
Change Anticipated in Uncertain Requirements for Motions to Amend Claims in *Inter Partes* Review

By **Kia L. Freeman, Andrej Barbic, and Heath T. Misley**

In the America Invents Act (AIA), Congress gave the U.S. Patent Office the power to correct patent claims in *inter partes* review. Congress also required the Patent Office to issue procedural rules setting forth how patent owners could narrow their claims. But the Patent Office elected to address motions to amend on a case-by-case basis—rejecting almost half of all motions to amend for failure to comply with a non-precedential procedural requirement. The U.S. Supreme Court recently found that the purpose of *inter partes* review is “reexamination.” But the Patent Office has not been examining proposed claims. The Patent Office has instead been placing the burden of examination on patent owners and petitioners—neither of whom necessarily serves the public interest. The U.S. Court of Appeals for the Federal Circuit recently reversed the rejection of a motion to amend as arbitrary, and, in *In re Aqua Products, Inc.*, will soon consider *en banc* the role and burden of the entities involved in *inter partes* review as to motions to amend. The stage has been set for a change in Patent Office treatment of motions to amend.

The Patent Office Has Refused to Examine Proposed Amended Claims

The Supreme Court recognized that “one important congressional objective” of the AIA is to “giv[e] the Patent Office significant power to revisit

and revise earlier patent grants”¹ The Supreme Court further recognized that “Congress . . . granted the Patent Office . . . the ability to continue proceedings even after that original petitioner settles and drops out”² The AIA itself requires the Patent Office, in regulating *inter partes* reviews, to consider “the integrity of the patent system.”³

Recognizing the role of the Patent Office as a specialized government agency, the Supreme Court found that the basic purpose of *inter partes* review is “reexamination.”⁴ The Supreme Court pointed out that *inter partes* review “offers a second look at an earlier administrative grant of a patent.”⁵ According to the Supreme Court, “*inter partes* review helps protect the public’s ‘paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.’”⁶

The AIA requires the Patent Office to “incorporate[] in the patent . . . any new or amended claim determined to be patentable.”⁷ As the only entity involved in an *inter partes* review with a duty to serve the public interest, the Patent Office is obligated to take responsibility for any claims that it issues. Thus, Congress conferred the Patent Office with responsibility for determining the patentability of proposed claims.

Indeed, the Patent Office itself admits to having “a responsibility to ensure that issued claims comply with all of the statutory provisions that would normally be considered during an examination.”⁸ The Patent Office seeks to abdicate that very responsibility for proposed claims by assigning a burden to a party to the *inter partes* review. But the parties to an *inter partes* review serve their own interests—not necessarily the public interest. Nonetheless, in response to public suggestions that “examiners . . . ensure patentability of proposed substitute claims in a motion to amend,” the Patent Office refuses even to “contemplate seeking assistance from the Examining Corps.”⁹

Kia L. Freeman is a partner at McCarter & English, LLP, focusing her practice on intellectual property enforcement and defense. **Andrej Barbic, PhD**, is a partner at the firm concentrating his practice on post-grant proceedings in the U.S. Patent Office, U.S. and foreign patent counseling and portfolio development, and patent litigation. **Heath T. Misley** is an associate at the firm practicing intellectual property law including preparing and prosecuting patent applications. The authors may be reached at kfreeman@mccarter.com, abarbic@mccarter.com, and hmisley@mccarter.com, respectively.

While both uniquely skilled and motivated to serve the public interest in allowing claims with a legitimate scope to survive *inter partes* review, the Patent Office has been avoiding its examination role in *inter partes* reviews. Instead, the Patent Office has been outsourcing the defense of the public interest to parties who serve their own interests.

Patent Office Has Failed to Issue Clear Procedural Rules for Amending Claims

In the AIA, Congress required the Patent Office to “set[] forth standards and procedures for allowing the patent owner to move to amend the patent . . .”¹⁰ While the Patent Office established some rules related to motions to amend claim, it only provided a single rule regarding content of such motions.¹¹ This rule provides insufficient guidance for patent owners who wish to propose substitute claims.

The rule adds little to the AIA’s statutory requirements. For example, the AIA allows a patent owner to “propose a reasonable number of substitute claims,” which the rule interprets by creating a presumption that “only one substitute claim would be needed to replace each challenged claim . . .”¹² The AIA provides that an “amendment . . . may not enlarge the scope of the claims of the patent or introduce new matter,” which the rule reiterates and then requires a patent owner to identify support for the amended claims.¹³ Rule 42.121 also sets a default deadline for motions to amend, and requires a Patent Trial and Appeal Board (Board) conference before any such motions may be filed. The furthest Rule 42.121 goes beyond mere *pro forma* statutory implementation is to require that any amendment “respond to a ground of unpatentability involved in the trial.”¹⁴

The Patent Office also established a general rule on Board motion practice. That rule provides that “[t]he moving party has the burden of proof to establish that it is entitled to the requested relief.” The Patent Office cites that rule as the basis for abdicating its responsibility for patent quality and placing the burden of showing patentability of proposed claims on the patent owner.¹⁵ But even that rule leaves gaping holes in the procedural requirements for motions to amend.

In a study on motions to amend, the Patent Office classified the following reasons for denying motions to amend as procedural:¹⁶

1. Failure to show patentability over the prior art in general;
2. Failure to discuss, with specific citations, where each substitute claim, as a whole, finds support in the original written description;
3. Failure to provide a clear claim construction for added features; and
4. Failure to discuss the level of skill in the art.

Yet none of these requirements appear in a Patent Office rule.

The Federal Circuit has explained that “[p]atentees who wish to make use of the statutorily provided amendment process deserve certainty and clarity in the requirements that they are expected to meet.”¹⁷ In the AIA, Congress did not merely give the Patent Office authority to prescribe regulations for allowing motions to amend. Congress actually required the Patent Office to “prescribe regulations . . . setting forth *standards and procedures* for allowing the patent owner to move to amend the patent . . . to propose . . . substitute claims.”¹⁸ A clear objective of this statute is to enable patent owners to avoid rejection of proposed claims on procedural grounds.

Nonetheless, rather than prescribe the required regulations, the Patent Office expressly elected to “deal with [motions to amend] on a case-by-case basis.”¹⁹ The Patent Office issued orders in various *inter partes* reviews.²⁰ Then, the Patent Office directed the attention of participants in other *inter partes* reviews to those various orders.²¹ Thus, the Patent Office forced *inter partes* review participants to speculate on the procedural requirements it would impose on motions to amend based on various Patent Trial and Appeal Board (PTAB or the Board) orders.

Patent Office Has Arbitrarily Applied Its Own Non-Precedential Decisions to Motions to Amend

One of the various orders that the Board applied in other *inter partes* reviews is *Idle Free*. Indeed, the Board frequently cited the *Idle Free* decision when denying motions to amend.²² But the *Idle Free* decision was only designated “informative.” According to the Board’s own procedures, an “informative” Board decision is neither binding nor precedential.²³ Patent owner Proxyconn

appealed a Board decision for impermissibly relying on the *Idle Free* decision as authority for denying Proxyconn's motion to amend.²⁴ In its opposition to Proxyconn's appeal, the Patent Office argued both that it is permissible to use adjudicative decisions to set forth all of the required conditions and that it must retain the power to deal with motions to amend on a case-by-case basis.²⁵ Thus, the Patent Office argued for freedom to apply *Idle Free* as it saw fit. The *Proxyconn* court found that, in *Idle Free*, "[t]he Board has reasonably interpreted ... provisions as requiring the patentee to show that its substitute claims are patentable over the prior art of record ..."²⁶ *Proxyconn's* finding is expressly limited to "the circumstances of the case," which invites arbitrary enforcement of non-precedential orders as authority for denying motions to amend.²⁷

By that time, the Board already had established that important procedural requirements for motions to amend would be determined on a case-by-case basis. In support of its motion to amend, patent owner Neste relied on "prevailing wisdom in the art at the time of the invention" that the use of sulfur was not necessary and possibly detrimental.²⁸ In opposition, petitioner REG challenged Neste's failure to address specific prior art of record with regard to the allegedly prevailing wisdom.²⁹ REG pointed to two prior art references of record that used amounts of sulfur within the original claimed range without detrimental effects.³⁰ But the Board wrote off the two references as more relevant to a teaching away argument than to any issue first raised by Neste's motion to amend.³¹ Thus, despite the patent owner's acknowledged failure to address prior art of record in its patentability arguments, as required by the *Idle Free* decision, the Board nonetheless granted its motion to amend.³²

The inconsistent enforcement of *Idle Free's* requirement that the patent owner demonstrate its substitute claims are patentable over all of the prior art of record, such as in *Proxyconn* and *Neste*, is arbitrary. *MasterImage's* later "clarification" of what qualifies as prior art of record under *Idle Free* does not resolve the problem of the Board's inconsistent enforcement.³³ The Federal Circuit itself has now begun to recognize arbitrariness in Board enforcement of procedural requirements in non-precedential decisions.

In *Veeam Software Corp. v. Symantec Corp.*, the Board found "the motion [to amend] should

discuss... 'whether the [added] feature was previously known anywhere, in whatever setting ...'"³⁴ The *Veeam* panel relied on a non-precedential order as authority for that requirement.³⁵ In support of its motion to amend, patent owner Veritas (Symantec at institution) stated only that "the newly added feature *in combination with other known features* was not in the prior art."³⁶ The *Veeam* panel denied Veritas's motion to amend because, by only addressing the added feature in combination with other known features, Veritas failed to meet its burden.³⁷ On appeal, the Federal Circuit found that the Board's "sole basis for denying the motion to amend[] is unreasonable and hence must be set aside as arbitrary and capricious."³⁸

"[A] simple but fundamental rule of administrative law ... is ... that a reviewing court, in dealing with a determination or judgment which an administrative agency alone is authorized to make, must judge the propriety of such action solely by the grounds invoked by the agency."³⁹ A non-precedential order in one *inter partes* review proceeding is simply not a rule:

Unlike an administrative order ... adjudicating the rights of individuals, which is binding only on the parties to the particular proceeding, a valid exercise of the rule-making power is addressed to and sets a standard of conduct for all to whom its terms apply.⁴⁰

Thus, application of a non-precedential order as if it were a rule is not appropriate. The very exercise of rulemaking, with its opportunity for comments and prospective effect, serves to increase certainty and clarity. As discussed above, Congress required the Patent Office not to take a case-by-case approach, but rather to make rules. Four years after *inter partes* review first became available, the Patent Office should have fulfilled its statutory obligation to make procedural rules setting forth how a patent owner may move to amend its claims. Inexplicably, the Patent Office failed to do so.

Patent Office Data Reveals Immense Uncertainty on the Procedural Requirements for Motions to Amend

In response to significant public interest, the Patent Office recently published a study of motions

to amend in review proceedings.⁴¹ Only 165 of the 192 review proceedings in the study were *inter partes* review proceedings.⁴² We focus here on motions to amend in *inter partes* review proceedings.

Of the 165 *inter partes* review proceedings analyzed in the study, the Board issued decisions on motions to amend in only 99 proceedings (60 percent).⁴³ The Board denied in full 95 percent of these 99 motions. Only two such motions were granted in full and three such motions were granted-in-part. The Patent Office asserts that it denied 73 percent of the 99 motions to amend, and that it denied only 22 percent as procedurally deficient.⁴⁴ The statistics reported by the Patent Office suggest that the Board did not deny most of the motions to amend on procedural grounds. But our review of the Patent Office's decisions cited in the data underlying the study indicates otherwise.

Importantly, the Patent Office's study understates the number of motions to substitute claims that were denied for procedural reasons. An analysis of the final written decisions on the 72 motions to amend the Patent Office classified as denied on the merits (*i.e.*, the proposed amended claims were still deemed unpatentable) reveals that 23 of these motions were also rejected as being procedurally deficient.⁴⁵ In other words, a total of 45 of the 99 motions—about 45 percent—were denied for procedural reasons. This high percentage shows a widespread uncertainty among practitioners on the procedural requirements for filing motions to amend in *inter partes* review proceedings.

Without indicating noncompliance with any particular rule, panels of Patent Office administrative patent judges have denied motions to amend for one or more of the following procedural reasons:

1. Failure to provide evidence that the number of substitute claims is reasonable;⁴⁶
2. Failure to discuss with sufficient detail where each substitute claim, as a whole, finds support in the original written description;⁴⁷
3. Failure to discuss the level of ordinary skill in the art;⁴⁸
4. Failure to provide a specific claim construction for each feature added in the substitute claims;⁴⁹ and

5. Failure to discuss patentability over the prior art “in general.”⁵⁰

Courts Have an Opportunity to Require the Patent Office to Establish Clear Guidance for Motions to Amend

When nearly *half* of the motions to amend violate an unspecified procedural requirement, the Patent Office has failed to meet its own statutory duty to “set[] forth standards and procedures for allowing the patent owner to move to amend the patent” as required by 35 U.S.C. § 316(a)(9). Patent owners deserve clear procedural rules allowing motions to amend, and consistent application of those rules. The Federal Circuit recently set aside a denial of a motion to amend finding that the stated procedural requirements were arbitrary and capricious. In *Aqua Products, Inc.*, the Federal Circuit will soon consider the obligations of *inter partes* review participants regarding motions to amend *en banc*. The Supreme Court recently found that the purpose of *inter partes* review is reexamination. All of which indicates that the Patent Office must change its approach to motions to amend. Establishing clear rules and applying them uniformly would be a great start.

Notes

1. *Cuozzo Speed Techs., LLC v. USPTO*, 579 US ___, Slip Op. p. 8 (June 22, 2016).
2. *Id.* citing 35 USC § 317(a).
3. 35 USC § 316(b).
4. *Cuozzo*, 579 U.S. at 16.
5. *Id.* at 16.
6. *Id.* citing *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945).
7. 35 USC § 318.
8. USPTO Resp. to Pet. for Reh'g *en banc*, Doc. 58, p.8 (July 26, 2016).
9. Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 81750, 18755 (Apr. 1, 2016) (Response to Comment 4).
10. 35 USC § 316(a)(9).
11. See 37 CFR § 42.121.
12. See 35 USC § 316(d)(1)(B) and 37 CFR § 42.121(a)(3).
13. See 35 USC § 316(d)(3) and 37 CFR §§ 42.121(a)(2), 42.121(b).
14. See 37 CFR § 42.121(a)(2)(i).
15. See USPTO Resp. to Pet. for Reh'g *en banc*, p.4.

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16. See PTAB Motion to Amend Study, p.4 (April 30, 2016); Respironics, Inc. v. Zoll Medical Corp., IPR2013-00322 (PTAB Sep. 17, 2014) (Paper 46 at 23-26); CBS Interactive Inc. v. Helferich Patent Licensing, LLC, IPR2013-00033 (PTAB Mar. 3, 2014) (Paper 122 at 51-52); and *id.* at 56-58, respectively.
 17. MicroSoft Corp. v. Proxyconn, Inc., 789 F.3d 1292, 1307 (Fed. Cir. June 16, 2015).
 18. 35 USC § 316(a)(9) (emphasis added).
 19. *Proxyconn*, 789 F.3d at 1307.
 20. See, e.g., Order on Conduct of Proceeding, Nichia Corp. v. Emcore Corp., IPR2012-00005, Paper 27, (PTAB June 3, 2013); Decision on Motion to Amend Claims, Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, Paper 26, (PTAB June 11, 2013); Order on Conduct of Proceeding, Nichia Corp. v. ContentGuard Holdings, Inc., IPR2013-00136, Paper 31 (PTAB November 5, 2013); Order on Conduct of Proceeding, Toyota Motor Corp. v. American Vehicular Sciences LLC, IPR2013-00419, Paper 32 (PTAB March 7, 2014); Order on Conduct of Proceedings, MasterImage 3d v. Reald Inc., IPR2015-00040, Paper 42 (PTAB July 15, 2015).
 21. See, e.g., Order on Conduct of Proceeding, *Toyota*, IPR2013-00419, Paper 32, p.5 (directing the parties' attention to six papers in three proceedings).
 22. See, e.g., *The Scotts Co. v. Encap, LLC*, IPR2013-00110, 2014 WL 2886290, at *18- 20 (PTAB June 24, 2014); *Ecowater Sys. LLC v. Culligan Int'l Co.*, IPR2013-0155, 2014 WL 2903758, at *18 (PTAB June 24, 2014); *Adidas AG v. Nike, Inc.*, IPR2013-00067, 2014 WL 1713368, at *17-18 (PTAB Apr. 28, 2014).
 23. See PTAB SOP 2 (Rev. 9) (Sept. 22, 2014).
 24. See *Proxyconn*, 789 F.3d at TBD slip op. 23.
 25. See *Proxyconn*, 789 F.3d at 1307.
 26. *Id.*
 27. *Id.*
 28. Final Written Decision, REG Synthetic Fuels LLC v. Neste Oil OYJ, IPR2014-00192, Paper 48, pp.20-21 (PTAB Jun. 5, 2015).
 29. See *id.* at 19.
 30. See *id.* at 14.
 31. See *id.* at 19-20.
 32. See *id.* at 19-20, 31.
 33. See Order on Conduct of Proceeding's, *MasterImage*, IPR2015-00040, Paper 42 (issued on July 15, 2015, designated "precedential" on May 9, 2016).
 34. Final Written Decision, *Veeam Software Corp. v. Symantec Corp.*, IPR2014-00090, p.14 (PTAB April 23, 2015).
 35. See *id.* citing Order on Conduct of Proceeding, *Toyota Motor Corp. v. American Vehicular Sciences LLC*, IPR2013-00419, Paper 32, slip op. at 4 (PTAB March 7, 2014).
 36. *Veeam*, IPR2014-00090, at 14-15 (emphasis original).
 37. See *id.* at 15.
 38. *Veritas Techns LLC v.Veeam Software Corp.*, 2016 WL 4525278, slip op. p.13 (Fed. Cir. Aug. 30, 2016).
 39. *Securities and Exch. Comm'n v. Chenery Corp.*, 332 U.S. 194, 196 (1947).
 40. *Columbia Broadcasting Sys. v. U.S.*, 316 U.S. 407, 418 (1942).
 41. See Patent Trial and Appeal Board, Motion to Amend Study (April 30, 2016).
 42. See Data for 192 Completed Trials with MTA (USPTO 2016) (available at <https://www.uspto.gov/sites/default/files/documents/2016-04-30%20Data%20for%20192%20Completed%20Trials%20with%20MTA%20-.pdf>).
 43. In the remaining 66 trials, the motions to amend either: (1) only requested cancellation of claims, (2) were rendered moot because the Patent Office found the original claims unpatentable, or (3) were not decided because the trial terminated before the Patent Office could issue a final written decision. Motion to Amend Study at 3.
 44. See Data for 192 Completed Trials with MTA.
 45. See *Nichia Corp. v. Emcore Corp.*, IPR2012-00005 (PTAB Feb. 11, 2014) (Paper 68 at 49-56); *Microsoft Corp. v. Proxyconn, Inc.*, IPR2012-00026 (PTAB Feb. 19, 2014) (Paper 73 at 55); *Blackberry Corp. v. Mobile Media Ideas*, IPR2013-00016 (PTAB Feb. 25, 2014) (Paper 32 at 23); *Xilinx, Inc. v. Intellectual Ventures*, IPR2013-00029 (PTAB March 10, 2014) (Paper 49 at 40-1); *Adidas AG v. Nike, Inc.*, IPR2013-00067 (PTAB April 28, 2014) (Paper 60 at 35-6); *Smith & Nephew, Inc. v. Convatec Tech., Inc.*, IPR2013-00097 (PTAB May 29, 2014) (Paper 90 at 53-7); *Smith & Nephew, Inc. v. Convatec Tech., Inc.*, IPR2013-00102 (PTAB May 29, 2014) (Paper 87 at 51-3); *Xilinx, Inc. v. Intellectual Ventures*, IPR2013-00112 (PTAB June 26, 2014) (Paper 51 at 37); *LaRose Ind. v. Capriola Corp.*, IPR2013-00120 (PTAB June 26, 2014) (Paper 37 at 38); *Veeam Software Corp. v. Symantec Corp.*, IPR2013-00141 (PTAB July 29, 2014) (Paper 50 at 19-24); *Ecowater Sys. LLC, v. Culligan Int. Co.*, IPR2013-00155 (PTAB June 24, 2014) (Paper 18 at 23-8); *Athena Automation Ltd. v. Husky Injection Molding Sys. Ltd.*, IPR2013-00167 (PTAB July 23, 2014) (Paper 51 at 29); *Athena Automation Ltd. v. Husky Injection Molding Sys. Ltd.*, IPR2013-00169 (PTAB July 23, 2014) (Paper 51 at 17-8); *BAE Sys. Info. and Elec. Sys. Integration, Inc. v. Cheetah Omni, LLC*, IPR2013-00175 (PTAB June 19, 2014) (Paper 45 at 18); *REG Synthetic Fuels, LLC v. Neste Oil OYJ*, IPR2013-00178 (PTAB Aug. 29,

2014) (Paper 63 at 11-2); Google Inc. and Apple Inc. v. Jongerious Panoramic Tech., LLC, IPR2013-00191 (PTAB Aug. 12, 2014) (Paper 70 at 56); SAS Inst. v. ComplementSoft, LLC, IPR2013-00226 (PTAB Aug. 6, 2014) (Paper 38 at 32-3); Rackspace Hosting, Inc. v. Rotatable Tech. LLC, IPR2013-00248 (PTAB Sep. 19, 2014) (Paper 32 at 41-3); Microsoft Corp. v. Surfcast Inc., IPR2013-00292 (PTAB Oct. 14, 2014) (Paper 93 at 45-6); JDS Uniphase Corp. v. Fiber LLC, IPR2013-00318 (PTAB Dec. 5, 2014) (Paper 45 at 46-48); Tandus Flooring, Inc. v. Interface, Inc., IPR2013-00333 (PTAB Dec. 8, 2014) (Paper 67 at 55-7); Spectra Logic Corp. v. Overland Storage Inc., IPR2013-00357 (PTAB Nov. 7,

2014) (Paper 26 at 32-3); Tandus Flooring Inc. v. Interface, Inc., IPR2013-00527 (PTAB Feb. 12, 2015) (Paper 48 at 56-7).

46. *Blackberry Corp.*, IPR2013-00016 at 18-20.
47. *Nichia*, IPR2012-00005 at 54-55; *Smith & Nephew*, IPR2013-00097 at 53-57; *Smith & Nephew*, IPR2013-00102 at 51-53; *Ecowater*, IPR2013-00155 at 24-27; *JDS Uniphase*, IPR2013-00318 at 48-50.
48. *Smith & Nephew*, IPR2013-00097 at 56; *Ecowater*, IPR2013-00155 at 28.
49. *Nichia*, IPR2012-00005 at 52; *Blackberry Corp.*, IPR2013-00016 at 15; *JDS Uniphase*, IPR2013-00318 at 48.
50. *Smith & Nephew, Inc.*, IPR2013-00097 at 56-58.

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