

Post-Grant for Practitioners

Amendments After *Aqua Products*



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- How often? ... bi-monthly
- Topics? ...
 - Important decisions
 - Developments
 - Practice tips
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 - CLE
 - Questions
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Post-Grant for Practitioners: Amendments After Aqua Products

In October 2017, the Federal Circuit released its much-anticipated *Aqua Products* decision addressing amendment practice before the PTAB. Unfortunately for practitioners, the Federal Circuit's decision didn't resolve many of the big questions surrounding amendments but instead asked the PTO to develop more formal rules for patentees who want to amend claims during IPR. Join Fish attorneys [Karl Renner](#), [Josh Griswold](#), and [Oliver Richards](#), as they discuss what guidance we can glean from the Federal Circuit's *Aqua Products* decision and what happens next. The discussion will include the following topics:

- What to expect at the Federal Circuit on appeals involving motions to amend
- PTAB trends before and after *Aqua Products*
- Best practices for motions to amend for both petitioners and patent owners
- Future PTO rulemaking

[Register](#) now for this Post-Grant for Practitioners webinar.

Tuesday, November 28, 2017
1:00 PM - 2:00 PM EST
Via the web

Speakers:

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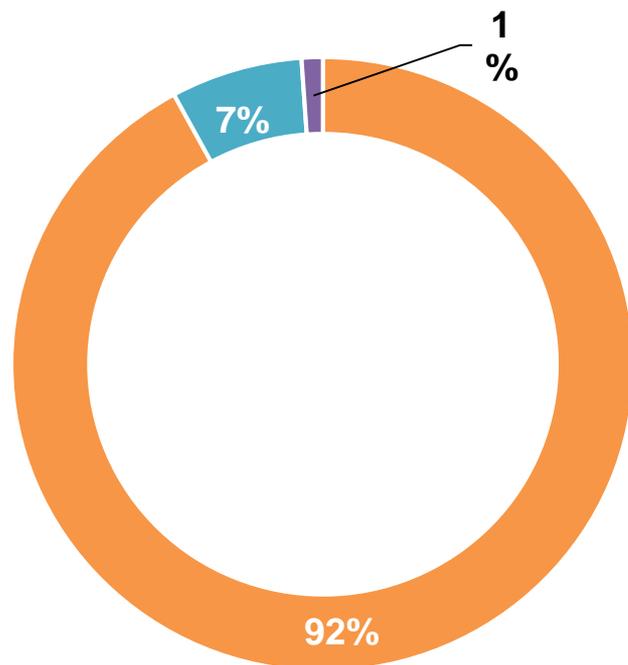
Fish & Richardson will apply for 1.0 hour of general CLE credit in most states. If you would like to receive CLE credit, register with your state bar information.

If you have questions, please contact Lauren McGovern at mcovern@fr.com.

- Statistics
- Background: Motions to Amend
- *Aqua Products* Decision
- The Aftermath of *Aqua Products*
- Recommended Practices for Motions to Amend

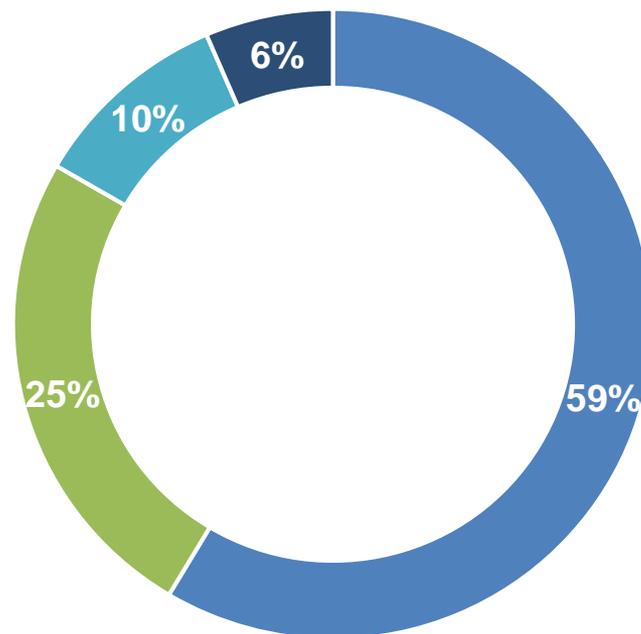
7,737 Petitions Filed Since 2012

Trial Type

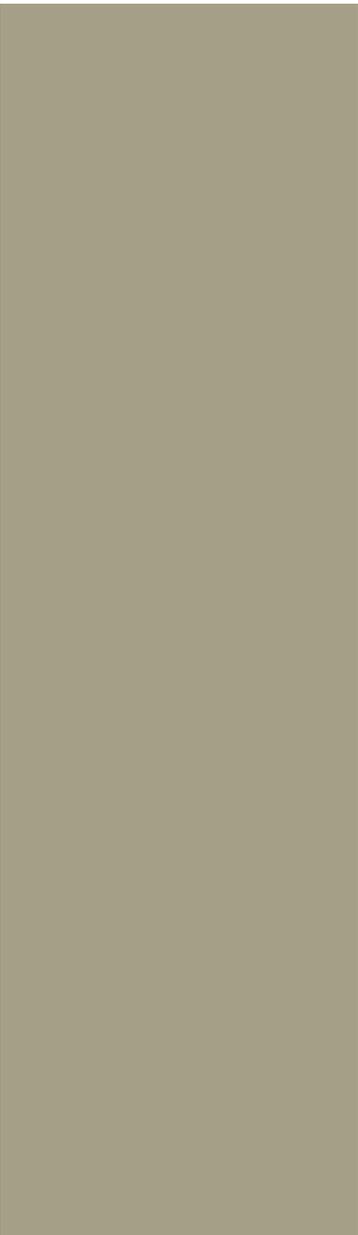


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A Bit of Background

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The Statute

- **35 U.S.C. § 316(d)**

(d) AMENDMENT OF THE PATENT.—

(1) IN GENERAL.—During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways:

- **35 U.S.C. § 316(a)**

(a) REGULATIONS.—The Director shall prescribe regulations—

(9) setting forth standards and procedures for allowing the patent owner to move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims, and ensuring that any information submitted by the patent owner in support of any amendment entered under subsection (d) is made available to the public as part of the prosecution history of the patent;

The Regulations

- **37 CFR § 42.121 – Amendment of the patent**

(b) Content. A motion to amend claims must include a claim listing, which claim listing may be contained in an appendix to the motion, show the changes clearly, and set forth:

- (1) The support in the original disclosure of the patent for each claim that is added or amended; and
- (2) The support in an earlier-filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.

- **37 CFR 42.20(c) – General Motion Practice**

(c) Burden of proof. The moving party has the burden of proof to establish that it is entitled to the requested relief.

PTAB Decisions

- ***Idle Free v. Bergstrom*, IPR2012-00027, Paper 26 (Informative)**
 - “The burden is not on the petitioner to show unpatentability, but on the patent owner to show patentable distinction over the prior art of record and also prior art known to the patent owner.”

- ***MasterImage 3D, Inc. v. Reald Inc.*, IPR2015-00040, Paper 42**
 - Precedential decision
 - “The reference to ‘prior art known to the patent owner’ . . . in *Idle Free*, 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 candor and good faith to the Office under 37 C.F.R. § 42.11, in light of a Motion to Amend.”
 - PO sets forth a “prima facie” case of patentability of substitute claims. Then the burden of *production* shifts to the Petitioner to explain why PO did not make out a prima facie case or to rebut prima facie case.
 - ***“The ultimate burden of persuasion remains with the Patent Owner, the movant, to demonstrate the patentability of the amended claims.”***

CAFC Generally Signs Off

- ***Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292 (Fed. Cir. 2015)**
 - Patentee argued that Board exceeded its authority and went beyond the regulations (which, as we saw earlier) specified what must be included in motion to amend.
 - CAFC says regulation “is not an exhaustive list of grounds upon which the Board can deny a motion to amend.” Also suggested that adjudication was an acceptable way of rulemaking.
 - Held that the Board’s interpretation of the two regulations at issue was reasonable, and gave the Board deference.
- ***Prolitec, Inc. v. Scentair Techs., Inc.*, 807 F.3d 1353 (Fed. Cir. 2015)**
 - “We conclude that the PTO’s approach is a reasonable one at least in a case, like this one, in which the Board’s denial of the motion to amend rested on a merits assessment of the entire record developed on the motion, not just on the initial motion itself. The Board’s position— that the patentee’s burden on a motion to amend includes the burden to show patentability over prior art from the patent’s original prosecution history—is not in conflict with any statute or regulation. Moreover, it is not unreasonable to require the patentee to meet this burden.”

The Problem?

- **35 USC § 316(e)**

(e) EVIDENTIARY STANDARDS.—

In an *inter partes* review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

- ***Synopsys v. Mentor Graphics*, 814 F.3d 1309 (Fed. Cir. 2016)**

- “Section 316(e) does not alter our analysis. That section reads: ‘In an *inter partes* review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.’ 35 U.S.C. § 316(e). The introductory phrase referring to an ‘*inter partes* review instituted under this chapter’ makes clear that this provision specifically relates to claims for which *inter partes* review was initiated, i.e., the original claims of the patent that a party has challenged in a petition for review. *Inter partes* review was not initiated for the claims put forward in the motion to amend.”

Unsurprisingly, Few Amendments Allowed

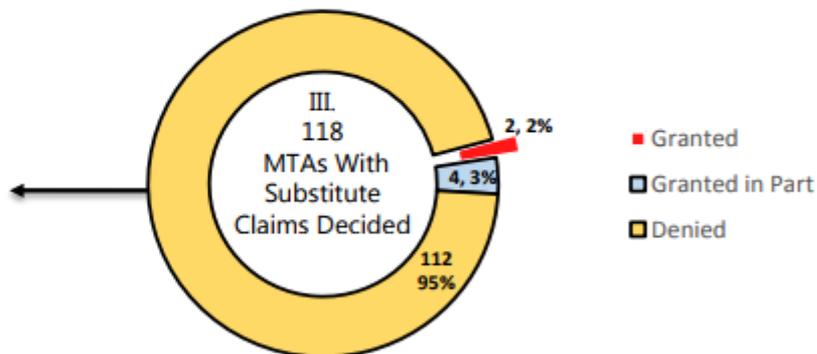
Reasons Provided for Denying Entry of Substitute Claims*

	Reason Given	# of Cases	Pct
Reasons Based in Whole or Part on 35 U.S.C.:			
101	Non-Statutory Subject Matter	7	6%
112(a)	Written Description	9	8%
112(b)	Definiteness	1	1%
102/103	Anticipated/Obvious Over Art of Record	41	35%
316(d)(3)	Claims Enlarge Scope of Patent	6	5%
316(d)(1)(B)	Unreasonable # Substitute Claims	3	3%
	Multiple Statutory Reasons Given**	27	23%
Reasons Based Solely on Procedure:			
	Cases Where Only Procedural Reasons Given	22	19%
	Totals:	116	100%

* 116 MTAs requesting entry of substitute claims have been denied in whole or in part.

** Of the "Multiple Statutory Reasons Given" trials, 24 of the 27 trials included "Anticipated/Obvious" as a reason.

How Many Motions to Amend Substituting Claims Are Granted?

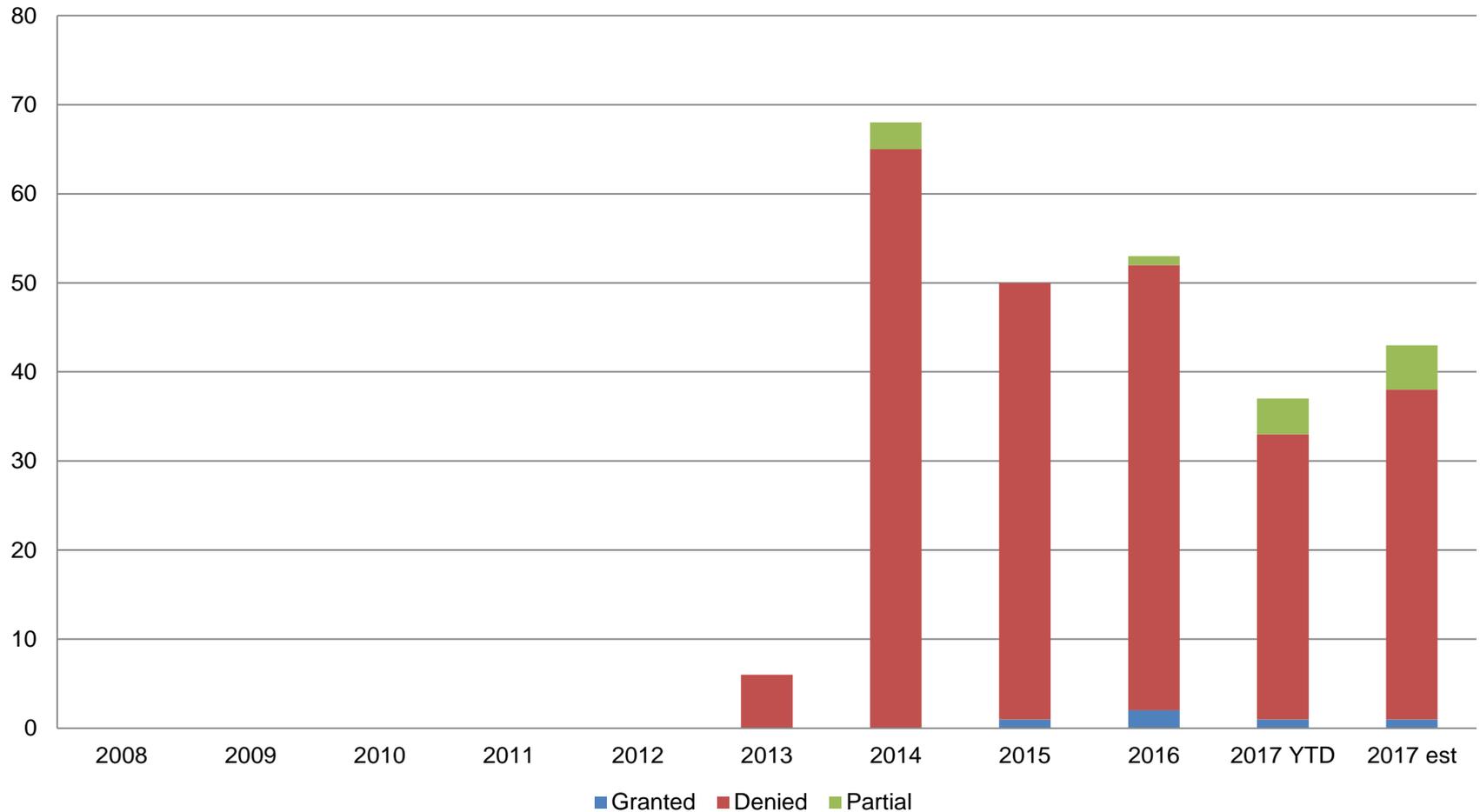


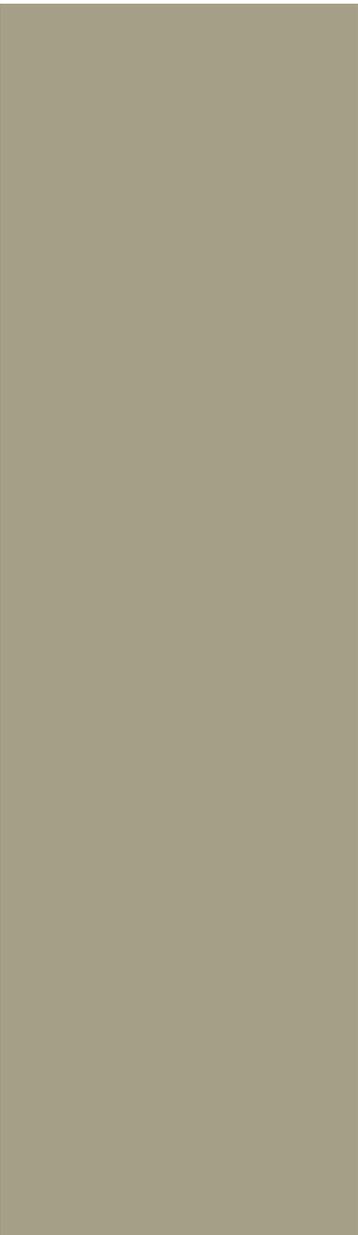
Data through 4/30/2016

From: PTAB Motion to Amend Study, available at <https://goo.gl/TxV8BA>

Few Amendments Allowed

FWD on Motion to Amend Claims by substitution





Aqua Products

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Two Questions

- (a) When the patent owner moves to amend its claims under 35 U.S.C. § 316(d), may the PTO require the patent owner to bear the burden of persuasion, or a burden of production, regarding patentability of the amended claims as a condition of allowing them? Which burdens are permitted under 35 U.S.C. § 316(e)?
- (b) When the petitioner does not challenge the patentability of a proposed amended claim, or the Board thinks the challenge is inadequate, may the Board sua sponte raise patentability challenges to such a claim? If so, where would the burden of persuasion, or a burden of production, lie?

Few Answers

O'Malley

- Newman
- Lourie
- Moore
- Wallach

Moore

- Newman
- O'Malley

Reyna

- Dyk

- Prost
- Taranto
- Chen
- Hughes

Taranto

- Prost
- Chen
- Hughes

- Dyk
- Reyna

Hughes

- Chen

* Judge Stoll did not participate

Issues – *Chevron* Deference

“We review the PTO’s regulations and statutory interpretation pursuant to *Chevron* and *Auer v. Robbins*”

- *Chevron Step One*: Is the statute ambiguous?
- *Chevron Step Two*: Is the agency’s interpretation reasonable?
- *Chevron Step Zero* (inaptly named): Has the agency spoken with the force of law

Majority of the Court

Reyna	Taranto
<ul style="list-style-type: none">• <u>Dyk</u>	<ul style="list-style-type: none">• Prost• Chen• Hughes
<ul style="list-style-type: none">• Prost• Taranto• Chen• Hughes	<ul style="list-style-type: none">• <u>Dyk</u>• Reyna

- All agree the statute is ambiguous and would give *Chevron* deference to agency interpretations that have the “force of law” and that are reasonable.
- Disagree, though, at *Chevron* step zero.
- Dyk and Reyna believe that, in the absence of a rule with the “force of law,” the default should be to place the burden on the petitioner (hence the judgement).
- The others believe that 42.20 adequately addresses the question and would affirm.

Majority of the Court

- Leaves all regulations promulgated pursuant to notice and comment rulemaking intact
 - 37 CFR § 42.121 – Amendment of the patent
 - 37 CFR 42.20(c) – General Motion Practice
- Patent Owner bears a burden of production w/r/t motions to amend
 - 42.22(a) requires a movant to provide in a motion “[a] full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent.”
- “The Patent Office may impose on the patent owner to produce evidence pertinent to the required assessment of patentability.”

Other Viewpoints

- Judge Hughes (joined by Chen) – would grant *Auer* deference to PTO’s interpretation of its own regulations (and the interaction between them). Also would accept rulemaking through adjudication.
- O’Malley and company believes that 316(e) “unambiguously requires the petitioner to prove all propositions of unpatentability, including for amended claims.”
 - Also, tries to announce the judgment and limit it, but her statement is more narrow than that of Judge Reyna (but see *Marks v. US*, 430 US 188 (1977))
- However, O’Malley and most company agree with Dyk and Reyna that there were no regulations put forward, assuming *arguendo* statute is ambiguous
- Moore writes to discuss *Chevron* and informative decisions, which she does not view as “regulations”

Lessons Learned

- We in the patent world need to pay attention to general principles of administrative law which are becoming increasingly important in post-grant practice.
- The Federal Circuit is still deeply divided on IPR issues, but we can now start to see two main camps (although, of course, there is a spectrum).
- The patent office needs to do a better job of using its new-found regulatory authority.



The Aftermath



Short Term Ramifications

- The Board is still trying to figure out what *Aqua Products* means, which is unsurprising considering the Federal Circuit can't even really agree as to what its decisions means.
- However, one thing is clear—in the short term, the burden of persuasion cannot be on the patent owner.
- But what about the burden of production?
 - Remember, the statute itself says the patent owner has to file a “motion to amend the patent.”
 - Likely, some sort of burden will remain with the patent owner, but the ultimate burden of persuasion as to the patentability of substitute claims will lie with the petitioner.

Short Term Ramifications

- Board has yet to issue a decision on a motion to amend after *Aqua Products*.
- However, Fish has been involved in a number of IPRs where the Board has addressed motions to amend after *Aqua Products*.
 - Board has taken different approaches to briefing schedules.
 - Our experience has been that various Board members read *Aqua Products* quite differently.
 - Some members believe (correctly?) that *Aqua Products* left the general structure intact and that the Patent Owner bears the burden of production.
 - Other members seem to be more hardline, believing that the petitioner has all of the burden.
- Still an open question as to whether the Board can, on its own, conduct an examination of proposed substitute claims and find issues that the petitioner has not identified.

Short Term Ramifications - Examples

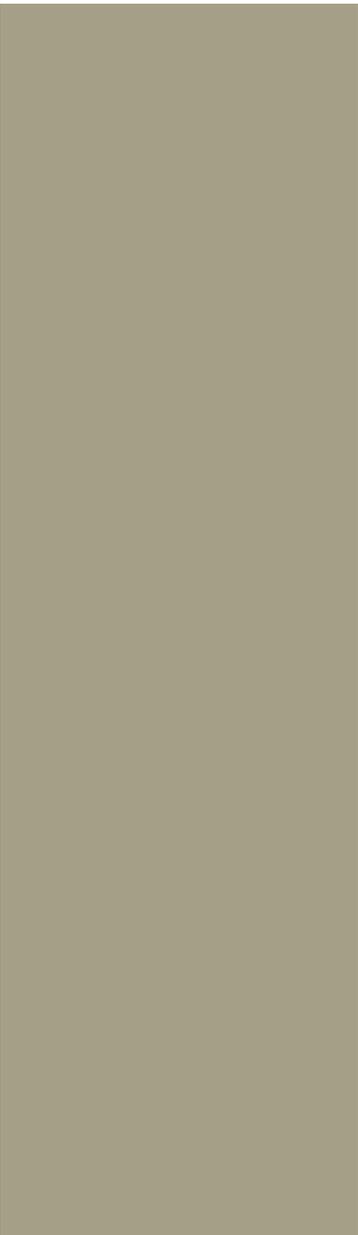
- ***Cisco Systems, Inc. v. Focal IP*, IPR2016-01258, Paper 54**
 - Allowed petitioner, but not the patent owner, to file a supplemental brief.
 - Cited Part III of Judge Reyna's opinion (discussed above) for the proposition that Patent Owner still has a burden of production, so a completely new briefing schedule was not warranted.
- ***F5 Networks, Inc. v. Radware Ltd.*, IPR2017-00124, Paper 24**
 - Allowed Patent Owner to file a motion to amend, with a compressed briefing schedule, even though it had missed the deadline before.
 - Allowed motion, response, reply, and surreply.
- ***Apple Inc. v. Realtime Data LLC*, IPR2016-01737, Paper 34**
 - Allowed a supplemental brief by petitioner, a response by Patent Owner, and reply by petitioner.
- ***Kingston Tech. Co., Inc. v. Polaris Innovations Ltd.*, IPR2016-01621, Paper 25**
 - Allowed petitioner to file a supplemental brief.
 - Misreads *Aqua Products*, believing that O'Malley's opinion was the majority.

Long Term Ramifications – New Regs

- Rumors that the PTO is planning on issuing new regulations through notice and comment rulemaking, although it is unclear as to what approach the Board will take.
- Overview of Notice and Comment rulemaking (5 U.S.C. § 553)
 - PTO will publish a “notice” with proposed new rules in the Federal Register and invite public comment on those rules.
 - You can and should participate in this process– the PTO **must** consider all “relevant matter presented” during the comment period and must respond in some way to all substantive comments.
 - You can also join a group such as the bar association to comment.
 - The PTO then publishes final rules and responses to comments.
- Note – publishing final rules constitutes a “final agency action.”
 - 5 U.S.C. § 702 - “[a] person suffering a legal wrong because of agency action, or adversely affected or aggrieved by agency action . . . is entitled to judicial review thereof.”
 - 5 U.S.C. § 704 – “Agency action made reviewable by statute and **final agency action for which there is no other adequate remedy in a court** are subject to judicial review.”

Other Ramifications

- Co-pending *ex parte* reexaminations?
- Claim Construction?



Recommended Practices for Motions to Amend (for now)

From the Patent Owner's Perspective

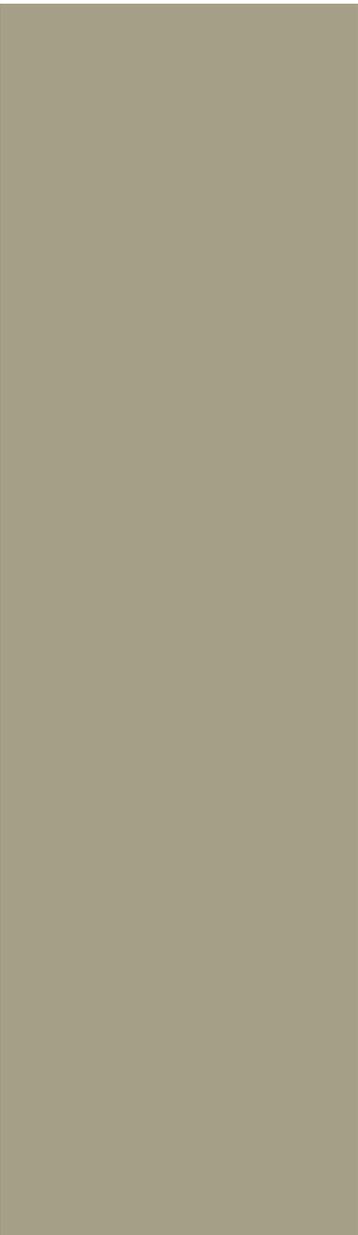
- Although *Aqua Products* shifts the burden of persuasion to the petitioner, it is unlikely this means the patent owner can remain quiet and just argue that the petitioner has failed in his or her burden.
- We recommend that patentees still make real, substantive arguments for the patentability of substitute claims.
- Also, remember, that the motion to amend must point out distinctly where the original specification supports the new subject matter – new claims must not add new matter.
- Must also clearly state contingency for contingent motions to amend.
- Also, substantive claims must pass muster under other non-IPR statutory provisions, such as § 101, § 112, etc.

Successful Strategies for Patent Owners

- ***Valeo North America, Inc. and Valeo Embrayages v. Schaeffler Techs. AG & Co. KG, IPR2016-00502, Paper 37***
 - PTAB agreed that each of the limitations of substitute claims was present in the prior art and that a person of skill would have been motivated to combine/modify.
 - However, for certain substitute claims, the Board found that evidence of unexpected results “outweighs a relatively weak reason for combining” prior art references.
- ***Veeam Software Corp. v. Veritas Techs. LLC, IPR2014-00090, Paper 48***
 - On remand from the CAFC with instructions to actually consider patentability of substitute claims, Board granted motion to amend.
- ***Amerigen Pharms. V. Shire LLC, IPR2015-02009***

From the Petitioner's Perspective

- Likely that now the Petitioner will get additional briefing, and may bring in additional prior art to challenge patentability of new substitute claims.
- Petitioner can also challenge substitute claims under other provisions of the patent act, such as § 101 and § 112.
- Generally, the approach to motions to amend should not be much different than how a petitioner approaches the original petition, although the timing for putting together something will obviously be much shorter.
- We suspect we will still see continued success for petitioners opposing motions to amend.



Post-Grant Resources

- Fish websites:
 - Post-Grant for Practitioners: <http://fishpostgrant.com/webinars/>
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 - Post-Grant App: <http://fishpostgrant.com/app/>
 - Post-Grant Radio: <http://fishpostgrant.com/podcasts/>
- USPTO sites:
 - AIA Main: http://www.uspto.gov/aia_implementation/index.jsp
 - *Inter Partes*: http://www.uspto.gov/aia_implementation/bpai.jsp

Mark Your Calendars!

The next webinar – a **2017 Post-Grant Year in Review** will be on January 10 with Post-Grant Practice Co-Chairs Karl Renner and Dorothy Whelan

Thank You!

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