other than patentability, as illustrated by the below chart.



In arriving at this statistic, the authors considered denials for procedural reasons to be a denial that did not involve substantively weighing the merits of an argument or position. For example, the PTAB requires movants to demonstrate written description support for substitute claims. In some MTAs, patent owners simply failed to address written description support at all, resulting in denial. See, e.g., *Global Tel*Link Corp. v. Securus Tech., Inc.*, IPR2014-01278, paper 34 at 34 (denying MTA where “Patent Owner does not reference the original patent application once in its Motion to Amend.” (PTAB Jan. 21, 2016)). The authors consider that a procedural error. As another example, the PTAB requires movants to show a patentable distinction over the art in the pending proceeding. In some MTAs, patent owners have addressed some of those references, but ignored others, resulting in denial. See, e.g., *HTC Corp. v. Advanced Audio Devices, LLC*, IPR2014-01157, paper 41 at 40 (denying MTA where Patent Owner “concedes that its Motion only addresses unpatentability over the Nathan obviousness ground. . . . [Patent Owner’s] Motion, however, does not discuss any of the prior art of record other than the Nathan references.”) (PTAB Jan. 22, 2016). In the authors’ view, this is better understood as a failure to follow the MTA procedural requirements rather than an inability to demonstrate patentability of the proposed substitute claims. The authors also considered MTAs that were denied for enlarging the scope of the original claims to be an avoidable procedural error. See, e.g., *Square, Inc. v. Protegrity Corp.*, CBM2014-00182, paper 60 at 41 (PTAB March 2, 2016). There are many other examples as well, some of which are discussed in detail below.

The authors compiled the following list illustrating the results of the MTA decisions issued in 2016:

12 Common Motion to Amend Procedural Failures

Failure to:

- (1) Meet and confer
- (2) Respond to a ground of unpatentability
- (3) Clearly state the contingency of substitution
- (4) Not broaden claim scope
- (5) Offer only one substitute claim for each challenged claim
- (6) Identify new feature
- (7) Offer new claim construction for new term
- (8) Use expert
- (9) Describe level of ordinary skill
- (10) Make closest prior art representation
- (11) Understand what prior art must be addressed and distinguished
- (12) Show written description support

The 12 procedural failures listed above are some of the most frequent procedural requirements that patent owners simply miss, many of which have resulted in MTA denial. To explain each one further:

(1) Meet and Confer

“A patent owner is required to confer with the Board prior to filing a motion to amend claims.” *Idle Free Sys. v. Bergstrom, Inc.*, IPR2012-00027, paper 26 at 6 (PTAB June 11, 2013); see also 37 CFR 42.121(a).

(2) Respond to a Ground of Unpatentability

A patent owner’s MTA must be in response to a ground of unpatentability. See 37 CFR 42.121(a)(2)(i). For example, the PTAB will deny a MTA that seeks to correct a claim dependency issue because the MTA is not in response to a ground of unpatentability. See, e.g. *Global Tel*Link Corp. v. Securus Techs., Inc.*, IPR2014-01278, paper 34 at 34 (PTAB Jan. 21, 2016).

(3) Clearly State the Contingency of Substitution

A patent owner should “clearly state[], without ambiguity,” on an individual, “claim-by-claim approach” the condition and target of substitution. *Idle Free* at 10. For example, “If claim X is found unpatentable, entry of substitute claim Y is requested.”

(4) Not Broaden Claim Scope

A patent owner should ensure that its amendments do not enlarge the scope of the claims of the patent. See 37 CFR 42.121(a)(2)(ii). A substitute claim should “not eliminate any feature or element of the original patent claim . . . For instance, claim X is properly named as a substitute claim for claim Y if claim X includes all of the features of claim Y.” *Corning Optical Commc’ns RF, LLC v. PPC BroadBand, Inc.*, IPR2014-00441, paper 19 at 4 (PTAB Oct. 30, 2014).

(5) Offer No More Than One Substitute Claim for Each Challenged Claim

Typically, “a challenged claim can be replaced by only one claim” and a patent owner must “specifically identify the challenged claim which it is intended to replace.” *Idle Free* at 5.

(6) Identify New Feature

A patent owner “should identify specifically the feature or features added to each substitute claim, as compared to the challenged claim it replaces.” *Id.* at 7. An acceptable way to do this is by using redline and strikeouts.

(7) Construe New Terms

Generally, a patent owner should construe every new claim term. See *id.* at 7. For example, the PTAB will deny a MTA that fails to identify the function and corresponding structure for a new means-plus-function limitation. See, e.g., *Riverbed Tech., Inc. v. Silver Peak Sys., Inc.* IPR2013-00402, paper 35 and -00403, paper 33 (Dec. 30, 2014).

(8) Use Expert

An expert should explain “the significance and usefulness of the feature(s) added by the proposed substitute claim” from “perspective of one with ordinary skill.” *Idle Free* at 7.

(9) Describe Ordinary Skill

A patent owner should describe the level of ordinary skill. See *id.* at 7. The description “should be specific about the technical knowledge pertaining to the feature added.” *Corning* at 5. An inadequate description would, for example, merely “say that a person of ordinary skill in the art possesses this many years of education and that many years of experience.” *Id.*

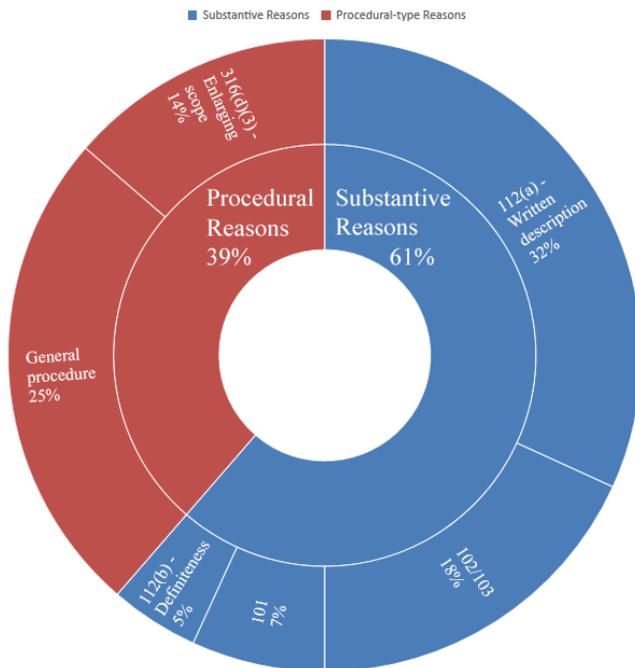
(10) Closest Prior Art Representation

A patent owner should make “some representation” about “the specific technical disclosure of the closest prior art known to the patent owner” and not just a conclusory remark that no prior art known renders the proposed substitute claims obvious. *Idle Free* at 7.

(11) Show Patentable Distinction over Prior Art

A patent owner should explain why each proposed substitute claim is patentable over the prior art of record, which is:

- (i) any material art in the prosecution history of the patent;



Reasons for MTA Denials in 2016	Subject	Percentage of Total Denials
Substantive Reasons	101	7%
	112(a) –Written description	32%
	112(b)-Definiteness	5%
	102/103	18%
	Total	61%
Procedural-type Reasons	316(d)(3) – Enlarging scope	14%
	316(d)(1)(B)-Unreasonable no. of substitute claims	0%
	General procedure	25%
	Total	39%

(ii) any material art of record in the current proceeding, including art asserted in grounds on which the Board did not institute review; and

(iii) any material art of record in any other proceeding before the Office involving the patent. *MasterImage 3D, Inc. et al. v. RealD Inc.*, IPR2015-00040, paper 42 at 2 (PTAB July 15, 2015).

Patent owners should also explain why each proposed substitute claim is patentable over prior art not of record but known to the patent owner. This explanation does not require a new, affirmative prior art search, but can be conservatively understood as commensurate with Patent Owner's "duty of candor and good faith to the Office under 37 C.F.R. § 42.11." *Id.* at 3.

Notably, "information about the added limitation can still be material even if it does not include all of the rest of the claim limitations." *Id.* at 3. Thus, patent owners should disclose not just the closest primary reference, but also the closest known "secondary reference(s) the teachings of which sufficiently complement that of the closest primary reference." *Id.* at 3 (citing *VMWare, Inc. v. Clouding Corp.*, IPR2014-01292, paper 23 at 2 (PTAB Apr. 7, 2015)). Patent owners should reveal whether the added feature(s) was (were) previously known anywhere "and why it would not have been obvious for one with ordinary skill in the art to adapt that knowledge for use with the rest of the claim elements." *Corning* at 5.

(12) Show Written Description Support

A patent owner must show that the application relied upon reasonably conveys to a person of ordinary skill in the art that the inventor had possession of the claimed subject matter. Notably:

(i) *Claim Listing* – A motion to amend claims must include a claim listing (usually in an appendix) that shows the written description support for each claim that is added or amended. *See* § 42.121(b).

(ii) A "mere citation" to the original disclosure without explanation as to why a person of ordinary skill in the art would have recognized that the inventor possessed the claimed subject matter as a whole is likely inadequate. *Nichia Corp. v. Emcore Corp.*, IPR2012-00005, paper 27 at 4 (June 3, 2013).

(iii) Similarly, "merely indicating where each claim limitation *individually* described in the original disclosure may be insufficient to demonstrate support for the claimed subject matter as a *whole*." *Id.* (emphasis in original). A patent owner "must show written description support for the entire claim." *Corning* at 4.

(iv) "Importantly, citation should be made to the original disclosure of the application, as filed, rather than to the patent as issued." *Id.*; *see also* 37 CFR 42.121(b)(1).

Given that nearly four in 10 MTAs are denied for procedural reasons, MTAs might be a viable tool if patent owner's counsel meticulously follows the PTAB's procedural requirements. Patent owners should therefore reconsider MTAs, especially since success rates are trending upwards.

The PTAB might help increase patent owner compliance by laying out in one place the various procedural requirements associated with MTAs. Depending on the outcome of the Federal Circuit's forthcoming en banc decision in *In Re Aqua*, where the court is considering eliminating the patent owner's burden of proving the patentability of proposed substitute claims, the procedural requirements may change substantially. Should *In Re Aqua* result in changes to the requirements, or even if it does not, the PTAB should consider taking the opportunity to providing further clarity by updating its rules (through notice and comment) or written guidelines in the PTAB's Trial Practice Guide.

In light of the current mix of requirements, stakeholders deserve more clarity, especially when nearly 40 percent of MTAs are denied for procedural reasons or errors. The requirements are spread amongst the rules and various decisions that can issue without notice. Further, some decisions have been designated precedential, whereas others are merely informative or representative. In fact, the Federal Circuit has criticized the current practice, recognizing that "some question the wisdom of the PTO's . . . fluid, case-based" approach of using "adjudicative Board decisions like *IdleFree*, rather than traditional notice and comment rule-making, to set forth all the conditions that a patentee must meet in order to satisfy its burden of amendment." *Microsoft Corp. v. Proxycorr, Inc.*, Case No. 2014-152, -1543 at 22-23 (Fed. Cir. 2015).

Conclusion Patent owners would more likely use MTAs with some regularity (as was originally intended), if the threshold basic requirements were set forth clearly in just one place. The authors propose here and through the PTAB's Procedural Reform Initiative that the PTAB seek public comment and update 37 CFR § 42.121 or the PTO's Patent Trial Practice Guide with a consolidated list of all basic requirements (perhaps similar to the authors' list above). This would increase transparency, decrease uncertainty, and help promote the just, speedy, and inexpensive resolution of PTAB proceedings.

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